

COVER SHEET

6 0 3 1 2

S. E. C. Registration Number

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

(Company's Full Name)

3 5 T H F L O O R R U F I N O
P A C I F I C T O W E R A Y A L A A V E

M A K A T I C I T Y

Mr. Delfin P. Angcao

817 6791

DEFINITIVE INFORMATION STATEMENT

FORM TYPE

1 2

Month

3 1

Day

Fiscal Year

0 7

Month

Day

Annual Meeting

Secondary License Type, If Applicable

C F D

Dept. Requiring this Doc

N/A

Amended Articles Number / Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LGU

Document ID

Cashier

STAMPS



MEMORANDUM FOR THE RECORD

TO: [Name] FROM: [Name] DATE: [Date]

- 1. [Item 1]
- 2. [Item 2]
- 3. [Item 3]
- 4. [Item 4]
- 5. [Item 5]
- 6. [Item 6]
- 7. [Item 7]
- 8. [Item 8]
- 9. [Item 9]
- 10. [Item 10]

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THE UNIVERSITY OF CHICAGO

DEPARTMENT OF CHEMISTRY
PHYSICAL CHEMISTRY LABORATORY



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

Yes No

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

PHILIPPINE STOCK EXCHANGE - **COMMON SHARES OF STOCK**

PART I.
INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders.

The annual stockholders' meeting of IRC PROPERTIES, INC. (the "Registrant" or the "Company") shall be on July 27, 2017, Thursday at 3:00 p.m. at the Sofitel Philippine Plaza Manila, CCP Complex, Pasay City.

The mailing address of the Registrant is at 35/F, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, 1223.

The approximate date on which this Information Statement is first to be sent or given to stockholders is on June 29, 2017.

Item 2. Dissenters' Right of Appraisal

A stockholder has the right to dissent and demand payment of the fair value of his shares: (i) in case any amendment to the Company's Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences over the outstanding shares, or of extending or shortening the term of corporate existence; (ii) in case of any sale, lease, mortgage or disposition of all or substantially all of the corporate property or assets; (iii) in case of merger or consolidation; and (iv) in case of investment of corporate funds in another corporation or business or for any purpose other than the primary purpose.

If an action which may give rise to the right of appraisal is proposed at the meeting, any stockholder who voted against the proposed action and who wishes to exercise such right must make a written demand, within thirty (30) days after the date of the meeting or when the vote was taken, for the payment of the fair market value of his shares. Upon payment, he must surrender his certificates of stock. No payment, however, shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment.

There are no matters or proposed corporate actions at this year's annual stockholders' meeting which may give rise to a possible exercise by security holders of their appraisal rights under the provisions of the Corporation Code of the Philippines.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No person who is or has been a director or officer of the Registrant, or an associate of the said persons, has any substantial interest, direct or indirect, by security holdings or otherwise in any matter to be acted upon during the meeting.

None of the persons mentioned above has informed the Registrant in writing of any intention to oppose any action to be taken at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

- (a) The Registrant has the following shares subscribed and outstanding as of May 31, 2017, the Record Date:

Common shares - 1,327,088,964

Of the said subscribed and outstanding shares, 359,788,933 shares or 27.11% are owned by foreigners, while 67,300,031 or 72.89% are owned by Philippine nationals.

- (b) Number of Votes entitled: Every stockholder entitled to vote as of the Record Date shall be entitled to one (1) vote per share of stock.
- (c) The Record Date is on May 31, 2017. All stockholders of record as May 31, 2017 are entitled to notice and to vote at the Annual Stockholders' Meeting.
- (d) Security Ownership of Certain Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

Stockholders owning more than 5% of the Registrant's shares of stocks as of May 31, 2017:

Title of Class	Name And Address Of Record Owner And Relationship With Issuer	Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	PCD Nominee Corporation* 37/F The Enterprise Center, 6766 Ayala Avenue, Makati City	Various No broker participant holds more than 5% of the voting shares of the Company.	Filipino	475,558,020	35.83%

Common	T&M Holdings, Inc.* 35/F, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City Stockholder	T&M Holdings, Inc.	Filipino	262,605,200	19.79%
Common	Rizal Partners Co. Ltd. Chiyoda-ku Tokyo	Rizal Partners Co. Ltd.	Japanese	127,200,000	9.58%
Common	Alexander G. Asuncion President and Stockholder	Alexander G. Asuncion	Filipino	90,014,000	6.78%
Common	PrimeEast Properties, Inc.** Stockholder	PrimeEast Properties, Inc.	Filipino	69,815,500	5.26%
TOTAL				1,025,192,720	77.25%

* It is believed that the person who will vote the shares of T&M Holdings, Inc. is its President, Mr. Esteban G. Peña Sy. Mr. Peña Sy is also the Chairman and CEO of the Registrant.

** It is believed that the person who will vote the shares of PrimeEast Properties, Inc, is its Vice-Chairman, Mr. Alexander G. Asuncion. Mr. Asuncion is the President of the Registrant.

(2) Security Ownership of Management

The following directors and officers are the direct/indirect owners of the Registrant's shares as indicated opposite their names as of May 31, 2017:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (All direct ownership unless otherwise indicated)	Citizenship	Percent of Ownership
Common	Esteban G. Peña Sy Director/Chairman of the Board and CEO	250- Direct; 592,000- Indirect	Filipino	0.0446%
Common	Alexander G. Asuncion President	90,014,000- Direct; 26,692,000- Indirect	Filipino	8.7941%
Common	Gil Miguel T. Puyat Director	11,000	Filipino	0.0008%
Common	Roberto V. San Jose Director	1,000	Filipino	0.0001%
Common	Yasuhiro Ishikawa Director	50-Direct; 200,000-Indirect	Japanese	0.0151%
Common	Ana Maria A. Katigbak-Lim Director	150	Filipino	0.00001%
Common	Wong Peng Chong Director	10,000	Malaysian	0.0008%
Common	Shinsuke Amiya	50	Japanese	0.000004%
Common	Rodrigo B. Supeña	150	Filipino	0.00001%

	Director			
Common	Antonio V. Syyap Director	1,000-Direct; 41,000-Indirect	Filipino	0.0032%
Common	Steven Gamboa Virata Director	150	Filipino	0.00001%
Common	Georgina A. Monsod Director/Treasurer	1,000	Filipino	0.0001%
Common	Delfin P. Angcao Corporate Secretary	150	Filipino	0.00001%
Total		117,563,950		0.0000%

(3) Voting Trust Holders of 5% or more

Registrant is not aware of any person holding more than 5% of the shares of Registrant under a voting trust or similar agreement.

(4) Changes in Control

There has been no change in control of the Registrant since the beginning of its last fiscal year. Neither is Registrant aware of any arrangement which may result in a change in control of it.

Item 5. Directors and Executive Officers

- (a) The names, ages, terms of office, business experience for the last five years, directorship in other companies of the directors and executive officers of the Registrant are as follows:

Esteban G. Peña Sy, Chairman of the Board and CEO. Mr. Pena Sy, 70, Filipino, graduated from the University of the Philippines in 1968 with a degree of A.B. Economics and completed the Program for Management Development at Harvard Business School in 1982. For the last five years, his business experience includes being a Director and President of Mabuhay Holdings Corporation, an investment holding company listed at the PSE, and a Director and President of Philippine Plaza Holdings, Inc., owner of Sofitel Philippine Plaza. His previous work experience includes management positions in the Bank of the Philippine Islands and Ayala International. He was Managing Director of AI Financial Services, Ltd. and was accredited by the Hong Kong Securities & Futures Commission as an Investment Adviser. He was also the Managing Director of Pan Asian Management Ltd., a management and investment consultancy firm based in Hong Kong, and Pan Asian Oasis Telecom Ltd. that operated joint venture factories engaged in the manufacturing of communication and fiber optic cables in China. In his earlier career, he served as a Lecturer at the University of the Philippines, Assistant Secretary General and Executive Director of the Federation of Filipino-Chinese Chambers of Commerce and Industry.

Alexander G. Asuncion, Director and President. Mr. Asuncion, 75, Filipino, finished his bachelor's degree in Business Administration. His business experience for the last five years includes holding the following current positions: Vice Chairman, PrimeEast Properties, Inc.; President, Eastridge Golf Club, Inc.; Chairman and President, Marilague Land, Inc.; Vice Chairman, Dell Equipment & Construction Corporation; President, L & A Management

Corporation. He is also a Partner at Eastbay Property & Development, Inc. National Real Estate Association, Inc. (Co-founder & Consultant), Jaycees Club (San Juan), Philippine Chess Federation, Philippine Horticulture Society are some of the organizations he is affiliated with/a member of.

Gil Miguel T. Puyat, Director. Mr. Puyat, 55, Filipino, earned his Marketing Strategy Course, Asian Institute of Management, M.A Economics (candidate), University of San Francisco, BS Agriculture Economics, University of Wisconsin. He has been a Director of the Company since March 12, 2008. His business experience for the last five years includes the present business affiliations, namely: Chairman and President, TFS Credit Corporation, Chairman and President, Tambunting Puyat Pawnshop, Inc., Director and President, Dell Properties, Inc., Director and Vice President, Loyola Group Marketing and Management Corporation, Director, Loyola Memorial Chapel, Inc., Director, Loyola Cemetery Services, Inc., Director, Philippine Pawnshop & Jewelry, Inc., Director, Omega Finance, Inc. Director and Treasurer, Militan Management Corporation. Some of his civic affiliations are as follows: District Secretary, Rotary International - District 3830; Member, Alumni Association of Asian Institute of Management; Board of Trustees, Rotary Club of Makati; and Board of Advisers, Development Center for the Handicapped Foundation, Inc.

Atty. Roberto V. San Jose, Director. Mr. San Jose, 75, Filipino, received his Bachelor of Arts degree from De La Salle University and his Law degree from the University of the Philippines. He is a member of the Philippine Bar and a Special Counsel in the Castillo Laman Tan Pantaleon & San Jose Law Offices. In addition to the above and serving as Director for the Company, his business experience for the last five years includes serving as Director, Officer and/or Corporate Secretary of Anglo Philippine Holdings Corporation, CP Equities Corporation, Atlas Resources Management Group, MAA Consultants, Inc. and several other companies. He is also the Corporate Secretary of Premiere Horizon Alliance Corporation, Marcventures Holdings, Inc., Solid Group Inc., FMF Development Corporation, Beneficial Life Insurance Co., Inc., The Metropolitan Club, Inc., and other client corporations of the Castillo Laman Tan Pantaleon & San Jose Law Offices.

Steven Cesar G. Virata, Director. Mr. Virata, 59, Filipino, graduated from the University of the Philippines with a B.S. Architecture degree. He has more than 12 years of experience in the aviation industry, marketing, architecture, graphic design and production, theater industry and farm management. His business experience for the last five years includes being currently a Director of C. Virata and Associates, Mabuhay Holdings Corp., ATAR-IV, Inc., Chilco Holdings, Inc. and V.L. Araneta Properties, Inc.

Rodrigo B. Supeña, Independent Director. Mr. Supena, 77, Filipino, was elected as Independent Director of IRC Properties, Inc. on March 31, 2009. Mr. Supeña, a seasoned banker who previously held various key positions in Land Bank of the Philippines and Bank of the Philippine Islands. His business experience for the last five years includes holding key positions in LBP Leasing Corporation, and being currently the Chairman of the Board of Directors of Country Builders Bank, Taguig City. He earned his Masters in Business Administration from Ateneo Graduate School of Business.

Wong Peng Chong, Director – Dato’ Wong was elected director of the Company in 2009. He is a director of Mabuhay Holdings Corporation since November 2009, and an executive director of COL Capital Limited since March 2002. He is also a director of Asia Alliance Holdings Co., Ltd., a company listed in The Tokyo Stock Exchange since June 2015. Upon his graduation from the University of Malay in 1967, he joined the Malaysian Foreign Service and served with several Malaysian diplomatic missions overseas in various capacities. He joined the private sector in 1985 and has served in various senior management positions, including executive directorship in publicly listed companies in Hong Kong, Malaysia and Philippines. Dato’ Wong was a director and Chairman of Mulpha International Bhd. and director and Chairman of Mulpha Land Bhd. (formerly known as Megal Pascal Bhd.) from June 1997 to March 2002. He was also an executive director of Alibaba Pictures Group Limited (formerly known as ChinaVision Media Group Limited) from July 2007 to December 2009 and Landing International Development Limited (formerly known as Greenfield Chemical Holdings Limited) from October 2009 to January 2010. Dato’ Wong, a Malaysian citizen, is 73 years old.

Antonio V. Syyp, Independent Director. Mr. Tony Syyp, 79, Filipino, is a senior marketing executive with in-depth experience in real estate development and marketing with multiple ASPAC (9) Countries exposure in field of distribution and Product Development, Manufacturing, and Retailing (Specialty -Business Development). He graduated at De La Salle University with a degree in Bachelor of Science in Commerce - Major in Accounting. Also with a Master’s degree of Administration in Retailing from New York University, USA. His business experience for the last five years includes being presently the Chairman of Forest Lake Development Inc. and a Director of Landco Pacific Corporation. He is also a Director of the Mabuhay Satellite Corporation and the President / Managing Director of Today Realty.

Georgina A. Monsod, EVP/Treasurer and Compliance Officer. Ms. Monsod, 62, Filipino. Her business experience for the last five years includes being the Treasurer and Compliance Officer of the Company since March 12, 2008. She has been involved with real estate development and financing for the past 17 years starting her career with Don Tim Development Corporation and moving to PrimeEast Properties Inc. Prior to this, she worked for the government sector from 1978 to 1994 in the field of tourism development. She holds a Postgraduate Course in Tourism and Hotel Management by the International School of Tourism Sciences in Rome, Italy. She was also a faculty member of the University of the Philippines (Diliman). She recently passed the licensure examination for Real Estate Brokers and is now a licensed Real Estate Broker.

Yasuhiro Ishikawa, Director. Aged 54, Japanese citizen. Born in Nagasaki, Japan. Upon his graduation from Waseda University in 1988, he joined Eagle Ishikawa Corp. of which he is now serving as the Managing Director. In 1998, he established IHA Co. Ltd. to provide comprehensive financial services in the areas of wealth management and life insurance. He formed Rizal Partners Co. Ltd. in 2014 to engage in equity investments. He is at present President of both IHA and Rizal Partners. Rizal Partners invested in IRC Properties, Inc. and became a strategic partner in 2015.

Anselm Wong, Director - Mr. Anselm Wong has been elected as director since January 12, 2017 upon the resignation of Mr. Shinsuke Amiya. He is the Chief Operating Officer of Asia Development Capital Co., Ltd. (formerly Asia Alliance Holdings Co., Ltd., a company listed in The Tokyo Stock Exchange since June 2015). He is also a director of IRC Properties, Inc. Mr. Wong, a Malaysian citizen, is 32 years old.

Gloria Georgia G. Garcia, Corporate Treasurer & Chief Financial Officer – effective January 2017. A Certified Public Accountant and a member of the Philippine Institute of Certified Public Accountants, Ms. Garcia started her career with SGV & Co. Her work experience included more than three years as a junior auditor with the firm. Thereafter, she had few years in the recreation, gaming and hotel industries and more than twenty years in the real estate industry up to present. Ms. Garcia, a Filipino, is 46 years old.

Atty. Delfin P. Angcao, Corporate Secretary and Corporate Information Officer. Mr. Angcao, 59, Filipino, has been the Corporate Secretary and Corporate Information Officer since March, 2008. He is a partner at the Castillo Laman Tan Pantaleon & San Jose Law Offices (CLTPSJ) since the year 2000. He was a Junior Associate with CLTPSJ from 1995 to 1997. He climbed up to being a Senior Associate from 1997 to 2000. He was an Associate at the San Jose, Enriquez, Lacas, Santos, Borje & Vendero from 1992 to 1995. His business experience for the last five years includes being Director and/or Corporate Secretary of various client corporations of CLTPSJ including Mabuhay Holdings Corporation and The Manila Southwoods Golf & Country Club, Inc. He is a member of the Integrated Bar of the Philippines and the Philippine Institute of Certified Public Accountants.

All the directors and executive officers named above were elected to their positions for a term of one year and to serve as such until their successors are elected and qualified. No director or executive officer has resigned or declined for re-election since the date of the last annual meeting of security holders because of a disagreement with the Registrant on any matter relating to the Registrant’s operations, policies or practices.

Except for the above-named directors and officers, the Registrant has no “significant employees” (as the term is defined under the SRC and its implementing rules and regulations).

(b) Independent Directors/Nomination Committee.

In compliance with SRC Rule 38 which provides for the guidelines on the nomination and election of independent directors, a Nomination Committee has been created with the following as members:

- | | | |
|--------------------------|---|------------------------------|
| 1. Wong Peng Chong | - | Chairman |
| 2. Antonio V. Syyp | - | Member, Independent director |
| 3. Rodrigo B. Supeña | - | Member, Independent director |
| 4. Alexander G. Asuncion | - | Member |
| 5. Esteban G. Peña Sy | - | Member |
| 6. Roberto V. San Jose | - | Member |
| 7. Georgina A. Monsod | - | Non-voting member |

Under the Company’s Manual of Corporate Governance, the members of the Nomination Committee shall consist of at least two directors, one of whom is an independent director, and one non-director who is an officer of the Company. The Nomination Committee was tasked to accept and to pre-screen nominees for election as independent directors conformably with the criteria prescribed in SRC Rule 38 and the Company’s Code of Corporate Governance, and to prepare and to make available to the SEC and the

stockholders before the stockholders' meeting a Final List of Candidates as required in the said SEC Memo Circular.

In compliance with SRC Rule 38, hereunder is the Final List of Candidates for Independent Directors of the Registrant for the term 2017-2018 based on nominations received and pre-screened by the Nomination Committee:

Name of Candidate	Nominated By
Mr. Rodrigo B. Supeña	Mr. Esteban G. Peña Sy
Mr. Antonio V. Syyap	Mr. Esteban G. Peña Sy

Mr. Peña Sy, presently a stockholder and the incumbent Chairman and CEO of the Registrant, is not related to any of his above-mentioned nominees.

Information about said candidates as required under Part IV (A) and (C) of Annex "C" of SRC Rule 12 are as contained in this item 5.

To comply with the Securities and Exchange Commission (SEC) Memorandum Circular No. 5 which became effective March 10, 2017, the company submits herewith the Certificates of Qualification of the independent directors in the form prescribed by the SEC. The term limits of the independent directors shall be for a maximum cumulative term of nine (9) years in accordance with SEC Memorandum Circular No. 4, Series of 2017, which became effective March 9, 2017. The reckoning date of the cumulative nine-year term is from 2012.

(c) Significant Employees.

Aside from those listed above, the Company has no other executive officers or certain key personnel who are deemed to make significant contribution to the business.

(d) Family Relationships.

Mr. Alexander G. Asuncion, Director and President, and Ms. Georgina A. Monsod, Treasurer, are first cousins. Other than the foregoing, no director or officer is related to the extent of the fourth civil degree either by consanguinity or affinity.

(e) Involvement in Certain Legal Proceedings.

None of the directors and officers of the Company was involved, in the past five years up to the latest date, in any bankruptcy proceeding. Neither have they been during the same period convicted by final judgment in any criminal proceeding, nor been subject to any order, judgment or decree of competent jurisdiction, permanently enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, nor found in action by any court or administrative body

to have violated a securities or commodities law that are material to their evaluation as to their fitness for their respective positions.

The Company and its consolidated subsidiaries/affiliates are parties to various legal actions or proceedings. However, in the opinion of management, the ultimate liability, if any, resulting from these actions or proceedings, will not have a material effect on the Company's financial position.

(f) Certain Relationship and Related Transactions.

Relationships and Related Transactions

Under the 1994 PrimeEast MOA, the Company and PrimeEast agreed to jointly organize a realty company that shall identify and free from claimants not more than 500 hectares of lands in Binangonan, Rizal, registered in the name of the Company. The realty company shall be granted 30% ownership of all properties cleared by it. All lands acquired pursuant to such clearing operations shall be developed by PrimeEast at its own expense for which PrimeEast shall be entitled to 60% of the marketable lots. The remaining 40% shall belong to the owner, which may either be the Company or the realty company. Consequently, BLC was formed by PrimeEast representatives and the Company as their joint venture realty company and is owned by them in equal shares.

PrimeEast was able to clear about 65 hectares for which the Company became indebted to PrimeEast in the amount of P51,770,360.26 representing the Company's share in the clearing cost. This amount plus the other financial obligations to certain persons named in the 2002 PrimeEast MOA which were assigned to PrimeEast brought the Company's indebtedness to PrimeEast to P99,486,250.35. In full settlement of its indebtedness to PrimeEast, the Company assigned by way of a "dacion en pago" all its rights, interests and participation in BLC such that PrimeEast shall become the sole owner of BLC.

Under the 2008 PrimeEast MOA, PrimeEast and/or BLC transferred to the Company all their rights, interest and participation over 508,463 square meters of land for a total consideration of P177,961.700.

PrimeEast is a shareholder of the Company and as of Record Date is holding 69,815,500 shares of the Company. Mr. Alexander G. Asuncion, a director and President of the Company, is also a director and the Vice Chairman of PrimeEast. Mr. Frisco F. San Juan, a director of the Company is the Chairman of the Board of PrimeEast.

In the normal course of business, the Company has transactions with its major stockholders and affiliates. These transactions principally consist of loans and non-interest bearing advances for operational purposes. As of December 31, 2016, the Company's notes payable to Mabuhay Holdings Corporation, a major stockholder, stood at P116,993,378. The notes payable are in the form of unsecured borrowing with no definite payment terms and bears interest at 12% to 18% per annum.

Mabuhay is a shareholder of the Company and is presently holding 38,160,643 shares of the Company. A 100%-owned subsidiary of Mabuhay, T & M Holdings, Inc., is also a shareholder of the Company and is presently holding 262,605,200 shares of the Company. Mr. Esteban G. Peña Sy, the Chairman and CEO of the Company, is also a director and the President of Mabuhay and of T & M Holdings, Inc. Ms. Gloria Georgia G. Garcia, the Assistant Treasurer of the Company, is also the Treasurer of Mabuhay and of T & M Holdings, Inc.

The Company has engaged the services of DELL Equipment, a related party, for development and construction works for the first two phases of the development of approximately 30 hectares of real properties of the Company in Binangonan, Rizal. Upon satisfactory completion of the developmental works, DELL Equipment shall be given priority to develop succeeding phases of the development of an additional 290 hectares of real properties of the Company in Binangonan, Rizal. Messrs. Gil Miguel T. Puyat, and Antonio Syyap, Chairman, Directors of DELL Equipment, are also directors of the Company. Mr. Alexander G. Asuncion, a stockholder and Vice Chairman of DELL Equipment, is a Director and the President of the Company.

Other than the foregoing transactions, there has been no material transaction during the last two years, nor is there any material transaction currently proposed, to which the Company was or is to be a party in which any of the incumbent directors and executive officers which the Company, or owners of more than 5% of the Company's voting stock, and executive officers or owners of more than 5% of the Company's voting stock, had or is to have a direct or indirect material interest.

Item 6. **Compensation of Directors and Executive Officers**

(a) Summary Compensation Table.

The annual compensation of the Company's executive officers for the last two (2) fiscal years and for 2017 are as follows:

Name	Position	Year	Salary	Bonus	Other Annual Compensation
Esteban G. Peña Sy	Chairman & CEO				
Alexander G. Asuncion	President, Director				
Georgina A. Monsod	EVP/Treasurer				
Araceli C. Molina	SVP/Asst. Treasurer and CFO				
Aggregate compensation (all key officers and directors as a group) Note: Registrant has no other executive officers except those named above.		2017 (estimated)	P6.2M	None	None
		2016	P6.2M	None	None
		2015	P6.2M	None	None

Each director receives a per diem of P3, 000.00 for each board meeting attended.

(b) Compensation of Directors.

Directors receiving compensation were either employed as officers of the Registrant receiving fixed monthly salary or receiving reimbursement of representation expenses incurred from time to time.

Directors and executive officers employed by the Registrant, receiving fixed monthly salary are as shown in the table in the immediately preceding section.

(c) Employment Contracts and Termination of Employment and Change-in-Control Arrangement.

There were no employment contracts, termination of employment, or any arrangement that resulted or may result in a change of control of the Registrant.

(d) Warrants and Options Outstanding.

There are no outstanding warrants or options held by the Company's executive officers and directors as a group.

Item 7. Independent Public Accountants

(a) Audit and Audit-Related Fees

The Registrant's external auditor, Isla, Lipana & Co. has been re-appointed during last year's annual stockholders' meeting held on July 21, 2016. The name of Isla, Lipana & Co.'s partner-in-charge for the ensuing year will be known on or before its re-appointment during the stockholders' meeting.

There were no disagreements with the said Auditors with respect to accounting principles and practices, financial disclosures, or auditing scope or procedures. As in the previous years, representatives of the Registrant's auditors are expected to be present at this year's annual stockholders' meeting, available to respond to questions that may be asked by the stockholders. The said auditors will have the opportunity to make a statement if they desire to do so.

The external auditors charged the Company and its subsidiaries an aggregate amount of P472,237.92 for each of the years ended December 31, 2016 and 2015, respectively.

The Company is in compliance with SRC Rule 68, Paragraph 3(b)(iv) which requires the rotation of external auditors or the handling partners of the auditing firm.

(b) Tax Fees.

There were routine professional services rendered by the external auditors for tax accounting, compliance, advice, planning and any other form of tax services in each of the last two (2) calendar years ending December 31, 2016 and 2015. The fees for these services are included in the Audit and Audit-Related Fees mentioned above.

(c) All Other Fees.

There were no other professional services rendered by the external auditors during the period.

(d) Company Policy on Appointment of Independent Auditor

The President, EVP/Treasurer and the Audit Committee recommended to the Board of Directors the appointment of the external auditor and the fixing of the audit fees. The Board of Directors approves the recommendation for the appointment of the external auditor subject to approval/ratification by the stockholders at the annual stockholders' meeting.

The present members of the Audit Committee of the Company are as follows:

Antonio V. Syyap	-	Chairman (Independent Director)
Rodrigo B. Supeña	-	Member (Independent Director)
Steven G. Virata	-	Member
Gil Miguel T. Puyat	-	Member
Anelm Wong	-	Member

D. OTHER MATTERS

Item 15. Action with Respect to Reports

- (a) Approval of the minutes of the 2016 annual stockholders' meeting
- (b) Approval of annual report of management and 2016 financial statements

Approval of the minutes of the 2016 annual stockholders' meeting will constitute a ratification of the accuracy and faithfulness of the record therein of the events that transpired during the said meeting. Among the matters taken up during the 2016 annual stockholders' meeting and reflected in the minutes thereof were the following: (a) approval of the 2015 management report and 2015 audited financial statements; (c) ratification of corporate acts; (d) issuance to Sigma Epsilon Fund Ltd of 200 million IRC common shares with par value of Php1.00 per share through private placement to be taken from the unissued portion of the Corporation's present authorized capital stock at the subscription price of Php1.40 per share; (e) issuance to any interested subscriber or subscribers of 172,800,000 IRC common shares with a par value of Php1.00 per share through private placement/s to be taken from the unissued portion of the Corporation's present authorized capital stock at the subscription price of not less than Php1.40 per share as the IRC Chairman and/or President may deem appropriate; (f) establishment of a stock option plan; (g) election of directors; and (h) appointment of external auditors. This will not constitute a second approval of the same matters that were already taken up and approved during the said meeting. Approval of the 2016 annual report of management and the 2016 audited financial statements will constitute a ratification of the Company's

performance during the preceding year as contained or reflected in said annual report and financial statements.

Item 18. Other Proposed Actions

- (a) Ratification of resolutions, contracts and acts of the board of directors and management
- (b) Election of directors
- (c) Appointment of external auditors

Resolutions, contracts and acts of the board of directors and management for ratification refer to those passed or undertaken by them during the year and for the day to day operations of the Company as contained or reflected in the annual report and financial statements. These included, among others, the election of officers, composition of corporate governance committees, and appointment of external auditors as previously disclosed to the Securities and Exchange Commission and the Philippine Stock Exchange.

Item 19. Voting Procedures

The vote required for acts requiring stockholders' approval is majority of stocks present in a quorum unless the law provides otherwise. In the election of directors, however, the eleven (11) nominees obtaining the highest number of votes in accordance with the provisions of the Corporation Code, shall be proclaimed the directors.

Counting of votes will be done *viva voce* or by raising of hands, unless in the election of directors, a stockholder requests for balloting. Votes cast during the annual stockholders' meeting shall be counted by the Corporate Secretary.

ACCOMPANYING THIS INFORMATION STATEMENT IS A COPY OF THE NOTICE OF THE ANNUAL STOCKHOLDERS' MEETING CONTAINING THE AGENDA THEREOF, AS WELL AS A COPY OF THE REGISTRANT'S MANAGEMENT REPORT AS REQUIRED UNDER SRC RULE 20 (4), AS AMENDED.

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY WILL PROVIDE, WITHOUT CHARGE, A COPY OF THE COMPANY'S ANNUAL REPORT IN SEC FORM 17-A DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE STOCKHOLDER MAY BE CHARGED A REASONABLE COST FOR PHOTOCOPYING THE EXHIBITS.

ALL REQUESTS MAY BE SENT TO THE FOLLOWING:

**IRC PROPERTIES, INC.
35/F Rufino Pacific Tower
6784 Ayala Avenue, Makati City
Attention: Ms. Gloria Georgia G. Garcia**

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on June 13, 2017.

IRC PROPERTIES, INC.

Registrant

By:



DELFIN R. ANGCAO

Corporate Secretary

IRC PROPERTIES, INC.

**MANAGEMENT REPORT
Pursuant To SRC Rule 20 (4)**

For the 2017 Annual Stockholders' Meeting

A. AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2016 AND MARCH 31, 2017 INTERIM FINANCIAL STATEMENTS

Registrant's consolidated audited financial statements for the fiscal year ended December 31, 2016 and interim financial statements for the period ended March 31, 2017 are attached.

B. THERE WERE NO DISAGREEMENTS WITH THE ACCOUNTANTS

C. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

The Company is currently in the real estate development business after having shifted away from its oil exploration activities. Its concentration is in the development of its properties in Binangonan, Rizal.

The clearing of the Company's Binangonan property is the focus of the Company's operations in order to completely free from third party claims the first 455 hectares of the 2,200-hectare property where the first phase of the Binangonan Master Plan consisting of the housing estate project will be situated. As of July 29, 2014, the Company has already cleared approximately 164.7 hectares of Binangonan property with 198 titles of "cleared properties" in its possession (2013 – 142.4 hectares).

On December 21, 2016, the company launched its newest project, Casas Bauhinia, located at Mahabang Parang, Municipality of Binangonan, Province of Rizal. It is estimated to be 36 kms. from Ortigas Center, Pasig City (40kms. from Makati City) and takes about 1-1.5 hours' drive along Manila East road. The development is an economic housing subdivision with provision for basic facilities and amenities, such as multipurpose hall, parks and playground.

On May 19, 2016, the Company's negotiations with a leading local real estate developer relative to the acquisition of a portion of the 2,200-hectare Binangonan property have materialized. The Company believes that the entry of this leading local real estate developer will jumpstart the development of anew mixed-use community south of Metro Manila.

On February 16, 2016 IRC Properties, Inc. ("IRC") entered into a Subscription Agreement with Sigma Epsilon Fund Limited (the "Subscriber"), a corporation organized and existing under the laws of Cayman Island with principal office located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-111, Cayman Islands, represented herein by its Director, Mr. Lee Puay Ching, hereby subscribes to Two Hundred Million common shares of IRC PROPERTIES,

INC. with a par value of One Peso per share at a subscription price of P1.40 per share, or for a total subscription price of Two Hundred Eighty Million Pesos. (Php 280,000,000.00).

On September 7, 2015, the Securities and Exchange Commission (“SEC”) approved the Amended Articles of Incorporation to increase the capital stock from P 1,000,000,000 to P1,500,000,000 with a par value of P1.00.

On July 3, 2015, IRC Properties, Inc. (“IRC”) entered into a Subscription Agreement with Rizal Partners Company Limited (the “Subscriber”), a corporation organized and existing under the laws of Japan with principal office located at 1-11 Kioi-cho Chiyoda-ku, Tokyo, whereby the Subscriber agreed to subscribe to One Hundred Twenty Seven Million Two Hundred Thousand (127,200,000) common shares (the “Shares”) of IRC with a par value of One Peso (Php1.00) per share, at a subscription price of Php1.40 per share, or for a total subscription price of One Hundred Seventy Eight Million Eighty Thousand Pesos (Php178,080,000.00). The Shares which shall be fully paid for in cash by the Subscriber will be issued as a Private Placement to be taken out from an increase in the authorized capital stock of the Corporation as previously authorized by the stockholders and the Board of Directors of IRC.

On July 9, 2014, the Group entered into a joint development agreement with a foreign investor for the development of a four-hectare housing project, the Group’s third residential development within its Binangonan property. The project is called Casas Aurora. Management believes that the projects will generate significant amount of sustainable income stream and operating cash flows to the Company. There is a huge demand for housing in the region and the property is well situated in relation to the future growth direction of the metropolis.

On July 25, 2012, the Company entered into a Joint Development Agreement with Dell Equipment to undertake another affordable economic housing residential subdivision project totaling 8.718 hectares which is the Company’s contribution to the said project. The Company shall receive, as its share, an amount equivalent to 12% of the total fair market value of all the units in the project. The project is called Fiesta Casitas.

A joint venture agreement with Dreamhauz Management & Development Corporation to develop an estimated 15 hectares was arranged by the company on August 5, 2010. The project is called Sunshine Fiesta.

The company contributes 15 hectares of cleared lots to the Project while the developer undertakes all the necessary land development and house construction, including the application for permits. The developer acts as the principal agent for the sale of finished housing units. The company receives, as its share in the Project, an amount equivalent to 12% of the total units sold. The first phase of the project is 95% sold and 90% completed.

On April 14, 2010, the Philippine Stock Exchange has approved the Parent Company’s stock rights offering and has accumulated a total of P399.9 million to partially fund the development and construction of real estate development projects in its property in Binangonan, Rizal. The Company also repaid maturing loans from the proceeds.

The Company has received from warrant holders P199,913,992 for the exercise price of their bonus warrants and 198,280,746 corresponding underlying common shares have actually been issued as of March 31, 2014.

DISCUSSION OF THE REGISTRANT'S FINANCIAL CONDITION, CHANGES IN FINANCIAL CONDITION & RESULTS OF OPERATIONS FOR EACH OF THE LAST 3 FISCAL YEARS

The company has three ongoing residential subdivision projects, namely 1) Sunshine Fiesta Subdivision, 2) Fiesta Casitas Subdivision, and 3) Casas Aurora. The mid-rise condominium project is put on hold while funding is finalized.

Sunshine Fiesta Subdivision is a joint venture development project between the Company and Dreamhauz Management & Development Corporation, with the latter responsible for the land development and house construction. The first phase seven-hectare is still on-going with 869 number of house-and-lot units. From the total 866 units, 102 units are assigned to the company, representing its 12% share in the joint venture project. Out of the 102 units assigned to the company, 101 have already been sold with a total contract price of P72 million.

Fiesta Casitas Subdivision is also a residential subdivision located in the same area where Sunshine Fiesta is situated. This project is a joint development agreement with Dell Equipment & Construction Corporation, who is responsible for the land development and house construction. It has 1,015 house and lot units, with 123 units assigned to the Company. Reservation on Fiesta Casitas units is on-going.

Casas Aurora is a residential project located within the 30-hectare Sunshine Fiesta Project and is considered Phase III, after Sunshine Fiesta and Fiesta Casitas. This is the first project of the company that it is implementing on its own. It has contracted Dell Equipment & Construction Corporation to do the land development, which includes road construction, drainage, utilities and amenities. For the house construction, it has contracted VGPineda Construction Corporation using a new technology of on-site fabrication. It has 486 units with P850,000 as an introductory price.

INTERIM REPORT MARCH 31, 2017

Results of Operations

A comparative review of the Company's financial operations for the quarter ended March 31, 2017 vis-à-vis the same period last year showed the following:

Net income for the quarter was P5 million from net loss of P2.5 million of the same period last year. The increase in net income was due to increase in sales from our Casas Aurora project. Total cost and expenses increased by P27.2 million from P16.5 million from the same period of last year due to the corresponding increase in cost of sales. Cost of sales significantly increased due to increase in number of units sold. The increase in expenses was also attributable to

increase of Salaries and wages due to increase in personnel likewise the increase in office supplies and depreciation.

For the period ended March 31, 2017 vs. period ended March 31, 2016, total revenue is likewise higher by 260% or P36.9 million due to sale of sixty-nine (69) units of house and lot at Casas Aurora project. Total cost and expenses increased by 165% or P 27,290,128.

There is no significant element of income that did not arise from the Registrant's continuing operations. Neither is the Company's operations affected by any seasonality or cyclical trends.

Financial Condition

The Company employed total assets of P3,534,167,878 financed by total liabilities of P1,685,022,895 and total stockholders' equity of P1,849,114,982. Non-current assets amounted to P2,356,309,494 consisting of investment property, property and equipment (net of accumulated depreciation) and other assets. Current assets stood at P1,177,858,383.

Explanation to Accounts with Material Changes (March 31, 2017 vs. December 31, 2016)

Cash decreased by 65% or in the amount of P15.6 million mainly continuous construction of house and lot units, payment of loan, interest expense, office rental and for the development and construction of Casas Aurora Project.

Receivables increased by P21.3 million or 32.6% due to the Pag-Ibig retentions, advances to Greenroof Corporation, a joint venture partner for the development of Fiesta Casitas Project, Advances to VGPineda Construction Corporation and advances to Dell Equipment & Construction Corp for the development of Casas Aurora Project.

Property and equipment decreased by P203K or 8.04% due to depreciation expense offsetted by purchases of office equipment and computer equipment.

Prepayment decreased by 45.3% or P15.4 million due to payment of taxes offsetted by increase in input vat for the quarter. The significant decrease was due to reclassification of accounts from accounts receivable to prepayments

Account payable and accrued expense decreased overall by P6.7 million or 5.9 % due to the net effect of payment of outstanding accounts, accrual of interest due to Mabuhay Holdings Corporation and other third parties, among others.

Advances due to others decreased by 70.2% or P77.4 million due payment of advances to Tamurakenzai and reclassification of certain accounts to Notes Payable offsetted by collection of reservation, equity and processing fees.

YEAR ENDED DECEMBER 31, 2016

Results of Operations

The company's total sales for the year ended 2016 amounted to P122,063,855 net of P411,145 sales discount. The company sold (107) units from Casas Aurora and 6 from Fiesta Casitas with total contract price amounting to P92,987,900 and P4,519,600, respectively. Aside from the unit sales, the company sold a parcel of land to Amaia Land Corp. with a total contract price amounting to P24,964,500.

Total income for the year 2016 increased by P135.1 million or 60.1% compared to same period of 2015 mainly due to increase in sales and increase in fair value gain on investment property. Appraisal of Binangonan properties conducted by an independent appraiser valued the property (undeveloped lots) at P1,100/sqm as of April 1, 2017 (2015- P1,000/sqm.). The appraisal resulted in a fair value gain of P98.8 million for 2016 as compared to P65 million in 2015. Net income for 2016 registered at P73.8 million or 156.4% higher than in 2015.

There is no significant element of income that did not arise from the Registrant's continuing operations. Neither is the Company's operations affected by any seasonality or cyclical trends.

Financial Condition

The financial position of the Company as of December 31, 2016, shows total assets of P3,539,350,023. Non-current assets were P2,350,454,308. The noncurrent assets consist of investment properties, property and equipment (net of accumulated depreciation) and other assets. Current assets as of December 31, 2016 stood at P1,188,895,715.

The total liabilities of the Company as of December 31, 2016 amounted to P1,695,260,707 while current liabilities stood at P461,669,109. Non-current liabilities totaled P1,1,233,591,598 which include the P431,098,518 deferred tax liability and P747,892,943 provision for clearing costs. Total stockholders' equity as of December 31, 2016 amounted to P1,844,089,316.

Explanation to Accounts with Material Changes (2016 vs. 2015)

Cash increased by 163.46% or P14.78 million due to increase in loan takeout from sale of house and lot for project Casas Aurora.

Receivables grew by 61.47% or P24.9 million mainly due to the advance of VGPineda Construction Corp for Casas Aurora Project and Greenroof Corporation.

Prepayments likewise increased by 9.00% or P2.8 million due to payments of creditable withholding tax.

Land held for development decreased by 2.06% or P20.8 million mainly due to reclassification of partially completed units to land held for development which was incurred during the year.

Investment property increased by 12.98% or P269.7 million mainly due to the recognition of additional recoverable land area of 20 hectares, and recognition of fair value gain on investments and the capitalizing of borrowing costs.

Accounts payable and accrued expenses decreased by P106.6 million or 48.74% mainly due to partial payment of interest expenses incurred from notes payable. The minimal increase in customers deposit was offsetted by the decrease in accrual salaries of officers and accounts payable.

Provision for clearing costs, current portion decreased by P7.3 million or 6.65% company's effort in clearing the land.

Provision for clearing costs, non-current increased by P139.2 million or 22.88% due to the increase in recoverable area to be cleared coupled with the effect of discounting of provision for clearing cost.

Deferred tax liability was up by 7.12% or P28.6 million due to provision for income tax deferred.

YEAR ENDED DECEMBER 31, 2015

Results of Operations

The company's total sales for the year ended 2015 amounted to P24,473,400. Fourteen (14) assigned units from joint ventures with Dreamhauz Management and Development Corp were sold with total revenue of P21, 422,600, and four (4) assigned unit from joint ventures with Dell Equipment & Construction Corporation were sold with total revenue of P3,050,400.

Total income for the year 2015 decreased by P18.52 million or 16.96% compared to same period of 2014 mainly due to the effect of lower fair value gain on investment property recognized in 2015. Appraisal of Binangonan properties conducted by an independent appraiser valued the property (undeveloped lots) at P1,000/sqm as of April 1, 2016 (2014- P1,000/sqm.). Although sales of real estate are higher by P12.8 million, the appraisal resulted in a fair value gain of P65 million for 2015 as compared to P97.5 million in 2014 or a decrease of P32.5 million. Net income for 2015 registered at P28.8 million or 38.4% lower than in 2014.

There is no significant element of income that did not arise from the Registrant's continuing operations. Neither is the Company's operations affected by any seasonality or cyclical trends.

Financial Condition

The financial position of the Company as of December 31, 2015, shows total assets of P3,219,770,869. Non-current assets were P2,080,478,210. The non-current assets consist of investment properties, property and equipment (net of accumulated depreciation) and other assets. Current assets as of December 31, 2015 stood at P1,139,292,653.

The total liabilities of the Company as of December 31, 2015 amounted to P1,729,491,104 while current liabilities stood at P714,419,667. Non-current liabilities totaled P1,015,437 which include the P402,455,596 deferred tax liability and 608,652,984 provision for clearing costs. Total stockholders' equity as of December 31, 2015 is P1,490,279,759.

Explanation to Accounts with Material Changes (2015 vs. 2014)

Cash substantially decreased by 81.3% or P37.54 million due to continuous construction of houses and development of Casas Aurora project.

Receivables increased by 710% or P35.50 million due to advances to contractors for the construction of houses at Casas Aurora project.

Prepayments decreased by 21.3% or P8.4 million due to adjustment of advances that has been expensed for the year 2015.

Land held for development increased by 3.9% or P38 million mainly due to construction of houses and development cost attributable to Casas Aurora project.

Investment property increased by 11.06% or P207 million mainly due to the recognition of fair value gain on investments and the capitalizing of borrowing costs.

Accounts payable and accrued expenses decreased by P56.8 million or 3% mainly due to the payment of accrued interest expense and accrued salaries of officers.

Provision for clearing costs, current portion increased by P107 million or 3147% due to revaluation of clearing cost to discounted amount.

Provision for clearing costs, non-current is lower by P18.8 million or 2.99% due to discounting at the current market rate.

Deferred tax liability was up by 70.17% or P19.13 million due to provision for income tax deferred.

YEAR ENDED DECEMBER 31, 2014

Results of Operations

The balance of P12,271,275.00 on the Contract to Sell with Hundred Lake was fully collected on July 17, 2014 upon transfer of the property to the buyer's name.

During the year, 15 assigned units from joint ventures with Dreamhauz Management and Development Corp. were sold with total revenue of P10,916,500, and 1 assigned unit from joint venture with Dell Equipment & Construction Corporation was sold with total revenue of P720,000.

Appraisal of Binangonan properties conducted by an independent appraiser valued the property (undeveloped lots) at P1,000/sqm. as of January 9, 2015 (2013- P1,000/sqm.).

The Company has embarked on its own subdivision project covering almost 4 hectares also within the 30-hectare project area given a development permit by the local government. This project named Casas Aurora is envisioned to be a sole project of the Company, with a joint development agreement between Tamurakenzai Co. and TI&S Holdings for funding.

On July 2014, the Company entered into a service contract with VGPineda Construction Corporation for the construction of 480 houses for the Casas Aurora project.

Total income for the year 2014 amounting to P109.18 million was lower by P522.28 million or 82.71% compared to same period of 2013 mainly due to the effect of fair value gain on investment property recognized in 2013. Sales of real estate are lower in 2014 by P82.2 million, while the appraisal resulted in a fair value gain of P97.5 million for 2014 as compared to P537.6 million in 2013 or a decrease of P440.1 million. Net income for 2014 registered at P46.8 million or 85.5% lower than in 2013.

There is no significant element of income that did not arise from the Registrant's continuing operations. Neither is the Company's operations affected by any seasonality or cyclical trends.

Financial Condition

The financial position of the Company as of December 31, 2014, shows total assets of P2,955,691,122. Non-current assets were P1,873,729,151. The non-current assets consist of investment properties, property and equipment (net of accumulated depreciation) and other assets. Current assets as of December 31, 2014 stood at P1,081,961,971.

The total liabilities of the Company as of December 31, 2014 is P1,672,285,302 while current liabilities stood at P661,566,407. Non-current liabilities is P1,010,718,895 which includes the P383,277,995 deferred tax liability and 627,440,900 provision for clearing costs. Total stockholders' equity as of December 31, 2014 is P1,283,405,819.

Explanation to Accounts with Material Changes (2014 vs. 2013)

Cash increased by 1172% or P42.54 million due to receipt of advances from Tamura Kenzai Co. Ltd for the development of Casas Aurora project.

Receivables decreased by 69.8% or P11.32 million due to collection received from sale of investment property from Hundred Lake Development Corp.

Prepayments increased by 180% or P25.4 million due to advance payment to contractors for the services, materials and supplies needed for the construction of Casas Aurora project.

Land held for development decreased by 6.9% or P72.43 million mainly due to reversal of capitalized cost.

Investment property increased by 11.44% or P192.15 million mainly due to the recognition of fair value gain on investments and the capitalizing of borrowing costs.

Accounts payable and accrued expenses decreased by P16.58 million or 6% mainly due to the payment of accrued realty tax and accrued salaries of officers.

Provision for clearing costs, current portion decreased by P1.74 million or 33.8% due to partial payment on MOA 3 with Prime East Properties, Inc.

Provision for clearing costs, noncurrent is higher by P52.5 million or 9.1% due to additional recoverable land area of 15 hectares valued at P350/sqm.

Deferred tax liability was up by 8.38% or P29.27 million due to provision for income tax deferred.

The results of operations and financial conditions for the year 2013 are discussed below:

YEAR ENDED DECEMBER 31, 2013

Results of Operations

On September 10, 2013, the Company entered into a Contract to Sell with Hundred Lake Development Corporation, whereby the company agreed to sell its land located in Binangonan, Rizal, with an area of 183,729 square meters at P475/m². The company received P75 million as down payment upon execution of the Contract to Sell and the balance of P12,271,275.00 is payable upon the transfer of the title of the property in the name of Hundred Lake.

Substantially, most of the warrant holders have exercised their shares of bonus warrants totaling to 147,291,992 and have been issued the corresponding underlying common shares of 147,291,992 during the year. Any bonus warrants which have not been exercised upon the expiry date on June 18, 2013 had already lapsed and ceased to be valid for any purpose whatsoever.

During the year, 23 assigned units from the joint venture with Dreamhauz Management and Development Corp. were sold with total revenue of P15,938,700.

Appraisal of Binangonan properties conducted by an independent appraiser valued the property (undeveloped lots) at P1000/sqm as of December 17, 2013 (2012- P650/sqm).

The company issued a promissory note to T & M Holdings, Inc. amounting to 15,500,000 with interest at 15% per annum during the year. The proceeds were used to pay clearing costs.

As at December 31, 2013, Wedgemore Property, is pursuing the acquisition of a portion of the 2000- hectare Binangonan lot of the company, either through purchase or joint development agreement.

Total income for the year 2013 amounted to P631.5 million mainly due to sale of real estate of P93.9 million and recognition of fair value gain on investment property amounting to P537.6 million. Net income for 2013 registered at P322.99 million.

There is no significant element of income that did not arise from the Registrant's continuing operations. Neither is the Company's operations affected by any seasonality or cyclical trends.

Financial Condition

The financial position of the Company as of December 31, 2013, shows total assets of P2,777,621,138. Non-current assets were P1,679,915,105. The non-current assets consist of investment properties, property and equipment (net of accumulated depreciation) and other assets. Current assets as of December 31, 2013 stood at P1,097,706,033.

The total liabilities of the Company as of December 31, 2013 is P1,540,994,124 while current liabilities stood at P612,053,254. Non-current liabilities amounted to P1,540,994,124 which include the P353,999,970 deferred tax liability and P574,940,900 provision for clearing costs. Total stockholders' equity as of December 31, 2013 amounted to P1,236,627,014.

KEY PERFORMANCE AND FINANCIAL SOUNDNESS INDICATORS

Definition of Ratios

Working Capital- computed as current assets minus current liabilities.

Current Ratio- computed as current assets divided by current liabilities.

Quick Ratio- computed as current assets minus prepayments and land held for development divided by current liabilities.

Asset to Equity Ratio- measures financial leverage and long- term solvency. It shows how much of the assets are owned by the company. It is computed as total assets divided by stockholders' equity.

Debt to Assets Ratio- computed as total liabilities divided by total assets.

Debt to Equity Ratio- computed as total liabilities divided by total equity.

Gross Profit Margin- shows how much of the company's revenue remains after the cost of sales. It is computed as gross profit divided by sales.

Operating Profit Margin- measures the amount of money that remains after paying sales and operating expenses. It is computed as earnings before taxes and interest divided by sales.

Net Profit Margin- shows the money remaining after paying all expenses. It is computed as net profit divided by sales.

Return on Assets- measures how effectively the company uses its assets to create revenue. It is computed as net income divided by total assets.

Return on Equity- measures how much money the company have earned on its investment. It is computed as net income divided by stockholders' equity.

Interest Coverage Ratio- measures the company's ability to pay its interest charges. It is computed as income before income tax and interest expense divided by interest payments.

REGISTRANT'S FINANCIAL SOUNDNESS INDICATORS

Below are the comparative key performance indicators of the Company for the interim period and the last three (3) years:

	<u>March 31, 2017</u>	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>	<u>Dec. 31, 2014</u>
	<u>Unaudited</u>	<u>Audited</u>	<u>Audited</u>	<u>Audited</u>
<u>Working Capital</u>	<u>676,248,330</u>	<u>727,226,606</u>	<u>424,872,987</u>	<u>420,395,564</u>
<u>Current Ratio</u>	<u>2.348</u>	<u>2.580</u>	<u>1.594</u>	<u>1.635</u>
<u>Quick Ratio</u>	<u>.310</u>	<u>.230</u>	<u>.134</u>	<u>.138</u>
<u>Asset to Equity Ratio</u>	<u>1.911</u>	<u>1.920</u>	<u>2.160</u>	<u>2.303</u>
<u>Debt to Assets Ratio</u>	<u>.477</u>	<u>.480</u>	<u>.537</u>	<u>.566</u>
<u>Debt to Equity Ratio</u>	<u>.911</u>	<u>.920</u>	<u>1.160</u>	<u>1.303</u>
<u>Gross Profit Margin</u>	<u>.449</u>	<u>.662</u>	<u>.937</u>	<u>.946</u>
<u>Operating Profit Margin</u>	<u>.142</u>	<u>.460</u>	<u>.535</u>	<u>.698</u>
<u>Net Profit Margin</u>	<u>.099</u>	<u>.328</u>	<u>.321</u>	<u>.428</u>
<u>Return on Assets</u>	<u>.0014</u>	<u>.021</u>	<u>.008</u>	<u>.015</u>
<u>Return on Equity</u>	<u>.0027</u>	<u>.040</u>	<u>.019</u>	<u>.36</u>

<u>Interest Coverage Ratio</u>	<u>-nil-</u>	<u>-nil-</u>	<u>-nil-</u>	<u>-nil-</u>
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In general, there are no material known trends, demands, commitments, events, transactions, arrangements or items of, by or involving the Company that would require a disclosure pursuant to Part III (A)(2)(A)(i) to (vii) of Annex “C” of the Implementing Rules and Regulations of the Securities Regulation Code, to wit:

- The Registrant is not aware of any event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
- There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons, created during the reporting period.
- No material commitments for capital expenditures had been contracted by the Registrant during the reporting period and subsequent thereof.
- There are no material known trends, events or uncertainties that would have a material impact on sales.
- There are no significant element of income or loss that did not arise from the Registrant’s continuing operations.
- There are no seasonal factors that have materially affected the Financial Statements of the Registrant.

D. GENERAL NATURE AND SCOPE OF BUSINESS

IRC Properties, Inc. (IRC), a domestic corporation with office address at 35/F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, was incorporated on February 24, 1975 in the Philippines primarily to engage in the acquisition, reclamation, development or exploration of land, forests, minerals, oil, gas and other resources. The company initially ventured into oil exploration activities and drilled two (2) wells in Southern Mindoro and the Sulu Sea areas. World recession in the late 1970’s forced the company to cut down on exploration activities. On July 28, 1978, the company acquired a 2,200-hectare property in Binangonan, Rizal which signalled its shift in its major business activity from oil exploration to real estate development. In February, 2012, the Company changed its name from Interport Resources Corporation to IRC Properties, Inc. to highlight this new focus on property development.

The clearing of the Company’s Binangonan property is the target of the Company’s operations in order to completely free from third party claims the first 455 hectares of the 2,200-hectare

property where the first phase of the Binangonan Master Plan consisting of the housing estate project will be situated.

The company has one (1) affiliate, Interport Development Corporation (IDC), a 100%-owned subsidiary where future acquisitions of assets of the company may be made. IDC was incorporated on December 21, 1993 in the Philippines primarily to acquire and sell real estate of all kinds or hold such properties for investment purposes.

The company entered into a joint venture agreement with Dreamhauz Management and Development Corporation on August 5, 2010 to develop 15-hectare of Binangonan land into a residential subdivision. The development thereof shall be in phase of at least seven and a half (7.5) hectares each.

Also in July 25, 2012, the company entered into a Joint Development Agreement with Dell Equipment & Construction Corporation. The company contributes 8.7177 hectare property located in Binangonan, Rizal. Under the agreement, Dell shall develop the property at its own expense and the Company shall likewise have 12% share of the aggregate fair value of all the house and lot units in the project.

The Company currently holds offices at 35/F, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City. The Company's last annual stockholders' meeting was on September July 21, 2016.

DEPENDENCE ON A FEW CUSTOMERS. This disclosure is currently not applicable to the Registrant's business and concerns.

TRANSACTIONS WITH AND/OR DEPENDENCE ON RELATED PARTIES. The Registrant's transactions with its subsidiaries and affiliates mainly consist of the granting of advances to/from them.

NEED FOR GOVERNMENTAL APPROVAL OF PRODUCTS AND SERVICES. Aside from being regulated by the PSE and the SEC, the Registrant generally is not subject to any other specific government regulation.

EFFECT OF EXISTING OR PROBABLE GOVERNMENTAL REGULATIONS TO THE BUSINESS. This disclosure is currently not applicable to the Registrant's business and concerns.

ESTIMATE OF AMOUNT SPENT FOR RESEARCH AND DEVELOPMENT ACTIVITIES. This disclosure is currently not applicable to the Registrant's business and concerns.

COSTS AND EFFECTS OF COMPLIANCE WITH ENVIRONMENTAL LAWS. This disclosure is currently not applicable to the Registrant's business and concerns.

TOTAL NUMBER OF EMPLOYEES AND NUMBER OF FULL TIME EMPLOYEES. Presently, the Company has a total twenty-two six (22) personnel excluding the Chairman,

President, Corporate Secretary and Assistant Corporate Secretary. Management intends to hire additional personnel as need arises.

E. DIRECTORS AND OFFICERS - Pls. refer to SEC Form 20- IS

F. MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY

Principal Market

The Company's shares of common stock are being traded at the Philippine Stock Exchange. Of the authorized capital stock of 1,500,000,000 shares, 1,327,088,964 shares have been subscribed.

Dividends

No dividend declarations were made during the two recent fiscal years of the Company. Aside from the accumulated deficit sustained by the company, there is no restriction that limits the ability to pay dividends on common equity. The company cannot yet declare dividends based on 2016 results of operations because the reconciled balance of retained earnings is still negative as shown in the reconciliation below.

	2014	2015	2016
Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning	P 236,721,993	P 283,500,799	(P1,030,869,879)
Add: Net Income actually earned			
Net Income during the period closed to Retained earnings	46,778,806	28,793,939	25,29,414
Less: Non-actual/unrealized income net of tax			
Fair value adjustment of Investment Property resulting to gain (net of tax)	(782,669,942)	(847,669,942)	(98,849,860)
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND	(P499,169,143)	(P535,375,204)	(P1,050,899,293)

Common Equity

The shares of IRC traded along the following bands during 2017, 2016 and 2015:

	2017		2016		2015	
	High	Low	High	Low	High	Low
First Quarter	1.40	1.18	1.43	1.10	1.55	1.33

Second Quarter			1.42	1.23	1.49	1.29
Third Quarter			1.27	1.13	1.51	1.24
Fourth Quarter			1.28	1.00	1.32	1.13

The listed price of IRC shares as of May 31, 2017 is P1.04.

Stockholders

The number of stockholders of record as of May 31, 2017, the Record Date of the 2017 annual stockholders' meeting is 560. Common shares outstanding as of May 31, 2017 amounted to 1,327,088,964.

The top 20 stockholders as of May 31, 2017 are as follows:

	Name of Stockholder	Number of Shares	Percentage Ownership
1	PCD NOMINEE CORP. (F)	475,558,020	35.83%
2	T & M HOLDINGS, INC.	262,605,200	19.79%
3	SIGMA EPSILON FUND LTD.	200,000,000	15.07%
4	RIZAL PARTNERS CO. LTD.	127,200,000	9.58%
5	ASUNCION, ALEXANDER G .	90,014,000	6.78%
6	PRIMEEAST PROPERTIES, INC	69,815,500	5.26%
7	PCD NOMINEE CORP. (NF)	31,849,011	2.40%
8	MABUHAY HOLDINGS CORPORATION	38,160,643	2.88%
9	MARILAQUE LAND, INC.	5,998,000	0.45%
10	DEE, ALICE T.	2,905,000	0.22%
11	VALMORA INVESTMENT AND MANAGEMENT	2,300,000	0.17%
12	EQUITY MANAGERS ASIA, INC.	1,000,000	0.08%
13	GUPIT, JEANETTE A.	750,000	0.06%
14	DAVID GO SECURITIES CORPORATION	729,000	0.05%
15	SIGUION-REYNA, LEONARDO T.	700,000	0.05%
16	GOKONGWEI JR., JOHN	642,000	0.05%
17	UY, IMELDA T.	621,000	0.05%
18	TAN, HENRY L.	600,000	0.05%
19	BLUE RIDGE CORPORATION	500,000	0.04%
	TANCHAN III, SANTIAGO	500,000	0.04%
	LAO, ALEX L.	500,000	0.04%
20	CHAM, GRACE	480,000	0.04%

There had been issuance of common shares of the capital stock of the Registrant constituting Exempt Transactions to Rizal Partners Co. Ltd. in 2015 and Sigma Epsilon Fund Ltd. in 2016. In both cases, the Company did not seek confirmation of exempt transaction but filed with the Securities and Exchange Commission Notices of Exemption Transaction in SEC Form 10.1.

G. DISCUSSION ON COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

The compliance officer is currently in charge of evaluating the level of compliance of the Board of Directors and top-level management with its Manual of Corporate Governance.

Measures being undertaken by the company to fully comply with the adopted leading practices on good corporate governance;

Due to company's limited operations, measures are slowly being undertaken to fully comply with the adopted leading practices on good corporate governance.

Any deviation from the company's Manual of Corporate Governance shall be fully disclosed to the Commission.

Other than the disclosure enumerated above, the company has nothing to report on the following:

- a) Any known trends, demands, commitments, events or uncertainties that will have a material impact on its liquidity;
- b) Events that will trigger direct or contingent financial obligation that is material to the company;
- c) Material off-balance sheet transactions, arrangements or obligations;
- d) Any material commitment for capital expenditures;
- e) Any significant elements of income or loss that did not arise from the issuers continuing operations; and
- f) Any seasonal aspects that had a material effect on the financial condition or results of operation.

H. UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY WILL PROVIDE, WITHOUT CHARGE, A COPY OF THE COMPANY'S ANNUAL REPORT IN SEC FORM 17- A DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE STOCKHOLDER MAY BE CHARGED A REASONABLE COST FOR PHOTOCOPYING THE EXHIBITS. ALL REQUESTS MAY BE SENT TO THE FOLLOWING:

**IRC PROPERTIES, INC.
35/F. Rufino Pacific Tower, 6784 Ayala Avenue
Makati City 1223
Attention: Ms. Gloria Georgia G. Garcia**

THEORY OF THE ATOM

1. The atom is the smallest particle which cannot be created or destroyed in a chemical reaction.

- 2. Atoms are present in matter in the form of molecules or ions.
- 3. Atoms are present in matter in the form of molecules or ions.

Property	Atom	Molecule
1. Size	Very small	Very small
2. Mass	Very small	Very small
3. Chemical change	Can be broken down	Cannot be broken down
4. Physical change	Can be broken down	Cannot be broken down

5. Atoms are present in matter in the form of molecules or ions.

6. Atoms are present in matter in the form of molecules or ions.

7. Atoms are present in matter in the form of molecules or ions.

8. Atoms are present in matter in the form of molecules or ions.

9. Atoms are present in matter in the form of molecules or ions.

10. Atoms are present in matter in the form of molecules or ions.

Activity



QUESTIONNAIRE SUR LE NIVEAU DE CONSCIENCE ENVIRONNEMENTALE

Le questionnaire ci-dessous a pour but d'évaluer votre niveau de conscience environnementale. Il est composé de 15 questions à choix multiples. Veuillez répondre à chaque question en cochant la réponse qui vous semble la plus appropriée.

1. Lors de vos déplacements, préférez-vous utiliser les transports en commun plutôt que votre voiture personnelle ?
2. Lorsque vous achetez des produits alimentaires, privilégiez-vous les produits locaux et de saison ?
3. Réduisez-vous votre consommation d'eau en prenant des douches courtes et en réparant les fuites ?

Question	Réponse	Score
1. Lors de vos déplacements, préférez-vous utiliser les transports en commun plutôt que votre voiture personnelle ?	<input type="checkbox"/> Jamais <input type="checkbox"/> Rarement <input type="checkbox"/> Souvent <input type="checkbox"/> Toujours	1 à 4
2. Lorsque vous achetez des produits alimentaires, privilégiez-vous les produits locaux et de saison ?	<input type="checkbox"/> Jamais <input type="checkbox"/> Rarement <input type="checkbox"/> Souvent <input type="checkbox"/> Toujours	1 à 4
3. Réduisez-vous votre consommation d'eau en prenant des douches courtes et en réparant les fuites ?	<input type="checkbox"/> Jamais <input type="checkbox"/> Rarement <input type="checkbox"/> Souvent <input type="checkbox"/> Toujours	1 à 4
4. Réduisez-vous votre consommation d'énergie en éteignant les lumières et en débranchant les appareils électroniques ?	<input type="checkbox"/> Jamais <input type="checkbox"/> Rarement <input type="checkbox"/> Souvent <input type="checkbox"/> Toujours	1 à 4
5. Recyclez-vous vos déchets en utilisant des poubelles séparées ?	<input type="checkbox"/> Jamais <input type="checkbox"/> Rarement <input type="checkbox"/> Souvent <input type="checkbox"/> Toujours	1 à 4
6. Utilisez-vous des produits écologiques et non toxiques pour votre maison ?	<input type="checkbox"/> Jamais <input type="checkbox"/> Rarement <input type="checkbox"/> Souvent <input type="checkbox"/> Toujours	1 à 4
7. Réduisez-vous votre consommation de viande et de produits animaux ?	<input type="checkbox"/> Jamais <input type="checkbox"/> Rarement <input type="checkbox"/> Souvent <input type="checkbox"/> Toujours	1 à 4
8. Utilisez-vous des produits sans plastique et sans emballage excessif ?	<input type="checkbox"/> Jamais <input type="checkbox"/> Rarement <input type="checkbox"/> Souvent <input type="checkbox"/> Toujours	1 à 4
9. Réduisez-vous votre consommation de papier en utilisant des deux faces et en évitant l'impression inutile ?	<input type="checkbox"/> Jamais <input type="checkbox"/> Rarement <input type="checkbox"/> Souvent <input type="checkbox"/> Toujours	1 à 4
10. Utilisez-vous des produits rechargeables et évitez-vous les produits jetables ?	<input type="checkbox"/> Jamais <input type="checkbox"/> Rarement <input type="checkbox"/> Souvent <input type="checkbox"/> Toujours	1 à 4
11. Réduisez-vous votre consommation de produits cosmétiques et de produits de beauté ?	<input type="checkbox"/> Jamais <input type="checkbox"/> Rarement <input type="checkbox"/> Souvent <input type="checkbox"/> Toujours	1 à 4
12. Utilisez-vous des produits sans alcool et sans sucre ?	<input type="checkbox"/> Jamais <input type="checkbox"/> Rarement <input type="checkbox"/> Souvent <input type="checkbox"/> Toujours	1 à 4
13. Réduisez-vous votre consommation de produits électroniques et de jeux vidéo ?	<input type="checkbox"/> Jamais <input type="checkbox"/> Rarement <input type="checkbox"/> Souvent <input type="checkbox"/> Toujours	1 à 4
14. Utilisez-vous des produits sans métaux lourds et sans produits chimiques ?	<input type="checkbox"/> Jamais <input type="checkbox"/> Rarement <input type="checkbox"/> Souvent <input type="checkbox"/> Toujours	1 à 4
15. Réduisez-vous votre consommation de produits en cuir et en soie ?	<input type="checkbox"/> Jamais <input type="checkbox"/> Rarement <input type="checkbox"/> Souvent <input type="checkbox"/> Toujours	1 à 4

Le score total est la somme des points obtenus sur les 15 questions. Un score élevé indique un niveau de conscience environnementale élevé.

Un score faible indique un niveau de conscience environnementale faible. Il est recommandé de prendre des mesures pour améliorer votre conscience environnementale.

Question	Score
1. Lors de vos déplacements, préférez-vous utiliser les transports en commun plutôt que votre voiture personnelle ?	
2. Lorsque vous achetez des produits alimentaires, privilégiez-vous les produits locaux et de saison ?	
3. Réduisez-vous votre consommation d'eau en prenant des douches courtes et en réparant les fuites ?	
4. Réduisez-vous votre consommation d'énergie en éteignant les lumières et en débranchant les appareils électroniques ?	
5. Recyclez-vous vos déchets en utilisant des poubelles séparées ?	
6. Utilisez-vous des produits écologiques et non toxiques pour votre maison ?	
7. Réduisez-vous votre consommation de viande et de produits animaux ?	
8. Utilisez-vous des produits sans plastique et sans emballage excessif ?	
9. Réduisez-vous votre consommation de papier en utilisant des deux faces et en évitant l'impression inutile ?	
10. Utilisez-vous des produits rechargeables et évitez-vous les produits jetables ?	
11. Réduisez-vous votre consommation de produits cosmétiques et de produits de beauté ?	
12. Utilisez-vous des produits sans alcool et sans sucre ?	
13. Réduisez-vous votre consommation de produits électroniques et de jeux vidéo ?	
14. Utilisez-vous des produits sans métaux lourds et sans produits chimiques ?	
15. Réduisez-vous votre consommation de produits en cuir et en soie ?	
Total	

1. The following is a description of the proposed project. The project is to be carried out in the following manner: [faded text]

No.	Description of the project	Value
1	[faded text]	[faded text]
2	[faded text]	[faded text]
3	[faded text]	[faded text]
4	[faded text]	[faded text]

2. The following is a description of the proposed project. The project is to be carried out in the following manner: [faded text]

3. The following is a description of the proposed project. The project is to be carried out in the following manner: [faded text]



4. The following is a description of the proposed project. The project is to be carried out in the following manner: [faded text]



1. The first part of the document is a letter from the author to the editor, dated 10/10/10.

2. The second part is a list of references.

3. The third part is a list of figures and tables, including a table of contents and a list of figures.

4. The fourth part is the main body of the text, which is divided into several sections.

5. The fifth part is the conclusion, which summarizes the findings of the study.

6. The sixth part is the acknowledgments, which thank the funding agencies and other individuals who helped with the project.

7. The seventh part is the references, which list the sources used in the study.

8. The eighth part is the appendix, which contains additional information related to the study.

9. The ninth part is the index, which lists the page numbers for each section.



10. The tenth part is the signature and name of the author, located at the bottom right of the page.



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of IRC PROPERTIES, 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 but 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.

Isla Lipana & Co., PwC (PricewaterhouseCoopers), the independent auditors, appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

ESTEBAN G. PEÑA SY
Chairman of the Board of Directors/ CEO

ALEXANDER G. ASUNCION
President

GLORIA GEORGIA G. GARCIA
SVP / Chief Financial Officer

SUBSCRIBED AND SWORN TO before me, a Notary Public, for and in Makati City, on the 12 day of April 2017, affiants exhibiting to me their Community Tax Certificates and/or Passports, as follows:

<u>Affiant</u>	<u>CTC No. / Passport No.</u>	<u>Date of Issue</u>	<u>Place of Issue</u>
Esteban G. Peña Sy	EB9453889	October 25, 2013	DFA, Manila
Alexander G. Asuncion	15161996	January 9, 2014	Cainta, Rizal
Gloria Georgia G. Garcia	EC0489004	March 05, 2014	DFANCR East

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Page No. 36
Book No. XX
Series of 2017

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2018
IBP No. 656155-Lifetime Member
MCLE Compliance No. V-0006934
Appointment No. M-104 (2017-2018)
PTR No. 5909514 Jan. 3, 2017
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City



Independent Auditor's Report

To the Board of Directors and Shareholders of
IRC Properties, Inc. and Subsidiary
35/F Rufino Pacific Tower
6784 Ayala Avenue, Makati City

Our Opinion

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

What we have audited

The consolidated financial statements of the Group comprise:

- the consolidated statements of financial position as at December 31, 2016 and 2015;
- the consolidated statements of total comprehensive income for each of the three years in the period ended December 31, 2016;
- the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2016;
- the consolidated statements of cash flows for each of the three years in the period ended December 31, 2016; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

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.

Isla Lipana & Co., 29th Floor, Prilamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 845 2728, F: +63 (2) 845 2806, www.pwc.com/ph



Independent Auditor's Report
 To the Board of Directors and Shareholders of
 IRC Properties, Inc. and Subsidiary
 Page 2

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

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.

Key audit matters identified in our audit are summarized as follows:

- Estimation of fair value of investment property
- Estimation of provision for clearing costs

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Estimation of fair value of investment property</p> <p>Refer to Note 8 to the consolidated financial statements for the details of the investment property and Note 25.1 (a) for the discussion on critical accounting estimates and assumptions.</p> <p>This is an area of focus mainly due to the materiality of the account and volatility in the market. As at December 31, 2016, the Group reported investment property, carried at fair value, amounting to P2.35 billion in the consolidated statements of financial position. An annual fair value assessment is performed based on the requirements of PFRS 13, Fair Value Measurement, and PAS 40, Investment Property.</p>	<p>We addressed the matter by obtaining the appraisal report and reviewing the appropriateness of the method and reasonableness of the significant assumptions and estimates used in calculating the fair value. In particular, comfort over the reliability of the appraisal report was obtained through independent verification of certain fair value assumptions (i.e. similar market listing in the area) over the Group's land properties.</p> <p>We also evaluated the competence, capabilities and objectivity of the independent appraiser engaged by the Group by reviewing its profile, license, and client portfolio.</p>



Independent Auditor's Report
 To the Board of Directors and Shareholders of
 IRC Properties, Inc. and Subsidiary
 Page 3

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>In 2016, management recognized a fair value gain amounting to P99 million. This is based on the report prepared by an independent appraiser using the market approach. This approach uses sales and listing of comparable property registered within the vicinity premised on the factors of time, unit area/size, unit location, unit improvements, building location, building feature/amenities, bargaining allowance, and others.</p>	<p>The current year adjustment was discussed and cleared with management and Audit Committee.</p> <p>We did not note any significant issues in our review of management's estimate of fair value of investment property.</p>
<p>Estimation of provision for clearing costs</p> <p>Refer to Note 12 to the consolidated financial statements for the details of provision for clearing costs and to Note 25.2 (b) for the discussion on critical accounting judgment.</p> <p>As at December 31, 2016, the Group reported provision for clearing costs amounting to P851 million in the consolidated statement of financial position. The Group estimates the provision for clearing costs based on the land area expected to be issued with clear title and is partially dependent on the report of an independent contractor. The independent contractor assists the Group in negotiating with informal settlers to facilitate issuance of clear title.</p> <p>The amounts and timing of recorded provision for clearing costs for any period would differ if the Group made different assumptions or utilized different estimates. Changes in the Group's basis for provision or calculation may give rise to new or the need to revise the existing accounting estimate.</p>	<p>We addressed the matter by reviewing the report of the independent contractor including the history of issuance of clear land title and related settlements with informal settlers.</p> <p>Additionally, we reviewed the projected cash flows, discount rate and timing of settlement used in calculating the present value of the provision. In particular, we assessed these inputs by assessing the reasonableness based on available market data and historical information on the actual cash settlement per year and timing of clearing of titles.</p> <p>The movement in the provision for clearing costs during the year was discussed and cleared with management and Audit Committee.</p> <p>We did not note any significant adjustment in our review of the provision for clearing costs.</p>



Independent Auditor's Report
To the Board of Directors and Shareholders of
IRC Properties, Inc. and Subsidiary
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Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A, and annual report for the year ended December 31, 2016, but do 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 this 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 audit, 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 ability of each entity within the Group 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 entity 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.



Independent Auditor's Report
To the Board of Directors and Shareholders of
IRC Properties, Inc. and Subsidiary
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As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 ability of each entity within the Group 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 an entity within 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.

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.



Isla Lipana & Co.

Independent Auditor's Report
To the Board of Directors and Shareholders of
IRC Properties, Inc. and Subsidiary
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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 Imelda Ronnie de Guzman-Castro.

Isla Lipana & Co.

Imelda Ronnie de Guzman-Castro

Imelda Ronnie de Guzman-Castro

Partner

CPA Cert. No. 89352

P.T.R. No. 0011287; issued on January 6, 2017 at Makati City

SEC A.N. (individual) as general auditors 0410-AR-3, Category A; effective until February 2, 2019

SEC A.N. (firm) as general auditors 0009-FR-4; Category A; effective until July 15, 2018

T.I.N. 152-015-095

BIR A.N. 08-000745-44-2015; issued on December 8, 2015; effective until December 7, 2018

BOA/PRC Reg. No. 0142, effective until September 30, 2020

Makati City

March 28, 2017



Isla Lipana & Co.

Statements Required by Rule 68,
Securities Regulation Code (SRC),
As Amended on October 20, 2011

To the Board of Directors and Shareholders of
IRC Properties, Inc.
35/F Rufino Pacific Tower
6784 Ayala Avenue, Makati City

We have audited the consolidated financial statements of IRC Properties, Inc. and Subsidiary as at and for the year ended December 31, 2016, on which we have rendered the attached report dated March 28, 2017. The supplementary information shown in the Schedule of Philippine Financial Reporting Standards and Interpretations effective as at December 31, 2016, Reconciliation of Retained Earnings Available for Dividend Declaration, and Map of the Group of Companies within which the Reporting Entity Belongs as required by Part I, Section 4 of Rule 68 of the SRC, and Schedules A, B, C, D, E, F, G, and H as required by Part II, Section 6 of Rule 68 of the SRC, are presented for purposes of filing with the Securities and Exchange Commission and are not required parts of the basic consolidated financial statements. Such supplementary information are the responsibility of management and have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements. In our opinion, the supplementary information have been prepared in accordance with Parts I and II of Rule 68 of the SRC.

Isla Lipana & Co.

Imelda Ronnie de Guzman-Castro
Partner

CPA Cert. No. 89352

P.T.R. No. 0011287; issued on January 6, 2017 at Makati City

SEC A.N. (individual) as general auditors 0410-AR-3, Category A; effective until February 2, 2019

SEC A.N. (firm) as general auditors 0009-FR-4; Category A; effective until July 15, 2018

T.I.N. 152-015-095

BIR A.N. 08-000745-44-2015; issued on December 8, 2015; effective until December 7, 2018

BOA/PRC Reg. No. 0142, effective until September 30, 2020

Makati City
March 28, 2017

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The amount of the net...
 should be...
 ...



TABLE 1

Category	Item	Value 1	Value 2
Operating

Investment

Total	

TABLE 2

Category	Item	Value 1	Value 2
Operating

Investment

Total	

The data in this table are based on the information provided in the accompanying text.



Billings to the Applicant

Billing for use of the instrument
 as indicated by the meter for the period of the meter, plus
 the meter & installation fee

	Qty	Rate	Sub	Total
Water				
meter rental fee	1	\$200.00	\$200.00	\$200.00
meter & pipe to meter (approx)	1	\$400.00	\$400.00	\$600.00
meter base	1	100.00	100.00	100.00
meter & pipe to meter	1	100.00	100.00	100.00
			\$800.00	\$800.00
Electric				
meter rental fee	1	\$200.00	\$200.00	\$200.00
meter base	1	100.00	100.00	100.00
meter & pipe to meter (approx)	1	100.00	100.00	100.00
meter & pipe to meter	1	100.00	100.00	100.00
meter	1	100.00	100.00	100.00
meter & pipe to meter (approx)	1	100.00	100.00	100.00
meter base	1	100.00	100.00	100.00
meter & pipe to meter	1	100.00	100.00	100.00
meter	1	100.00	100.00	100.00
meter & pipe to meter (approx)	1	100.00	100.00	100.00
			\$800.00	\$800.00
Gas				
meter rental fee	1	\$200.00	\$200.00	\$200.00
meter base	1	100.00	100.00	100.00
meter & pipe to meter (approx)	1	100.00	100.00	100.00
meter & pipe to meter	1	100.00	100.00	100.00
meter	1	100.00	100.00	100.00
meter & pipe to meter (approx)	1	100.00	100.00	100.00
			\$800.00	\$800.00
Other				
meter rental fee	1	\$200.00	\$200.00	\$200.00
meter base	1	100.00	100.00	100.00
meter & pipe to meter (approx)	1	100.00	100.00	100.00
meter & pipe to meter	1	100.00	100.00	100.00
meter	1	100.00	100.00	100.00
meter & pipe to meter (approx)	1	100.00	100.00	100.00
			\$800.00	\$800.00
Subtotal			\$2,400.00	\$2,400.00
Tax				
meter rental fee	1	\$200.00	\$200.00	\$200.00
meter base	1	100.00	100.00	100.00
meter & pipe to meter (approx)	1	100.00	100.00	100.00
meter & pipe to meter	1	100.00	100.00	100.00
meter	1	100.00	100.00	100.00
meter & pipe to meter (approx)	1	100.00	100.00	100.00
			\$800.00	\$800.00
Total			\$3,200.00	\$3,200.00

The above charges are for the use of the instrument for the period of the meter, plus the meter & installation fee.



IRC Properties, Inc. and Subsidiary

Consolidated Statements of Changes in Equity
For each of the three years in the period ended December 31, 2016
(All amounts in Philippine Peso)

	Share capital (Note 14)	Share premium (Note 14)	Treasury shares (Note 14)	Fair value reserve (Note 4)	Remeasurement of retirement benefit obligation (Note 21)	Retained earnings	Total
Balances as at January 1, 2014	999,913,978	-	(14)	(8,943)	-	236,721,993	1,236,627,014
Comprehensive income							
Net income for the year	-	-	-	-	-	46,778,806	46,778,806
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	46,778,806	46,778,806
Balances as at December 31, 2014	999,913,978	-	(14)	(8,943)	-	283,500,799	1,283,405,820
Comprehensive income							
Net income for the year	-	-	-	-	-	28,793,939	28,793,939
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	28,793,939	28,793,939
Transaction with owners							
Issuance of shares (127,200,000 shares at P1.40)	127,200,000	50,880,000	-	-	-	-	178,080,000
Balances as at December 31, 2015	1,127,113,978	50,880,000	(14)	(8,943)	-	312,294,738	1,490,279,759
Comprehensive income							
Net income for the year	-	-	-	-	-	73,820,446	73,820,446
Other comprehensive income							
Remeasurement of retirement benefit obligation, net of tax of P4,666	-	-	-	-	(10,889)	-	(10,889)
Total comprehensive income for the year	-	-	-	-	(10,889)	73,820,446	73,809,557
Transaction with owners							
Issuance of shares (200,000,000 shares at P1.40)	200,000,000	80,000,000	-	-	-	-	280,000,000
Balances as at December 31, 2016	1,327,113,978	130,880,000	(14)	(8,943)	(10,889)	386,115,184	1,844,089,316

The notes on pages 1 to 42 are integral part of these consolidated financial statements.

2017 Accounts Payable Schedule

**Financial Services of Utah Inc.
Financial Services Department
Accounts Payable**

	2017	2016	2015	2014
Accounts Payable				
Accounts Payable		1,140,000	1,140,000	1,140,000
Accounts Payable - Current		1,140,000	1,140,000	1,140,000
Accounts Payable - Long Term		-	-	-
Accounts Payable - Other		-	-	-
Accounts Payable - Total		1,140,000	1,140,000	1,140,000
Accounts Payable - Other				
Accounts Payable - Other		1,140,000	1,140,000	1,140,000
Accounts Payable - Other - Current		1,140,000	1,140,000	1,140,000
Accounts Payable - Other - Long Term		-	-	-
Accounts Payable - Other - Total		1,140,000	1,140,000	1,140,000
Accounts Payable - Total				
Accounts Payable - Total		2,280,000	2,280,000	2,280,000
Accounts Payable - Total - Current		2,280,000	2,280,000	2,280,000
Accounts Payable - Total - Long Term		-	-	-
Accounts Payable - Total - Other		-	-	-
Accounts Payable - Total - Total		2,280,000	2,280,000	2,280,000
Accounts Payable - Other				
Accounts Payable - Other		1,140,000	1,140,000	1,140,000
Accounts Payable - Other - Current		1,140,000	1,140,000	1,140,000
Accounts Payable - Other - Long Term		-	-	-
Accounts Payable - Other - Total		1,140,000	1,140,000	1,140,000
Accounts Payable - Total				
Accounts Payable - Total		2,280,000	2,280,000	2,280,000
Accounts Payable - Total - Current		2,280,000	2,280,000	2,280,000
Accounts Payable - Total - Long Term		-	-	-
Accounts Payable - Total - Other		-	-	-
Accounts Payable - Total - Total		2,280,000	2,280,000	2,280,000
Accounts Payable - Other				
Accounts Payable - Other		1,140,000	1,140,000	1,140,000
Accounts Payable - Other - Current		1,140,000	1,140,000	1,140,000
Accounts Payable - Other - Long Term		-	-	-
Accounts Payable - Other - Total		1,140,000	1,140,000	1,140,000
Accounts Payable - Total				
Accounts Payable - Total		2,280,000	2,280,000	2,280,000
Accounts Payable - Total - Current		2,280,000	2,280,000	2,280,000
Accounts Payable - Total - Long Term		-	-	-
Accounts Payable - Total - Other		-	-	-
Accounts Payable - Total - Total		2,280,000	2,280,000	2,280,000

For further information on this report, contact the Financial Services Department.

IRC Properties, Inc. and Subsidiary

Notes to Consolidated Financial Statements

As at December 31, 2016 and 2015 and for each of the three years in the period ended December 31, 2016
(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - General information

IRC Properties, Inc. (Parent Company) and Interport Development Corporation (IDC) (Subsidiary), (collectively referred to as the "Group") were incorporated in the Philippines on February 24, 1975 and December 21, 1993, respectively. The Parent Company is primarily involved in the acquisition, reclamation, development or exploitation of land, forests, minerals, oil, gas and other resources. IDC is primarily involved in the acquisition and selling of real estate of all kinds or to hold such properties for investment purposes.

The Parent Company is 28.44% (2015 - 33.04%) both directly and indirectly, owned by Mabuhay Holdings Corporation (MHC). The remaining interest is owned by various corporate and individual shareholders. The Parent Company became a public company through an initial public offering on February 27, 1978. There are no other offerings made other than new shares issued arising from stock rights offering in 2010.

On April 14, 2010, the Philippine Stock Exchange (PSE) approved the Parent Company's stock rights offering which generated a total of P399 million to partially fund the development and construction of real estate development projects in its property in Binangonan, Rizal. The Parent Company also repaid its maturing loans out of the proceeds.

The Group entered into joint development agreements with two local real estate developers to develop an estimated 29 hectares of clean Binangonan properties. Moreover, the Group is actively in the process of clearing and re-titling the large portion of the property in Binangonan for future developments (Notes 7 and 8).

On July 9, 2015, the Group entered into a joint development agreement with a foreign investor for the development of a four-hectare housing project, the Group's third residential development within its Binangonan property.

On May 19, 2016, the Group's negotiations with a leading local real estate developer relative to the acquisition of a portion of the 2,200-hectare Binangonan lot have materialized. The Group believes that the entry of this leading local real estate developer will jumpstart the development of a new mixed-use community south of Metro Manila.

The Group had also deferred its development of the Eastridge project (Trocadero Residences), a mix of condominium and townhouses within a 1.34-hectare property in its Binangonan property adjacent to Thunderbird Resort and Casino and the 18-hole Eastridge Golf Club.

As at December 31, 2016, 138.30 hectares (2015 - 163.34 hectares) are ready for immediate development.

The Group's management believes that on-going developments will provide for additional funds that will finance other planned developments that are currently in place.

Other major operational developments are discussed in Notes 7 and 8.

1. The company is using the following information to determine the value of its equity. The company's market value is \$100 million. The company's debt is \$40 million. The company's cash and marketable securities are \$10 million. The company's total assets are \$150 million.

2. The company is using the following information to determine the value of its equity. The company's market value is \$100 million. The company's debt is \$40 million. The company's cash and marketable securities are \$10 million. The company's total assets are \$150 million.

3. The company is using the following information to determine the value of its equity. The company's market value is \$100 million. The company's debt is \$40 million. The company's cash and marketable securities are \$10 million. The company's total assets are \$150 million.

4. The company is using the following information to determine the value of its equity. The company's market value is \$100 million. The company's debt is \$40 million. The company's cash and marketable securities are \$10 million. The company's total assets are \$150 million.

Question 1

What is the value of the company?

Market value	\$100 million	\$100 million
Debt	(\$40 million)	(\$40 million)
Cash and marketable securities	\$10 million	\$10 million
Total assets	\$150 million	\$150 million

5. The company is using the following information to determine the value of its equity. The company's market value is \$100 million. The company's debt is \$40 million. The company's cash and marketable securities are \$10 million. The company's total assets are \$150 million.

Market value	\$100 million	\$100 million
Debt	(\$40 million)	(\$40 million)
Cash and marketable securities	\$10 million	\$10 million
Total assets	\$150 million	\$150 million

6. The company is using the following information to determine the value of its equity. The company's market value is \$100 million. The company's debt is \$40 million. The company's cash and marketable securities are \$10 million. The company's total assets are \$150 million.

Question 2

What is the value of the company?

Market value	\$100 million	\$100 million
Debt	(\$40 million)	(\$40 million)
Cash and marketable securities	\$10 million	\$10 million
Total assets	\$150 million	\$150 million

7. The company is using the following information to determine the value of its equity. The company's market value is \$100 million. The company's debt is \$40 million. The company's cash and marketable securities are \$10 million. The company's total assets are \$150 million.

Table 1: Summary of the model

Table 1: Summary of the model

Variable	Definition
μ	Mean
σ	Standard deviation
ρ	Correlation coefficient
λ	Scale parameter

The model is a bivariate normal distribution with mean vector μ and covariance matrix Σ . The joint density function is given by

$$f(x, y) = \frac{1}{2\pi\sigma_x\sigma_y\sqrt{1-\rho^2}} \exp\left\{-\frac{1}{2(1-\rho^2)}\left[\frac{(x-\mu_x)^2}{\sigma_x^2} - 2\rho\frac{(x-\mu_x)(y-\mu_y)}{\sigma_x\sigma_y} + \frac{(y-\mu_y)^2}{\sigma_y^2}\right]\right\}$$

The marginal density functions are given by

$$f_x(x) = \frac{1}{\sigma_x\sqrt{2\pi}} \exp\left\{-\frac{(x-\mu_x)^2}{2\sigma_x^2}\right\}$$
$$f_y(y) = \frac{1}{\sigma_y\sqrt{2\pi}} \exp\left\{-\frac{(y-\mu_y)^2}{2\sigma_y^2}\right\}$$

Table 2: Summary of the model

Table 2: Summary of the model

Variable	Definition
μ_x	Mean of X
μ_y	Mean of Y
σ_x	Standard deviation of X
σ_y	Standard deviation of Y
ρ	Correlation coefficient
λ	Scale parameter

The model is a bivariate normal distribution with mean vector μ and covariance matrix Σ . The joint density function is given by

$$f(x, y) = \frac{1}{2\pi\sigma_x\sigma_y\sqrt{1-\rho^2}} \exp\left\{-\frac{1}{2(1-\rho^2)}\left[\frac{(x-\mu_x)^2}{\sigma_x^2} - 2\rho\frac{(x-\mu_x)(y-\mu_y)}{\sigma_x\sigma_y} + \frac{(y-\mu_y)^2}{\sigma_y^2}\right]\right\}$$

Table 3: Summary of the model

The model is a bivariate normal distribution with mean vector μ and covariance matrix Σ . The joint density function is given by

$$f(x, y) = \frac{1}{2\pi\sigma_x\sigma_y\sqrt{1-\rho^2}} \exp\left\{-\frac{1}{2(1-\rho^2)}\left[\frac{(x-\mu_x)^2}{\sigma_x^2} - 2\rho\frac{(x-\mu_x)(y-\mu_y)}{\sigma_x\sigma_y} + \frac{(y-\mu_y)^2}{\sigma_y^2}\right]\right\}$$

Abstract

Parameter	Value	Unit
Length	100	m
Width	100	m
Depth	100	m
Volume	1000000	m ³

The abstract is a summary of the main findings of the study. It should be concise and to the point, highlighting the most important results and conclusions.

The abstract should be written in a clear and concise manner, using simple and direct language. It should be easy to read and understand for a wide range of audiences.

The abstract should be written in a way that is both informative and engaging. It should provide a clear and concise overview of the study, while also capturing the reader's attention.

Parameter	Value	Unit
Length	100	m
Width	100	m
Depth	100	m
Volume	1000000	m ³

The abstract is a summary of the main findings of the study. It should be concise and to the point, highlighting the most important results and conclusions. The abstract should be written in a clear and concise manner, using simple and direct language. It should be easy to read and understand for a wide range of audiences. The abstract should be written in a way that is both informative and engaging. It should provide a clear and concise overview of the study, while also capturing the reader's attention.

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1. The company's financial statements for the year ended 31st December 2017 are as follows:

2. The company's financial statements for the year ended 31st December 2018 are as follows:

3. The company's financial statements for the year ended 31st December 2019 are as follows:

4. The company's financial statements for the year ended 31st December 2020 are as follows:

5. The company's financial statements for the year ended 31st December 2021 are as follows:

6. The company's financial statements for the year ended 31st December 2022 are as follows:

	2021	2022	2023
Revenue	100000	110000	120000
Cost of sales	(60000)	(65000)	(70000)
Gross profit	40000	45000	50000
Operating expenses	(20000)	(22000)	(24000)
Operating profit	20000	23000	26000
Finance income	1000	1200	1400
Finance expense	(5000)	(6000)	(7000)
Profit before tax	15000	17200	19400
Income tax expense	(3000)	(3440)	(3880)
Profit after tax	12000	13760	15520

7. The company's financial statements for the year ended 31st December 2024 are as follows:

8. The company's financial statements for the year ended 31st December 2025 are as follows:

9. The company's financial statements for the year ended 31st December 2026 are as follows:

10. The company's financial statements for the year ended 31st December 2027 are as follows:

The management team is pleased to report that all four areas have exceeded budgeted targets and are on track to meet their respective goals for the year. The company's performance is a testament to the hard work and dedication of our employees, and we are confident that we will continue to achieve success in the future.

The management team is pleased to report that all four areas have exceeded budgeted targets and are on track to meet their respective goals for the year. The company's performance is a testament to the hard work and dedication of our employees, and we are confident that we will continue to achieve success in the future.

The management team is pleased to report that all four areas have exceeded budgeted targets and are on track to meet their respective goals for the year. The company's performance is a testament to the hard work and dedication of our employees, and we are confident that we will continue to achieve success in the future.

Financial Performance

The following table provides a summary of the company's financial performance for the year ended December 31, 2023.

	2023	2022	2021	2020	2019
Revenue	1,234,567	1,123,456	1,012,345	901,234	890,123
Cost of Goods Sold	(456,789)	(432,100)	(409,876)	(387,654)	(365,432)
Gross Profit	777,778	691,356	602,469	513,580	524,691
Operating Expenses	(234,567)	(212,345)	(190,123)	(167,890)	(145,678)
Operating Income	543,211	479,011	412,346	345,690	379,013
Interest Expense	(12,345)	(10,987)	(9,654)	(8,321)	(7,109)
Income Before Taxes	530,866	468,024	402,692	337,369	371,904
Income Tax Expense	(106,173)	(93,605)	(80,538)	(67,474)	(74,381)
Net Income	424,693	374,419	322,154	270,895	297,523

The following table provides a summary of the company's financial performance for the year ended December 31, 2023.

Key Metrics

The following table provides a summary of the company's key metrics for the year ended December 31, 2023.

	2023	2022
Revenue Growth	10.5%	9.8%
Operating Margin	44.1%	42.6%
Net Income	424,693	374,419

Information regarding the effect of the tax on the company's financial performance is as follows:

	2019	2018
Income tax expense	1,234,567	1,123,456
Income tax payable at the beginning of the year	100,000	100,000
Income tax payable at the end of the year	150,000	100,000
Income tax paid during the year	1,284,567	1,123,456
Income tax expense	1,234,567	1,123,456
Income tax payable at the beginning of the year	100,000	100,000
Income tax payable at the end of the year	150,000	100,000
Income tax paid during the year	1,284,567	1,123,456

Notes to the financial statements

Income tax expense is calculated based on the following information:

	2019	2018
Income tax expense	1,234,567	1,123,456
Income tax payable at the beginning of the year	100,000	100,000
Income tax payable at the end of the year	150,000	100,000
Income tax paid during the year	1,284,567	1,123,456
Income tax expense	1,234,567	1,123,456
Income tax payable at the beginning of the year	100,000	100,000
Income tax payable at the end of the year	150,000	100,000
Income tax paid during the year	1,284,567	1,123,456

Income tax expense is calculated based on the following information:

Income tax expense is calculated based on the following information:

Table 1: Summary of the Data

The following table provides a summary of the data used in the analysis.

	2018	2019	2020
Sample Size	1000	1000	1000
Number of Variables	10	10	10
Number of Missing Values	0	0	0
Number of Outliers	0	0	0
Number of Censored Observations	0	0	0

The data is divided into three groups based on the year of observation. The first group consists of observations from 2018, the second group consists of observations from 2019, and the third group consists of observations from 2020.

The data is also divided into two groups based on the type of variable. The first group consists of continuous variables, and the second group consists of categorical variables.

	2018	2019	2020
Continuous Variables	5	5	5
Categorical Variables	5	5	5

Table 2: Summary of the Data

The following table provides a summary of the data used in the analysis.

	2018	2019	2020
Sample Size	1000	1000	1000
Number of Variables	10	10	10
Number of Missing Values	0	0	0
Number of Outliers	0	0	0
Number of Censored Observations	0	0	0

The data is divided into three groups based on the year of observation.

	2018	2019	2020
Continuous Variables	5	5	5
Categorical Variables	5	5	5

The data is also divided into two groups based on the type of variable.

The data is also divided into two groups based on the type of variable.

... (faint text) ...

... (faint text) ...

... (faint text) ...

Table 1. (faint title)

(faint text)

(faint text)

	2000	2001	2002	2003
(faint text)	(faint text)	(faint text)	(faint text)	(faint text)
(faint text)	(faint text)	(faint text)	(faint text)	(faint text)
(faint text)	(faint text)	(faint text)	(faint text)	(faint text)

... (faint text) ...

... (faint text) ...

(faint text)

... (faint text) ...

Table 2. (faint title)

(faint text)

	2000	2001	2002
(faint text)	(faint text)	(faint text)	(faint text)
(faint text)	(faint text)	(faint text)	(faint text)

10. **Table 10.10: Proposed financial statements**

The following is a summary of the 107 pages of the 2017 financial statements. The financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements are prepared on a going concern basis. The financial statements are prepared in accordance with the requirements of the Companies Act, 2013. The financial statements are prepared in accordance with the requirements of the Companies Act, 2013. The financial statements are prepared in accordance with the requirements of the Companies Act, 2013.

10.10.1 Statement of Profit and Loss

The following is a summary of the Statement of Profit and Loss for the year ended 31st March 2017.

	2017	2016	2015
Revenue	1,00,00,000	95,00,000	90,00,000
Cost of Sales	(60,00,000)	(58,00,000)	(55,00,000)
Operating Profit	40,00,000	37,00,000	35,00,000

10.10.2 Statement of Financial Position

The following is a summary of the Statement of Financial Position for the year ended 31st March 2017.

	2017	2016	2015
Share Capital	1,00,00,000	1,00,00,000	1,00,00,000
Reserves	40,00,000	37,00,000	35,00,000
Current Assets	1,40,00,000	1,37,00,000	1,35,00,000
Current Liabilities	(40,00,000)	(37,00,000)	(35,00,000)
Net Assets	1,00,00,000	1,00,00,000	1,00,00,000

The following is a summary of the Statement of Financial Position for the year ended 31st March 2017.

Table 1. Example 1

The first part of the example is the first part of the example. The first part of the example is the first part of the example. The first part of the example is the first part of the example.

The second part of the example is the second part of the example. The second part of the example is the second part of the example.

The third part of the example is the third part of the example. The third part of the example is the third part of the example.

Table 2. Example 2

The first part of the example is the first part of the example. The first part of the example is the first part of the example.

	2010	2011	2012
2010	100.00	100.00	100.00

The second part of the example is the second part of the example. The second part of the example is the second part of the example.

The third part of the example is the third part of the example. The third part of the example is the third part of the example.

	2010	2011
2010	100.00	100.00
2011	100.00	100.00

The fourth part of the example is the fourth part of the example. The fourth part of the example is the fourth part of the example.

	2010	2011	2012
2010	100.00	100.00	100.00
2011	100.00	100.00	100.00
2012	100.00	100.00	100.00

The following information is provided for the year ended 31st December 2019. The company has a number of subsidiaries which are included in the consolidated financial statements. The following information is provided for the year ended 31st December 2019.

	2019	2018
Revenue	1,200,000	1,100,000
Cost of sales	(700,000)	(650,000)
Gross profit	500,000	450,000
Operating expenses	(200,000)	(180,000)
Operating profit	300,000	270,000

The following information is provided for the year ended 31st December 2019.

	2019	2018
Revenue	1,200,000	1,100,000
Cost of sales	(700,000)	(650,000)
Gross profit	500,000	450,000
Operating expenses	(200,000)	(180,000)
Operating profit	300,000	270,000
Finance income	10,000	5,000
Finance expense	(10,000)	(5,000)
Profit before tax	300,000	270,000
Income tax expense	(100,000)	(90,000)
Profit after tax	200,000	180,000

The following information is provided for the year ended 31st December 2019. The company has a number of subsidiaries which are included in the consolidated financial statements. The following information is provided for the year ended 31st December 2019.

	2019	2018
Revenue	1,200,000	1,100,000
Cost of sales	(700,000)	(650,000)
Gross profit	500,000	450,000
Operating expenses	(200,000)	(180,000)
Operating profit	300,000	270,000
Finance income	10,000	5,000
Finance expense	(10,000)	(5,000)
Profit before tax	300,000	270,000
Income tax expense	(100,000)	(90,000)
Profit after tax	200,000	180,000

The results of the tests are summarized in Table 1. The following table shows the results of the tests for the different types of tests.

Test	2000	2001	2002
Number of tests performed	11	10	10
Number of tests performed (with results)	11	10	10
Number of tests performed (with results and comments)	11	10	10
Number of tests performed (with results and comments and recommendations)	11	10	10
Number of tests performed (with results and comments and recommendations and follow-up)	11	10	10
Number of tests performed (with results and comments and recommendations and follow-up and evaluation)	11	10	10
Number of tests performed (with results and comments and recommendations and follow-up and evaluation and reporting)	11	10	10
Number of tests performed (with results and comments and recommendations and follow-up and evaluation and reporting and documentation)	11	10	10

Notes:

The data for the tests are summarized in Table 1. The following table shows the results of the tests for the different types of tests. The data for the tests are summarized in Table 1. The following table shows the results of the tests for the different types of tests. The data for the tests are summarized in Table 1. The following table shows the results of the tests for the different types of tests.

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Financial Statement Analysis

Financial Statement Analysis

As the result of our analysis, the following results are presented in the following table:

The following table presents the results of the analysis of the financial statements of the company.

Item	2019		Amount (USD)
	Revenue	Expenses	
Revenue	1,000,000	800,000	200,000
Expenses			
Cost of Goods Sold	500,000	500,000	
Operating Expenses	300,000	300,000	
Interest Expense	100,000	100,000	
Income Tax Expense	100,000	100,000	
Net Income	200,000	200,000	
Revenue	200,000	150,000	50,000
Expenses			
Cost of Goods Sold	100,000	100,000	
Operating Expenses	50,000	50,000	
Interest Expense	20,000	20,000	
Income Tax Expense	20,000	20,000	
Net Income	50,000	50,000	

Notes to Financial Statements

The accompanying financial statements were prepared on the basis of the accounting records and other data furnished by management. Management is responsible for the accuracy and completeness of these records and data. The auditor's responsibility is to express an opinion on these financial statements based on the audit.

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The financial statements were prepared on the basis of the accounting records and other data furnished by management. Management is responsible for the accuracy and completeness of these records and data. The auditor's responsibility is to express an opinion on these financial statements based on the audit.

	2023	2022
Assets	100.00	100.00
Liabilities	0.00	0.00
Equity	100.00	100.00

The financial statements were prepared on the basis of the accounting records and other data furnished by management. Management is responsible for the accuracy and completeness of these records and data. The auditor's responsibility is to express an opinion on these financial statements based on the audit.

	2023	2022
Revenue	100.00	100.00
Expenses	0.00	0.00
Net Income	100.00	100.00
Retained Earnings	0.00	0.00
Dividends	0.00	0.00
Equity	100.00	100.00

The financial statements were prepared on the basis of the accounting records and other data furnished by management. Management is responsible for the accuracy and completeness of these records and data. The auditor's responsibility is to express an opinion on these financial statements based on the audit.

	2023	2022
Assets	100.00	100.00
Liabilities	0.00	0.00
Equity	100.00	100.00

The following information was provided to you in your course materials:

Year 1	100	100
Year 2	100	100
Year 3	100	100

The following information was provided to you in your course materials:

	Year 1 of 3		
	Year 1	Year 2	Year 3
Year 1	100	100	100
Year 2	100	100	100
Year 3	100	100	100

The following information was provided to you in your course materials:

The following information was provided to you in your course materials:

The following information was provided to you in your course materials:

Year 1	100	100
Year 2	100	100
Year 3	100	100

The following information was provided to you in your course materials:

Year 1	100	100
Year 2	100	100
Year 3	100	100

The following information was provided to you in your course materials:

Note 22 - Agrarian reform law and land use

Under the agrarian reform law currently in effect in the Philippines and the regulations issued thereunder by the Department of Agrarian Reform (DAR), land classified for agricultural purposes as at or after June 15, 1988 cannot be converted to non-agricultural use without the prior approval of DAR.

The Group obtained from concerned government agencies Exemption/Exclusion Orders dated August 11, 2008 and October 17, 2008 over several parcels of land with an area of 29.23 hectares and 27.97 hectares, respectively, in Binangonan, Rizal.

Land use may be also limited by zoning ordinances enacted by local government units. Once enacted, land use may be restricted in accordance with a comprehensive land use plan approved by the relevant local government unit. Lands may be classified under zoning ordinances as commercial, industrial, residential or agricultural. While a procedure for change of allowed land use is available, this process may be lengthy and cumbersome. The Group's management considers it impracticable to disclose with sufficient reliability the possible financial impact surrounding the above provisions.

Note 23 - Segment information

The Group has only one segment as it derives its revenues primarily from sales of real properties.

Significant information on the reportable segment is as follows:

	2016	2015
Operating assets	3,539,350,023	3,219,770,863
Operating liabilities	1,695,260,707	1,729,491,104
Revenue and income	220,951,311	89,599,892
Other income	3,779,978	60,553
Costs and expenses	121,255,140	41,688,905
Segment net income	73,820,446	28,793,939

All revenues are from domestic entities incorporated in the Philippines, hence, the Group did not present geographical information required by PFRS 8, *Operating Segments*.

Sale to a leading local real estate developer amounting to P24.97 million in 2016 comprise of more than 20% of the Group's revenue. There are no revenues derived from a single external customer above 10% of total revenue in 2015.

There is no need to present reconciliation since measure of segment assets, liabilities, and results of operations are consistent with those of the financial statements.

There are no changes in the Group's reportable segment and related strategy and policies in 2016 and 2015.

Note 24 - Financial risk and capital management

24.1 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Management, under the direction of the Board of Directors is responsible for the management of financial risks. Its objective is to minimize the adverse impacts on the Group's financial performance due to the unpredictability of the real estate industry.

(i) Market risk

(a) Currency risk

The Group's exposure on currency risk is minimal and limited only to foreign currency denominated cash in bank (Note 2). Changes in foreign currency exchange rates of these asset is not expected to have a significant impact on the financial position or results of operations of the Group.

As at December 31, 2016, the Group's foreign currency denominated financial asset pertains to cash in bank amounting to US\$2,077 (2015 - nil). The exchange rate used for the year ended December 31, 2016 was P49.72 per US\$1.

(b) Price risk

The Group's exposure on price risk is minimal and limited only to investments classified as available-for-sale securities (Note 4). Changes in market prices of these investments are not expected to have a significant impact on the financial position or results of operations of the Group.

(c) Interest rate risk

Interest rate risk refers to risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest-bearing financial instruments include various loans payable and borrowings (Note 13). These financial instruments are not exposed to fair value interest rate risk as these are carried at amortized cost. Likewise, these instruments are not significantly exposed to variability in cash flows as these carry fixed interest rates.

(ii) Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Group by failing to discharge an obligation. The following accounts are all considered current and there are no past due but not impaired nor impaired accounts as at December 31, 2016 and 2015.

	2016	2015
Cash	23,671,698	8,932,223
Receivables	65,516,094	40,575,504
Funds held by custodian bank	16,134,656	15,907,315
Refundable deposits	1,007,763	1,007,763
	<u>106,330,211</u>	<u>66,422,805</u>

(a) *Cash in banks and funds held by custodian bank*

The Group manages credit risk on its cash in bank by depositing in banks that passed the criteria of the Group. Some of these criteria are stability, financial performance, industry-accepted ratings, quality, diversity and responsiveness of products and services.

As at December 31, the Group's cash and funds held by custodian are maintained with universal and commercial banks as follows:

	2016	2015
Universal banks		
Funds held by custodian bank	16,134,656	15,907,315
Cash in banks	23,582,025	8,851,892
Commercial bank		
Cash in banks	89,673	80,331
	<u>39,806,354</u>	<u>24,839,538</u>

The remaining cash in the consolidated statement of financial position pertains to cash on hand which is not exposed to credit risk.

(b) *Receivables*

Receivables from subcontractors are non-interest bearing and do not contain past due and impaired assets as at December 31, 2016 and 2015.

Receivables from sale of land and real properties held for sale are non-interest bearing and are generally with credit term of 30 to 60 days.

Other receivables as at December 31, 2016 and 2015 consist mainly of advances to third parties. The Group limits its exposure to credit risk by transacting only with counterparties that have appropriate and acceptable credit history.

Past due but not impaired receivables are limited to a number of independent customers where there is minimal history of collection default and aged over 12 months.

Impaired receivables amounting to P2 million have been provided with allowance for impairment in 2016 (2015 - nil).

(c) *Refundable deposits*

Refundable deposits are considered highly recoverable as the counterparty is assessed to have strong capacity to meet its obligation.

(iii) *Liquidity risk*

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when these fall due. The consequence may be the failure to meet obligations to repay creditors and fulfill commitments.

In accordance with the provisions of its joint arrangement agreement with a third party developer, the Group's involvement is limited to the value of the land contributed. The developer will undertake the construction and selling of completed units.

All financial assets and liabilities are current as at reporting dates, except for the non-current portion of borrowings (Note 13).

To manage liquidity, funding of maturing obligation will come either from future sale of developed properties or shareholders.

Expected future interest payments of the Group for the next three years are P82.84 million as at December 31, 2016 (2015 - P39.5 million).

24.2 Capital management

The Group defines capital as share capital, share premium, retained earnings and other reserves for the purpose of capital management.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can provide future returns to its shareholders and to maintain an optimal capital structure to reduce its cost of capital. For this purpose, capital is represented by total equity as shown in the consolidated statement of financial position, less fair value reserve and rereasurement of retirement benefit obligation. Calculation is as follows:

	2016	2015
Total equity	1,844,080,316	1,490,279,759
Add: Treasury shares	14	14
Fair value reserve	8,943	8,943
Remeasurement loss of retirement benefit obligation, net of tax	10,889	-
	1,844,109,162	1,490,288,716

In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group's main objective is to ensure it has adequate capital moving forward to pursue its major land development and housing projects.

As part of the reforms of the PSE to expand capital market and improve transparency among listed firms, PSE requires listed entities to maintain a minimum of ten percent (10%) of their issued and outstanding shares, exclusive of any treasury shares, held by the public. The Group has fully complied with this requirement.

There are no other externally imposed capital requirements on the Group.

There was no change in the Group's capital management strategy and policies in 2016 and 2015.

24.3 Fair value of financial assets and liabilities

The table below summarizes the carrying amount and fair value of those significant financial assets and liabilities not presented on the consolidated statement of financial position at fair value as at December 31:

	Notes	2016		2015	
		Carrying value	Fair value	Carrying value	Fair value
Loans and receivables					
Cash	2	23,835,698	23,835,698	9,047,223	9,047,223
Receivables, net	3	65,516,094	65,516,094	40,575,504	40,575,504
Available-for-sale financial assets	4	620,380	620,380	620,380	620,380
Funds held by custodian bank	6	16,134,656	16,134,656	15,907,315	15,907,315
Refundable deposits	10	1,007,763	1,007,763	1,007,763	1,007,763
Total assets		107,114,591	107,114,591	67,158,185	67,158,185
Other liabilities					
Accounts payable and accrued expenses*	11	84,137,674	84,137,674	189,464,776	189,464,776
Borrowings	13	280,737,248	280,737,248	369,631,432	369,631,432
Liability for refund of stock rights subscription	6,14	16,134,656	16,134,656	15,907,315	15,907,315
Total liabilities		381,009,578	381,009,578	575,003,523	575,003,523

*Excluding amounts due to the government and its agencies amounting to P332,336 in 2016 (2015 - P581,486) and real property taxes amounting to P27,588,140 (2015 - P28,581,547).

24.4 Fair value hierarchy

The Group follows the fair value measurement hierarchy to disclose the fair values of its financial assets and liabilities. At December 31, 2016 and 2015, the Group's available-for-sale financial assets and investment properties are classified under Level 1 and 2 categories, respectively.

As at December 31, 2016 and 2015, the fair values of the short-term borrowings approximate their carrying amounts.

Note 25 - Critical accounting estimates, assumptions and judgments

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates, assumptions and judgments concerning the future. The resulting accounting estimates will, by definition seldom equal the related actual results. The estimates and assumptions applied by the Group and which may cause adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

25.1 Critical accounting estimates and assumptions

(a) Estimate of fair value of investment property (Note 8)

The Parent Company's Binangonan property has an estimated market value of P1,100 per square meter as at December 31, 2016 (2015 - P1,000 per square meter) based on the following significant assumptions used by the independent appraiser:

- current prices in an active market for properties of similar nature, condition or location, adjusted to reflect possible differences; and
- recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

The investment properties of the Group are classified under Level 2 category which uses the market approach. The value of the investment properties was based on sales and listings of comparable property registered within the vicinity premised on the factors of time, unit area/size, unit location, unit improvements, building location, building feature/amenities, bargaining allowance and others.

Fair value gain on investment property represents significant amounts both in value of property and income. Any +/- 1% change in fair value per square meter increases/decreases total assets and income before tax by P23.47 million (2015 - P18.81 million).

25.2 Critical accounting judgments

(a) Recognition of deferred income tax assets (Note 18)

Management reviews at each reporting date the carrying amounts of deferred income tax assets. The carrying amount of deferred income tax assets is reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the related tax assets can be utilized.

Management believes that the non-recognition of deferred income tax assets of P30.74 million (2015 - P78.91 million) is appropriate due to the Group's limited capacity to generate sufficient taxable income in the immediately succeeding three to five years given current development activities.

(b) Investment property (Note 8)/Estimate of clearing costs (Note 12)

As discussed in Note 8, the Supreme Court affirmed the validity of the Group's titles over its 2,200-hectares Binangonan property. However, due to a number of factors, including the recognition of Supreme Court's recognition of the superior rights of the bonafide occupants as well as potential challenges in clearing and re-titling of this large area of land, management has estimated that only 500 hectares are expected to be recovered/cleared and re-titled in the name of the Group as at December 31, 2016 (2015 - 480 hectares). This estimate is assessed at regular intervals of one to three years based on independent contractor's interaction with current occupants.

Given the above, management has estimated total clearing and re-titling costs to be approximately P850.81 million as at December 31, 2016 (2015 - P718.90 million). This estimate is based on the assumption that clearing activities will be carried out by the contractor for most parts and the Group for other parts. The outstanding provisions do not include re-titled lots which have already been reclassified to land held for development in the consolidated statement of financial position.

Such cost estimates reflect the net present value using a pre-tax rate of 5.5% which management assessed as reflective of current market assessments of the time value of money and the risks specific to the liability. Each year, the provision is reviewed for any change in estimate and consider accretion of discount, if any.

Where the discount rate used increased/decreased by 1% from management's estimates, the provision for clearing costs would be an estimated P207.71 million higher/lower (2015 - P260.90 million higher/lower).

Management believes that the above is the best estimate based on existing conditions and circumstances as at December 31, 2016 and 2015. With this, it is reasonably possible, based on existing knowledge, that the outcomes within the next financial year that are different from estimates could require a material adjustment to the carrying amount of the provision for clearing costs.

(c) Joint arrangements

Management enters into joint arrangements for the development of its properties. Per contractual agreements, the Group's contribution on the joint arrangements is limited only to the value of the land and any obligations related to development are on the account of the counterparty in the joint operations. The joint arrangement is not structured through a separate vehicle and the Group has direct access to the arrangements' assets and obligations for liabilities. As such, the arrangement is classified as joint operations.

Total land contributed to joint operations as at December 31, 2016 and 2015 is 16.86 hectares and is recorded as part of land held for development in the consolidated statement of financial position.

(d) Impairment of receivables

The provision for impairment of receivables is based on the Group's assessment of the collectability of payments from its debtors. This assessment requires judgment regarding the ability of the debtors to pay the amounts owed to the Group and the outcome of any disputes. Any change in the Group's assessment of the collectability of receivables could significantly impact the calculation of such provision and results of its financial performance. Total receivables subjected to this assessment is shown in Note 3. In 2015 and 2014, the Group has written-off its receivable for quit claim agreements amounting to P7.47 million, which was previously provided for.

Allowance for doubtful accounts as at December 31, 2016 amounted to P2 million (2015 - nil). The carrying values of receivables as at December 31, 2016 amounted to P65.52 million (2015 - P40.58 million) (Note 3).

(e) Contingencies (Note 19)

The Group is currently involved in a disputed claim. Management currently believes, in consultation with its legal counsels, that the ultimate outcome of the proceeding will not have a material effect on the Group's consolidated financial statements. It is possible, however, that future results of operations could materially be affected by changes in the estimate in the final outcome of the proceeding.

Note 26 - Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

26.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and investment property.

The preparation of the consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 25.

Changes in accounting policies and disclosures

(a) New standards, amendments to existing standards and interpretations adopted

There are no new standards, amendments to existing standards and interpretations which are effective for the financial year beginning January 1, 2016, which have a significant impact or relevant to the consolidated financial statements of the Group.

(b) New standards, amendments to existing standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2016, and have not been early adopted nor applied by the Group in preparing these consolidated financial statements. None of these standards are expected to have significant effect on the consolidated financial statements of the Group, while the most relevant ones are set out below:

- *PFRS 9, 'Financial instruments'* (effective January 1, 2018), deals with the classification, measurement, and impairment of financial instruments, as well as hedge accounting. PFRS 9 replaces the multiple classification and measurement models for financial assets in PAS 39 with a single model that has three classification categories: amortized cost, fair value through other comprehensive income, and fair value through profit or loss. Classification under PFRS 9 is driven by the entity's business model for managing the financial assets and whether the contractual characteristics of the financial assets represent solely payments of principal and interest. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income.

The classification and measurement of financial liabilities under PFRS 9 remains the same as in PAS 39 except where an entity has chosen to measure a financial liability at fair value through profit or loss. For such liabilities, changes in fair value related to changes in own credit risk are presented separately in other comprehensive income.

The impairment rules of PFRS 9 introduce an expected credit losses model that replaces the incurred loss impairment model used in PAS 39. Such new impairment model will generally result in earlier recognition of losses compared to PAS 39.

The hedging rules of PFRS 9 better align hedge accounting with an entity's risk management strategies. Also, some of the prohibitions and rules in PAS 39 are removed or changed, making hedge accounting easier or less costly to achieve for many hedges.

Early adoption is permitted. The Group intends to adopt the standard on January 1, 2018 but has assessed that it will not have a significant effect on its consolidated financial statements as a result of adoption of this standard as its financial instruments are limited to loans and receivables, and financial liabilities at amortized cost.

- *PFRS 15, 'Revenue from contracts with customers'* (effective January 1, 2018), deals with revenue recognition and establishes principles for reporting useful information to users of consolidated financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and, thus has the ability to direct the use and obtain the benefits from the good or service. Under the new standard, the notion of control replaces the existing notion of risks and rewards. The standard replaces PAS 18, Revenue, and PAS 11, Construction Contracts, and related interpretations. A five-step process must be applied before revenue can be recognized which include: (i) identification of contracts with customers; (ii) identification of the separate performance obligation; (iii) determination of the transaction price of the contract; (iv) allocation of the transaction price to each of the separate performance obligations; and (v) recognition of revenue as each performance obligation is satisfied. Revenue may also be recognized earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome, etc.) - minimum amounts must be recognized if these are not at significant risk of reversal. Further, the point at which revenue is able to be recognized may shift: some revenue which is currently recognized at a point in time at the end of a contract may have to be recognized over the contract term and vice versa.

The Group has yet to assess the full impact of the standard, but initially does not expect to have material changes on its current accounting treatment of existing agreements.

- *PFRS 16, 'Leases'* (effective January 1, 2019). The standard now requires lessees to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The International Accounting Standards Board (IASB) has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under PFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Earlier application is permitted, but only in conjunction with PFRS 15, Revenue from Contracts with Customers.

to provide for the general use of the city and to provide for the maintenance of the streets and sidewalks and for the improvement of the same. The Board of Public Works is authorized to make and alter the streets and sidewalks and to provide for the maintenance of the same and to provide for the improvement of the same.

Section 10.

The Board of Public Works is authorized to make and alter the streets and sidewalks and to provide for the maintenance of the same and to provide for the improvement of the same.

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The Board of Public Works is authorized to make and alter the streets and sidewalks and to provide for the maintenance of the same and to provide for the improvement of the same.

	1911	1912
Total amount	100,000	100,000
Balance forward	10,000	10,000
Total	110,000	110,000
Expended	100,000	100,000
Balance forward	10,000	10,000
Total	110,000	110,000

The Board of Public Works is authorized to make and alter the streets and sidewalks and to provide for the maintenance of the same and to provide for the improvement of the same.

Section 11.

The Board of Public Works is authorized to make and alter the streets and sidewalks and to provide for the maintenance of the same and to provide for the improvement of the same.

The Board of Public Works is authorized to make and alter the streets and sidewalks and to provide for the maintenance of the same and to provide for the improvement of the same.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is not accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions—that is, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

26.2 Cash and restricted cash

For purpose of presentation in the consolidated statement of cash flows, cash consists of cash on hand and deposits held at call with banks. Funds that are restricted and designated for particular purpose are shown separately from cash in the consolidated statement of financial position and are classified as current or non-current depending on the expected timing of disbursements. These are stated at face value or nominal amount.

26.3 Financial instruments

Classification

The Group classifies its financial assets and liabilities according to the categories described below. The classification depends on the purpose for which the financial assets and liabilities were acquired. Management determines the classification of its financial assets and liabilities at initial recognition.

(a) Financial assets

The Group classifies its financial assets in the following categories: loans and receivables, held-to-maturity investments, available-for-sale and financial assets at fair value through profit or loss. The Group only has financial assets classified as loans and receivables and available-for-sale financial assets.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and where management has no intention of trading. These are included in current assets, except for maturities greater than 12 months after the reporting date, in which case, these are classified as non-current assets. Loans and receivables comprise of cash (Note 26.2), receivables, including a portion of advances to subcontractors (Note 26.4), funds held by custodian bank and refundable deposits under other assets in the consolidated statement of financial position.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. These are included in non-current assets unless management intends to dispose of the financial assets within 12 months from the reporting date. The Group's investments in various listed and unlisted local entities are classified under this category.

(b) Financial liabilities

The Group classifies its financial liabilities as financial liabilities at fair value through profit or loss or financial liabilities at amortized cost. The Group does not have any financial liability designated at fair value through profit or loss.

Financial liabilities at amortized cost pertains to issued financial instruments that are not classified or designated at fair value through profit or loss and contain contract obligations to deliver cash or another financial asset to the holder or to settle the obligation other than the exchange of a fixed amount of cash. Financial liabilities at amortized cost are included in current liabilities, except for maturities greater than 12 months after the reporting date, in which case, these are classified as non-current liabilities. The Group's accounts payable and accrued expenses (excluding government related liabilities) (Note 26.12), borrowings (Note 26.13), and liability for refund of stock rights subscription (Note 14) are classified under this category.

Recognition and measurement

(a) Initial recognition and measurement

Regular-way purchases and sales of financial assets are recognized on trade date - the date on which the Group commits to purchase or sell the asset. Financial assets and liabilities not carried at fair value through profit or loss are initially recognized at fair value plus transaction costs.

(b) Subsequent measurement

The Group's loans and receivables and financial liabilities at amortized cost are subsequently measured at amortized cost using the effective interest method.

Available-for-sale financial assets are subsequently carried at fair value, except, investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, which shall be measured at cost.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in profit or loss as gains and losses from investment securities.

Dividends on equity instruments are recognized in profit or loss when the Group's right to receive payment is established.

Impairment of financial assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(i) Loans and receivables

For loans and receivables, the Group first assesses whether objective evidence of impairment exists individually for receivables that are individually significant, and collectively for receivables that are not individually significant using the criteria above. If the Group determines that no objective evidence of impairment exists for an individually assessed receivable, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses those for impairment. Receivables 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.

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. The asset's carrying amount is reduced and the amount of the loss is recognized in profit or loss. If a loans and receivable has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in profit or loss. Reversals of previously recorded impairment provision are based on the result of management's update assessment, considering the available facts and changes in circumstances, including but not limited to results of recent discussions and arrangements entered into with customers as to the recoverability of receivables at the end of the reporting period. Subsequent recoveries of amounts previously written-off are credited against operating expenses in profit or loss.

(ii) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For equity investments, a significant or prolonged decline in the fair value of security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from equity and recognized in profit or loss. Impairment losses recognized in profit or loss on equity instruments are not reversed through profit or loss.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

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

Offsetting

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

26.4 Receivables, net

Receivables arising from regular sale of land held for development and real properties held for sale and development made in the ordinary course of business are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less any provision for impairment. Other long-term receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less any provision for impairment.

Receivables with average credit term of 30 to 90 days are measured at the original invoice amount (as the effect of discounting is immaterial), less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in profit or loss within operating expenses. When a receivable remains uncollectible after the Group has exerted all legal remedies, it is written-off against the allowance account for receivables.

26.5 Prepayments and other current assets

Prepayments and other current assets are recognized in the event that payment has been made in advance of obtaining right of access to receipt of services and measured at the amount of cash paid, which is equal to its nominal amount. Prepayments and other current assets are recognized as expense either with the passage of time or through use or consumption.

Prepayments in the form of unused tax credits are derecognized when there is a legally enforceable right to offset the recognized amounts against income tax due and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Input value added tax are stated at face value less provision for impairment, if any. Any allowance for unrecoverable input, if any, is maintained by the Group at a level considered adequate to provide for potential uncollectible portions of the claims. Management evaluates the level of impairment provision on the basis of factors that affect the collectivity of the claim. The Group, on a continuing basis, makes a review of the status of the claims designed to identify those that may require provision for impairment losses.

26.6 Land held for development; Real properties held for sale and development

Land held for development refers to land acquired exclusively for development and resale thereafter. Land held for development and real properties held for sale and development are stated at the lower of cost and net realizable value. The cost comprises purchase price plus costs directly attributable to the acquisition of the assets including clearing, retitling, site preparation and subsequent development costs. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Borrowing costs associated with on-going development of these properties are capitalized during its construction/development period.

The fair value of the land transferred from investment property to land held for development account due to change in use on the property is deemed as cost for subsequent accounting. Transfers from investment property to land held for development happen when the Group comes up with a concrete plan to clear the lots and/or when the Group enters into a Memorandum of Agreement (MOA) with a third party to perform retitling and related clearing activities.

Upon disposal, the asset accounts are relieved of the pertinent costs of acquisition and improvements, and provision for decline in value (if any) and the related realized profit on sale is recognized in profit or loss.

As at December 31, 2016, land held for development amounted to P991.48 million (P2015 - 1,120.32 million). 138.30 hectares of the cleared and retitled Binangonan Property are either under development or intended for immediate development (2015 - 163.34 hectares).

As at December 31, 2016, real properties held for sale and development amounted to P57.40 million (2015 - P29.71 million). This represents completed and fully developed lots under the joint development agreement (Note 7).

26.7 Investment property

Investment property is defined as property held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both, rather than for: (a) use in the production of supply of goods or services or for administrative purposes; or (b) sale in the common course of business.

The Group's investment property, principally comprising of properties in Binangonan, Rizal are held for capital appreciation and is not occupied by the Group. The Group has adopted the fair value model for its investment property (Note 8).

After initial recognition, investment property is carried at fair value as determined by an independent firm of appraisers. Fair value is based on market data approach, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by the independent appraiser. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value. On a regular basis, an estimate of the recoverable or clearable area over the Group's 2,200-hectare property is done by an independent contractor. An increment in the recoverable area is recognized at fair value, with a consequent provision for estimated clearing costs.

Subsequent expenditure (i.e. provision for clearing costs) is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the profit or loss during the financial period in which they are incurred.

Changes in fair values are recognized in profit or loss.

An investment property is derecognized from the consolidated statement of financial position on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Removal of an item within investment property is triggered by a change in use, by sale or disposal. If an investment property becomes owner-occupied, it is reclassified as property and equipment (Note 26.9), and its fair value at the date of reclassification becomes its cost for accounting purposes. Gain or loss arising from disposal is determined as the difference between the net disposal proceeds and the carrying amount of the asset. Gain or loss on disposal is recognized in profit or loss in the period of the disposal.

Property that is being constructed or developed for future use as investment property is classified as investment property.

26.8 Investments in other entities

The Group has applied PFRS 11 to all joint arrangements effective January 1, 2013 and has applied accounting retrospectively. Under PFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor.

The Group has entered into joint arrangement agreements with third parties to develop a portion of its land located in Binangonan, Rizal. Under the terms of the agreement, the Group will contribute lots, construction and development to the joint arrangements. The Group recognizes revenue based on the sales of the pre-determined lots assigned in accordance with the provisions of the agreement.

The Group has assessed the nature of its joint arrangement and determined it to be joint operations.

The Group classifies the land contributed in accordance with PAS 2, Inventories.

The contractual arrangement establishes the parties' rights to the assets, and obligations for the liabilities, relating to the arrangement, and the parties' rights to the corresponding revenues and obligations for the corresponding revenues and obligations for the corresponding expenses.

26.9 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and amortization and impairment, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation is calculated using the straight-line method over the estimated useful life of five (5) years for all classes of property and equipment.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time the cost and their related accumulated depreciation are removed from the accounts. Gain or loss arising from disposal is determined as the difference between the net disposal proceeds and the carrying amount of the asset. Gain or loss on disposal is recognized in profit or loss in the period of the disposal.

26.10 Impairment of non-financial assets

Assets that have an indefinite useful life, such as investment in a subsidiary, are not subject to depreciation and amortization and are tested annually for impairment.

Assets that have definite useful life are subject to depreciation and amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets are Company at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that are impaired are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in profit or loss.

26.11 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

(a) Financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry company, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. The Group's unlisted available-for-sale financial assets are included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. There are no financial instruments that fall under the Level 3 category. There were no transfers from one category to another in 2016 and 2015.

(b) Non-financial assets or liabilities

The Group uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques are as follows:

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a Company of assets and liabilities, such as a business.
- Income approach - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Level 2 fair values of have been derived using the sales comparison approach. This comparison approach considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square meter.

The investment properties of the Group are classified under Level 2 category. The Group has no non-financial assets or liabilities classified under Level 3 category.

26.12 Accounts payable and accrued expenses

Accounts payable and accrued expenses are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Group is established. These are recognized initially at fair value and subsequently measured at amortized cost using effective interest method. Accounts payable and accrued expenses are classified as current liabilities if payment is due within 12 months or less (or in the normal operating cycle of the business, if longer). If not, these are presented as non-current liabilities.

Accounts payables and accrued expenses are measured at the original invoice amount (as the effect of discounting is immaterial). Other relevant policies are discussed in Note 26.3.

26.13 Borrowings and borrowing costs

Borrowings (notes payable) are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

26.14 Current and deferred income tax

The income tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates based on existing laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

The Group reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred income tax liability arises from the initial recognition of goodwill. Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred income tax assets and liabilities are derecognized when the related bases are realized or when it is no longer realizable.

26.15 Employee benefits

(a) Retirement benefits

The Parent Company is subject to the provisions of Republic Act No. 7641 (known as the Retirement Law). This Act requires that in the absence of a retirement plan or agreement providing for retirement benefits of employees in the private sector, an employee upon reaching the age of 60 years or more, but not beyond 65 years, who has served at least 5 years in a private entity, may retire and shall be entitled to retirement pay equivalent to at least ½ month salary for every year of service, a fraction of at least 6 months being considered as one whole year. This falls within the definition of a defined benefit retirement plan.

A defined benefit plan is a retirement plan that defines an amount of retirement benefit to be provided to an employee upon retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the consolidated statement of financial position is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, if any.

The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate the terms of the related retirement benefit liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited as 'remeasurements' to equity in other comprehensive income in the period in which they arise.

Past service costs are recognized immediately in profit or loss.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in retirement benefit expense in profit or loss.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value. The related liability is derecognized when the obligation is discharged or cancelled.

(c) Short-term employee benefits

Wages, salaries, paid annual vacation and sick leave credits and other non-monetary benefits are accrued during the period in which the related services are rendered by employees of the Group. Short-term employee benefit obligations are measured on an undiscounted basis.

26.16 Provisions

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provision for clearing costs represents the Group's expected cost to clear a portion of its Binangonan property from bonafide occupants with superior rights over the Group's investment property (Note 13). The amount is based on the average estimated clearing and titling cost per agreement with the contractor. Such amount represents the peso value quoted by the contractor based on recoverable area and is adjusted regularly to reflect the net present value of obligation associated with clearing of land titles.

When the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to passage of time is recognized as an interest expense.

Provisions are derecognized when the obligation is settled, cancelled or has expired.

26.17 Share capital

(a) Share capital

Share capital, which are stated at par value, are classified as equity.

Issuance of new shares as a result of options, rights and warrants are shown in equity as an addition to the balance of share capital.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax. The excess of proceeds from issuance of shares over the par value of shares or additional capital contributions in which no shares were issued are credited to additional paid-in capital.

(b) Treasury shares

Where any member of the Group purchases the Group's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity.

(c) Stock rights offering

An issue of rights to existing shareholders of the Group that entitles them to purchase additional shares in proportion to their existing holdings, within a fixed time period, at a lower or discounted price to preserve the percentage ownership of the current holders.

Liability for stock rights subscriptions is derecognized once settled.

26.18 Earnings per share

Basic earnings per share is calculated by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings per share is calculated by adjusting the earnings and number of shares for the effects of dilutive potential common shares.

26.19 Revenue and expense recognition

Revenue is recognized at fair value of the consideration received or receivable for the sale of real estate in the ordinary course of the Group's activities.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is possible that future economic benefits will flow into the Group and specific criteria have been met for each of its activities as described below.

(a) Sales of real estate and cost of sales

Revenue is recognized when the substantial risks and rewards are transferred to the buyer which coincides with actual delivery of title and/or when the right of exclusive use is conveyed to the buyer. For properties sold through a financing agreement with Pag-IBIG under the Home Development Mutual Fund (HDMF), revenue is recognized upon receipt of the approved Request for Payment (RFP) instruction from Pag-IBIG, net of discount.

Cost of sales is recognized simultaneously with revenue. Cost of sales includes cost of land allocated to the Group based on assigned lots stated in the agreement entered into with the developer and all other incidental costs incurred by the Group.

(b) Interest income and expense

Interest income and expense are recognized in profit or loss for all interest-bearing financial instruments using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Once a financial asset or a Company of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the original effective interest rate.

Interest income on bank deposits is recognized when earned, net of final tax.

(c) Dividend income

Dividend income is recognized when the right to receive payment is established.

(d) Other income

Other income is recognized when earned.

(e) Expenses

Expenses are recognized when incurred.

26.20 Leases - Company as lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

26.21 Foreign currency transactions and translation

(a) Functional and presentation currency

Items included in the Group's consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Group's consolidated financial statements are presented in Philippine Peso, which is the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

26.22 Related party transactions and relationships

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities, which are under common control with the reporting enterprise, or between, and/or among the reporting enterprises and their key management personnel, directors, or their shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

26.23 Operating segments

The Group's operating businesses are organized and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that offers different services and serves different markets. Financial information on business segments is presented in Note 23.

26.24 Reclassification

Certain movements in the statement of cash flows have been reclassified to conform to the current year presentation. Additional costs capitalized on land held for development amounting to P69,740,577 presented under investing activities have been reclassified to changes in properties held for sale and development presented under changes in working capital in 2015. The reclassification did not have any impact on previously reported financial position, and results of operations.

26.25 Events after the reporting date

Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

IRC Properties, Inc. and Subsidiary

Schedule of Philippine Financial Reporting Standards
Effective as at December 31, 2016

The following table summarizes the effective standards, amendments and interpretations as at December 31, 2016:

		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Measurement of Cash-settled Share-based Payment Transactions*		✓	
PFRS 3 (Revised)	Business Combinations			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓

		Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 4: Implementation of PFRS 9*	✓	✓	
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Transition Disclosures*		✓	
	Amendments to PFRS 7: Disclosures - Hedge Accounting*		✓	
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments*		✓	
	Amendments to PFRS 9: Transition Disclosures*		✓	
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 28: Application of the Consolidation Exception for Investment Entities			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*		✓	
PFRS 11	Joint Arrangements	✓		
	Amendments to PFRS 11: Acquisition of an Interest in a Joint Operation			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 28: Application of the Consolidation Exception for Investment Entities			✓

		Adopted	Not Adopted	Not Applicable
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers*		✓	
	Amendment to PFRS 15: Identifying Performance Obligations, Licenses of Intellectual Property, and Principal versus Agent Assessment*		✓	
PFRS 16	Leases*		✓	
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative*		✓	
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 16 - Deferred Tax: Recovery of Underlying Assets	✓		
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses*		✓	
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16 and PAS 38: Acceptable Methods of Depreciation and Amortization	✓		
	Amendments to PAS 16 and PAS 41: Bearer Plants			✓
PAS 17	Leases	✓		
PAS 18	Revenue	✓		

(3)

		Adopted	Not Adopted	Not Applicable
PAS 19 (Revised)	Employee Benefits	✓		
	Amendments to PAS 19: Contributions from Employees or Third Parties		✓	
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance		✓	
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment to PAS 21: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✓		
PAS 27 (Revised)	Separate Financial Statements	✓		
	Amendments to PAS 27: Use of Equity Method in Separate Financial Statements	✓		
PAS 28 (Revised)	Investments in Associates and Joint Ventures			✓
	Amendments of PFRS 10, PFRS 12 and PAS 28: Application of the Consolidation Exception for Investment Entities	✓		
	Amendments to PFRS 10 and PAS 28: Sale or Contributions of Assets between an Investor and its Associate or Joint Venture*		✓	
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		

		Adopted	Not Adopted	Not Applicable
	Amendment to PAS 36: Recoverable Amount Disclosures	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendments to PAS 16 and PAS 38: Acceptable Methods of Depreciation and Amortization	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39: Eligible Hedged Items			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to IFRIC 9 and PAS 39: Embedded Derivatives			✓
	Amendments to PAS 39: Novation of Derivatives			✓
	Amendments to PAS 39: Hedge Accounting			✓
PAS 40	Investment Property	✓		
	Amendment to PAS 40: Transfers of Investment Property*		✓	
PAS 41	Agriculture			✓
	Amendments to PAS 16 and PAS 41: Bearer Plants			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓

(5)

		Adopted	Not Adopted	Not Applicable
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✓
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to IFRIC 14: Prepayments of a Minimum Funding Requirement			✓
IFRIC 15	Agreements for the Construction of Real Estate*		✓	
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies	✓		
IFRIC 22	Foreign Currency Transactions and Advance Consideration*		✓	
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	✓		
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures			✓

(6)

		Adopted	Not Adopted	Not Applicable
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

The standards, amendments and interpretations marked with an asterisk (*) have been issued but are not yet effective for December 31, 2016 financial statements. Unless otherwise stated, these standards, amendments and interpretations have not been early adopted.

The standards, amendments and interpretations that are labeled as "Not Applicable" are already effective as at December 31, 2016 but will never be relevant/applicable to the Group or are currently not relevant to the Group because it has currently no related transactions.

1.1.1.1.1.1.1.1

Flowchart illustrating the process of data collection and analysis.



IRC Properties, Inc.

Key Financial Ratios

As at December 31, 2016

(With comparative figures as at December 31, 2015 and 2014)

	2016	2015	2014
A. Current and Liquidity Ratios			
1. Current ratio (Current assets/Current liabilities)	2.58	1.59	1.64
2. Acid test ratio or Quick ratio (Monetary current assets/Current liabilities)	0.23	0.09	0.10
B. Solvency ratio (Net income + depreciation)/Total liabilities	0.04	0.02	0.03
C. Debt to equity ratio (Total liabilities/Shareholders' equity)	0.92	1.16	1.30
D. Asset to equity ratio	1.92	2.16	2.30
E. Debt ratio (Total liabilities/Total assets)	0.48	0.54	0.57
F. Interest coverage ratio (EBIT/Interest expense)	-	-	-
G. Profitability ratios			
1. Return on assets (%) (Net income/Total assets)	0.02	0.01	0.02
2. Return on equity (%) (Net income/Shareholders' equity)	0.04	0.02	0.04
H. Earnings per share attributable to equity holders of parent (P)			
2016 - 1,327,113,978 shares	0.06	-	-
2015 - 1,127,113,978 shares	-	0.03	-
2014 - 999,913,978 shares	-	-	0.05

IRC Properties, Inc.

Schedule A - Financial Assets
As at December 31, 2016
(All amounts in Philippine Peso)

Name of issuing entity and description of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the Statement of Financial Position	Value based on market quotations at statement date	Income received and accrued
Available for sale financial assets*				
Equitable Banking Corp.	120	2,880	2,880	-
Victorias Milling Corp.	70,000	-	-	-
Tower Club	1	617,500	617,500	-
		620,380	620,380	-

* See Note 4 to the Consolidated Financial Statements.

IRC Properties, Inc.

Schedule B -Amounts Receivable from Directors, Officers,
Employees, Related Parties and Principal Stockholders
(Other than Related Parties)
As at December 31, 2016
(All amounts in Philippine Peso)

Name and designation of debtor	Beginning balance	Additions	Deduction		Current	Non-current	Ending balance
			Amount collected	Amount written-off			

Not applicable

IRC Properties, Inc.

Schedule C - Amounts Receivable from Related Parties
which are eliminated during the Consolidation of Financial Statements
As at December 31, 2016
(All amounts in Philippine Peso)

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
Interport Development Corporation	182,590	40,484	-	-	223,074	-	223,074

IRC Properties, Inc.

Schedule D. Intangible Assets - Other Assets

December 31, 2016

(All amounts in Philippine Peso)

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
Computer software	46,590	57,509	(33,151)	-	-	70,948

See Note 10 to the Consolidated Financial Statements.

IRC Properties, Inc.

Schedule E - Long-Term Debt
As at December 31, 2016
(All amounts in Philippine Peso)

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term debt" in related balance sheet
Notes payable	50,396,620	217,865	50,178,755

See Note 13 to the Consolidated Financial Statements.

IRC Properties, Inc.

Schedule F - Indebtedness to Related Parties

As at December 31, 2016

(All amounts in Philippine Peso)

<u>Name of affiliate</u>	<u>Beginning balance</u>	<u>Ending balance</u>
Mabuhay Holdings Corporation	224,869,900	116,993,378
T&M Holdings, Inc.	15,500,000	15,500,000
Tagaytay Properties and Holdings Corporation	3,500,000	3,500,000
	<u>243,869,900</u>	<u>135,993,378</u>

See Note 13 to the Consolidated Financial Statements.

IRC Properties, Inc.

Schedule G - Guarantees of Securities of Other Issuers

As at December 31, 2016

(All amounts in Philippine Peso)

Name of issuing entity of securities guaranteed by the company for which statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by the company for which statement is filed	Nature of guarantee
Not applicable				

IRC Properties, Inc.

**Schedule H - Capital Stock
As at December 31, 2016
(All amounts in Philippine Peso)**

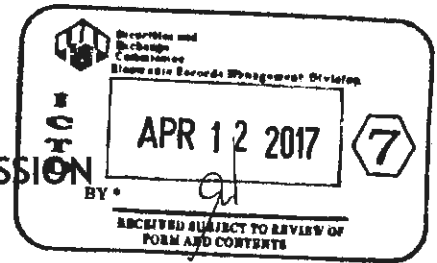
Title of issue	Number of shares authorized	Number of shares issued and outstanding	Number of shares reserved for options, warrants, conversions, and other rights	Number of shares held by		
				Affiliates	Directors, officers, and employees	Others
PCD Nominee Corp. (F)		472,276,031	-	-	472,276,031	-
T & M Holdings, Inc.		262,605,200	262,605,200	-	-	262,605,200
Sigma Epsilon Fund Ltd. (Sigma Epsilon)		200,000,000	-	-	200,000,000	-
Rizal Partners Co. Ltd.		127,200,000	-	-	127,200,000	-
Asuncion, Alexander G.		90,014,000	-	90,014,000	-	-
Primeeast Properties, Inc.		69,815,500	69,815,500	-	-	69,815,500
Mabuhay Holdings Corporation		38,160,643	38,160,643	-	-	38,160,643
PCD Nominee Corp. (Nf)		33,836,000	-	-	33,836,000	-
Marilague Land, Inc.		5,998,000	-	-	5,998,000	-
Dee, Alice T.		2,995,000	-	-	2,995,000	-
Valmora Investment And Management Corporation		2,300,000	-	-	2,300,000	-
Tan, Pedro O.		1,235,000	-	-	1,235,000	-
Equity Managers Asia, Inc.		1,000,000	-	-	1,000,000	-
Gupit, Jeanette A.		750,000	-	-	750,000	-
David Go Securities Corporation		729,000	-	-	729,000	-
Siguion-Reyna, Leonardo T.		700,000	-	-	700,000	-
Gokongwei Jr., John		642,000	-	-	642,000	-
Uy, Imelda T.		621,000	-	-	621,000	-
Tan, Henry L.		600,000	-	-	600,000	-
Blue Ridge Corporation		500,000	-	-	500,000	-
Lao, Alex L.		500,000	-	-	500,000	-
Tanchan III, Santiago		500,000	-	-	500,000	-
Others		14,136,590	-	-	14,136,590	-
Total	1,500,000,000	1,327,113,964	370,581,343	90,014,000	866,518,621	370,581,343

See Note 14 to the Consolidated Financial Statements.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM - ACGR

ANNUAL CORPORATE GOVERNANCE REPORT




1. Report is Filed for the Year: 2016
2. Exact Name of Registrant as Specified in its Charter : IRC PROPERTIES INC.
3. 35/F Rufino Pacific Tower, 6784 Ayala Ave., Makati City 1223
Address of Principal Office Postal Code
4. SEC Identification Number: 60312
5.  (SEC Use Only)
Industry Classification Code
6. BIR Tax Identification Number: 000-464-876
7. Issuer's Telephone number, including area code : (632) 750-2000
8. Former name or former address, if changed from the last report: Not Applicable

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A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	Eleven (11)
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Actual number of Directors for the year	Eleven (11)
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(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)	Elected when (Annual / Special Meeting)	No. of years served as director
Esteban G. Peña Sy	ED		Araceli C. Molina	3/12/08	July 21, 2016	ASM *	8
Alexander G. Asuncion	ED		Araceli C. Molina	3/12/08	July 21, 2016	ASM*	8
Wong Peng Chong	NED		Araceli C. Molina	9/23/10	July 21, 2016	ASM*	6
Gil Miguel Puyat	NED		Araceli C. Molina	3/12/08	July 21, 2016	ASM*	8
Roberto V. San Jose	NED		Araceli C. Molina	3/12/08	July 21, 2016	ASM*	8
Georgina A. Monsod	ED		Araceli C. Molina	10/5/12	July 21, 2016	ASM*	4
Steven G. Virata	NED		Araceli C. Molina	3/12/08	July 21, 2016	ASM*	8
Rodrigo B. Supeña	ID		Esteban Pena Sy	9/23/10	July 21, 2016	ASM*	6
Antonio V. Syyap	ID		Esteban Pena Sy	3/12/08	July 21, 2016	ASM*	8
Yasuhiro Ishikawa	NED		Araceli C. Molina	9/10/15	July 21, 2016	ASM*	1
Shinsuke Amiya	NED		Araceli C. Molina	2/04/16	July 21, 2016	ASM*	-

*Annual Stockholders Meeting held on July 21, 2016

- (b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

Treatment of all shareholders

Each share entitles the holder to one vote that may be exercised in person or by proxy at shareholder meetings, including the Annual Stockholders' Meeting. The shareholders have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code. Voting procedures on matters presented for approval to the stockholders in the Annual Stockholders' Meeting are set out in the Definitive Information Statement, which is sent out to all stockholders of record at least 15 business days before the date of meeting. It is the

duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

Respect for the rights of minority shareholders and of other stakeholders

The Board of Directors ensures that all rights of stockholders as mandated and set forth in the Corporation Code of the Philippines, Articles of Incorporation and By Laws of the Company shall be respected. Among these rights of stockholders as provided for in the Corporation Code are: right to vote on all matters that require their consent or approval; right to inspect corporate books and records; right to information; right to dividends; and appraisal right.

Although all stockholders should be treated equally or without discrimination, minority stockholders may request in writing the holding of meetings and the items for discussion in the agenda that relate directly to a legitimate purpose and the business of the Corporation, subject to the requirement under the By-laws that such requesting stockholder is the holder of record of not less than one-fourth of the outstanding voting capital stock of the Corporation.

Disclosure Duties

The essence of corporate governance is transparency. The Board believes that the transparency in the internal workings of the corporation shall diminish or discourage mismanagement of the corporation or misappropriation of assets. It is therefore essential that all material information about the corporation which could adversely affect its viability or the interest of the stockholders should be publicly and timely disclosed. Such information include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, minimum public ownership, direct/ indirect remuneration of members of the Board and Management and other corporate disclosures required for reporting by the regulators.

All required information are fully disclosed through the submissions and filings made to the SEC and the PSE.

Board Responsibilities

It is the Board's responsibility to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders.

The Board recognizes that a good corporate governance system is integral to the mandate bestowed upon them by the Company's stockholders. They are fully conscious of their fiduciary duties, accountabilities and responsibilities to all stakeholders, and they subscribe to the belief that the pursuit of corporate goals must be bound by high ethical standards. Its duties and responsibilities as defined in the Company's amended By-laws include: (1) acting on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and its stockholders; (2) staying up-to date on developments in finance and corporate governance; (3) acting with confidentiality and discretion in the use of information proprietary to the Company; (4) avoiding any conflict of interest; (5) conducting fair business transactions with the Corporation (6)disclosing any relationship that can compromise a Director's independence;(7) fostering a non-discriminatory work and business environment; (8) exercising due prudence in the use of Company's resources; (9) keeping Board authority within powers of the institution; (10) respecting the rights of all stakeholders; (11) submitting to a vote of shareholders all matters requiring their approval under the Corporation Code; and (12) adhering to all laws and regulations defining the Board's obligations.

- (c) How often does the Board review and approve the vision and mission?

The board reviews and approves the company's vision & mission every three (3) years.

- (d) Directorship in Other Companies

- (i) Directorship in the Company's Group¹

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

¹ The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Esteban G. Peña Sy	Mabuhay Holdings Corp.	Executive
Roberto V. San Jose	Mabuhay Holdings Corp.	Non-Executive/ Chairman
Wong Peng Chong	Mabuhay Holdings Corp.	Non-Executive
Rodrigo B. Supeña	Mabuhay Holdings Corp.	Independent
Steven G. Virata	Mabuhay Holdings Corp.	Independent

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Roberto V. San Jose	Anglo Phil. Holdings Corp. Vulcan Industrial & Mining Corp. ISM Communications Corporation	Non-Executive Non-Executive Non-Executive
Wong Peng Chong	COL Capital Limited*	Executive

* the shares of which are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "SEHK")

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
Esteban G. Peña Sy	Mabuhay Holdings Corp.	ED/President

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

No, the company has not yet set a limit on the number of board seats in other companies or five(5) board seats in other publicly listed companies that an individual director or CEO may hold simultaneously.

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	NA	

Non-Executive Director	NA	
CEO	NA	

(e) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Esteban G. Peña Sy	250	592,000	0.0535%
Alexander G. Asuncion	90,014,000	26,692,000	11.67%
Gil Miguel T. Puyat	11,000		0.0010%
Roberto V. San Jose	1,000		0.0001%
Wong Peng Chong	10,000		0.0089%
Rodrigo B. Supeña	150		0.0000%
Antonio V. Syyap	1,000	41,000	0.0037%
Steven G. Virata	150		0.0000%
Georgina A. Monsod	1,000		0.0001%
Shinsuke Amiya	50		0.0000%
Yasuhiro Ishikawa	50	200,000	0.0177%
TOTAL	90,038,650	27,525,000	11.755%

2) Chairman and CEO

(a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes No

Identify the Chair and CEO:

Chairman of the Board & CEO	Esteban G. Peña Sy
President	Alexander G. Asuncion

Although the position of Chairman and CEO is vested in one person only, management decisions are made by management committee where major decisions are approved by the board.

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	Chief Executive Officer
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Role	He effectively manages the affairs of the Board. He exercises such powers which are given him by the company's By-Laws and such other duties customarily incident to the said office and those which may be prescribed by the Board of directors from time to time. Generally he ensures that the Board is effective in its tasks of setting and implementing the company's direction and strategy.	The Chief Executive Officer of the Corporation together with the President are responsible for the effective management of the Company. He supervises and manages the internal organization and business affairs of the Corporation and ensures that the administrative and operational policies of the Corporation are carried out under his supervision and control.
Accountabilities	<p>Presides at all meetings of the Stockholders and of the Board of Directors.</p> <p>Maintains qualitative and timely lines of communication and information between the Board and Management.</p> <p>Holds board meetings in accordance with the by-laws or as he may deem necessary.</p>	<p>Upon authority granted by the Board of Directors, the CEO;</p> <ul style="list-style-type: none"> • signs deeds, bonds, contracts, or other instruments; • authorizes the purchase or acquisition of properties, furniture, fixtures, or other office equipments • approves all expenses or disbursements authorized in the budget of the Corporation • represents the Corporation in any negotiation which may be necessary to make in the usual course of business • represents the Corporation in any judicial or administrative proceedings • appoints and discharges employees occupying the positions authorized by the Board of Director • performs all other duties customarily incident to his office and as may be prescribed by the Board from time to time.
Deliverables	<p>Considers suggestions of the President, Management and the Directors in making meeting agenda to be prepared by the Corporate Secretary.</p> <p>Recommendation regarding the business of the Corporation is submitted for consideration of the Board of Directors.</p>	<p>Submits and recommends for Board approval:</p> <ul style="list-style-type: none"> • short and long range plans for the Corporation; • Balance Sheet, Profit and Loss Statement, Budget of administration expenses and • Annual Report on the operation and condition of the Corporation <p>Executes all resolutions of the stockholders and the Board of directors.</p>

- 3) Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions?

The President and the Board of Directors are made aware of all transactions, projects and developments through regular Board Meetings, so that each Director can assume or succeed the higher positions vacated. The same is done with the key management positions.

- 4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

The company has an implied policy of nominating and electing to the Board persons who are knowledgeable of the real estate industry practices, banking & finance and legal practice. All Directors sitting in the Board have the necessary skills, competence and experience, in terms of management capabilities. They also possess practical understanding of the business of the Company.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

The company has four non-executive directors who possess the competence and experience in the real estate industry where the Company belongs to.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and

Independent Directors:

	Executive	Non-Executive	Independent Director
Role	<p>The President is responsible for the effective management of the Company. He supervises and manages the internal organization and business affairs of the Corporation and ensures that the administrative and operational policies of the Corporation are carried out under his supervision and control.</p>	<p>A director's office is one of trust and confidence. Directors should act in the best interest of the corporation in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the corporation towards sustained progress. In addition, an independent director identifies the most critical issues for the board to deal with and assist the board in achieving consensus on important issues.</p>	
Accountabilities	<p>Upon authority granted by the Board of Directors the President;</p> <ul style="list-style-type: none"> • signs deeds, bonds, contracts, or other instruments; • authorizes the purchase or acquisition of properties, furniture, fixtures, or other office equipments • approves all expenses or disbursements authorized in the budget of the Corporation • represents the Corporation in any negotiation which may be necessary to make in the usual course of business • represents the Corporation in any judicial or administrative proceedings • appoints and discharge employees occupying the positions authorized by the Board of Directors. • performs all other duties customarily incident to his office and as may be prescribed by the Board from time to time. 	<p>He shall observe the following norms of conduct:</p> <ul style="list-style-type: none"> • Conduct fair business transactions with the corporation and ensure that personal interest does not prejudice Board decisions; • Devotes time and attention necessary to properly discharge his duties and responsibilities; • Acts judiciously; • Exercises independent judgment; • Have working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation, By-laws, the requirements of the SEC, and where applicable the requirements of other regulatory agencies such as the IC; • Observes confidentiality; • Ensures the continuing soundness, effectiveness and adequacy of the Company's internal control system. <p>Directors shall have the duty of preparing and actively participating in board meetings. Independent directors should always attend board meetings.</p>	

Deliverables	<p>Submits and recommends for Board approval:</p> <ul style="list-style-type: none"> • short and long range plans for the Corporation; • Balance Sheet, Profit and Loss Statement, Budget of administration expenses and • Annual Report on the operation and condition of the Corporation <p>Executes all resolutions of the stockholders and the Board of directors.</p>	<p>The Board establishes the general policies and guidelines which will enable Management to render an effective management of the Company and as part of which undertakes to:</p> <ul style="list-style-type: none"> • Formulate company's vision and mission; • Approve and confirm management's corporate strategies, major plans of actions, risk policy, annual budget and business plan; • Adopts a succession plan • Review annually the Company's compliance with its Code of Corporate Governance; • Approve corporate policies on major areas of operations, including Underwriting, Investments, Reinsurance Claims management and risk management • Ensures the adequacy and effectiveness of the Company's internal control and management information systems • Approves annual budget and general expenses upon recommendation of the President • Submits annually at regular General Meeting of Stockholders the Balance Sheet, Profit and Loss Statement and Annual Report on the condition of the Corporation;
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Provide the company's definition of "independence" and describe the company's compliance to the definition.

Independent Director refers to a person other than an officer or employee of the Corporation, its parent or subsidiaries, or any other individual having any relationship with the Corporation, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. This means that apart from directors' fees and shareholdings, he should be independent of Management and free from any business or other relationships which could materially interfere with the exercise of his independent judgment. He must also possess all the qualifications and none of the disqualifications of an independent director provided under IC Circular Letter No. 31-2005, SRC Rule 38, the SEC Revised Code of Corporate Governance, and other relevant IC and SEC issuances and regulations.

Pursuant to the applicable rules and regulations of the SEC, independent directors are nominated and elected in the Annual Stockholders' Meeting and each director issues a certification confirming his independence within 30 days from his election. Messrs. Rodrigo B. Supeña and Antonio V. Syyp are currently the Company's Independent Directors.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

The Company follows the SEC's guidelines on setting the term limit for an Independent Director. The Company will formalize its policy which will be consistent with the related SEC Memorandum Circular 9, Series of 2011 on the Term Limits for Independent Directors, which took effect on January 2, 2012.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
Cher Chen Lung	Director	Feb. 4, 2016	Resignation

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

a. Selection/Appointment		
(i) Executive Directors	<p>The Board thru its Nomination Committee pre-screens the qualifications of all nominees to the Board of Directors, taking into consideration the relevant issuances of the Securities and Exchange Commission.</p> <p>At the organizational meeting of the Board of Directors, the Board elects the officers of the Company and designates the members of the corporate governance committees.</p>	<p>Qualifications of Regular Directors:</p> <p>Directors sitting in the Board shall possess the necessary skills, competence and experience, in terms of management capabilities. Directors must possess all the qualifications and none of the disqualifications of regular directors under IRC Revised Manual of Corporate Governance. The Board of directors may provide for additional qualifications of a director, such as but not limited to the following: (a) educational attainment, (b) practical understanding of the business, (c) membership in good standing in relevant industry, business, or professional organizations and (d) previous business experience.</p>
(ii) Non-Executive Directors	(Process adopted is similar as stated above)	(Same criteria provided above)
(iii) Independent Directors	(Process adopted is similar as stated above)	<p>Additional Qualifications of Independent Directors- apart from the qualifications set forth above:</p> <p>(a) A candidate for independent director must be independent of the Corporation's management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director of the Corporation.</p> <p>(b) He should satisfy the definition, possess the qualifications and none of the disqualifications as provided by the SRC Rule 38 on the requirements on nomination and election of Independent Directors.</p>
b. Re-appointment		
(i) Executive Directors	Same process as appointment/selection	
(ii) Non-Executive Directors		
(iii) Independent Directors		
c. Permanent Disqualification		

<p>(i) Executive Directors</p>	<p>For any case any Director is involved in permanent disqualifications. The board shall review the case however once a final judgment declares Director guilty, he shall be disqualified from being a member of the board thus terminated.</p> <p>All other reasons for disqualifications shall be reviewed before permanent disqualification or termination.</p>	<p>Permanent Disqualifications Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;</p> <p>Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.</p> <p>The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission, or under any rule or regulation issued by the Commission, or has otherwise been restrained to engage in any activity involving securities; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association</p>
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(ii) Non-Executive Directors		(Same criteria for permanent disqualifications, as stated above for Executive Directors)
(iii) Independent Directors		<p>(Same criteria for permanent disqualifications, as stated above for Executive Directors).</p> <p>The disqualifications of an independent director shall be as provided for under SEC Revised Code of Corporate Governance, the Securities Regulation Code and its Amended Implementing Rules and Regulations, and such other relevant issuances of the SEC.</p> <p>He shall likewise be disqualified during his tenure under the following instances or causes:</p> <ol style="list-style-type: none"> 1. He becomes an officer or employee of the corporation where he is such member of the board of directors/trustees, or becomes any of the persons enumerated under Section II (5) of the Code of Corporate Governance 2. His beneficial security ownership exceeds two (2) percent of the outstanding capital stock of the company where he is such director; 3. Fails, without any justifiable cause, to attend at least 50% of the total number of Board meetings during his incumbency; 4. Such other disqualifications which the covered company's Manual of Corporate Governance provides. 5. A securities broker-dealer is likewise disqualified from sitting as an independent director of listed companies and registered issuers of securities.
d. Temporary Disqualification		

(i) Executive Directors	Nomination committee reviews and evaluates the qualifications of all persons nominated to the Board, thus, for Executive Directors who have violated or erred in his conduct while being a Director of the Company. The same nomination committee will review grounds for temporary disqualification and recommend to the board for final decision.	Any of the following shall be a ground for the temporary disqualifications of a director: 1. Refusal to comply with the disclosure requirements of the Securities Regulation Code and its implementing Rules and Regulations, and the disqualification shall be in effect as long as the refusal persists. 2. Absence in more than fifty (50) percent of all regular and special meetings of the board during his incumbency or any twelve months during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. 3. Dismissal or termination for cause as director of any corporation covered by this Code. 4. Beneficial equity ownership of an independent director in the corporation or its subsidiary exceeds two (2) percent of its subscribed capital stock. 5. If any of the judgment or orders cited in the grounds for permanent disqualifications has not yet become final. 6. A temporarily disqualified director shall, within 60 business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.
(ii) Non-Executive Directors	(Same process stated above for Executive Directors is adopted.)	(Same criteria for temporary disqualifications, as stated above for Executive Directors is adopted.)
(iii) Independent Directors	(Same process stated above for Executive Directors is adopted.)	(Same criteria for temporary disqualifications, as stated above for Executive Directors is adopted.)
e. Removal		

(i) Executive Directors	Vacancy in the Board. Any vacancy in the Board of Directors, other than those caused by removal by the stockholders or expiration of term, shall be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum; otherwise, said vacancies must be filled by the stockholders in a regular or special meeting called for that purpose. A director so elected to fill a vacancy shall be elected only for the unexpired term of his predecessor in office.	He possesses any of the criteria enumerated for permanent disqualifications, as stated above
(ii) Non-Executive Directors	(same process as stated above is adopted)	He possesses any of the criteria enumerated for permanent disqualifications, as stated above
(iii) Independent Directors	Nomination Committee shall review and evaluate the qualifications of all persons nominated to the Board of Directors. The termination and cessation of an Independent director shall be governed by the provisions of SEC Memorandum Circular 2, otherwise known as the Code of Corporate Governance, the Securities Regulation Code and its Amended Implementing Rules and Regulations, and such other relevant issuances of the Securities and Exchange Commission.	He possesses any of the criteria enumerated for permanent disqualifications, as stated above
f. Re-instatement		
(i) Executive Directors	(Same process as stated above in the selection/appointment and re-election of both regular and independent directors is adopted.)	(Same criteria is used as stated above in the selection/appointment and re-election of both regular and independent directors is adopted.)
(ii) Non-Executive Directors		
(iii) Independent Directors		
g. Suspension		
(i) Executive Directors	(Same process as stated above in the removal of both regular and independent directors is adopted.)	(Same criteria is used as stated above in the removal of both regular and independent directors is adopted.)
(ii) Non-Executive Directors		
(iii) Independent Directors		

Voting Result of the last Annual General Meeting

Name of Director	Votes Received
Esteban G. Peña Sy	

Alexander G. Asuncion	The number of nominees for directors was 11 and this equalled the number of board seats available so that upon the resolutions of the stockholders during the annual general meeting, each of the said 11 nominees for directors received equal number of votes.
Roberto V. San Jose	
Wong Peng Chong	
Gil Miguel T. Puyat	
Georgina A. Monsod	
Shinsuke Amiya	
Yasuhiro Ishikawa	
Steven G. Virata	
Rodrigo B. Supeña	
Antonio V. Syyap	

6) Orientation and Education Program

- (a) Disclose details of the company's orientation program for new directors, if any.

The Company does not have a formal orientation program however, new directors are provided with reference reading materials to assist them in understanding better the business and operations of the Company. Among the reading materials provided are: (1) Audited Financial Statements, (2) SEC Form 20-IS- Information Statement/ Annual Report, (3) Revised Manual of Corporate Governance, (4) Amended Articles of Incorporation, (5) Amended By-laws, (6) Company Policy Manual that includes the Company's Code of Ethics and Code of Conduct, (7) Definitive Information Statement, (8) Board Committee Charters, (9) Minutes of Annual Stockholders' Meeting, (10) Other relevant write-ups, references or real estate industry reports.

- (b) State any in-house training and external courses attended by Directors and Senior Management² for the past three (3) years:

- (c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name of Director/ Officer	Date of Training	Program	Name of Training Institution

B. CODE OF BUSINESS CONDUCT & ETHICS

- 1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
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² Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

(a) Conflict of Interest	<p>IRC expects its employees to refrain from any activity which will in anyway interfere with or run in conflict with their work or jeopardize the Company's interest. Everyone is expected to conduct himself properly so that his good faith and integrity shall not be open to question. The following are areas where conflict of interest may occur:</p> <p><u>Confidentiality</u> No employee shall, without authority, give or release to anyone any data or information of confidential nature concerning the Company, such as those relating to decisions, plans or competitive bids, or to use such information to his/her personal advantage and not to the best interest of the Company.</p> <p><u>Other employment / Outside interests</u> Employment with the Company is regarded as a full-time occupation during working hours. No employee may engage in other gainful employment with another employer or engage in any other interest which will adversely affect the employee's performance during working hours. It is considered to be in conflict with the Company's interest for an employee to serve: -as an officer or director of any other company without the consent of the Board of Directors or Executive Committee of IRC; or -in any management capacity for, or as a consultant to any individual, firm or other company doing or seeking to do business with the Company.</p> <p><u>Own/family's interest in another company</u> It is considered in conflict with Company's interest, for an employee or any member of his/her immediate family to have an interest in another company which has, or is seeking to have business dealings with the Company, esp. when there is an opportunity for preferential treatment to be given or received. Exception: where such an interest comprises securities in widely held quoted corporation or in private companies where the interest is not material. Where such a conflict exists, the employee is strictly prohibited from getting involved or participating in the transaction.</p> <p><u>Gifts/perquisites</u> An employee should not accept commissions, loans or advances (other than from financial institutions), materials, services repairs at no cost of at unreasonably low prices, excessive or extravagant entertainment, gifts in cash or in kind and gift certificates from any firm(s) or individual(s) doing or seeking to do business with the Company, in exchange for any favor, promise or reward. During occasions, employees may receive gifts and favors, but in no case should the value thereof exceed nominal proportions.</p> <p><u>Standing for elections</u> In order that the Company can avoid involvement or identification with any political party, an employee who wishes to run for elections must resign from the Company upon the employee's submission of his application for the position desired.</p>
(b) Conduct of Business and Fair Dealings	<p>In competition and fair dealings, the company's Directors, Senior Management and Employees, shall:</p> <ul style="list-style-type: none"> • not take unfair advantage of anyone through manipulation, collusion, concealment, abuse of privileged information, or misrepresentation of material fact; • not make false statements against competitors, their products and/or services; and • exercise reasonable and prudent professional judgment when dealing with clients. Deal fairly with the Company's customers, service providers, suppliers, competitors and employees.
(c) Receipt of gifts from third parties	<p>An employee should not accept commissions, loans or advances (other than from financial institutions), materials, services repairs at no cost of at unreasonably low prices, excessive or extravagant entertainment, gifts in cash or in kind and gift certificates from any firm(s) or individual(s) doing or seeking to do business with the Company, in exchange for any favor, promise or reward. During occasions, employees may receive gifts and favors, but in no case should the value thereof exceed nominal proportions.</p>
(d) Compliance with Laws & Regulations	<p>Directors, officers and employees shall uphold right conduct and shall personally adhere to the norms and restrictions imposed by applicable laws, rules and regulations. They shall not accept demands brought on by prevailing business conditions or perceived pressures as excuses to violate any law, rule or regulation.</p>

(e) Respect for Trade Secrets/Use of Non-public Information	Directors, Officers and employees shall maintain and safeguard the confidentiality of information entrusted by the Company, customers, business partners or such other parties with whom the Company relates, except when disclosure is authorized or legally mandated. They should not trade the company's securities using price available publicly, and obtained by reason of position, contact within, or other relationship with the Company.
(f) Use of Company Funds, Assets and Information	Directors, Officers and Employees shall use company property and resources including company time, supplies and software, efficiently, responsibly and only for legitimate business purposes only. They shall safeguard company assets from loss, damage, misuse or theft and shall respect intellectual property rights.
(g) Employment & Labor Laws & Policies	Employment in the Company signifies willingness and commitment to perform according to standards set by management and to abide by all the policies and procedures as well as rules and regulations of the Company. The Company has an Employees' Manual of Policies and Procedures which provides for employee rights, obligations and sets policies on employee-related matters to ensure uniformity and consistency in the interpretation and implementation of Human Resources Policies and Programs, which are consistent with and in accordance with relevant provisions of the Labor Code.
(h) Disciplinary action	In accordance with the Company's Code of Discipline and depending on the nature of the misconduct, the Company may mete out the following disciplinary actions to erring employees, officers and directors: (a) Verbal warning, (b) Written warning, (c) Suspension, and (d) Termination
(i) Whistle Blower	No written policy on this.
(j) Conflict Resolution	Done in accordance with the Company's Code of Discipline: If an employee is aggrieved by disciplinary action taken by his superior, he/she may appeal within three (3) days of its occurrence in the following manner: (a) An employee alleging that he/she has a grievance must immediately lodge it in writing to his superior within three (3) days. (b) If the matter is not resolved within three (3) working days after such grievance is lodged, the matter will be referred to the Personnel Manager for mediation within a further period of three (3) days. (c) If the matter is still not resolved, the Executive Committee will form a Disciplinary Board comprising a member of the EXCO, the Personnel Manager and one (1) other manager. Investigation will be made and witnesses may be called to give evidence. The decision of the Disciplinary Board is final. Although no occurrence of conflict resolution had been experienced for Directors, a similar process will be followed.

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

Yes.

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

The Personnel Manager implements and monitors compliance with the Company's Code of Ethics. HR policy manual is provided to all employees. General meetings are held to reiterate policies. So far, no Director had been sanctioned for violation of the Company's Policies on Code of Ethics and Discipline.

4) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company	Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with MHC, or between, and/or among its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form. Transactions entered into by the Company with related parties are at arm's length and have terms similar to the transactions entered into with third parties.
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	Beneficial ownership transactions disclosed with SEC and PSE. Other transactions are at arm's length.
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

	Details of Conflict of Interest (Actual or Probable)
Esteban G. Peña Sy, Director/Chairman of the Board	President of Mabuhay Holdings Corp., a significant shareholder
Alexander G. Asuncion, Director/ President	A significant shareholder owning more than 5% shares.
Roberto V. San Jose, Director	Partner of Castillo Laman Tan Pantaleon & San Jose law offices, legal counsel of IRC Properties Inc.
Delfin P. Angcao, Corporate Secretary	Partner of Castillo Laman Tan Pantaleon & San Jose law offices, legal counsel of IRC Properties Inc.
Georgina A. Monsod	Executive Vice-President of PrimeEast Properties Inc. and Dell Equipment & Construction Corporation

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

Directors/Officers/Significant Shareholders	
Company	Policies requiring disclosures on direct and indirect beneficial ownership in accordance with the SEC and PSE rules.
Group	

5) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family,³ commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company: **NONE**

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship

- (b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company: **NONE**

Names of Related Significant Shareholders	Type of Relationship	Brief Description

- (c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company: **NONE**

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

	Alternative Dispute Resolution System
Corporation & Stockholders	No conflict for the last 3 years
Corporation & Third Parties	No conflict for the last 3 years
Corporation & Regulatory Authorities	No conflict for the last 3 years

³ Family relationship up to the fourth civil degree either by consanguinity or affinity.

C. BOARD MEETINGS & ATTENDANCE

- 1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

Board meetings are scheduled quarterly but special board meetings are held as the need arises.

- 2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Esteban G. Peña Sy	7/21/16	9	9	100%
Member	Alexander G. Asuncion	7/21/16	9	9	100%
Member	Gil Miguel T. Puyat	7/21/16	9	8	88%
Member	Roberto V. San Jose	7/21/16	9	9	100%
Member	Steven G. Virata	7/21/16	9	8	88%
Member	Wong Peng Chong	7/21/16	9	9	100%
Member	Georgina A. Monsod	7/21/16	9	9	100%
Member	Shinsuke Amiya *	7/21/16	8	8	100%
Member	Yasuhiro Ishikawa	7/21/16	9	9	100%
Independent	Antonio V. Syyap	7/21/16	9	9	100%
Independent	Rodrigo B. Supeña	7/21/16	9	9	100%
Member	Cher Chen Lung *	9/10/15	2	1	50%

* Note - On February 4, 2016, Mr. Shinsuke Amiya was elected director as replacement of Mr. Cher Chen Lung who has resigned.

- 3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times? **NONE.**
- 4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

The quorum requirement meets what is set by the Corporation Code, which is, majority of the board members.

- 5) Access to Information

- (a) How many days in advance are board papers⁴ for board of directors meetings provided to the board?

Distributed at least three days before the board meeting.

- (b) Do board members have independent access to Management and the Corporate Secretary?
YES.

- (c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

Yes, the Corporate Secretary prepares the board agenda for review and approval of the

⁴ Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

Chairman and the President. His other responsibilities are:

- Responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the Corporation;
- Be loyal to the mission, vision and objectives of the Corporation;
- Work fairly and objectively with the Board, Management and stockholders;
- Have appropriate administrative and interpersonal skills;
- Be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;
- Have a working knowledge of the operations of the Corporation;

Inform the members of the Board, in accordance with the by-laws of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at.

(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

Yes, the Company's Corporate Secretary is both a lawyer and a Certified Public Accountant.

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes No

Committee	Details of the procedures
Executive	Notice and Agenda are given at least three days before the meeting; The Committees have free access to the management and staff for any queries prior to the meeting.
Audit	
Nomination	
Remuneration	
Others (specify)	

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Procedures	Details
The Directors have full access to Company's external counsel and external auditors for advice	

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes	Reason
No Changes		

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Company Salary Structure, market rates used as a guide; salary adjustments based on performance and changes in responsibilities and authorities. Salaries of Chairman & CEO and President are endorsed by Remuneration & Compensation Committee for Board approval. The salaries of the SVP, VP & AVP follow existing company salary structure.	
(2) Variable remuneration	None	
(3) Per diem allowance	Requires Board approval. Compensation and Remuneration Committee determines the remuneration and endorses to the Board for approval. Existing per diem is P3,000/meeting.	The President and SVP both receive P3,000.00/board meeting
(4) Bonus	None	
(5) Stock Options and other financial instruments	None	
(6) Others (specify)	The Chairman & CEO, President & 3 highest paid management officers are provided health insurance. Retirement Pay: All employees are entitled to retirement benefits as provided for the in the New Retirement Law under the Labor Code after having served the Company for more than five (5) years and upon reaching the age of sixty (60) for voluntary retirement or sixty five (65) for compulsory retirement.	

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	Follows Company's salary structure and benefit package and Board-approved rate / package.	Compensation / salary package is composed of: <ul style="list-style-type: none"> • Basic monthly pay • Company provided vehicle Representation and travel allowances • Annual vacation and sick leave • Health Insurance 	Basic monthly salary divided by 26.17 is used to arrive at the daily rate used in computing other benefits (e.g. sick leave, vacation leave, etc.)

Non-Executive Directors	All Directors attending the meeting receive a per diem allowance of P3,000/meeting. No other remuneration/compensation is given to NED.
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Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years. NO.

Remuneration Scheme	Date of Stockholders' Approval
Not Applicable	Not Applicable

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	P4,800,000.00		
(b) Variable Remuneration			
(c) Per diem Allowance	P3,000.00/meeting		
(d) Bonuses			
(e) Stock Options and/or other financial instruments			
(f) Others (Specify)			
Total	P4,800,000.00	P3,000.00/meeting	P3,000.00/meeting

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances			
2) Credit granted			
3) Pension Plan/s Contributions			
(d) Pension Plans, Obligations incurred			
(e) Life Insurance Premium			
(f) Hospitalization Plan	P131,000.00		
(g) Car Plan			
(h) Others (Specify)			
Total	P131,000.00		

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
Not Applicable				

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
No amendments introduced		

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
Araceli C. Molina	P901,960.17
Alwin P. Remante	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive							

Audit		3	2	Audit Committee Charter	To assist the Board of Directors in fulfilling its oversight responsibilities particularly in relation to financial reporting integrity, internal control, risk management, and corporate standards of behavior.	<p>The Audit Committee has the following responsibilities:</p> <ol style="list-style-type: none"> 1. Provide oversight over senior Management's activities in managing credit, market, liquidity, operational, legal and other risks of MHC. 2. Perform oversight functions over the Corporation's internal and external auditors 3. Review the annual internal audit plan to ensure its conformity with the objectives of the Corporation. 4. Review the appointment of an independent external auditor, the audit fees and any question of resignation or dismissal. 5. Consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal, which shall follow the procedure laid down for external auditors. 6. Monitor and evaluate the adequacy and effectiveness of MHC's internal control system, including financial reporting control and information technology security. 7. Receive and review the reports of external auditors, regulatory agencies, where applicable, and ensure that MHC Management is taking appropriate corrective actions, in a timely manner, in addressing control and compliance functions with regulatory agencies; 8. Review the quarterly (SEC Form 17-Q) and annual financial statements (as part of SEC Form 17-A) before submission to the 	The Audit Committee is empowered to conduct or authorize investigations into any matter within its scope of responsibility, and seek any information it requires, including from IRC's employees.
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Nomination	3	2	2	No formal Committee Charter	Pre- screen and shortlist all candidates nominated to become a member of the Board of Directors	Review and consider the guidelines on determining the number of directorship	Review the roles and duties of the CEO by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times.
Remuneration		3	2		Designate amount of remuneration in a sufficient level to attract and retain directors and officers	Establish a formal and Transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers	Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.
Others (specify)							

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Esteban G. Peña Sy	2009	7	7	100%	7 Years
Member (ED)	Alexander G. Asuncion	2009	7	7	100%	7 Years

Member (ED)	Georgina A. Monsod	2009	7	7	100%	7 Years
Member	Delfin P. Angcao	2009	7	7	100%	7 Years

(b) Audit Committee

Office	Name	Date of last appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Antonio V. Syypap	7/21/16	6	6	100%	6 years
Member (ED)						
Member (NED)	Steven G. Virata	7/21/16	6	6	100%	6 years
	Gil Miguel T. Puyat	7/21/16	6	6	100%	6 years
	Shinsuke Amiya	7/21/16	-	-		-
Member (ID)	Rodrigo B. Supeña	7/21/16	6	6	100%	6 years

Disclose the profile or qualifications of the Audit Committee members.

Antonio V. Syypap - Independent Director

Mr. Syypap is a senior marketing executive with depth experience in real estate development and Marketing with multiple ASPAC (9) Countries exposure in field of distribution and Product Development, Manufacturing, and Retailing (Specialty -Business Development). He also serves as a Director of Landco Pacific Corporation. He graduated at De La Salle University in Bachelor of Science Major in Accounting. Also, with a Master's degree of Administration in Retailing from New York University, USA. His business experience for the last five years includes being presently the Chairman of Forest Lake Development Inc. and Director of Landco Pacific Corp. He is also a director of Mabuhay Satellite Corp and President/Managing Director of Today Realty Inc.

Steven G. Virata, Director

Mr. Virata is degree holder of B.S. Architecture from the University of the Philippines, he has more than 10 years experience in the aviation industry, marketing, architecture, graphic design and production, theater industry and farm management. He is currently a Director of C. Virata and Associates, Mabuhay Holdings Corp., ATAR-IV, Inc., Chico Holdings, Inc. and V.L. Araneta Properties Inc.

Gil Miguel T. Puyat, Director

Mr. Puyat earned his Marketing Strategy Course, Asian Institute of Management, M.A Economics (candidate), University of San Francisco, BS Agriculture Economics, University of Wisconsin. He finished grade school and high school at La Salle Greenhills.

His present business affiliations are as follows: Chairman and President, TFS Credit Corporation, Chairman and President, Tambunting Puyat Pawnshop, Inc., Director and President, Dell Properties, Inc., Director and Vice President, Loyola Group Marketing and Management Corporation, Director, Loyola Memorial Chapel, Inc., Director, Loyola Cemetery Services, Inc., Director, Philippine Pawnshop & Jewelry, Inc., Director, Omega Finance, Inc. Director and Treasurer, Militan Management Corporation.

Some of his civic affiliations are as follows: District Secretary, Rotary International - District 3830, Member, Alumni Association of Asian Institute of Management, Board of Trustees, Rotary Club of Makati, Board of Advisers, Development Center for the Handicapped Foundation, Inc.

Rodrigo B. Supeña, Independent Director - Mr. Rodrigo B. Supeña has been elected as Independent Director of the Company since March 31, 2009, and has served as such for more than two years now. Mr. Supeña, a seasoned banker who previously held various key positions in Land Bank of the Philippines and Bank of the Philippine Islands, is currently a Consultant of Land Bank of the Philippines and a Board Member of LBP Leasing Corporation. A Certified Public Accountant, he earned his Master in Business Administration from Ateneo Graduate School of Business.

Shinsuke Amiya, age 58, Japanese citizen. After taking Bachelor of Law from Hitotsubashi University in Tokyo in 1981, Shinsuke Amiya started the business career in the international finance division of Yamaichi Securities Co., Ltd. and joined the investment banking division of Morgan Stanley as an associate in 1986.

In 1994, he started his career in Merrill Lynch Japan, where he worked as a Managing Director of financial institution group, Head of investment banking division, Chairman of Investment Banking Group, and the Vice Chairman of the Firm.

In 2006, he was invited by shareholders of NIS Group to become the president of the company to restructure the company's business and financial structure. After leaving NIS Group where he had succeeded in 30 billion yen fundraising from private equity firm, he left the company and was elected as a member of the House of Representatives of Japan by national election. He was then promoted to the Parliamentary Secretary of Finance Minister of Japan in Noda Cabinet. He was also a member of Japan-Philippines Parliamentarians' Friendship League. In 2013, he started S.A.Consulting Inc. and also holds the post of a guest professor in Ryotokuji University.

In 2016, he became the CEO of the Asia Development Capital Co. Ltd, a listed investment company in Japan.

Describe the Audit Committee's responsibility relative to the external auditor.

The Audit Committee does the following relative to the external auditor:

- Performs oversight functions over the Corporation's external auditors. It ensures that the external auditors are given unrestricted access to all records, properties and personnel to enable them to perform their audit functions;
- Reviews the appointment of an independent external auditor, the audit fees and any question of resignation or dismissal. Before the audit commences, the Audit Committee discusses with the external auditor the nature and scope of the audit.
- Evaluates and determines non-audit work by the external auditor and keeps under review the non-audit fees paid to the external auditor both in relation to their significance to the auditor and in relation to MHC's total expenditure on consultancy. The non audit work should be disclosed in the annual report.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Wong Peng Chong	7/21/16	7	7	100%	3 years
Member (ED)	Esteban G. Peña Sy Alexander G. Asuncion	7/21/16 7/21/16	7 7	7 7	100% 100%	6 years 6 years
Member (NED)	Roberto V. San Jose	7/21/16	7	7	100%	6 years
Member (ID)	Rodrigo B. Supena Antonio Syyap	7/21/16 7/21/16	7 7	7 7	100% 100%	5 years 3 year
Member	Georgina A. Monsod	7/21/16	7	7	100%	5 years

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Rodrigo B. Supena	7/21/16	3	3	100%	3 years
Member (ID)	Antonio Syyap	7/21/16	3	3	100%	1 year
Member (NED)	Wong Peng Chong Steven Virata Gil Miguel T. Puyat Yasuhiro Ishikawa	7/21/16 7/21/16 7/21/16 7/21/16	3 3 3 1	3 3 3 1	100% 100% 100% 100%	3 years 1 year 3 years 1 year

Note: Mr. Yasuhiro Ishikawa was elected only last Sept. 10, 2015

(e) Others (Specify) - Not Applicable

Provide the same information on all other committees constituted by the Board of Directors:

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman						
Member (ED)						
Member (NED)						
Member (ID)						
Member						

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Executive		
Audit		
Nomination		No Changes
Remuneration		
Others (specify)		

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive		Not Applicable
Audit	Review of annual and quarterly Financial Statements. Discussion of SEC findings on Second Quarter Report.	Nothing significant.
Nomination	Recommendation of nominees to be included in the final list of independent directors.	Nothing significant.
Remuneration	Recommendation of salary increases.	Nothing significant.
Others (specify)		

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
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Executive	Not Applicable	
Audit	Review of control policies and procedures.	Nothing significant.
Nomination	Pre screen qualifications of nominees for independent directors.	Nothing significant.
Remuneration	Review and evaluate existing remuneration policies and procedures	Nothing significant.
Others (specify)	Not Applicable	

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

The Company aims to identify, measure, analyze, monitor, and control all forms of risks that would affect the Company. It is an integral part of the planning and operations process of the Company in order to meet corporate goals and objectives.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

The Board of Directors through the Audit Committee is tasked to review the effectiveness of the risk management system the Company employs. In the Audited Financial Statements which the Board and the shareholders approve each year, it says, among others, that *“The Management, under the direction of the Board of Directors of the Group is responsible for the management of financial risks. Its objective is to minimize the adverse impacts on the Group’s financial performance due to the unpredictability of financial markets.”*

(c) Period covered by the review;

The Audit Committee periodically reviews the Company’s risk management system.

(d) How often the risk management system is reviewed and the directors’ criteria for assessing its effectiveness; and

The adequacy of the risk management system is reviewed annually by the Audit Committee. On a quarterly basis, specific risk management processes and findings are reviewed and evaluated.

(e) Where no review was conducted during the year, an explanation why not.

Not applicable.

2) Risk Policy

(a) Company

Give a general description of the company’s risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Foreign Currency Risk	The Company closely monitors the HK and US dollar rates vis-à-vis Philippine Peso since it has foreign currency loans payable in US and HK dollars.	To avoid or minimize loss associated with foreign currency fluctuations.

Liquidity Risk	The Company monitors its cash position and makes cash projections to ensure that obligations are met as they fall due.	To minimize risk of not being able to meet funding obligations.
Interest Rate Risk	The Company borrows at fixed interest rates.	To manage interest cost.
Credit Risk	The Company deposits its available funds only to reputable and stable banks.	To maintain a high grade of credit quality of the Company's financial assets.
Equity Price Risk	Movement in the Company's share price is monitored on a daily basis.	To determine the impact of the Company's share price on its financial position.

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Same as in 2 (a) above		

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
Due to statutory limitations on the obligations of majority shareholders with respect to minority shareholders, minority shareholders are subject to the risk of the exercise by the majority shareholders of their voting power. However, the Corporation Code provides for minority shareholders' protection in certain instances wherein a vote by the shareholders representing at least two-thirds of the Corporation's outstanding capital stock is required. The Corporation Code also grants shareholders an appraisal right allowing a dissenting shareholder to require a corporation to purchase his share in certain instances.

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Foreign Currency Risk	The Company regularly monitors and measures the risk exposure of the Company.	Continuous improvement of information system and internal controls within the Company.
Liquidity Risk		
Interest Rate Risk		
Credit Risk		
Equity Price Risk		

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Same as in 3 (a) above		

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions
Audit Committee	Oversight of the integrity of the financial statements and related disclosures Oversight, assessment and review of internal controls	Reviews the external auditors' findings on internal controls Recommends to the Board the appointment or re-appointment of external auditors Reviews the quality and reliability of information prepared for inclusion in financial reports.

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

- (a) Explain how the internal control system is defined for the company;
Internal controls encompass a set of rules, policies and procedures an organization implements to provide reasonable assurance that (a) its financial reports are reliable; (b) its operations are effective and efficient, and (c) its activities comply with applicable laws and regulations.
- (b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;
The Board, through its Audit Committee, meets to discuss and oversee whether the Company is able to comply with the required financial reporting and audit processes, including compliance with applicable laws, rules and regulations.
- (c) Period covered by the review;
2012 (with updates/changes for year 2015)
- (d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and
Annually
- (e) Where no review was conducted during the year, an explanation why not.
Not applicable

2) Internal Audit (This section 2 (a) to (e) is not applicable since the Company has no internal auditor yet.)

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/ Auditing Firm	Reporting process

- (b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?
- (c) Discuss the internal auditor’s reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?
- (d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Name of Audit Staff	Reason

- (e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit’s progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	
Issues	
Findings	
Examination Trends	

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- 1) Preparation of an audit plan inclusive of a timeline and milestones;
- 2) Conduct of examination based on the plan;
- 3) Evaluation of the progress in the implementation of the plan;
- 4) Documentation of issues and findings as a result of the examination;
- 5) Determination of the pervasive issues and findings (“examination trends”) based on single year result and/or year-to-year results;
- 6) Conduct of the foregoing procedures on a regular basis.]

- (f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column “Implementation.”

Policies & Procedures	Implementation
Segregation of duties	Yes

Safeguard of assets	Yes
Compliance to Company Policies and Procedures	Yes

(g) Mechanisms and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
External Auditors merely request assistance from the Company's accountants. Replies to external auditors' requests for confirmation of account balances go directly to them.	Analysts must conduct themselves impartially, particularly when carrying out and analyzing their surveys. They must decline work if there is any doubt as to their impartiality in performing an assignment.	Sending of direct audit confirmation to banks of Company's financial assets and outstanding loans, if any.	The rating agency must not enter into commitments which prejudice or could prejudice its freedom on decision making.

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

Compliance Officer countersigned by the Company's President

H. ROLE OF STAKEHOLDERS

1) Disclose the company's policy and activities relative to the following:

	Policy	Activities
Customers' welfare	The Company upholds the policy of respect and fair dealings with its customers through efficient services and transparency.	
Supplier/contractor selection practice	The Company selects the lowest bidder from at least three suppliers.	
Environmentally friendly value-chain	Compliance with environmental laws have not, and are not anticipated to adversely affect the businesses and financial conditions of the Company. Costs of compliance with environmental laws are either charged as ordinary operating expenses or credited as part of project investment by the Company and its subsidiary.	
Community interaction	The Company is fully cognizant of its socio-civic responsibility of contributing towards the improvement of other peoples' lives.	Donations are made to educational and civic organizations, as well as health, relief and rescue undertakings whenever needed.

Anti-corruption programmes and procedures?	The Company requires that all its directors, officers, and employees will not make, offer, or authorize any payment, gift, promise, or other advantage, whether directly or through any other person or entity, to or for the use or benefit of any public official or any political party or political party official or candidate for office, where such payment, gift, promise or advantage would violate applicable laws of the Philippines.	The Company's Human Resources Department constantly seeks ways to ensure that all of its employees do not seek nor accept solicitations from public offices and their officers in exchange for favors and undue advantages from the Company.
Safeguarding creditors' rights	All dealings with creditors are presented to and approved by the Board of Directors.	Loan agreements are signed and promissory notes are issued to creditors in compliance with the requirements.

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

NONE.

3) Performance-enhancing mechanisms for employee participation.

(a) What are the company's policy for its employees' safety, health, and welfare?

Company's policy for its employee's safety, health & welfare is stated in the company's policy manual under item 9.13 - Employee Safety & Health and item 10.4 Medical Benefits, to wit:

9.13 Employee Safety & Health

The Company strives to provide safe working conditions for all employees. The physical premises where company operates shall be secured by appropriate and reasonable means.

9.13.1 The Company strictly prohibits possession of weapons of any type by employees during work hours or any Company-sponsored event or on Company properties and premises. Weapons are further defined to include firearms, knives, explosives or any other deadly weapon or object

9.13.2 All job related injuries should be reported immediately to the supervisor. Fire is an ever-present hazard, especially where electrical equipment is concerned. Every employee should know where the extinguishers are located and how to operate them effectively. All employees are required to unplug their respective office electrical equipments before going home at night and/or weekends or long holidays.

9.13.3 Threats, threatening behavior, acts of violence or any related conduct which disrupts the work environment will not be tolerated. Any employee who makes threats, exhibits threatening behavior or engages in violent acts on Company premises will be subject to disciplinary action up to and including termination.

10.4 Medical Benefit

The company provides free healthcare benefits to all permanent employees. It includes both in-patient (hospital confinement), out-patient (consultations) and dental services.

(b) Show data relating to health, safety and welfare of its employees.

Particulars	Provider/Period Covered
HMO/Healthcare Benefits	Maxicare Healthcare / Feb. 1, 2016 - Jan. 31, 2017
Labor Standards Compliant	DOLE-NCR / 2012

(c) State the company's training and development programmes for its employees. Show the data.

No formal training program for employees. However, if there are training seminars offered by outside parties needed by the employees, the Company sends them.

(d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.

All employees are entitled to retirement benefits as provided for in the New Retirement Law under the Labor Code after having served the Company for more than five (5) years and upon reaching the age of sixty (60) for voluntary retirement or sixty five (65) for compulsory retirement.

4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.

Any violation of the Company's Code of Ethics will result in an inquiry to establish the facts and possibly result in disciplinary action. Cases of doubt should be referred to the Executive Committee or the President.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
PCD Nominee	472,276,031	35.59%	ATC Securities
T&M Holdings Inc.	214,916,000	16.19%	T&M Holdings
Sigma Epsilon Fund Ltd	200,000,000	15.07%	
Rizal Partners Co. Ltd.	127,200,000	9.58%	
PrimeEast Properties	69,815,500	05.26%	Primeeast Properties

2. Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	N/A
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	No
Number of board of directors/commissioners meetings held during the year	No
Attendance details of each director/commissioner in respect of meetings held	No
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes (Total remuneration disclosed)

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
Isla Lipana & Co. Inc.	P 427,455	None

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.
Written memos, email & oral communications.

5) Date of release of audited financial report:
April 15, 2016

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	Not applicable. We have not provided materials to analysts and media.
Shareholding structure	Yes
Group corporate structure	Yes
Downloadable annual report	Yes
Notice of AGM and/or EGM	Yes
Company's constitution (company's by-laws, memorandum and articles of association)	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

7) Disclosure of RPT

RPT	Relationship	Nature	Value
Disclosed in the Audited Financial Statements			

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

Transactions entered into by the Group with related parties are at arm's length basis and have terms similar to the transactions entered into by the company with third parties.

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	At least a majority of the outstanding capital stock, except in cases where a higher quorum requirement is mandated by the Corporation Code, in which case, two-thirds (2/3) of the outstanding shares shall be required.
------------------------	---

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	All corporate acts of the Board of Directors and Management are ratified and approved by the stockholders.
Description	In the Notice of Annual Stockholders' Meeting to stockholders as of record date, the agenda includes the ratification of resolutions, contracts and acts of the Board of Directors and Management. The corporate acts are then ratified and approved by the stockholders during the actual stockholders' meeting.

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code
In accordance with the Company's By-Laws and Manual on Corporate Governance	None

Dividends

Declaration Date	Record Date	Payment Date
Not Applicable		

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

Measures Adopted	Communication Procedure
<ol style="list-style-type: none"> 1. In the Annual Stockholders' Meeting, the Chairman of the Board always opens the floor to questions from stockholders after the President's Report. 2. The Company put up a website where contact details are provided. 	<ol style="list-style-type: none"> 1. Question and answer portion in the Stockholders' Meeting. 2. Through telephone, telefax, ordinary mail or email.

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:

- a. Amendments to the company's constitution - **Subject to stockholders' approval**
- b. Authorization of additional shares - **Subject to stockholders' approval**
- c. Transfer of all or substantially all assets, which in effect results in the sale of the company - **Subject to stockholders' approval**

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up? **YES**

- a. Date of sending out notices: **August 18, 2015**
- b. Date of the Annual/Special Stockholders' Meeting: **September 10, 2015**

4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

As is normally the case, after the Management Report of the President, the Chairman of the Board opened the floor to the stockholders for any questions they may have on the Report

and the Audited Financial Statements. There had been some questions that were satisfactorily answered, after which, the stockholders applauded as a sign of appreciation for the President's Report.

5. Result of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining
Approval of the Minutes of Previous Stockholders' Meeting	59.16%	None	None
Report of Management and approval of the 2011 Audited Financial Statements	59.16%	None	None
Ratification of the Corporate acts of the Board of Directors and Management	59.16%	None	None
Election of Directors	59.16%	None	None
Appointment of External Auditor	59.16%	None	None

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Modifications	Reason for Modification
No modifications made	No modifications made

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual		9/10/15	As Provided for in the Definitive Information Statement			
Special						

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

Representatives from Rizal Commercial Banking Corporation, the Corporation's stock and transfer agent, attends the Annual Stockholders' Meeting to validate the votes.

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

Yes.

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	In accordance with the Notice of Annual Stockholders' Meeting attached to the Definitive Information Statement issued by the Corporate Secretary. Such notice includes the procedures for the execution and acceptance of proxies.
Notary	Required
Submission of Proxy	
Several Proxies	In accordance with the Notice of Annual Stockholders' Meeting attached to the Definitive Information Statement issued by the Corporate Secretary. Such notice includes the procedures for the execution and acceptance of proxies.
Validity of Proxy	
Proxies executed abroad	
Invalidated Proxy	Not applicable
Validation of Proxy	In accordance with the Notice of Annual Stockholders' Meeting attached to the Definitive Information Statement issued by the Corporate Secretary. Such notice includes the procedures for the execution and acceptance of proxies.
Violation of Proxy	Not applicable but in case there will be a violation, it will be dealt with in accordance with the Corporation Code.

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
	In accordance with the SRC Rule 20

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	June 27, 2016
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	June 27, 2016
State whether CD format or hard copies were distributed	CD Format
If yes, indicate whether requesting stockholders were provided hard copies	Hard copies were provided.

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	
An explanation of the dividend policy, if any dividend is to be declared.	Not applicable. No dividends were declared.
The amount payable for final dividends.	
Documents required for proxy vote.	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
Right to vote on all matters that require their consent or approval	One share equals one vote. The stockholders are encouraged to personally attend the Annual Stockholders' Meeting. If they cannot attend, they are appraised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right is not unduly restricted and any doubt about the validity of a proxy is resolved in the stockholders' favor.
Right to inspect corporate books and records	Affirmative.
Right to information	The Company's website is open to the public most specially to the stockholders. Material information is disclosed to SEC and PSE.
Right to dividends	The Board of Directors shall, whenever in its opinion the condition of the Corporation's affairs will render it expedient, declare dividends to the Stockholders of the Corporation out of prior year's net profits in such accounts and on such dates as the Board of Directors shall determine. In the declaration of the dividends the Board shall consider the possibility of adopting a policy of declaring dividends in such amount as will equal 50% of the prior year's net profits.

Appraisal right	<p>A stockholder has the right to dissent and demand payment of the fair value of his shares: (i) in case any amendment to the Company's Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences over the outstanding shares, or of extending or shortening the term of corporate existence: (ii) in case of any sale, lease, mortgage or disposition of all or substantially all of the corporate property or assets; (iii) in case of merger or consolidation; and (iv) in case of investment of corporate funds in another corporation or business or for any purpose other than the primary purpose.</p> <p>If an action which may give rise to the right of appraisal is proposed at the meeting, any stockholder who voted against the proposed action and who wishes to exercise such right must make a written demand, within thirty (30) days after the date of the meeting or when the vote was taken, for the payment of the fair market value of his shares. Upon payment, he must surrender his certificates of stock. No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment.</p> <p>There are no matters or corporate actions that had given rise to a possible exercise by security shareholders of their appraisal rights under the provisions of the Corporation Code of the Philippines.</p>
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(b) Do minority stockholders have a right to nominate candidates for board of directors?

K. INVESTORS RELATIONS PROGRAM

- 1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

External and internal policies are all in accordance with the Company's By-Laws, Manual on Corp. Governance and Company Policy Manual. The Corporate Secretary is responsible for reviewing the company disclosures, getting approval from the President or Chairman for the release of such disclosures to the public.

- 2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details
(1) Objectives	1. Timely disclosure of material information to stakeholders. 2. Disclosure of annual and quarterly financial performance.
(2) Principles	Timely and accurate disclosure of material and relevant information to shareholders.
(3) Modes of Communications	Company website and telephone lines
(4) Investors Relations Officer	No designated officer as such. However, the following officers can be contacted: Georgina A. Monsod, SVP/Treasurer/ Compliance Officer Araceli C. Molina, Chief Financial Officer Delfin P. Angcao, Corporate Secretary

- 3) What are the company’s rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

Legal and regulatory requirements of SEC and PSE will be followed in case of such events.

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

No such events took place. The Company is open to hire external assistance for due diligence.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary
Social upliftment for the municipality of Binangonan through provisions of water supply, training & education.	Binangonan Municipality

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors	None in place. Moving forward, a formal policy will be adopted following best practices.	
Board Committees		
Individual Directors		
CEO/President		

N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

Violations	Sanctions
First Violation	Depending on the offense, written reprimand, suspension for a no. of days, or dismissal.
Second Violation	Depending on the offense, suspension for a no. of days or dismissal.
Third Violation	
Fourth Violation	
Fifth Violation	Dismissal

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of _____ on _____, 20__.

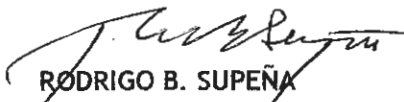
SIGNATURES


ESTEBAN G. PEÑA SY

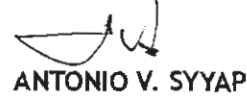
Chairman of the Board / CEO


ALEXANDER G. ASUNCION

President


RODRIGO B. SUPENA

Independent Director


ANTONIO V. SYYP

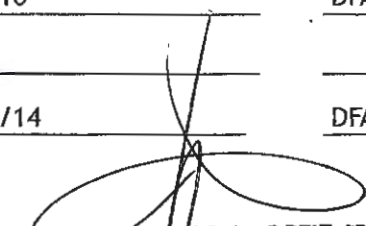
Independent Director


GEORGINA A. MONSOD

Compliance Officer

SUBSCRIBED AND SWORN to before me this _____ day of APR 11 2017, 20__ , affiant(s) exhibiting to me their CITY OF MAKATI, as follows:

NAME/NO.	DATE OF ISSUE	PLACE OF ISSUE
AFFIANT	DATE OF ISSUE/VALID UNTIL	PLACE OF ISSUE
Esteban G. Peña Sy	10/25/13	DFA-Manila
Alexander G. Asuncion		
Rodrigo B. Supena	9/9/16	DFA-NCR EAST
Antonio V. Syyap		
Georgina A. Monsod	2/20/14	DFA-NCR EAST


ATTY. GERVACIO B. ORTIZ JR.
Notary Public
Until December 31, 2018
IBP No. 656154-Lifetime Member
MCLE Compliance No. V-0006934
Appointment No. M-104 (2017-2018)
PTR No. 5909514 Jan. 3, 2017
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

Doc No. 144
Page No. 30
Book No. XX
Series of 2017

COVER SHEET

- - - - - **6 0 3 1 2**

SEC Registration Number

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

(Company's Full Name)

3 5 T H F L O O R R U F I N O

P A C I F I C T O W E R 6 7 8 4 A Y A L A A V E .

M A K A T I C I T Y

(Business Address: No., Street City / Town / Province)

GEORGINA A. MONSOD

Contact Person

750-2000

Company Telephone Number

SEC Form 17-Q

1 2

Month

Fiscal Year

3 1

Day

FORM TYPE

Month

Day

Annual Meeting

F S

Secondary License Type, If Applicable

Dept Requiring this Doc

N/A

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

IRC PROPERTIES, INC.

(Company's Full Name)

35/F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City

(Company's Address)

(02) 750-2000

(Telephone Numbers)

December 31

(Fiscal Year Ending)

(month and day)

Quarterly Report

Form Type

Amendment Designation (if applicable)

March 31, 2017

Period Ended Date

Publicly Listed Corporation

(Secondary License Type and File Number)

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q**

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

1. For the quarterly period ended : **March 31, 2017**
2. Commission Identification Number : **60312** 3. BIR Tax Identification Number : **000-464-876**
4. Exact name of registrant as specified in its charter : **IRC PROPERTIES, INC.**
5. Province, country or other jurisdiction of incorporation or organization : **Metro Manila, Philippines**
6. Industry Classification Code : (SEC Use Only)
7. Address of registrant's principal office Postal Code
35F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City **1223**
8. Registrant's telephone number, including area code : **(0632) 750-2000**
9. Former name, former address and former fiscal year, if changed since last report
N/A
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>Number of shares outstanding</u>
<u>Common</u>	1,327,088,964

11. Are any or all of the securities listed on a Stock Exchange?
Yes [] No []
If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange

12. Indicate by check mark whether the registrant:
 - (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);
Yes [] No []
 - (b) has been subject to such filing requirements for the past ninety (90) days.
Yes [] No []

IRC PROPERTIES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(All amounts in Philippine Peso)

	March 31, 2017		DEC. 2016		March 31, 2016
	Unaudited		Audited		Unaudited
A S S E T S					
CURRENT ASSETS					
Cash on hand and in banks	P 8,273,200		P 23,835,698		P 24,072,469
Receivables, net	86,844,219		65,516,094		52,663,901
Available-for-sale financial assets	620,380		620,380		620,380
Prepayments	18,555,333		33,912,262		21,190,164
Funds held by custodian bank	16,197,768		16,134,656		15,937,491
Land held for development	1,004,023,197		991,479,498		1,021,565,780
Real properties held for sale and development	43,344,287		57,397,127		21,402,507
Total current assets	P 1,177,858,383		P 1,188,895,715		P 1,157,452,692
NON-CURRENT ASSETS					
Investment property	P 2,352,754,446		P 2,346,783,670		P 2,087,771,382
Property and equipment	2,326,338		2,529,877		2,196,171
Other assets	1,228,711		1,140,761		1,110,679
Total non-current assets	P 2,356,309,494		P 2,350,454,308		P 2,091,078,232
Total assets	P 3,534,167,878		P 3,539,350,023		P 3,245,530,924
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Accounts payable and accrued expenses	P 105,407,833		P 112,058,130		P 62,333,367
Provision for clearing costs	102,917,830				110,253,111
Advances due to others	32,767,764				91,166,947
Notes payable	244,318,859		230,558,493		185,993,378
Deposit for future subscription					280,000,000
Liability for refund of stock rights	16,197,768		16,134,656		15,937,491
Total current liabilities	P 501,610,053		P 461,669,109		P 745,684,293
NON-CURRENT LIABILITIES					
Deferred tax liability	P 431,098,517		P 431,098,517		P 402,455,596
Provision for clearing costs	747,892,943		747,892,943		608,652,984
Borrowing, net of current portion			50,178,755		
Retirement benefit obligation	4,421,382		4,421,382		3,962,857
Total non-current liabilities	P 1,183,412,842		P 1,233,591,598		P 1,015,071,437
Total liabilities	P 1,685,022,895		P 1,695,260,707		P 1,760,755,730
EQUITY					
Share capital	P 1,327,113,978		P 1,327,113,978		P 1,127,113,978
Additional Paid-In capital	130,880,000		130,880,000		50,880,000
Treasury shares	(14)		(14)		(14)
Fair value and other reserves	(8,943)		(8,943)		(8,943)
Retained earnings	391,159,961		386,115,184		309,790,173
Total equity	P 1,849,144,982		1,844,089,316		P 1,487,775,194
Total liabilities and equity	P 3,534,167,878		P 3,539,350,023		P 3,248,530,924

See accompanying Notes to Consolidated Financial Statements.

IRC PROPERTIES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF TOTAL COMPREHENSIVE INCOME
Unaudited

	Quarter Ending March 31		Year Ending March 31	
	2017	2016	2017	2016
INCOME				
Sales – Casas Aurora	P 50,961,871	14,109,000	P 50,961,871	14,109,000
Sales discount	-20,850	-90,300	-20,850	-90,300
Interest income	1,487	11,978	1,487	11,978
Miscellaneous Income	21,250	27,339	21,250	27,339
Total income	P 50,963,759	P 14,058,017	P 50,963,759	P 14,058,017
EXPENSES				
Cost of Sales	P 28,060,146	P 8,455,862	P 28,060,146	P 8,455,862
Commission	4,571,632		4,571,632	
Interest, penalties and related charges	37,573	12,573	37,573	12,573
Salaries, wages and employee benefits	2,111,695	1,892,135	2,111,695	1,892,135
Taxes, fees and licenses		525,294		525,294
Professional fees	97,857	2,203,737	97,857	2,203,737
Transportation and travel	111,996		111,996	
Rent	1,106,763	926,760	1,106,763	926,760
Office supplies	309,699	111,719	309,699	111,719
Depreciation expense	221,601	155,958	221,601	155,958
Amortization	12,534	5,724	12,534	5,724
Other expenses	5,735,655	2,160,776	5,735,655	2,160,776
Total expenses	P 43,740,664	P 16,450,536	P 43,740,664	P 16,450,536
INCOME (LOSS) BEFORE INCOME TAX	P 7,223,095	P -2,392,520	P 7,223,095	P -2,392,520
PROVISION FOR INCOME TAX	2,166,928	112,403	2,166,928	112,403
NET INCOME (LOSS) FOR THE PERIOD	P 5,056,167	-2,504,924	P 5,056,167	P -2,504,924
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	P 5,056,167	P -2,504,924	P 5,056,167	P -2,504,924
Earnings/(Loss) Per Share				
a. Basic	0.004	(0.002)	(0.004)	(0.002)
b. Diluted	0.004	(0.002)	(0.004)	(0.002)
Net Income (Loss)	P 5,056,167	P -2,504,924	P 5,056,167	P -2,504,924
Weighted Ave. Number of Common Shares Outstanding	1,327,113,978	1,127,113,978	1,327,113,978	1,127,113,978
Warrants	-	-	-	-

See accompanying Notes to Consolidated Financial Statements.

IRC PROPERTIES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**Unaudited**

	Quarter Ending March 31		Year Ending March 31	
	2017	2016	2017	2016
CAPITAL STOCK				
Capital Stock, beginning	P 1,327,113,978	P 1,127,113,978	P 1,327,113,978	P 1,127,113,978
Additional subscription				
	P 1,327,113,978	P 1,127,113,978	P 1,327,113,978	P 1,127,113,978
ADDITIONAL PAID IN CAPITAL				
Balance beginning	P 130,880,000	P -	P 130,880,000	P -
Surplus from additional subscription		50,880,000		50,880,000
Balance at end of period	P 130,880,000	P 50,880,000	P 130,880,000	P 50,880,000
RETAINED EARNINGS				
Balance beginning	P 386,103,794	P 312,294,738	P 386,103,794	P 312,294,738
Net income (loss)		P -2,504,564	P 5,056,167	P -2,504,564
Balance at end of period	P 391,159,961	P 309,790,174	P 391,159,961	P 309,790,174
	P 1,849,153,939	P 1,487,784,152	P 1,849,153,939	P 1,487,784,152
Treasury shares	(14)	(14)	(14)	(14)
Fair value reserve	(8,943)	(8,943)	(8,943)	(8,943)
BALANCE, END	P 1,849,144,982	P 1,487,775,195	P 1,849,144,982	P 1,487,775,195

See accompanying Notes to Consolidated Financial Statements.

IRC PROPERTIES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited

	Quarter Ending March 31				Year Ending March 31			
	2017		2016		2017		2016	
CASH FLOWS FROM OPERATING								
Net income (loss) for the period	P	5,056,167	P	(2,504,564)	P	5,056,167	P	(2,504,564)
Adjustments for:								
Depreciation		221,601		115,958		221,601		115,958
Interest income		(1,487)		(11,978)		(1,487)		(11,978)
Miscellaneous income		-		-		-		-
Operating loss before changes in operating assets and liabilities	P	5,276,281	P	(2,400,583)	P	5,276,281	P	(2,400,583)
Changes in operating assets and liabilities								
(Increase) decrease in:								
Receivables		(6,128,119)		(12,088,397)		(6,128,119)		(12,088,397)
Prepayments		156,929		9,921,389		156,929		9,921,389
Other assets		(87,952)		5,724		(87,952)		5,724
Real properties held for sale and dev't		14,052,840		8,311,913		14,052,840		8,311,913
Land held for development		(12,537,272)				(12,537,272)		(9,249,521)
(Decrease) increase in accounts payable and accrued expenses		8,765,508				8,765,508		
(Decrease) increase in payable to JV		-						
(Decrease) increase in provision for clearing								
Advances due to others		(77,391,428)				(77,391,428)		(5,252,472)
Net cash used in operations	P	(67,893,213)	P	(146,348,502)	P	(67,893,213)	P	(146,348,502)
Interest received		1,487		11,978		1,487		11,978
Net cash used in operating activities	P	(67,891,726)	P	(146,336,524)	P	(67,891,726)	P	(146,336,524)
CASH FLOWS FROM INVESTING ACTIVITIES								
Property and equipment		(19,046)		(77,451)		(19,046)		(77,451)
Investment property		(5,977,202)		(10,684,254)		(5,977,202)		(10,684,254)
Decrease in provision for clearing cost non		-		-		-		-
Net cash (used in) from investing activities	P	(5,996,248)	P	(10,761,705)	P	(5,996,248)	P	(10,761,705)
CASH FLOWS FROM FINANCING ACTIVITY								
Payment of notes payable		58,325,481		(107,876,522)	P	58,325,481	P	(107,876,522)
Deposits for future subscription				280,000,000				280,000,000
Net cash generated from financing activities		58,325,481		172,123,478	P	58,325,481	P	172,123,478
NET INCREASE (DECREASE) IN CASH ON								
CASH ON HAND AND IN BANKS	P	(15,562,493)	P	15,025,249	P	(15,562,493)	P	15,025,249
CASH ON HAND AND IN BANKS								
Beginning balance		23,835,698		9,047,223		23,835,698		9,047,223
Balance, March 31	P	8,273,200	P	24,072,469	P	8,273,200	P	24,072,469

See accompanying Notes to Consolidated Financial Statements.

IRC PROPERTIES, INC. AND SUBSIDIARY**AGING OF ACCOUNTS RECEIVABLE**

As of March 31, 2017

	Amount	1-30 days	Over 30 days	Over 60 days	Over 90 days
NON-TRADE					
LGTM Corporation	-				
TRADE					
Hundred Lake Dev't. Corp.	-				
SUB-TOTAL	-				
OTHERS					
Receivable from Amaia	10,765,986				10,765,986
Receivable from HDMF	5,502,524				5,502,524
Advances to M. Carsula	1,417,341				1,417,341
Advances to officer/ employees	531,204				531,204
Refundable cash bond	971,820				971,820
Advances to affiliates	68,759				68,759
Other Receivable	1,644,522			1,183,112	461,410
Advances for liquidation	3,440,938	618,350	837,590	235,190	1,749,808
Advances to CLTPSJLO	140,000				140,000
Advances to VGP Const	22,200,000				22,200,000
Advances to Greenroof Corp	18,833,000				18,833,000
TOTAL ACCOUNTS					
RECEIVABLE- NET	65,516,094	618,350	837,590	1,418,302	59,857,737

1. Corporate Information

IRC Properties, Inc. (Parent Company) and Interport Development Corporation (IDC), (collectively referred to as the “Company”), both domestic corporations were incorporated on February 24, 1975 and December 21, 1993, respectively. The Parent Company is primarily involved in the acquisition, reclamation, development or exploitation of land, forests, minerals, oil, gas and other resources. IDC is primarily involved in the acquisition and selling of real estate of all kinds or hold such properties for investment purposes.

The clearing of Binangonan property is still the focus of the Company’s operations with the goal of completely freeing from third party claims 480 hectares of the 2,043 hectare property. It is still addressing the Supreme Court’s decision on November 21, 1991 declaring that the Company’s ownership of the titles shall be “subject to the herein declared superior rights of bonafide occupants therein with lengths of possession which had ripened to ownership, the latter to be determined in an appropriate proceeding”. In view of this, the Company has estimated that out of a total 2,043 hectares, 700 hectares can still be recovered from claimants. Although conservatively, the Company has recognized only 480 hectares in its books because this is the area the Company has ascertained to be recoverable in the short term.

On May 20, 2016, The Group sold a parcel of land to Amaia Land Corp. located in Barangay Tatala, Binangonan, Rizal with an area approximately 66,061 sqm.

On April 1, 2016, Top Consult Incorporated released an appraisal report on the said property with a corresponding fair value of P1,000.00/square meter as of December 31, 2015 totalling to P19.085 billion from previous appraisal of P18.951 billion conducted by Royal Asia Appraisal Corporation.

The Group entered into joint development agreements with two local real estate developers to develop an estimated 29 hectares of clean Binangonan properties. Moreover, the Group is actively in the process of clearing and re-titling the large portion of the property in Binangonan for future developments (Notes 10 and 11).

On July 9, 2015, the Group entered into a joint development agreement with a foreign investor for the development of a four-hectare housing project, the Group’s third residential development within its Binangonan property.

On September 10, 2013, the Company entered into a Contract to Sell with Hundred Lake Development Corporation, whereby the company agreed to sell its land located in Binangonan, Rizal, with an area of 183,729 square meters at P475/square meter. The company received P75 million as down payment upon execution of the Contract to Sell and the balance of P12,271,275.00 was fully collected in 2014 upon transfer of the property to the buyer.

The Eastridge project (Trocadero Residences) has been deferred until the Group finds a more opportune moment to develop a mix of condominium and townhouses within a 134 hectare property also in its Binangonan property adjacent to Thunderbird Resort and Casino and the 18-hole Eastridge Golf Club.

As at December 31, 2016, 138.30 hectares are ready for immediate development (2015 – 163.3 hectares).

No amount is spent on research and development activities for the last three (3) fiscal years.

The Company posted a net income of ₱ 5.056 million for this quarter vis a vis (P2.505 million) same quarter of last year 2016.

The registered office of the Company is located at 35/F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City. As of this quarter, the company has 24 employees and accordingly has complied with retirement benefit required under RA 7641.

2. Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS) and Interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by SEC.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and investment property.

Statement of Compliance

The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS includes Philippine Accounting Standards (PAS) and interpretations issued by the Financial Reporting Standards Council and adopted by SEC.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of Parent Company and IDC, a 100%-owned subsidiary as of March 31, 2017 and December 31 2016. The Subsidiary's financial statements are prepared for the same reporting period as the Parent Company. The Company uses uniform accounting policies.

(a) Subsidiary

Subsidiary is an entity (including special purpose entities) over which the Company has the power to govern the financial and operating policies and generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between the Parent Company and the subsidiary are eliminated. Accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Company.

Cash on hand and in banks

Cash on hand and in banks consist of cash on hand and deposits held at call with banks.

Financial assets

The Company classifies its financial assets in to the following categories: loans and receivables, held-to-maturity financial assets and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Classification

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Company's loans and receivables comprise of receivables, prepayments, funds held by custodian bank and cash on hand and in banks in the consolidated balance sheet.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities - other than those that meet the definition of loans and receivables - that management has the positive intention and ability to hold to maturity, but excluding those which were intended to be held for an undefined period.

The Company did not hold financial assets in this category.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of other categories of financial assets.

Initial recognition and derecognition

Regular purchases and sales of investments are recognized on trade-date - the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognized at fair value, and transaction costs are expensed in the statement of income. Investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The company decided not to early adopt PFRS 9 (2009) or PFRS (2010):

- (i) After consideration of the result of its impact evaluation, the company decided not to early adopt either PFRS 9 (2009) or PFRS 9 (2010) for its 2013 annual financial reporting because the adoption of this standard is not expected to have a material impact on the Group's financial statements which only addresses classification, measurement and recognition of financial assets and financial liabilities.
- (ii) As such, the company conduct early in 2015 another impact evaluation using outstanding balances as of 31 December 2014.

Subsequent measurement and determination of fair value

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method. Unrealized gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognized in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the statements of income as net realized gains or losses on financial assets.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognized in profit or loss; translation differences on nonmonetary securities are recognized in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognized in equity.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the statement of income. Dividends on available-for-sale equity instruments are recognized in the statement of income when the Company's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment

- (i) Assets carried at amortized cost

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. Individually significant financial assets are tested for impairment if there are indicators of impairment. Impairment is measured on a portfolio basis when there is indication of impairment in a group of similar assets (with similar credit characteristics) and impairment cannot be identified with an individual asset within the group. An asset that is deemed impaired on an individual basis is not subsequently included in any group of assets that is tested for impairment on a portfolio basis.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate (recoverable amount). The calculation of recoverable amount of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs of obtaining and selling the collateral, whether or not foreclosure is probable. Impairment loss is recognized in the statements of income and the carrying amount of the asset is reduced through the use of an allowance.

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is

based and to remove the effects of conditions in the historical period that do not currently exist. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

An impairment charge is reversed subsequently by adjusting the allowance account if the decrease in impairment loss can be related objectively to an event occurring after the impairment loss is recognized. The amount of reversal is recognized in the statements of income in the impairment charge for credit losses.

(i) Assets classified as available-for-sale

A significant or prolonged decline in the fair value of available-for-sale securities below cost is considered in determining whether the securities are impaired. The cumulative loss (difference between the acquisition cost and the current fair value) is removed from equity and recognized in the statement of income when the asset is determined to be impaired. Impairment losses recognized on equity instruments are not reversed through the statement of income. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized, the impairment loss is reversed through the statement of income.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and where management has no intention of trading.

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of provision is the difference between the receivable's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance and the amount of the loss is recognized in the statements of income. Bad debts are written-off in the year they are determined to be uncollectible.

Investment property and Land held for development

Investment property is defined as property (land or a building - or part of a building - or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for: (a) use in the production of supply of goods or services or for administrative purposes; or (b) sale in the common course of business.

The Company's investment property, principally comprising of properties in Binangonan, Rizal are held for capital appreciation and is not occupied by the Company. Investment property was previously carried at cost, including transaction costs.

In 2008, with management's desire to reflect the true value of its properties in the balance sheet, the Company adopted fair value model in accounting its investment properties. The change has been applied retroactively. Increase in fair value of Binangonan property was again carried in 2012 due to developments on the property. Please see Note 11.

After initial recognition, investment property is carried at fair value as determined by an independent firm of appraiser. Fair value is based on market data approach, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by the independent appraiser. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income during the financial period in which they are incurred.

Changes in fair values are recorded in the statement of income.

If an investment property becomes owner-occupied, it is reclassified as property and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as property and equipment and stated at cost until construction or development is complete. At that time, it is reclassified and subsequently accounted for as investment property.

164.7 hectares of the Binangonan property is intended for development as of March 31, 2017. The cost of such property and development cost is presented as land held for development.

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and amortization and impairment, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to income during the year in which they are incurred.

Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets as follows:

Office equipment	3 years
Furniture and fixtures	5 years
Transportation equipment	5 years
Communication equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in the statements of income.

Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subjected to depreciation or amortization and are tested annually for impairment. Assets that have definite useful life are subjected to depreciation or amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that are impaired are reviewed for possible reversal of the impairment at each reporting date.

Accounts payable and accrued expenses

Accounts payable and other liabilities are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established. These are recognized initially at fair value and subsequently measured at amortized cost using effective interest method.

Borrowings and borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of income over the period of the borrowings using the effective interest method.

Borrowing costs are generally recognized as expense in the year in which these costs are incurred, except those borrowing costs that are directly attributable to the development of the Company's properties which are capitalized as part of "Investment property" account.

The capitalization of borrowing costs commences when the expenditures and borrowing costs for the development of the project are being incurred and activities that are necessary to prepare the property

for their intended use or sale are in progress. It is suspended during extended periods in which active development of the property is interrupted and ceases when substantially all the activities necessary to prepare the property for their intended use or sale are complete.

Income tax

(a) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

The Company reassesses at each balance sheet date the need to recognize previously unrecognized deferred income tax asset.

(b) Recent tax laws

On December 20, 2008, Revenue Regulations No. 16-2008 on the Optional Standard Deduction (OSD) was approved and implemented. The regulation prescribed the rules for the OSD application by corporations in the computation of their final taxable income. For corporations, OSD shall be 40% based on gross income; “cost of goods sold” and “cost of services” will be allowed to be deducted from gross sales.

On February 18, 2010, the BIR issued Revenue Regulations No. 2-2010. It requires a taxpayer who avails of the OSD in the first quarter of its taxable year to claim the same OSD in determining its taxable income for the rest of the year, including the final annual income tax return. Likewise, a taxpayer who avails of the itemized deduction in the first quarter of its taxable year or fails to file an income tax return for the first quarter of the taxable year shall have to claim the itemized deduction in determining the taxable income for the rest of the year, including the final income tax return. The amendment is applicable beginning annual period ended December 31, 2009.

The Company did not avail of the OSD for purposes of income tax calculation in 2017 and 2016.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the obligation.

Share capital

a. Common Shares

Common shares are classified as equity.

b. Treasury shares

Where any member of the Company purchases the Parent Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Parent Company's equity holders.

Revenue and expense recognition

The Company recognizes revenue when the amount of revenue can be reliably measured, it is possible that future economic benefits will flow into the Company and specific criteria have been met for each of its activities as described below.

(a) Interest income and expense

Interest income and expense are recognized in the statement of total comprehensive income for all interest-bearing financial instruments using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount future cash flows for the purpose of measuring impairment loss.

Interest income on bank deposits is recognized when earned.

(a) Dividend income

Dividend income is recognized when the right to receive payment is established.

(c) Other income

Other income is recognized when earned.

(d) Expenses

Operating expenses are recognized when they are incurred.

Leases

(a) The Company is the lessor.

Properties leased out under operating leases are included in investment property in the consolidated balance sheets. Lease income is recognized over the term of the lease on a straight-line basis.

(b) The Company is the lessee

Leases, where a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to income on a straight-line basis over the period of the lease.

Foreign currency transactions and translation

(a) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's financial statements are presented in Philippine Peso, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of income.

Earnings (loss) per share

Earnings (loss) per share is computed by dividing the net income (loss) by the weighted average number of shares outstanding during the year adjusted to give retroactive effect to any stock dividends declared during the year.

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of common shares outstanding during the year.

Diluted earnings per share is computed by adjusting the net income for the year attributable to common shareholders and the weighted average number of shares for the effects of all dilutive potential common shares.

There are no dilutive potential common shares as of March 31, 2017.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Parent Company has determined its President as its chief operating decision maker.

In view of the current status of the Company's operation which primarily is the ongoing developments of a portion of its land in Binangonan, the performance of the Group is being assessed as a single unit. Consequently, detailed segment reporting as required under PFRS 8 is deemed not relevant.

Related party transactions and relationships

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities, which are under common control with the reporting enterprise, or between, and/or among the reporting enterprises and their key management personnel, directors, or their shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Financial risk management

The Company's activities are exposed to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The management, under the direction of the Board of Directors of the Company is responsible for the management of financial risks. Its objective is to minimize the adverse impacts on the Company's financial performance due to the unpredictability of financial markets.

Market risk

a. Currency risk

The Company's transactions are generally denominated in Philippine Peso. The Company therefore is not exposed to significant foreign exchange risk.

b. Price risk

The Company is not exposed to significant price risk in its investments in equity securities classified as available-for-sale financial assets having a carrying amount of only P620,380. (See Note 7).

c. Interest rate risk

The Company's borrowings bear fixed interest rates and are carried at amortized cost. It is not exposed to either cash flow or fair value interest rate risk.

Credit risk

The Company takes on exposure to credit risk, which is the risk that a counter party will cause a financial loss to the Company by failing to discharge an obligation. Significant changes in the economy, or in the prospects of a particular industry segment that may represent a concentration in the Company's portfolio, could result in losses that are different from those provided for at the reporting date.

a. Maximum exposure to credit risk

The Company's maximum exposure to credit risk consists of the Company's cash in banks as of March 31, 2017 of P 8,273,200 (2016 – P24,072,469) and funds held by custodian bank of P16,197,768 (2016 – P16,134,656).

The remaining balances of cash on hand and in banks represent cash on hand of P149,000 and P115,000 in 2017 and 2016 respectively.

b. Cash in banks

The Company manages credit risk on its cash in banks by depositing in banks that qualified in the criteria of the Company. Some of these criteria are stability, financial performance, industry-accepted ratings, quality, diversity and responsiveness of products and services.

The Company's cash in banks are deposited in universal banks.

c. Receivables

Fully performing accounts receivable at March 31, 2017 represents receivable from sale of land, advances to joint venture, employees and others.

The impaired receivables are not collateralized and are long overdue. Debtors are mainly individuals without credit history reference.

d. Refundable deposits

Refundable deposits are considered highly recoverable as the counterparty is assessed to have strong capacity to meet its obligation.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations associated with its financial liabilities when they fall due. The consequence may be the failure to meet obligations to repay creditors and fulfil commitments.

As of March 31, 2017 and December 31, 2016, apart from clearing costs (Note 14), the Company does not require intensive working capital requirements given that the Company is in joint venture agreements with developers to undertake the development of the Company's 30 hectare land in Binangonan.

On April 14, 2010, the Philippine Stock Exchange has approved the Parent Company's stock rights offering and has accumulated a total of P399 million to partially fund the development and construction of real estate development projects in its property in the municipality of Binangonan, Rizal and to repay its maturing loans.

On September 10, 2013, the company sold its 183,729 sqm. of raw land to Hundred Lake Development Corporation for a total consideration of P87,271,275. The company received P75 million as down payment upon execution of the Contract to Sell and the balance of P12,271,275.00 was fully collected in 2014 upon transfer of the property to the buyer.

The maturities of financial assets and liabilities at March 31, 2017 and December 31, 2016 are detailed as follows:

	2017	2016
Assets		
Cash on hand and in bank	8,273,200	23,835,698
Receivables, net	86,844,219	80,716,100
Available-for-sale financial assets	620,380	620,380
Funds held by custodian bank	16,197,768	16,134,656
Total financial assets	111,935,567	121,306,834
Liabilities		
Accounts Payable and Accrued expenses	105,407,833	96,642,810
Notes payable	244,318,859	185,993,378
Advances due to others	32,767,764	110,159,192
Liability for refund of stock rights subscription	16,197,768	16,134,656
Total financial liabilities	398,692,224	408,930,036

All financial assets and liabilities are current as at reporting dates.

Funding of maturing obligation will come either from future sale of developed properties or additional advances from shareholders.

Fair value of financial assets and liabilities

The table below summarizes the carrying amounts and fair values of those financial assets and liabilities at March 31, 2017 and December 31, 2016 presented in the balance sheets at fair value.

	Carrying Value/Fair Value	
	2017	2016
Financial assets		
Cash on hand and in bank	8,273,200	23,835,698
Receivables, net	86,844,219	80,716,100
Available-for-sale financial assets	620,380	620,380
Funds held by custodian bank	16,197,768	16,134,656
Financial liabilities		
Accounts payable and accrued expenses	105,407,833	96,642,810
Notes payable	244,318,859	185,993,378
Advances due to others	32,767,764	110,159,192
Liability for refund of stock rights subscription	16,197,768	16,134,656

The fair values of accounts payable and accrued expenses, advances due to others and notes payable are approximately equal to their carrying amounts due to the short-term nature of the transactions.

4. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns to its shareholders and to maintain an optimal capital structure to reduce its cost of capital. For this purpose, capital is represented by total equity as shown in the balance sheets.

In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company's main objective is to ensure it has adequate capital moving forward to pursue its major land development and housing projects.

In April 14, 2010, the Philippine Stock Exchange has approved the Parent Company's stock rights offering. This strengthens the Company's capital position in preparation for its planned development projects in the near future.

There are no externally imposed capital requirements on the Company.

5. Critical accounting estimates, assumptions and judgments

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Significant estimates

(a) Estimate of fair value of investment properties

The best evidence of fair value is current prices in an active market for similar assets. In the absence of such information, the Company determines the amount within a range of reasonable fair value estimates. In making its judgment, the Company makes use of independent appraiser to determine the fair value of its investment property.

The following are the significant assumptions used by the independent appraiser to calculate the investment properties of the Company.

- (i) current prices in an active market for properties of different nature, condition or location, adjusted to reflect those differences;
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

The Company's Binangonan property has an estimated market value of P1,100 per square meter as of March 31, 2017 and December 31, 2016.

Management expects that the value of the Binangonan property will increase significantly when clearing and horizontal developments are undertaken in the very near future.

The Company considers that it is impracticable to discuss with sufficient reliability the possible effects of sensitivities surrounding the estimation of the fair value of investment property as the major assumptions used may differ significantly. With this, it is reasonably possible, based on existing knowledge, that the outcomes within the next financial year are different from assumptions could require a material adjustment to the carrying amount of investment property.

(b) Estimate of clearing costs

As discussed in Note 14, the Supreme Court affirmed the validity of the Company's titles over its Binangonan property. The total land area is approximately 2,043 hectares. However, due to a number of factors, including the recognition of Supreme Court over the superior rights of the bonafide occupants as well as potential challenges in clearing and re-titling of this large area of land, management has estimated that only 500 hectares is expected to be recovered/cleared and re-titled in the name of the Company as of March 31, 2017 and December 31, 2016.

Given the above, management has estimated total clearing and re-titling costs to be approximately the same for March 31, 2017 and December 31, 2016 amounting to P718,906,095. This estimate is discounted at 6% and is expected to be cleared within 8 years. The company will be in charge in clearing the land at an estimated cost of P250-P300 per square meter.

The Company considers that it is impracticable to discuss with sufficient reliability the possible effects of sensitivities surrounding the provision for clearing costs as the major assumptions used may differ significantly. With this, it is reasonably possible, based on existing knowledge, that the outcomes within the next financial year are different from assumptions could require a material adjustment to the carrying amount of provision for clearing costs.

(c) Judgment

Recognition of deferred income tax assets (Note 19)

Management reviews at each reporting date the carrying amounts of deferred income tax assets. The carrying amount of deferred income tax assets is reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the related tax assets can be utilized. Management believes that the non-recognition of deferred income tax assets is appropriate due to the Company's limited capacity to generate sufficient taxable income.

6. Receivables

Receivables at March 31, 2017 and December 31, 2016 consist of:

	2017	2016
Receivables from buyers	10,765,986	10,765,986
Advances subject to liquidation	3,980,673	4,353,065
Advances contractor	22,200,000	22,200,000
Advances to joint venture	18,833,000	18,833,000
Others	31,064,560	11,364,043
	86,844,219	67,516,094
Less provision for doubtful accounts		(2,000,000)
	86,844,219	65,516,094

Receivable from joint venture represents receivable arising from the Group's share of the proceeds of sold units and receivable from Home Development Mutual Fund for 3% and 5% retention on power and water supply. Other receivables are mainly advances to Dell Equipment & Construction Corp. and the Cash Bond.

7. Available-for-sale financial assets

The account at March 31, 2017 and December 31, 2016 consists of:

	2017	2016
Listed	2,880	2,880
Not listed	626,443	626,443
	629,323	629,323
Allowance for impairment losses	(8,943)	(8,943)
	620,380	620,380

Listed available-for-sale financial assets pertain to an insignificant number of equity shares held with a publicly listed universal bank. Unlisted available-for-sale financial assets pertain to club membership and equity shares.

There are no available-for-sale financial asset additions and disposals at March 31, 2017 and 2016. The shares can be sold if price is commercially acceptable to the Group.

8. Prepayments

This account at March 31, 2017 and December 31, 2016 consists of:

	2017	2016
Creditable withholding tax	14,686,449	17,966,178
Advances to subcontractors		15,200,000
Input taxes	1,293,216	554,509
Prepaid insurance	77,588	191,575
Others	2,498,080	
	18,555,333	33,912,262

9. Funds Held by Custodian Bank

The account represents restricted fund from the proceeds of the Parent Company's stock rights offering in 1996 which were deposited with a local custodian bank. The local custodian bank is responsible for monitoring withdrawals or disbursements from the funds, and ensuring that all withdrawals and orders for payment made are in connection with, or relating to, any of the purposes specified in the work program submitted by the Parent Company to the SEC in connection with the stock rights offering.

The balance of funds held by custodian bank at March 31, 2017 and December 31, 2016 consists of:

	2017	2016
Special savings deposit	16,199,300	16,115,342
Receivables	40,164	27,583
Savings deposit	10,262	10,725
Payables	(51,958)	(18,994)
	16,197,768	16,134,656

Following SEC's order to refund the money, the proceeds have been presented as liability in the balance sheet. The Company does not have legal right to defer payment beyond one year, hence, presented as current liability.

There were no withdrawals from the fund during the period and 2016.

10. Land Held for Development

Land held for development at March 31, 2017 and December 31, 2015 consists of:

	2017	2016
Balance at January 1	991,479,498	1,012,316,259
Additions, including capitalized interest	40,603,845	82,695,212
Reversal of capitalized cost	-	-
Balance at December 31	1,004,023,197	991,479,498

In 2010, the Group entered into a joint development project with a third party developer to develop social housing units (the Project). Under the agreement, the Group shall contribute 15.1248 hectares of cleared lots to the Project while the developer will undertake all the necessary construction, including the application for permits. The developer shall also act as the principal agent for the sale of finished housing units. The Group shall receive, as its share in the Project, an amount equivalent to 12% of the total units sold. Total share of the Group from sold units for 2016 amounted to P4.52 million for the year ended December 31, 2016 (2015- P24.47 million). Total cost of lots sold for 2016 amounted to P1.46 million (2015- P5.62 million).

Relative to agreement with Wedgemore Property, a subsidiary of Ayala Land, Inc., legal due diligence of titles and tax declarations are being conducted. Reclassification for the Phase 1-A lots has been applied with the Binangonan Local Government and awaiting approval. Total cost of reclassification and DAR conversions for additional areas covered in the supplement to the Memorandum of Agreement with Wedgemore amounting to P4.98 million are being capitalized in the Land held for development.

On July 9, 2014, the Group entered into a joint development agreement with a foreign investor for the development of a four-hectare housing project, the Group's third residential development within its Binangonan property. As of March 31, 2017, the summary of progress of Land Development for Road Tracing is 100%, Roads Completed is 70.06%, & Drainage is 88.53%.

Real properties held for sale and development completed and fully developed lots under the joint venture agreement.

11. Investment Properties

Following are the fair values of the Company's investment property at March 31, 2017 and December 31, 2016:

	2017	2016
Binangonan property	2,352,754,446	2,346,783,670
	2,352,754,446	2,346,783,670

The Company's investment property as at March 31, 2017 and December 31, 2016 is situated in Binangonan, Rizal with fair value amounting to P2.353 billion (2016 – P2.347 billion). The property was acquired in 1978 primarily for the development of a subdivision project. These properties have a total area of about 2,043 hectares and were registered in the Company's name under various Transfer Certificate of Titles.

On November 21, 1991, the Supreme Court affirmed previous decisions by the Court of Appeals and the Regional Trial Court confirming the validity of the Group's titles over its Binangonan property. However, in the same Supreme Court decision, it was also declared that the Group's ownership of the titles shall be subject to the declared superior rights of bonafide occupants with registered titles within the area covered by the questioned decree and bonafide occupants therein with lengths of possession which had ripened to ownership. The area of present claimants to certain parcels of land within the Group's titled property is currently being identified and verified by the Group's legal counsel. As of March 31, 2017, the Group estimates to incur over P630,841,917 in connection with the settlement of titles with bonafide occupants as well as land clearing in the Binangonan property as discussed above.

Total borrowing costs capitalized at March 31, 2017 amounts to P 5,970,776 (2016 – P27,522,094).

The movements in fair value of investment property at March 31, 2017 and December 31, 2015 are summarized as follows:

	2017	2016
Balance at January 1	2,346,783,670	2,077,087,128
Additions, including capitalized interest	5,970,776	27,522,094
Clearing cost on additional recoverable hectares		60,000,000
Clearing cost adjustment		83,324,588
Disposal of property		
Total	2,352,754,446	2,346,783,670
Fair value gain (loss)		
Fair value	2,352,754,446	2,346,783,670

Increase in fair value of the investment property is due to ongoing developments on the property. The fair value is expected to increase significantly when all development plans are completed. Additions refer to capitalized borrowing costs resulting from the said developments and clearing costs for farmer beneficiaries.

Deductions refer to the cost of 18.37 hectares of raw land sold to Hundred Lake Development Corporation which is recorded at appraised value of P650 per square meter. The property was sold on September 10, 2013 at P475 per square meter. The Group received P75 million as down payment upon execution of the Contract to Sell and the balance of P12,271,275 was fully collected in 2014 upon transfer of the property to the buyer.

On December 29, 2010, the Company entered into an agreement with PrimeEast under Memorandum of Agreement to continue acquiring more rights of other parties to certain portions of the Company's lots in Binangonan, Rizal with an aggregate area of 74.3026 hectares. The total amount reclassified to land held for development amounts to P223 million representing P300 per square meter as its deemed cost. Amount reclassified represents land intended for future development.

Under the 2008 MOA between the parent company and PrimeEast, PrimeEast, together with BLC, transferred in favor of the Company all of their rights and interests over certain lots located in Binangonan, Rizal, containing an area of 50.84 hectares in consideration for the Company's payment of P177.00 million. The Company paid P32 million as of December 31, 2008. Payment term for the balance is not fixed, thus considered due and demandable at balance sheet date. The Company paid the balance thru the proceeds of stock rights in June 2010.

In September 2015, the Company identified additional 10 hectares of land that can be recovered/cleared and re-titled in the name of the Company. Additional provision for clearing costs amounting to P35 million pertaining to the 10 hectares of land is recognized. The increase in investment property and additional provision are considered as non-cash transactions.

12. Property and equipment

Details and movements of property and equipment as of and for the period ended March 31, 2017 and December 31, 2016 follow:

	Office equipment	Furniture and fixtures	Transportation equipment	Communication equipment	Total
Cost					
Balance at December 31, 2014	2,152,979	2,122,399	2,263,760	202,278	6,741,416
Additions	162,621	74,275	694,644	-	931,540
Balances at December 31, 2015	2,315,599	2,196,673	2,958,403	202,278	7,672,953
Additions	553,484	279,845	125,461	16,865	965,654
Balances at December 31, 2016	2,869,083	2,476,518	3,083,864	219,143	8,648,607
Additions	18,551				18,551
Balance at March 31, 2017	2,887,634	2,476,518	3,083,864	219,143	8,667,158
Accumulated depreciation					
Balances at December 31, 2014	2,069,073	2,091,499	553,947	202,273	4,916,792
Depreciation-2015	54,328	40,503	386,655	-	231,277
Balances at December 31, 2015	2,123,402	2,132,002	940,602	202,273	5,398,279
Depreciation - 2016	172,569	28,706	518,188	992	720,455
Balances at December 31, 2016	2,295,971	2,160,708	1,458,790	203,265	6,118,734
Depreciation March 31, 2017	65,822	20,003	134,775	1,488	221,601
Balance at March 31, 2017	2,361,793	2,180,711	1,593,565	204,753	6,340,821
Net book value					
December 31, 2016	573,112	315,810	1,625,074	15,878	2,529,877
March 31, 2017	525,841	295,807	1,490,299	14,390	2,326,338

13. Other Assets

Other assets at March 31, 2017 and December 31, 2016 consist of:

	2017	2016
Security deposits	1,107,760	1,007,763
Computer software, net	58,901	70,948
Others	62,050	62,050
	1,228,711	1,140,761

14. Accounts payable & accrued expenses, provision for clearing costs and liability for land acquisition

Accounts payable & accrued expenses consist of:

	Note	2017	2016
Accounts payable		24,132,243	14,136,235
Accrued expenses and other payables			
Interest, penalties and related changes		35,290,122	31,910,036
Real property taxes		27,588,140	27,588,140
Salaries, wages and benefits		678,133	290,016
Office Rental		2,974,903	2,313,814
Others		14,744,292	9,583,181
		105,407,833	112,058,130

Interest, penalties and related charges represent interest arising from Company's notes payable to MHC, Marilaque Land, Inc., T & M Holdings, Inc. and TPHC (Note 15) bearing annual interest ranging from 12% to 22%.

Expected timing of actual cash flow as of March 31, 2017 and December 31, 2016 follows:

	2017	2015
Within 1 year (current)	110,253,111	110,253,111
2 to 4 years	338,652,984	338,652,984
5 to 8 years	270,000,000	270,000,000
Total noncurrent, net of current portion	608,652,984	608,652,984
Total cashflow	718,906,098	718,906,095

15. Notes payable

Notes payable at March 31, 2017 and December 31, 2016 consist of:

The notes payable to Mabuhay Holdings Corporation (MHC) is an unsecured borrowing with no definite payment terms and bears interest at 12-18% per annum. MHC is the largest shareholder of the Parent Company.

In March 2016, proceeds from the private placement by Sigma Epsilon Fund Limited was used by the company to settle partial of its Notes payable and accrued interest to Mabuhay Holdings Corporation amounting to Php 107,876,522 and 142,123,478 respectively.

In September 2015, the company paid partial of its accrued interest to the Parent Company Mabuhay Holdings Corporation (MHC) amounting to Php 110,422,500

In 2013, the Parent Company issued notes payable to T&M Holdings, Inc., a related party, amounting to P15.5 million. These new borrowings are unsecured and carry an interest rate of 15% per annum.

During the first quarter of 2015, the Company issued another promissory note to Tagaytay Properties Holdings Corp. amounting to P3.5 million with 15% interest rate per annum.

PrimeEast loan arose directly from reacquisition of land in Binangonan and is unsecured and have no definite payment terms.

Interest, penalties and related charges from these borrowings for the period ended March 31, 2017 and December 31, 2016 amounted to P22.6 million and P144.2 million, respectively. The borrowing costs amounting to P163.3 million are capitalized as part of the cost of Investment property.

Notes payable is presented as current as balance is deemed payable on demand.

	2017	2016
Mabuhay Holdings Corporation	116,993,378	116,993,378
T & M Holdings, Inc.	15,500,000	15,500,000
Tagaytay Properties Holdings Corp.	3,500,000	3,500,000
Third parties	108,325,481	144,743,87
	244,318,859	280,737,248

16. Share capital; Earnings per share

(a) Share capital

Details of share capital at March 31, 2017 consist of:

2017	Authorized		Issued	
	Number of Shares	Amount	Number of Shares	Amount
Common shares, at P1 par value per share	1,500,000,000	1,500,000,000	1,327,113,978	1,327,113,978
Total	1,500,000,000	1,500,000,000	1,327,113,978	1,327,113,978

On September 7, 2015, the Securities and Exchange Commission approved the application for increase in capital from 1,000,000,000 shares to 1,500,000,000 with a par value of P1.00 per share.

On April 14, 2010, the Philippine Stock Exchange has approved the Parent Company’s stock rights offering which generated a total of P399 million to partially fund the development and construction of real estate development projects in its property in the municipality of Binangonan, Rizal and to repay its maturing loans.

On January 27, 2013, the Securities and Exchange Commission (“SEC”) approved the Amended Articles of Incorporation of the Parent Company on change of corporate name from Interport Resources Corporation to IRC Properties, Inc., changes in the primary purpose and declassification of stock.

There were no new shares issued during the quarter.

(b) Treasury shares

The Company acquired some of its shares of stock as a reserve for future claims of shareholders which are shown in its transfer agent’s records but not in its accounts. It is the Company’s policy to honor such claims and therefore, issue the said reacquired shares to shareholders upon their presentation of the original unrecorded stock certificates.

(c) Earnings per share

Loss per share (basic and diluted) is computed as follows:

	2017	2016	2015
Net (loss) income for the year	5,056,167	73,820,939	28,793,939
Divide by weighted average shares	1,327,113,978	1,227,113,978	1,063,513,978
Basic Income (Loss) per share	.0038	.06	.03
Diluted Income (Loss) per share	.0038	.06	.03

There are no dilutive potential common shares as of March 31, 2017.

In 1997, the Securities and Exchange Commission (SEC) approved the change of the par value of shares of stock from P0.01 to P1. The said change was approved by the Philippine Stock Exchange (PSE) on August 8, 2008. The Company has additional share issuance of 199,913,992 shares after its initial public offering, arising from the exercise of warrants. The exercise period of bonus warrants had lapsed on June 18, 2013.

On February 19, 1996, the SEC approved the Company’s application for the issuance of 40 billion shares, by way of stock rights offering, at an offer price of P0.012 per share. The Company commenced its stock rights offering on June 31, 1997. However, on July 15, 1997, the SEC revoked the Certificate of Permit to Sell Securities and ordered the Company and its custodian bank to immediately return to subscribers the proceeds from the rights offering currently held in escrow (see Note 9). The proceeds from the said offering, which were not yet claimed by the subscribers, are shown as “Liability for refund of stock rights subscription” in the liability section of the consolidated balance sheets.

17. Fair value and other reserves

	2017	2016
Cost of shares reserved for future claims	(14)	(14)
Reserve for fluctuation in market value of listed securities	(8,943)	(8,943)
	(8,957)	(8,957)

18. Contingencies

The Company has contingent liabilities with respect to claims, lawsuits and taxes which are pending decision by the courts or being contested, the outcome of which are not presently determinable. Management is of the opinion that an adverse judgment in any one case will not materially affect its financial position and financial performance. Management believes that liability arising is not probable thus no provisions were made during the period.

The Company has also unbooked contingent assets pertaining to Binangonan properties. Such assets will be recognized when assets are cleared and/or under the legal and economic possession of the Company.

19. Related party transactions and employee benefits

In the normal course of business, the Company has transactions with its major shareholders and related parties under common control. Related parties where the Company made transaction during the year were Mabuhay Holdings Corporation and its subsidiaries and PrimeEast Properties, Inc.

Significant related party transactions are discussed in Notes 10, 11, 14, and 15 to the financial statements.

Related party transactions, except those mentioned in Notes 10, 11, 14, and 15 are due within 30 days or payable on demand.

Lease commitments

The Company has entered into a non-cancellable lease agreement with a related party for its office space. The lease agreement has a term of 3 years, expiring on 2015, and is renewable annually.

Salaries and employee benefits

Details of salaries, wages and employee benefits for the period ended March 31, 2017 and December 31, 2016 follow:

	2017	2016
Salaries and wages	1,787,113	1,692,781
Bonus and allowances	177,437	64,168
SSS, Philhealth and HDMF	147,145	135,186
	2,111,695	1,892,135

The total compensation of the Company's executive officers for the period ended March 31, 2017 and March 31, 2016 amounting to P 600,000 and P600,000 respectively.

There are no share-based payments to key management personnel nor are there any outstanding stock options.

As at March 31, 2017, the Company has 24 employees. Due to the increase in employees as mandated by RA 7641 the Company has set up a retirement benefit for its employees.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(For the Quarter Ended March 31, 2017)

The following discussion should be read in conjunction with the Consolidated Financial Statements of the Registrant that are incorporated to this Report by reference. Such Consolidated Financial Statements have been prepared in accordance with Philippine GAAP.

The Company is currently in the real estate development business after having shifted away from its oil exploration activities. Its concentration is in the development of its approximately 2,200 hectare property in Binangonan, Rizal. The property is titled and is registered in the name of the Company.

After its successful stock rights offering on June 2010 that generated a total amount of P400M, the Company is in full gear to undertake the development of its Binangonan Property. On August 5, 2010, IRC entered into a Joint Venture Agreement with Dreamhauz Management and Development Corporation (DMDC) for the development of a 150,000 square meter land of the Corporation in Binangonan, Rizal, into a residential subdivision called Sunshine Fiesta Subdivision. From the total 869 units in the Sunshine Fiesta project, 103 units are assigned to IRC, representing the 12% share of the company. Of these 103, 101 have been sold including one cash sale as of March 31, 2017. Total contract price of P71,607,650 taken out from Home Development Mutual Fund (Pag-IBIG) and P664,200 from cash sale brings to total revenue of P62,271,850 as of March 31, 2017.

As for Fiesta Casitas Subdivision, a joint venture project with Dell Equipment and Construction Corporation, 123 units out of 1,015 units are assigned to IRC, representing the 12% share of the company.

The expected total revenues for the 123 IRC-assigned units are estimated at P97,600,000 with an average sale of P800,000 per unit. Only one unit remains unsold as of March 31, 2017.

On July 9, 2014, the Group entered into a joint development agreement with a foreign investor for the development of a four-hectare housing project, the Group's third residential development within its Binangonan property. Of these 486, 136 have been sold including four (4) cash buyers as of March 31, 2017. Total contract price of P140,404,071 taken out from Home Development Mutual Fund (Pag-IBIG) and P3,545,700 from cash sale brings to total revenue of 143,949,771 as of March 31, 2017.

Design planning for Eastridge residences is on hold as prospective investors are being eyed for the project. The company is talking to a possible investor (Japanese group) to develop the condominium project.

Management believes that these projects will generate significant amount of sustainable income stream and operating cash flows to the Company. There is a huge demand for housing in the region and the property is well situated in relation to the future growth direction of the metropolis.

On February 16, 2016 IRC Properties, Inc. ("IRC") entered into a Subscription Agreement with Sigma Epsilon Fund Limited (the "Subscriber"), a corporation organized and existing under the laws of Cayman Island with principal office located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-111, Cayman Islands, represented herein by its Director, Mr. Lee Puay Ching, hereby subscribes to Two Hundred Million common shares of IRC PROPERTIES, INC. with a par value of One Peso per share at a subscription price of P1.40 per share, or for a total subscription price of Two Hundred Eighty Million Pesos. (Php 280,000,000.00)

On July 3, 2015 IRC Properties, Inc. ("IRC") entered into a Subscription Agreement with Rizal Partners Company Limited (the "Subscriber"), a corporation organized and existing under the laws of Japan with principal office located at 1-11 Kioi-cho Chiyoda-ku, Tokyo, whereby the Subscriber agreed to subscribe to One Hundred Twenty Seven Million Two Hundred Thousand (127,200,000) common shares (the "Shares") of IRC with a par value of One Peso (Php1.00) per share, at a subscription price of Php1.40 per share, or for a total subscription price of One Hundred Seventy Eight Million Eighty Thousand Pesos (Php178,080,000.00). The Shares which shall be fully paid for in cash by the Subscriber will be issued as a Private Placement to be taken out from an increase in the authorized capital stock of the Corporation as previously authorized by the stockholders and the Board of Directors of IRC

On September 7, 2015, the Securities and Exchange Commission ("SEC") approved the Amended Articles of Incorporation to increase the capital stock from P 1,000,000,000 to P1,500,000,000 with a par value of P1.00.

On January 27, 2013, the Securities and Exchange Commission ("SEC") approved the Amended Articles of Incorporation of the Parent Company on change of corporate name from Interport Resources Corporation to IRC Properties, Inc., changes in the primary purpose and declassification of stock.

On September 10, 2013, the Company entered into a Contract to Sell with Hundred Lake Development Corporation, whereby the company agreed to sell its land located in Binangonan, Rizal, with an area of 183,729 square meters at P475/m². The company received P75 million as down payment upon execution of the Contract to Sell and the balance of P12,271,275.00 was fully collected in 2014 upon transfer of the property to the buyer.

As at March 31, 2015, the Group's negotiations with a leading local real estate developer relative to the acquisition of a portion of the 2,000-hectare Binangonan lot have not materialized. The deal is expected to be completed this year. The Group believes that the entry of the leading local real estate developer will jumpstart the development of a new mixed-use community south of Metro Manila.

Presently, the Company has a total of 22 personnel excluding the Chairman, President and Corporate Secretary. Management intends to hire additional personnel as the need arises.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Its overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

The Management, under the direction of the Board of Directors is responsible for the management of financial risks. Its objective is to minimize the adverse impacts on the Company's financial performance due to the unpredictability of financial markets.

The Company's equity position is in compliance with the minimum statutory requirements applicable to public companies.

Financial Condition

Interim Report (March 31, 2017)

The Company employed total assets of 3,534,167,878 financed by total liabilities of P1,685,022,895 and total stockholders' equity of P1,849,114,982. Noncurrent assets amounted to P2,356,309,494 consisting of investment property, property and equipment (net of accumulated depreciation) and other assets. Current assets stood at P1,177,858,383.

Results of Operation

A comparative review of the Company's financial operations for the quarter ended March 31, 2017 *vis-à-vis* the same period last year showed the following:

Net income for the quarter was P5 million from net loss of PP2.5 million of the same period last year. The increase in net income was due to increase in sales from our Casas Aurora project. Total cost and expenses increased by P27.2 million from P16.5 million from the same period of last year due to the corresponding increase in cost of sales. Cost of sales significantly increased due increase in number of units sold. The increase in expenses was also attributable to increase of Salaries and wages due to increase in personnel likewise the increase in office supplies, and depreciation.

For the period ended March 31, 2017 vs. period ended March 31, 2016, total revenue is likewise higher by 260% or P36.9 million due to sale of (69) units of house and lot at Casas Aurora project. Total cost and expenses by 165% or P 27,290,128.

Material changes (March 31, 2017 vs. December 31, 2016)

Cash decreased by 65% or in the amount of P15.6 million mainly continuous construction of house and lot units, payment of |loan, interest expense, office rental, and for the development and constructions of Casas Aurora Project.

Receivables increased by P6.1 million or 7.5% due to the Pag-Ibig retentions, advances to Greenroof Corporation, a joint venture partner for the development of Fiesta Casitas Project, Advances to VGPineda Construction Corporation and advances to Dell Equipment & Construction Corp for the development of Casas Aurora Project.

Property and equipment decreased by 203 thousand or 8.4% due to depreciation expense offsetted by purchases of office equipment and computer equipment.

Prepayment decreased by 45.3% or P15.4 million due to payment of taxes offsetted by increase in input vat for the quarter. The significant decrease was due to reclassification of accounts from accounts receivable to prepayments

Account Payable and accrued expense increased by P8.7 million or 9.06 % due to accrual interest to Mabuhay Holdings Corporation and other third parties.

Advances due to others decreased by 70.2% or P77.4 million due payment of advances to Tamurakenzai and reclassification of certain accounts to Notes Payable offsetted by collection of reservation, equity and processing fees.

There is no significant element of income that did not arise from the Registrant's continuing operations. Neither is the Company's operations affected by any seasonality or cyclical trends.

Discussion of Material Events/Uncertainties Known to Management that would Address the Past and Impact on Future Operations

- a. The Company's capital expenditures commitments are land clearing cost and the Casas Aurora Project discussed in Note 10. It is not under any pressing obligation to pay its advances to affiliates. The Company has enough resources to cover payment of liabilities through the sale of some of its properties.
- b. The Management does not foresee any event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
- c. The Company does not have any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships with unconsolidated entities or other persons created during the reporting period.
- d. The Management is not aware of any known trends, demands, commitments, events or uncertainties that have had or that are reasonably expected to have a material favourable or unfavourable impact on the company's liquidity, net sales or revenues or income from continuing operations.
- e. The Company does not have any significant elements of income or loss that did not arise from the company's continuing operations.

REGISTRANT'S COMPARATIVE FINANCIAL SOUNDNESS INDICATORS

	Mar 31, 2017	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014
Working Capital	676,248,330	727,226,606	424,872,987	420,395,564
Current Ratio	2.348	2.580	1.594	1.635
Quick Ratio	.310	.230	.134	.138
Asset to Equity Ratio	1.911	1.920	2.160	2.303
Debt to Assets Ratio	.477	.480	.537	.566
Debt to Equity Ratio	.911	.920	1.160	1.303
Gross Profit Margin	.449	.662	.937	.946
Operating Profit Margin	.142	.460	.535	.698
Net Profit Margin	.099	.328	.321	.428
Return on Assets	.0014	.021	.008	.015
Return on Equity	.0027	.040	.019	.36
Interest Coverage Ratio	-nil-	-nil-	-nil-	-nil-

Current/ Liquidity Ratios- shows the ability of the company to pay off its debts over the next year.

Working Capital- computed as current assets minus current liabilities.

Current Ratio- computed as current assets divided by current liabilities.

Quick Ratio- computed as current assets minus prepayments and land held for development divided by current liabilities.

Solvency Ratios- measure the company's ability to pay all debts, particularly long term debts.

Debt to Equity- computed as total liabilities divided by total equity.

Debt to Assets- computed as total liabilities divided by total assets.

Asset to Equity Ratio- measures financial leverage and long- term solvency. It shows how much of the assets are owned by the company. It is computed as total assets divided by stockholders' equity.

Interest Coverage Ratio- measures the company's ability to pay its interest charges. It is computed as income before income tax and interest expense divided by interest payments

Profitability Ratios

Gross Profit Margin- shows how much of the company's revenue remains after the cost of sales. It is computed as gross profit divided by sales.

Operating Profit Margin- measures the amount of money that remains after paying sales and operating expenses. It is computed as earnings before taxes and interest divided by sales.

Net Profit Margin- shows the money remaining after paying all expenses. It is computed as net profit divided by sales.

Return on Assets- measures how effectively the company uses its assets to create revenue. It is computed as net income divided by total assets.

Return on Equity- measures how much money the company have earned on its investment. It is computed as net income divided by stockholders' equity.

REPORT ON SEC FORM 17-C:

Date	Particulars
January 13, 2017	Change in Board of Directors
March 29, 2017	Notice of annual stockholders meeting

PART II – OTHER INFORMATION

ITEM 4 - NON-APPLICABILITY OF OTHER SEC-REQUIRED NOTES

Notes required to be disclosed but are not applicable to the Registrant are indicated below:

- a. Assets Subject to Lien and Restrictions on Sales of Assets
- b. Changes in Accounting Principles and Practices
- c. Defaults
- d. Preferred Shares
- e. Pension and Retirement Plans
- f. Restrictions which Limit the Availability of Retained Earnings for Dividend Purposes
- g. Significant Changes in Bonds, Mortgages and Similar Debt
- h. Registration with the Board of Investments (BOI)
- i. Foreign Exchange losses Capitalized as part of Property, Plant & Equipment
- j. Deferred Losses Arising from Long-Term Foreign Exchange Liabilities
- k. Segment Reporting
- l. Disclosure not made under SEC Form 17-C: None

ITEM 5- RECOGNITION OF IMPACT OF THE FOLLOWING NEW STANDARDS

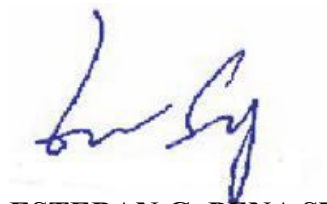
The following new standards do not have and are not expected to have a material impact on the Group's financial statements.

	Adopted/Not adopted/
a. Separate Financial Statements PAS 27 (Amended)	Not applicable
b. Investments in Associate and Joint Venture PAS 28	Adopted
c. Government Loans (Amendments to PFRS 1)	Adopted
d. Disclosure-Offsetting Financial Assets and Financial Liabilities (Amendments to PFRS 7)	Not applicable
e. Consolidated Financial Statements (PFRS 10)	Adopted
f. Joint Arrangements (PFRS 11)	Adopted
g. Disclosure of Interests in Other Entities (PFRS 12)	Adopted
h. Fair Value Measurement (PFRS 13)	Adopted
i. Financial Instruments (PFRS 9)	Not Adopted

SIGNATURES

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

Issuer: IRC PROPERTIES, INC.



ESTEBAN G. PENA SY
Chairman



ALEXANDER G. ASUNCION
President



GEORGINA A. MONSOD
Treasurer