April 14, 2015

THE PHILIPPINE STOCK EXCHANGE, INC.
Philippine Stock Exchange Center
Exchange Road
Ortigas Center, Pasig City

Attention: MS. JANET A. ENCARNACION
Head, Disclosure Department

Subject: IRC Properties, Inc.
Annual Report ending 31 December 2015

Gentlemen:

We submit herewith a copy of the Annual Report for the year ended 31 December 2015 (Form 17A) of IRC Properties, Inc. with the attached Audited Consolidated Financial Statements for the years ended December 31, 2015 and 2014.

Very truly yours,

Ms. Georgina Monsod
Treasurer and Corporate Information Officer

Office 35/F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City 1223, Philippines
Landline (+632) 750.2000 Fax (+632) 751.0773
Website www.ircproperties.com

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 A N D
S U B S I D I A R Y

(Company's Full Name)

3 5 T H F L O O R R U F I N O T O W E R

6 7 8 4 A Y A L A A V E N U 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

12 | **3 1** | **1 7 - A**

Month *Day* FORM TYPE *Month* *Day*

Fiscal Year

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

592

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks – pls. use black ink for scanning purposes

SEC Number 60312 File Number ______

IRC Properties, Inc.
(formerly Interport Resources Corporation)

(Company's Full Name)

35F Rufino Pacific Tower, 6784 Ayala Ave., Makati City

(Company's Address)

(02) 750-2000

(Telephone Numbers)

December 31

(Fiscal Year Ending (month & day)

Form 17-A Annual Report

Form Type

Amendment Designation (if applicable)

December 31, 2015

Period Ended Date

Publicly Listed Corporation

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the calendar year ended : **December 31, 2015**

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, Phils.**

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

Title of Each Class	Number of shares outstanding
Common	**1,127,088,964**

11. Are any or all of the securities listed on a Stock Exchange?

    Yes [**x**] 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 [**x**] No [ ]

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

Yes [**x**] No [ ]

T A B L E O F C O N T E N T S

PART I - BUSINESS AND GENERAL INFORMATION

Item 1 - BUSINESS

Company and Business Profile

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 hold such properties for investment purposes.

On July 3, 2015, the company entered into a private placement transaction with Rizal Partner's Co., Ltd. A foreign company who subscribed 127,200,000 shares from IRC Properties.

On September 7, 2015, the Securities and Exchange Commission ("SEC") approved the Amended Articles of Incorporation of the Parent Company on the increase in capital stock from Authorized Capital Stock of 1,000,000,000 billion to 1,500,000,000 Billion shares.

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.

The registered office of the Group and its principal place of business is at 35/F Rufino Pacific Tower, Ayala Avenue, Makati City.

The clearing of the Company's 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 2,200-hectare property where the first phase of the Binangonan Master Plan consisting of the housing estate project will be situated. As of December 31, 2015, the Company has already cleared approximately 183.5 hectares of Binangonan property (2013 – 142.4 hectares) and has in its possession 198 titles of cleared properties.

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.

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.

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 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 December 31, 201~~5~~, 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 next 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.

As of December 31, 2015, the Group did not incur any in terms of property acquisition. Total cost incurred for clearing is 10,025,126

As of December 31, 2014 and 2013, the Group has incurred property acquisition and development costs of P459,469,914 and P457,729,914 respectively, mainly relating to site preparation, re-titling and clearance costs.

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.

No amount was spent on research and development activities for the last three (3) fiscal years.

The company is not dependent upon any customer. It does not hold any right on patents, trademarks, copyrights, licenses, franchises, concessions, and royalty agreements. The Company is not currently in need for any governmental approval of principal products or services.

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.

As of December 31, 2015, the Company has total of thirteen (13) personnel excluding the Chairman, President, Corporate Secretary and Assistant Corporate Secretary.

Item 2 - PROPERTIES

Binangonan Property

The company has a 2,200-hectare property located in the Municipality of Binangonan, Province of Rizal. This 2,200-hectare property lying about 20 kilometers east of Metro Manila, is what it envisioned to be the next growth corridor, where major business and economic activities would take place.

The company, convinced of the vast potential of this prime property, is now primarily engaged in land banking and development of this property. The property is registered in the name of the company under Transfer Certificates of Titles M-8812 to M-8825.

Although the title to the properties in Binangonan, Rizal is registered in the name of the company, the Supreme Court, in its decision promulgated on November 21, 1991, made it subject to the "herein declared superior rights of bona fide occupants with registered titles within the area covered by the questioned decree and bona fide occupants therein with lengths of possession which had ripened to ownership, the latter to be determined in an appropriate proceeding." Other than this, there are no mortgages, lien or encumbrances over the property.

At present, the company is continuing in its process of identifying and verifying claimants to the properties, pursuant to the two (2) exceptions incorporated in the decision of the Supreme Court.

Eastridge Property

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 1.34 hectare property also in its Binangonan property adjacent to Thunderbird Resort and Casino and the 18-hole Eastridge Golf Club.

On April 1, 2016, an independent appraiser valued the property at P55,219,000 market value.

Item 3 - LEGAL PROCEEDINGS

<u>Involvement in Certain Legal Proceedings</u>

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 subsidiary 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.

Item 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Except for matters taken up during the Annual Stockholders' Meeting there were no other matters submitted to a vote of security holders during the period covered by this report. The last annual stockholders' meeting of the corporation was held on September 10, 2015.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5 - RECENT SALES OF UNREGISTERED OR EXEMPT SECURITIES

There are no securities of the company sold by it within the past three (3) years which were not registered under the Code or any reacquired securities, as well as new issues, securities issued in exchange for property, services, or other securities, and new securities resulting from the modification of outstanding securities.

Item 6 - MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Stock Prices

The shares of IRC traded along the following bands during 2015 and 2014:

	2015		2014	
	Common Stock		Common Stock	
	High	Low	High	Low
First Quarter	1.55	1.33	1.47	1.25
Second Quarter	1.49	1.29	1.40	1.20
Third Quarter	1.51	1.24	1.44	1.30
Fourth Quarter	1.32	1.13	1.74	1.23

Holder

The company has an authorized capital stock of 1.5 Billion at a par value of P1.00 per share. The number of stockholders of record as of December 31, 2015 is 568. Common shares outstanding as of December 31, 2015 amount to 1,127,088,964.

Stock Prices as of the latest trading date:
December 31, 2015 - Common share P 1.13

Stock prices as of the latest practicable date in 2015
March 31, 2016 Common share P 1.43

There is no sale of unregistered securities for the year 2013.

The top 20 stockholders as of December 31, 2015 are as follows:

Common Stock

	Name of Stockholder	Number of Shares	Percentage Ownership
1	PCD NOMINEE CORPORATION (F)	472,373,031	41.91%
2	T & M HOLDINGS, INC.	316,803,625	23.30%
3	RIZAL PARTNERS CO. LTD	127,200,000	11.29%
4	ASUNCION, ALEXANDER G.	90,014,000	7.99%
5	PRIMEEAST PROPERTIES, INC.	69,815,500	6.19%
6	MABUHAY HOLDINGS CORPORATION	55,384,964	3.39%
7	PCD NOMINEE CORPORATION (NF)	33,545,000	2.98%
8	MARILAQUE LAND, INC.	5,998,000	0.53%
9	DEE, ALICE T.	2,565,000	0.23%
10	VALMORA INVESTMENT AND MANAGEMENT	2,300,000	0.20%
11	TAN, PEDRO O.	1,235,000	0.11%
12	EQUITY MANAGERS ASIA, INC.	1,000,000	0.09%
13	GUPIT, JEANETTE A.	750,000	0.07%
14	DAVID GO SECURITIES CORPORATION	729,000	0.06%
15	SIGUION- REYNA, LEONARDO T.	700,000	0.06%
16	GOKONGWEI JR., JOHN	642,000	0.06%
17	UY, IMELDA T.	621,000	0.06%
18	TAN, HENRY L.	600,000	0.05%
19	BLUE RIDGE CORPORATION	500,000	0.04%
20	LAO, ALEX L.	500,000	0.04%

Dividend Policy

The Company's Board is authorized to declare cash or stock dividends or a combination thereof. A cash dividend declaration requires the approval of the Board but shareholder approval is not necessary. A stock dividend declaration requires the approval of the Board and shareholders representing at least two-thirds (2/3) of the Company's outstanding capital stock. Holders of outstanding shares as of a dividend record date for such shares will be entitled to the full dividend declared without regard to any subsequent transfer of shares.

Under the Company's By-Laws, dividends may be declared from its surplus profits at such time or times and in such percentage as the Board may deem proper. No dividend shall be declared that will impair the capital of the Company.

Under the Philippine Corporation Code, the Company may not make any distribution of dividends other than out of its unrestricted retained earnings.

The Company does not have a specific dividend policy.

The Company has not declared or paid out any dividend in the last three (3) years.

Pursuant to existing SEC rules, cash dividends declared by a listed company must have a record date not less than 10 or more than 30 days from the date the cash dividends are declared. With respect to stock dividends, the record date is not to be less than 10 or more than 30 days from the date of shareholder approval, provided however, that the record date shall not be less than 10 trading days from receipt by the PSE of the notice of declaration of stock dividend. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the SEC.

Each holder of a Common Share is entitled to such dividends as may be declared in accordance with the Company's dividend policy.

Free Float Level

Based on the Public Ownership Report of the Company as of December 31, 2015, 35.26% of the total outstanding shares are owned by the public.

Item 7 - MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

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. A joint venture agreement with Dreamhauz Management & Development Corporation and

Dell Equipment and Construction Corporation to develop an estimated 15 and 9 hectares were arranged by the company on August 5, 2010 and July 25, 2012 respectively.

As at December 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 next 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.

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 480 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, through its joint venture with PrimeEast, has cleared approximately 183.8 hectares (2014 – 164.8 hectares). It has also identified approximately 74 hectares ready to be cleared and settled with third party claims for the said area, and clear these properties' corresponding titles.

On September 10, 2013, the Company entered into a Contract to Sell with Hundred Lake Development Corporation, a 60% Filipino- 40% Foreign (Chinese) owned corporation, whereby the company agreed to sell its land located in Binangonan, Rizal, with an area of 183, 729 square meters for a total consideration of P87, 271,275. The company received P75 million as down payment upon execution of the Contract to Sell and was used to pay clearing costs.

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 Binangonan, Rizal. The Company also repaid maturing loans from the proceeds.

Discussion of Material Events/Uncertainties Known to Management that would Address the Past and Impact on Future Operations

The Company has enough resources to cover payment of liabilities through the sale of some of its properties. 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. 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. The Management is not aware of any known trends, events or uncertainties that have had or that are reasonably expected to have a material favourable or unfavourable impact on net sales or revenues or income from continuing operations. The Company does not have any significant elements of income or loss that did not arise from the company's continuing operations.

Results of Operations

<u>December 31, 2015</u>

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.

Appraisal of Binangonan properties conducted by an independent appraiser valued the property (undeveloped lots) at P1000/sqm as of April 1, 2016 (2013- P1000/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 local government. This project name Casas Aurora is envisioned to be a sole project of the company, with a joint development agreement between Tamura Kenzai Co. and TI&S Holdings for funding purposes.

<u>December 31, 2014</u>

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 on July 17, 2014 upon transfer of the property to the buyer name of Hundred Lake.

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 ventures with Dell Equipment & Construction Corporation were sold with total revenue of P720,000.

Appraisal of Binangonan properties conducted by an independent appraiser valued the property (undeveloped lots) at P1000/sqm as of January 9, 2015 (2013- P1000/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 local government. This project name Casas Aurora is envisioned to be a sole project of the company, with a joint development agreement between Tamura Kenzai Co. and TI&S Holdings for funding purposes.

<u>December 31, 2013</u>

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, a subsidiary of Ayala Land Inc. is pursuing the acquisition of a portion of the 2000- hectare Binangonan lot of the company. The on-going negotiations for a possible seven-year project divided into three phases are expected to be completed in the next 6 months. The entry of Ayala Land Inc. is seen to jumpstart the development of a new mixed-use community south of Metro Manila. To date, a total of 142 hectares are ready for immediate development.

Financial Condition

December 31, 2015

The financial position of the Company as of December 31, 2015, shows total assets of P3,219,770,863. Noncurrent assets were P2, 080,478,210. The noncurrent assets consist of investment properties, property and equipment (net of accumulated depreciation) and other assets. Current assets as of December 31, 2013 stood at P1,139,292,653.

The total liabilities of the Company as of December 31, 2015 is P1,729,491,104 while current liabilities stood at P714,419,667. Non-current liabilities is P1, 015,071,437 which includes the P402, 455,596 deferred tax liability and 608,652,984 provision for clearing costs. Total stockholders' equity as of December 31, 2014 is P1, 283,405,820.

Material changes (2015 vs. 2014)

Cash decreased by 80.41% or P37.13 million due to the land development and construction of houses in casas aurora project and some were used in operating expenses

Receivables grew by 728% or P35.7 million mainly due to the advance of VGPineda Construction Corp for Casas Aurora Project and Greenroof Corporation.

Prepayments likewise decreased by 21.16% or P8.3 million due to the reclassification to land held for sale and development.

Land held for development is increased by 3.93% or P38.2 million mainly due to reclassification of partially completed units to land held for development which was incurred during the year.

Investment property increased by 11% or P206.3 million mainly due to the recognition of additional recoverable land area of 10 hectares, and recognition of fair value gain on investments and the capitalizing of borrowing costs.

Accounts payable and accrued expenses decreased by P55.6 million or 20.28% mainly due to the reclassification from Land held for development, accrual salaries of officers, accrual of interest on loans, and advances to Tamura Kenzai Groups for the Casas Aurora Project.

Provision for clearing costs, current portion increased by P106.8 million or 3,141% due to increase in estimated area to be cleared.

Provision for clearing costs, non-current decreased by P18.7 million or 3% due to discounting of provision for clearing cost

Deferred tax liability was up by 5% or P19.17 million due to provision for income tax deferred.

December 31, 2014

The financial position of the Company as of December 31, 2014, shows total assets of P2, 995,691,122. Noncurrent assets were P1, 873,729,151. The noncurrent 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, 081,961,971.

The total liabilities of the Company as of December 31, 2013 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, 283,405,820.

Material changes (2014 vs. 2013)

Cash was up by 1172% or P42.5 million due to the proceeds from sale of assigned units in the Sunshine Fiesta, sale of raw land to Hundred Lake Development Corp., and Joint Venture Project with Tamura Kenzai Co. and TI&S Holdings.

Receivables grew by 79% or P12.7 million mainly due to the advance of VGPineda Construction Corp for Casas Aurora Project.

Prepayments likewise increased by 9% or P1.3 million due to the reclassification for cost of health insurance of IRC Employees and Officers.

Land held for development is decreased by 7% or P72.4 million mainly due to the reclassification of PrimeEast Properties from Accounts Payable incurred during the year.

Investment property increased by 11% or P192 million mainly due to the recognition of additional recoverable land area of 15 hectares, and recognition of fair value gain on investments and the capitalizing of borrowing costs.

Accounts payable and accrued expenses increased by P49.1 million or 764% mainly due to the reclassification from Land held for development, accrual salaries of officers, accrual of interest on loans, and advances to Tamura Kenzai Groups for the Casas Aurora Project.

Provision for clearing costs, current portion dropped by P1.7 million or 34% due to partial payment for procurement of DAR5 conversion and DAR5-B.

Provision for clearing costs, non-current increased by P52.5 million or 9% due to the additional recoverable land area of 15 hectares.

Deferred tax liability was up by 8% or P29.2 million due to provision for income tax deferred.

December 31, 2013

The financial position of the Company as of December 31, 2013, shows total assets of P2, 777,621,138. Noncurrent assets were P1, 679,915,105. The noncurrent 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. Noncurrent liabilities is P928, 940,870 which includes the P353, 999,970 deferred tax liability and 574,940,900 provision for clearing costs. Total stockholders' equity as of December 31, 2013 is P1, 236,627,013.

Material changes (2013 vs. 2012)

Cash was up by 405% or P2.9 million due to the proceeds from sale of assigned units in the Joint Venture Project, sale of raw land to Hundred Lake Development Corp., issuance of notes to major stockholder and exercise of warrants during the year.

Receivables grew by 81% or P7.2 million mainly due to the sale of raw land to Hundred Lake Development Corp.

Prepayments likewise increased by 28% or P3.1 million due to creditable withholding tax from sale of property to Hundred Lake Development Corp.

Land held for development also increased by 6% or P57.8 million mainly due to the reclassification of Eastridge properties from Investment properties and incidental costs incurred during the year.

Real Properties held for sale and development was higher by 270% or P0.68 million due to the increase of completed and unsold units as of the end of the year.

Investment property increased by 32% or P406.7 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 P21.6 million or 7% mainly due to the payment of accrued realty tax and accrued salaries of officers.

Provision for clearing costs, current portion dropped by P47.1 million or 90% due to partial payment on MOA 3 with Prime East Properties, Inc.

Notes Payable grew by P15.5 million or 6% due to the issuance of notes to T & M Holdings, Inc., a major stockholder of the company.

Provision for clearing costs, non current is lower by P100 million or 15% due to the reclassification to current portion.

Deferred tax liability was up by 84% or P161 million due to provision for income tax deferred.

Share capital expanded by 17% or P147,291,992 due to the issuance of underlying common shares from the exercise of warrants by some warrant holders.

KEY PERFORMANCE INDICATORS ARE AS FOLLOWS:

	For the Year Ended December 31	
	2015	**2014**
Working Capital	424,872,986	420,395,564
Current Ratio	1.594	1.635
Quick Ratio	.113	.138
Asset to Equity Ratio	2.160	2.303
Debt to Assets Ratio	.537	.566
Debt to Equity Ratio	1.160	1.303
Gross Profit Margin	.937	.946
Operating Profit Margin	.535	.698
Net Profit Margin	.321	.428
Return on Assets	.008	.015
Return on Equity	.019	.036

Item 8. FINANCIAL STATEMENTS

The audited consolidated financial statements of the Registrant as of and for the year ended December 31, 2015, as listed in the accompanying Index to Financial Statements and Supplementary Schedules, are filed as part of this Form 17-A.

The financial statements attached to the report include the audited balance sheets, statements of income, statements of changes in equity, statements of cash flows and the notes to the financial statements. Such reports form part of our attachment to our SEC Annual Report Form 17-A.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

(a) Audit and Audit-Related Fees

The Registrant continued the services of its external auditors from Isla Lipana & Co.
There were no disagreements with the auditors with respect to accounting principles and practices, financial disclosures, or auditing scope or procedures. As in 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 and P446,250.56 for the year ending December 31, 2015 and December 31, 2014 respectively.

(b) Tax Fees

There were routinary 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, 2015 and 2014. The fees for these services are included in the Audit and Audit-Related Fees mentioned above.

On April 4, 2011, the Company rendered the services of Isla Lipana & Co.- tax division relative to the advice on the classification of the land sold and the relevant tax implication on the sale of Apo Island for a P300,000.00 fee (exclusive of VAT). Likewise, the company rendered its services for the transfer of land to its Joint Venture project for the amount of P75, 000 fee (exclusive of VAT).

(c) All Other Fees

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

(d) Company Policy in Appointment of Independent Auditor

The President and the Treasurer recommend to the Board of Directors the appointment of the external auditor and the fixing of the audit fees. The Board of Directors approves their recommendation.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CONTROL PERSONS

Directors and Executive Officers of the Company

The Company's Board of Directors is responsible for the over-all management and direction of the Company. There are eleven (11) members of the Company's Board of Directors, two of whom are independent directors. All directors were elected during the annual meeting of stockholders held on September 10, 2015 for the term 2015-2016.

Name	Age	Present Position	Citizenship
Esteban G. Peña Sy	68	Chairman and CEO	Filipino
Alexander G. Asuncion	74	Director & President	Filipino
Gil Miguel T. Puyat	53	Director	Filipino
Roberto V. San Jose	72	Director	Filipino
Steven Cesar G. Virata	57	Director	Filipino
Yasuhiro Ishikawa	54	Director	Japanese
Amiya Shinshuke	58	Director	Japanese
Wong Peng Chong	71	Director	Malaysian
Rodrigo B. Supeña	75	Director (Independent)	Filipino
Antonio V. Syyap	78	Director (Independent)	Filipino
Georgina A. Monsod	59	Director and Treasurer	Filipino
Araceli C. Molina	58	CFO and Assistant Treasurer	Filipino

Delfin P. Angcao	57	Corporate Secretary	Filipino

Following is a brief profile of the incumbent directors and executive officers of the Company, indicating their respective business experience for the past five (5) years.

Esteban G. Peña Sy, 68, Chairman of the Board and CEO since March 12, 2008. Mr. Pena Sy, 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. He is likewise a Director and President of Mabuhay Holdings Corporation, an investment holding company listed at the PSE, and Managing Director of Pan Asian Management Ltd., a management and investment consultancy firm based in Hong Kong, and Pan Asian Oasis Telecom Ltd. that operates joint venture factories engaged in the manufacturing of communication and fiber optic cables in China. His previous work experience includes positions as Asst. Secretary General and Executive Director of the Federation of Filipino-Chinese Chambers of Commerce and Industry. He also assumed the position of Director and President of Philippine Plaza Hotel Holdings, owner of Sofitel Philippine Plaza, last December 22, 2011.

Alexander G. Asuncion, 73, Director and President since March 12, 2008. Mr. Asuncion, Filipino, finished his Bachelor of Science Degree in Business Administration. He has held the following positions: Partner & Executive Director, Eastbay Resorts, Inc. from 2004 to present, Partner & Executive Director, Eastbay Property & Development, Inc. from 2004 to present, Group Chairman, PrimeEast Properties, Inc. from 2006 to present, President from 2006 to present, Eastridge Golf Club, Inc., President from 2001 to present, President, Marilaque Land, Inc., Group Chairman from 2006 to present, Dell Equipment & Construction Corporation, Group Chairman from 2006 to present, Today Realty Corporation, Group Chairman from 2006 to present, Heaven's Gate Memorial Gardens, Inc., Group Chairman from 2006 to present, Miracle Farms, Inc., Chairman of the Board from 1984 to present., L & A Management Corporation, Chairman of the Board from 1983 to present, Flowers & Gardens, Inc., Chairman of the Board from 1973 to present.

Gil Miguel T. Puyat, 52. Mr. Puyat, Filipino, earned his Marketing Strategy Course at Asian Institute of Management, M.A Economics (candidate), at University of San Francisco, and BS Agriculture Economics, at University of Wisconsin. He has been a Director of the Company since March 12, 2008. 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; and Board of Advisers, Development Center for the Handicapped Foundation, Inc.

Roberto V. San Jose, 71. Mr. San Jose, Filipino, is a Senior Partner in Castillo, Laman, Tan, Pantaleon & San Jose Law Offices. He started as Director of the Company on March 12, 2008. He also served as director or officer of several other private and public corporations, including ABC Development Corporation, Anglo Philippine Holdings Corp., San Jose Oil Company, Inc., Mabuhay Holdings Corp., Alsons Consolidated Resources Corp., Greater Asia Resources Corp., Jacinto Finance Corp., F. Jacinto Group, Inc., RJ Ventures, Inc., CP Group of Companies, Carlos Palanca Foundation, Inc., CP Equities Corp., International Distillers Phils., Atlas Resources and Management Group, La Sallian Educational Innovators Foundation and MAA Consultants, Inc.

Yasuhiro Ishikawa, aged 53 was 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 Co Ltd and Rizal Partners. Rizal Partners invested in IRC Properties, Inc. and became a strategic partner in 2015.

Shinsuke Amiya, 58, After taking Bachelor of Law from Hitotsubashi University in Tokyo in 1981, he 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 fundrasing 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. Mr. Amiya, a Japanese

Frisco V. San Juan, 92. Mr. San Juan, Filipino, finished his Bachelor of Science in Civil Engineering at the Mapua Institute of Technology in 1949. He was a graduate also of Infantry Course at Fort Bennin, Georgia and he earned his doctorate degree at the Rizal College of Agriculture and Technology. By profession he is a businessman. He serves as a Director of the Company since March 12, 2008. He held various positions such as Chairman of the Board of Trustees, Ramon Magsaysay Award in 1977, Executive Director, Rizal Economic Development Commission, Chairman, Presidential Complaints and Action Committee, Office of the President (Magsaysay in Malacañang). He became the Director of Board of Liquidation under President Ramon Magsaysay in 1954 and 1957.In politics, he was the President of Nationalista Party in 2001 to present.

KONG MUK YIN, 48**,** is a graduate of the City University of Hongkong with a bachelor's degree in Business Studies. He is a fellow member of the Association of Chartered Certified Accountants, and a Chartered Financial Analyst. He has extensive experience in corporate finance, financial management, accounting and auditing. He became a Director of the company on September 23, 2010. He is currently an Executive Director of COL Capital Limited, China Vision Media Group Ltd. and APAC Resources Ltd. He is also a Director of Mabuhay Holdings Corporation

Steven Cesar G. Virata, 56. Mr. Virata, Filipino, graduated from the University of the Philippines with a B.S. Architecture degree. He has more than ten years of experience in the aviation industry, marketing, architecture, graphic design and production, theater industry and farm management. He became a Director of the Company on March 12, 2008. He is 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, 74. Mr. Supeña was elected as Independent Director of IRC Properties, Inc. on March 31, 2009. A seasoned banker who previously held various key positions in Land Bank of the Philippines and Bank of the Philippine Islands, Mr. Supeña 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 Masters in Business Administration from Ateneo Graduate School of Business.

Wong Peng Chong, 70. Dato Wong, a Malaysian, was elected as Director of IRC Properties, Inc. on Nov. 6, 2009. Upon his graduation from the University of Malaya in 1967 with the degree of Bachelor of Arts (Honours), he joined the Malaysian Foreign Service and had served with several Malaysian diplomatic missions overseas in various capacities. Dato Wong joined the private sector in 1985 and has served in various senior management positions, including executive directorships in public listed companies in Hongkong and Malaysia. He is currently the executive director of COL Capital Limited and the vice-president of Shanghai Allied Cement Limited. He is also a Director of Mabuhay Holdings Corp., Director and Chairman of Mega Pascal Berhad and a Director of China

Online (Bermuda) Limited and Greenfield Chemical Holdings Limited. He had been a Director and Chairman of Mulpha International Bhd. from 1997 until 2002.

Antonio V. Syyap, 77. Mr. Syyap, 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 has been a Director of the Company since March 12, 2008. He also serves as a Director of Landco Pacific Corporation. He graduated at De La Salle University with a degree in Bachelor of Science Major in Accounting. At present he is the consulting director and marketing of Forest Lake a memorial park development and marketing. He is also President and Chairman of Today Realty.

Georgina A. Monsod, 58. Director, Treasurer and Compliance Officer. Ms. Monsod was elected as Director on October 5, 2012. She has held the position of Treasurer and Compliance Officer of the Company starting March 12, 2008. She has been involved with real estate development and financing for the past 14 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 also passed the Licensure Exam for Real Estate Brokers last March, 2014 and is now a licensed Real Estate Broker.

Araceli C. Molina, 57. Assistant Treasurer and Compliance Officer. Ms. Molina has been the Assistant Treasurer and Compliance Officer since March 12, 2008. An MBA graduate of De La Salle University, a Certified Public Accountant and a member of the Philippine Institute of Certified Public Accountants, she has been for several years connected with listed companies such as Vulcan Industrial and Mining Corporation and A Brown Company, Inc. Her past affiliations covered dealings with banks and other financial institutions, the Philippine Stock Exchange, Inc., and government agencies such as the Department of Energy, Securities and Exchange Commission and Bureau of Internal Revenue. She started her career with Sycip, Gorres, Velayo & Co. (SGV) as staff auditor. She was a License Real Estate Broker since March, 2014. She also passed the Licensure Exam for Real Estate Brokers last March, 2014 and is now a licensed Real Estate Broker.

Delfin P. Angcao, 56. Corporate Secretary and Corporate Information Officer. Mr. Angcao has been the Corporate Secretary and Corporate Information Officer since March 12, 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. He is or has been elected as Director and/or Corporate Secretary of various client corporations of CLTPSJ namely: Mabuhay Holdings Corporation, Ajo.net Holdings, Inc., United Paragon Mining Corporation, Philcomsat Holdings Corporation, and Golden Valley

Exploration Corporation. He is a member of the Integrated Bar of the Philippines and the Philippine Institute of Certified Public Accountants.

For the period January to December 2015, the Board had 13 meetings, including the organizational meeting. The incumbent directors attended/ participated in more than 50% of all the meetings, as follows:

Director	Attendance
Esteban G. Peña Sy	11
Alexander G. Asuncion	11
Gil Miguel T. Puyat	11
Roberto V. San Jose	11
Frisco F. San Juan	9
Antonio V. Syyap	11
Steven G. Virata	11
Rodrigo B. Supeña	11
Wong Peng Chong	10
Kong Muk Yin	7
Georgina A. Monsod*	11
Yasuhiro Ishikawa	2
Cher Chen Lung	1

*Ms. Georgina A. Monsod was first elected to the Board and annual stockholders' meeting held on October 5, 2012.

Significant Employees

No single employee is expected to make a significant contribution to the business since the employees of the company are expected to work together as a team in order to achieve the corporation's set goals. All of the Company's employees are considered significant in their own particular way.

Family Relationships

Mr. Alexander G. Asuncion, Director and President, and Ms. Georgina A. Monsod, Director and Treasurer are first degree cousins.

Other than the foregoing, there are no family relationships up to the fourth civil degree either by consanguinity or affinity among the directors or officers herein listed.

Item 11. EXECUTIVE COMPENSATION

DIRECTORS

The Directors receive P3,000 as per diem transportation allowance for every board meeting.

EXECUTIVE OFFICERS

The annual compensation of the Company's executive officers for the last two (2) fiscal years and the ensuing year 2014 (estimate) are as follows:

Executive Officer	Position	Salary			Bonus	Other Annual Compensation
		2015 (estimate)	2014	2013		
Esteban G. Peña Sy	Chairman & CEO					
Alex G. Asuncion	President, Director					
Georgina A. Monsod	EVP / Treasurer, Director					
Araceli C. Molina	SVP / Assistant Treasurer					
Alwin P. Remante	Vice President					
Total of all above named directors & officers as a group		P6.2M	P6.2M	P4.0M	None	None

The company has only five (5) executive officers for the last three fiscal years.

The company has not granted/exercised any warrants and options to its directors or officers and as no plans to grant/exercise any warrants and options now or in the near future. The standard arrangements pursuant of which directors are compensated are attendance in board meetings, election as officer of the company, designation as person in charge of certain assignments to be performed, etc. There are no other arrangements pursuant to which any director of the company was compensated.

Item 12. SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Record and Beneficial Owners, Stockholders, directly or indirectly, the record or beneficial owner of more than 5% of any class of Registrant's voting securities.

The Company has no knowledge of any person holding more than five percent (5%) of the Company's shares of common stock under a voting trust or similar agreement.

The Companies known to the Registrant to be the record or beneficial owner of more than 5% of any class of the Registrant's voting securities as of December 31, 2015, as follows:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	Percent of Class
Common Stock	PCD Nominee Corp. (F) 37/F The Enterprise Center Ayala Avenue, Makati City	Various owners No broker participant holds more than 5% of the voting shares of the Company.	Filipino	472,373,031	41.91%
	T & M Holdings, Inc. 35/F Rufino Pacific Tower, 6784 Ayala Ave., Makati City Stockholder	T & M Holdings, Inc.* Direct	Filipino	262,605,200	23.26%
	Rizal Partners Co., Ltd. Chiyoda-ku Tokyo	Rizal Partners Co., Ltd. Direct	Japanese	127,200,000	11.29%

	Alexander G. Asuncion 861 Yale St., Wack Wack Subdivision, Mandaluyong City Director and President	Alexander G. Asuncion Direct	Filipino	90,014,000	9.00%
	PrimeEast Properties, Inc. 1008 West Tower, PSE Center, Ortigas Center, Pasig City Stockholder	PrimeEast Properties, Inc. Direct	Filipino	69,815,500	6.98%

*We believe that the beneficial owner or person who has the right to vote on behalf of T&M Holdings, Inc. is Mr. Esteban Peña Sy who is the President of T&M Holdings, Inc. Mr. Esteban Peña Sy is also the Chairman & CEO of the Registrant.

Security Ownership of Management

Title of Class	Name	Amount/Nature of Beneficial Ownership	Total	Citizenship	Percent of Class
Common	Esteban G. Peña Sy	592,000/ indirect 250/direct	592,000	Filipino	0.05921%
	Alexander G. Asuncion	90,014,000/ direct 26,692,000/ indirect	116,706,000	Filipino	11.67160%
	Gil Miguel T. Puyat	11,000/ direct	11,000	Filipino	0.00110%
	Roberto V. San Jose	1,000/ direct	1,000	Filipino	0.00010%
	Yasuhiro Ishikawa	50/ direct 127,200,000/ indirect	201,000	Filipino	0.02010%

	Ana Maria A. Katigbak-Lim	150/ direct	150	Filipino	0.00002%
	Wong Peng Chong	10,000/ direct	10,000	Malaysian	0.00100%
	Cher Chen Lung	10,000/ direct	10,000	Chinese	0.00100%
	Rodrigo B. Supena	150 / direct	150	American	0.00002%
	Antonio V. Syyap	1,000/ direct	1,000	Filipino	0.00010%
	Steven Gamboa Virata	150/ direct	150	Filipino	0.00002%
	Georgina A. Monsod	1000/ direct	1000	Filipino	0.00010%
	Delfin P. Angcao	150/ direct	150	Filipino	0.00002%
	Araceli C. Molina	350/ direct	350	Filipino	0.00004%
	Total	**117,533,950**	**117,533,950**		11.75441%

The aggregate shareholdings of directors and officers as a group amounts to 117,533,950 shares.

Registrant has no voting trust holders of 5% or more of its total outstanding capital stock.
Registrant has no knowledge of any arrangements which may result in a change of control of the Registrant.

Item 13. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Certain 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 ₱51,770.360.26 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 ₱99,486,250.35. 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 ₱177,961,700.

PrimeEast is a shareholder of the Company and is presently holding 69,815,500 common shares of the Company. Mr. Alexander G. Asuncion, a director and President of the Company, is also a director and the President 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, 2015, the Company's notes payable to Mabuhay Holdings Corporation, a major stockholder, stood at P224, 869,900. The notes payable are in the form of unsecured borrowing with no definite payment terms and bears interest at 12% to 18% per annum.

On October 23, 2013 and December 19, 2013, the company issued a new promissory note to T&M Holdings, Inc. amounting to P10,000,000.00 and P5,500,000.00 respectively with interest at 15% per annum.

Mabuhay is a shareholder of the Company and is presently holding 316,803,625 common 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 common 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. Araceli C. Molina, the Assistant Treasurer and Chief Financial Officer of the Company, is also the Treasurer and Chief Financial Officer 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 60 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.

On July 25, 2012, the Company entered into a Joint Development Agreement with Dell Equipment to undertake a residential subdivision project into the 8.718 hectares contributed by the Company 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.

Messrs. Gil Miguel T. Puyat and Antonio Syyap, Vice Chairman and Director, respectively, of DELL Equipment, are also directors of the Company. Mr. Alexander G. Asuncion, a stockholder 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.

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.

PART IV – CORPORATE GOVERNANCE

Corporate Governance

In order to institutionalize the principles of good corporate governance in the entire organization, the Company submitted its revised Manual on Corporate Governance to the SEC on January 28, 2011. The Company is committed to good corporate governance and continues to pursue efforts towards attaining full compliance with its Manual on Corporate Governance.

The Company has designated its Treasurer and Assistant Treasurer, namely Ms. Georgina Monsod and Araceli C. Molina, respectively, as Compliance Officers who are tasked with monitoring compliance with the provisions and requirements of the Company's Manual on Corporate Governance.

The Company is presently developing a plan and timetable for compliance with certain leading practices and principles of good corporate governance, such as structured monitoring of compensation, benefits, succession planning and continuous training for management and key personnel on the leading practices of good corporate governance.

Attached as part of this Annual Report (17-A) is the Company Annual Corporate Governance Report with 2015 figure updates.

PART V - EXHIBITS AND SCHEDULES
Item 14. EXHIBITS AND REPORT ON SEC FORM 17-C

(a) Exhibits - See accompanying Index to Exhibits
The following exhibit is filed as a separate section of this report.
Subsidiaries of the Registrant
The other exhibits, as indicated in the Index to Exhibits, are either not applicable to the company or require no answer.

(b) Report on SEC Form 17 – C
The following current reports have been disclosed by IRC Properties, Inc. through official disclosure letters dated:

Date	Disclosures
January 2, 2015	Clarification and/or confirmation on news article entitled “Listed real estate firm IRC Properties Inc. has set a capital expenditure of P800M to P1B for 2015, most of which will be used to clear land titles and finance projects.
January 23, 2015	Amended Articles of Incorporation of IRC Properties, Inc. (IRC) reflecting in Article III thereof the specific address of IRC’s principal office and in Article Seventh thereof, a provision for the denial of pre-emptive rights, was approved by the Securities and Exchange Commission (SEC).
January 22, 2015	Clarification on news report regarding IRC management’s plan and proposal to raise funds through private placement.
July 3, 2015	Private Placement to be taken out from an increase in the authorized capital stock of the corporation
July 20, 2015	Comprehensive Corporate Disclosure on Issuance of Shares
July 30, 2015	Notice of the 2015 Annual Stockholders Meeting of the Corporation
September 11, 2015	Clarification on news article from Business World Online dated September 10, 2015
September 11, 2015	Result of the Annual Stockholders’ Meeting held on September 10, 2015
September 11, 2015	SEC approval of Capital Increase and Amended Articles of Incorporation
September 14, 2015	Results of Organizational Meeting of the Board of directors held on September 10, 2015
September 15, 2015	IRC Properties open to JVs with major developers
October 5, 2015	Change in Number of Issued and/or Outstanding Shares

(c) Reports under SEC Form 17-C as amended (during the last 6 months): None

IRC PROPERTIES, INC. AND SUBSIDIARY
INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
SEC FORM 17 – A

CONSOLIDATED FINANCIAL STATEMENTS

SUPPLEMENTARY SCHEDULES

*These schedules, which are required by Part IV (e) of RSA Rule 48, have been omitted because they are either not required, not applicable or the information required to be presented is included in the company's consolidated balance sheets or notes to the consolidated balance sheets.

IRC PROPERTIES, INC. AND SUBSIDIARIES
INDEX TO EXHIBITS
SEC FORM 17 – A

Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession *
Instruments Defining the Rights of Security Holders, Including Indentures *
Voting Trust Agreement *
Material Contracts *
Annual Report of Security Holders, FORM 11 – Q or Quarterly Reports to Security Holders*
Subsidiary of the Registrant
Published Report Regarding Matters Submitted to Vote of Security Holders *
Consents of Experts and Independent Counsel *
Power of Attorney *
Additional Exhibits *

*These Exhibits are either not applicable to the company or require no answer

EXHIBIT 18 SUBSIDIARY OF THE REGISTRANT

IRC Properties, Inc. has one consolidated subsidiary which is wholly-owned, Interport Development Corporation.

SIGNATURES

Pursuant to the requirement of Section 17 of the Code and Section 141 of the Corporate Code, this report is signed on its behalf by the issuer by the undersigned, thereunto duly authorized, in the City of Makati in April 2016.

Issuer: **IRC PROPERTIES, INC.**

By:

Directors / Officers and Control Persons

Chairman of the Board

ESTEBAN G. PEÑA SY

President

ALEXANDER G. ASUNCION

Corporate Secretary

DELFIN P. ANGCAO

Treasurer

GEORGINA A. MONSOD

REPUBLIC OF THE PHILIPPINES)

MAKATI CITY)S. S.

SUBSCRIBED AND SWORN TO before me, a Notary Public, for and in Makati City, this APR 1 4 2016 day of April 2016, affiants exhibiting to me their Community Tax Certificates/ Passports, as follows:

Affiant	CTC No. / Passport No.	Date of Issue	Place of Issue
Esteban G. Peña Sy	EB9453889	October 25, 2013	DFA, Manila
Alexander G. Asuncion	15161996	January 9, 2014	Cainta, Rizal
Georgina A. Monsod	15162631	January 9, 2014	Cainta, Rizal
Delfin P. Angcao	EB4959861	March 16, 2012	DFA, Manila

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2016
IBP No. 656155-Lifetime Member
MCLE Compliance No. V-0006934
Appointment No. M-38-(2015-2016)
PTR No. 5323504 Jan. 4, 2016
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

Doc. No. 06
Page No. 03
Book No. XXXIII
Series of 2016

IRC Properties, Inc. and Subsidiary

Consolidated Financial Statements
As at December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015

Independent Auditor's Report

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of IRC Properties, Inc. and Subsidiary, which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of total comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of IRC Properties, Inc. and Subsidiary as at December 31, 2015 and 2014, and their financial performance and their cash flows for the three years in the period ended December 31, 2015 in accordance with Philippine Financial Reporting Standards.

Isla Lipana & Co.

Cherrylyn M. Javier
Partner
CPA Cert. No. 68556
P.T.R. No. 0007703; issued on January 6, 2016 at Makati City
SEC A.N. (individual) as general auditors 0055-AR-3, Category A; effective until April 30, 2016
SEC A.N. (firm) as general auditors 0009-FR-4; Category A; effective until July 15, 2018
T.I.N. 112-071-216
BIR A.N. 08-000745-9-2016; issued on February 9, 2016; effective until February 8, 2019
BOA/PRC Registration No. 0142; effective until December 31, 2016

Makati City
April 14, 2016

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, 2015, on which we have rendered the attached report dated April 14, 2016. The supplementary information shown in the Schedule of Philippine Financial Reporting Standards and Interpretations effective as at December 31, 2015, and Reconciliation of Retained Earnings for Dividend Declaration and as required by Part I, Section 4 of Rule 68 of the SRC, and Map of the Group of Companies within which the Reporting Entity Belongs, 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.

Cherrylin M. Javier
Partner
CPA Cert. No. 68556
P.T.R. No. 0007703; issued on January 6, 2016 at Makati City
SEC A.N. (individual) as general auditors 0055-AR-3, Category A; effective until April 30, 2016
SEC A.N. (firm) as general auditors 0009-FR-4; Category A; effective until July 15, 2018
T.I.N. 112-071-216
BIR A.N. 08-000745-9-2016; issued on February 9, 2016; effective until February 8, 2019
BOA/PRC Registration No. 0142; effective until December 31, 2016

Makati City
April 14, 2016

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 as at and for the year ended December 31, 2015, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submit the same to the stockholders.

Isla Lipana & Co., the independent auditors appointed by the stockholders, has examined the financial statements of the company in accordance with Philippine Standards on Auditing and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such examination.

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

ALEXANDER G. ASUNCION
President

ARACELI C. MOLINA
SVP / Chief Financial Officer

SUBSCRIBED AND SWORN TO before me, a Notary Public, for and in Makati City, this APR 14 2016 day of April 2016, affiants exhibiting to me their Community Tax Certificates and/or Passports, as follows:

Affiant	CTC No. / Passport No.	Date of Issue	Place of Issue
Esteban G. Peña Sy	EB9453889	October 25, 2013	DFA, Manila
Alexander G. Asuncion	15161996	January 9, 2014	Cainta, Rizal
Araceli C. Molina	EB6277353	September 6, 2012	DFA, Manila

Doc. No. 442
Page No. 90
Book No. XXXIII
Series of 2016

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2016
IBP No. 656155-Lifetime Member
MCLE Compliance No. V-0006934
Appointment No. M-38-(2015-2016)
PTR No. 5323504 Jan. 4, 2016
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.

IRC Properties, Inc. and Subsidiary

Consolidated Statements of Financial Position
December 31, 2015 and 2014
(All amounts in Philippine Peso)

	Notes	2015	2014
A S S E T S			
Current assets			
Cash	5	9,047,223	46,175,692
Receivables	6	40,575,504	4,898,865
Available-for-sale financial assets	7	620,380	620,380
Funds held by custodian bank	9	15,907,315	15,785,832
Land held for development	10	1,012,316,259	974,082,661
Real properties held for sale and development	10	29,714,419	938,437
Prepayments and other current assets	8	31,111,553	39,460,104
Total current assets		1,139,292,653	1,081,961,971
Non-current assets			
Investment property	11	2,077,087,128	1,870,759,079
Property and equipment, net	12	2,274,679	1,824,624
Other assets	13	1,116,403	1,145,448
Total non-current assets		2,080,478,210	1,873,729,151
Total assets		3,219,770,863	2,955,691,122
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued expenses	14	218,627,809	274,248,126
Current portion of provision for clearing costs	15	110,253,111	3,401,017
Short-term borrowings	16	369,631,432	368,131,432
Liability for refund of stock rights subscription	9,17	15,907,315	15,785,832
Total current liabilities		714,419,667	661,566,407
Non-current liabilities			
Deferred tax liability, net	21	402,455,596	383,277,995
Provision for clearing costs, net of current portion	15	608,652,984	627,440,900
Retirement benefit obligation	24	3,962,857	-
Total non-current liabilities		1,015,071,437	1,010,718,895
Total liabilities		1,729,491,104	1,672,285,302
Equity			
Share capital	17	1,127,113,978	999,913,978
Additional paid-in capital	17	50,880,000	-
Treasury shares	17	(14)	(14)
Fair value reserve	7	(8,943)	(8,943)
Retained earnings		312,294,738	283,500,799
Total equity		1,490,279,759	1,283,405,820
Total liabilities and equity		3,219,770,863	2,955,691,122

The notes on pages 1 to 38 are integral part of these consolidated financial statements.

IRC Properties, Inc. and Subsidiary

Consolidated Statements of Total Comprehensive Income
For each of the three years in the period ended December 31, 2015
(All amounts in Philippine Peso)

	Notes	2015	2014	2013
Income				
Sales of real estate	10	24,473,400	11,636,500	93,859,481
Fair value gain on investment property	11	65,000,000	97,500,000	537,597,080
Interest income	5	126,492	44,548	4,272
Miscellaneous income		60,553	-	-
		89,660,445	109,181,048	631,460,833
Costs and expenses				
Cost of sales	10	5,619,757	5,861,245	128,659,059
Professional fees and other outside services		10,487,733	9,734,578	2,066,969
Salaries, wages and employee benefits	18	6,143,038	5,607,187	5,207,027
Retirement benefit expense	24	3,962,857	-	-
Rent	20	3,707,046	3,711,146	3,708,646
Taxes and licenses		2,651,220	1,723,071	1,276,751
Meeting expenses		2,373,744	2,274,291	997,019
Commission		1,889,565	862,463	788,058
Office supplies		661,454	337,555	169,185
Depreciation	12	481,485	208,509	88,920
Others	19	3,711,006	2,688,667	4,229,118
		41,688,905	33,008,712	147,190,752
Income before income tax		47,971,538	76,172,336	484,270,081
Provision for income tax	21	19,177,601	29,393,530	161,279,124
Net income for the year		28,793,939	46,778,806	322,990,957
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		28,793,939	46,778,806	322,990,957
Basic and diluted earnings per share	17	0.03	0.05	0.32

The notes on pages 1 to 38 are integral part of these consolidated financial statements.

IRC Properties, Inc. and Subsidiary

Consolidated Statements of Changes in Equity
For each of the three years in the period ended December 31, 2015
(All amounts in Philippine Peso)

	Share capital (Note 17)	Additional paid in capital (Note 17)	Treasury shares (Note 17)	Fair value reserve (Note 7)	Retained earnings	Total
Balances as at January 1, 2013	852,621,986	-	(14)	(8,943)	(86,268,964)	766,344,065
Comprehensive income						
Net income for the year	-	-	-	-	322,990,957	322,990,957
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	322,990,957	322,990,957
Transaction with owners						
Issuance of shares (147,291,992 shares at P1)	147,291,992	-	-	-	-	147,291,992
Balances as at December 31, 2013	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 for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	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 for the year	-	-	-	-	-	-
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

The notes on pages 1 to 38 are integral part of these consolidated financial statements.

IRC Properties, Inc. and Subsidiary

Consolidated Statements of Cash Flows
For each of the three years in the period ended December 31, 2015
(All amounts in Philippine Peso)

	Notes	2015	2014	2013
Cash flows from operating activities				
Income before income tax		47,971,538	76,172,336	484,270,081
Adjustments for:				
Depreciation	12	481,485	208,509	88,920
Amortization	13	63,941	52,763	51,348
Interest income	5	(126,492)	(44,548)	(4,272)
Fair value gain on investment property	11	(65,000,000)	(97,500,000)	(537,597,080)
Loss on sale of investment property		-	-	32,147,500
Retirement benefit expense	24	3,962,857	-	-
Operating loss before changes in working capital		(12,646,671)	(21,110,940)	(21,043,503)
Changes in working capital				
Receivables		(35,676,636)	(25,013,969)	5,042,661
Properties held for sale and development		4,114,976	(9,823,129)	(2,239,538)
Prepayments and other current assets		8,348,551	(1,333,573)	(3,197,915)
Accounts payable and accrued expenses		23,874,578	25,023,909	(61,253,826)
Net cash absorbed by operations		(11,985,202)	(32,257,702)	(82,692,121)
Income taxes paid		-	(122,255)	-
Interest received		126,492	44,548	4,272
Settlement of clearing costs	15	(11,025,126)	(1,740,000)	(147,141,357)
Net cash used in operating activities		(22,883,836)	(34,075,409)	(229,829,206)
Cash flows from investing activities				
Additional costs capitalized on land held for development	11	(69,740,577)	-	-
Acquisition of computer software	13	(34,896)	(22,672)	-
Acquisition of property and equipment	12	(386,940)	(1,900,567)	-
Proceeds from sale of investment property		-	12,271,275	75,000,000
Additions to investment property	11	-	(9,488,879)	(5,051,874)
Net cash provided by (used in) investing activities		(70,162,413)	859,157	69,948,126
Cash flows from financing activities				
Proceeds from issuance of stocks	17	178,080,000	-	-
Proceeds from advances		19,564,261	-	-
Proceeds from borrowings	16	1,500,000	80,761,532	-
Interest paid for borrowings		(111,806,479)	-	-
Payment of advances		(31,420,002)	-	-
Proceeds from stock rights offerings				147,291,992
Proceeds from issuance of notes	16	-	-	15,500,000
Settlement of borrowings		-	(5,000,000)	-
Net cash provided by financing activities		55,917,780	75,761,532	162,791,992
Net increase (decrease) in cash for the year		(37,128,469)	42,545,280	2,910,912
Cash as at January 1		46,175,692	3,630,412	719,500
Cash as at December 31	5	9,047,223	46,175,692	3,630,412

The notes on pages 1 to 38 are integral part of these consolidated financial statements.

IRC Properties, Inc. and Subsidiary

Notes to Consolidated Financial Statements
As at December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015
(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 hold such properties for investment purposes.

The Parent Company is 33.04% (2014 - 37.24%) owned by Mabuhay Holdings Corporation (MHC) through direct and indirect shareholdings. The remaining interest is owned by various corporate and individual shareholders. The Parent Company became a public company through an initial public offering in February 27, 1978. There are no other offerings made other than new shares issued arising from stock rights offering in 2010 as discussed below.

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.

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

As at December 31, 2015, 163.34 hectares (2014 - 164.70 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 10 and 11.

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 (Note 17).

The registered office of the Group and its principal place of business is at 35/F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City. The Parent Company has 15 regular employees as at December 31, 2015 (2014 - 8 employees). The administrative functions of the Subsidiary are handled by the Parent Company's management.

The Parent Company has its primary listing on the Philippine Stock Exchange. As at December 31, 2015, the Parent Company has 566 shareholders (2014 - 497 shareholders) owning at least 100 shares each.

The financial statements have been approved and authorized for issue by the Board of Directors on April 14, 2016.

Note 2 - 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 years presented, unless otherwise stated.

2.1 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 and assumptions. 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 estimates and assumptions are significant to the consolidated financial statements are disclosed in Note 4.

Changes in accounting policies and disclosures

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

The following amendments to existing standards and interpretation have been adopted by the Company effective January 1, 2015:

- *Annual improvements to IFRSs - 2010 to 2012 cycle and 2011 to 2013 cycle*. In December 2013, the International Accounting Standards Board (IASB) has made the following amendments:
  - PFRS 3 - clarifies that an obligation to pay contingent consideration is classified as financial liability or equity under the principles in PAS 32 and that all non-equity contingent consideration (financial and non-financial) is measured at fair value at each reporting date.
  - PFRS 3 - clarifies that PFRS 3 does not apply to the accounting for the formation of any joint arrangement.
  - PFRS 13 - confirms that short-term receivables and payables can continue to be measured at invoice amounts if the impact of discounting is immaterial.
  - PFRS 13 - clarifies that the portfolio exception in PFRS 13 (measuring the fair value of a group of financial assets and financial liabilities on a net basis) applies to all contracts within the scope of PAS 39 or PFRS 9.
  - PAS 16 and PAS 38 - clarifies how the gross carrying amount and accumulated depreciation are treated where an entity measures its assets at revalued amounts.
  - PAS 24 - where an entity receives management personnel services from a third party (a management entity), the fees paid for those services must be disclosed by the reporting entity, but not the compensation paid by the management entity to its employees or directors.

Other new standards, amendments and interpretations to existing standards which are effective for the financial year beginning January 1, 2015 are neither considered significant nor relevant to Company's financial statements.

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

A number of new standards, and amendments and interpretations to existing standards are effective for annual periods after January 1, 2015, and have not been applied in preparing these financial statements. None of these are expected to have an effect on the Company's financial statements, except as set out below:

- *PFRS 9, 'Financial instruments',* addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of PFRS 9 was issued in July 2014. It replaces the guidance in PAS 39 that relates to the classification and measurement of financial instruments. PFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income (OCI) and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. 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 OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in PAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income for liabilities designated at fair value through profit or loss. PFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests.

It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under PAS 39. The standard is effective for accounting periods beginning on or after January 1, 2018 with early adoption permitted. The Group's financial instruments are limited to loans and receivables, available-for-sale financial assets, financial assets at fair value through profit or loss and other financial liabilities at amortized cost and based on initial assessment, the adoption of the standard will not materially impact the Group's financial statements. The Group will continue to assess the impact until the date of mandatory adoption.

- *PFRS 15, 'Revenue from contracts with customers',* deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised 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. The standard replaces PAS 18 'Revenue' and PAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted. The Company is currently reviewing its revenue recognition policy and arrangements with customers to assess the full impact of the standard. Based on the on-going review, the adoption of the standard will not materially impact the Group's financial statements. The Group will continue to assess the impact until the date of mandatory adoption.

- *PFRS 16, 'Leases'*, is the new standard for lease accounting that will replace PAS 17, 'Leases'. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with the standard's approach to lessor accounting substantially unchanged from PAS 17. The standard is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted, but only in conjunction with PFRS 15, 'Revenue from Contracts with Customers'. In order to facilitate transition, entities can choose a 'simplified approach' that includes certain reliefs related to the measurement of the right-of-use asset and the lease liability, rather than full retrospective application; furthermore, the 'simplified approach' does not require a restatement of comparatives. In addition, as a practical expedient, entities are not required to reassess whether a contract is, or contains, a lease at the date of initial application (that is, such contracts are "grandfathered"). The amendment is not expected to have a significant impact on the Group's financial statements. The Group will continue its assessment and finalize the same upon effective date of the new standard.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of Parent Company and IDC, a wholly-owned subsidiary, as at December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015. The Group uses uniform accounting policies, any difference between the Subsidiary and Parent Company are adjusted properly.

As at December 31, 2015 and 2014, IDC is the only subsidiary of the Parent Company.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the Parent Company does not differ from the proportion of ordinary shares held.

The summarized financial information of the Subsidiary as at and for the years ended December 31 is as follows:

	2015	2014
Total current assets	49,507,147	49,507,147
Total current liabilities	1,802,326	1,761,842
Net assets	47,704,821	47,745,305
Expenses	40,484	35,188
Total comprehensive loss	(40,484)	(35,188)

The Subsidiary did not generate any cash flows for the years ended December 31, 2015 and 2014.

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. These are deconsolidated from the date that control ceases.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies 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 Group controls another entity. The Group also assesses the existence of control where it does not have more than 50% of the voting power but is able to govern the financial reporting and operating policies by virtue of de facto control. De facto control may arise in circumstances where the size Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies.

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.

2.3 Cash and restricted funds

For purpose of presentation in the 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.

2.4 Financial assets

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 twelve (12) months after the reporting date, in which case, these are classified as non-current assets. Loans and receivables comprise of cash (Note 2.3), receivables, including a portion of advances to subcontractors (Note 2.5), 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 twelve (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 2.12), borrowings (Note 2.13), and liability for refund of stock rights subscription are classified under this category.

<u>Recognition and measurement</u>

(a) Initial recognition and measurement

Regular 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 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

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.

2.5 Receivables

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.

2.6 Prepayments

Prepayments 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 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 the 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.

Prepayments are included in current assets, except when the related services are expected to be received or rendered for more than twelve (12) months after the end of the reporting period, in which case, these are classified as non-current assets.

2.7 Real properties held for sale; Land held for development

Real properties held for sale and land held for 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 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, 2015, 163.34 hectares of the cleared and retitled Binangonan Property are either under development or intended for immediate development (2014 - 164.70 hectares). The cost of such property is presented as land held for development.

As at December 31, 2015, real properties held for sale amounts to P29,714,419 (2014 - P938,437). This represents completed and fully developed lots under the joint development agreement (Note 10).

2.8 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 11).

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 2.9), 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.

2.9 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and amortization, and any impairment in value. Historical cost includes expenditure that is 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 an 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.

2.10 Impairment of non-financial assets

Assets that have an indefinite useful life, including land held for development, investment property (carried at fair value) and investment in subsidiaries, 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 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.

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.

2.11 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 group, 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. There are no financial instruments that fall under the Level 1 category.

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. There are no financial instruments that fall under the Level 2 category.

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 2015 and 2014.

(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 group 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 property of the Group is classified under Level 2 category. The Group has no non-financial assets or liabilities classified under Level 3 category.

2.12 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).

2.13 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 twelve (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 these are incurred.

2.14 Current and deferred income tax

The provision for income tax for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that 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 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 related bases are realized or when it is no longer realizable.

2.15 Employee Benefit

(a) Retirement benefits

The Group 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 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.

2.16 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 11). 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.

2.17 Share capital

(a) Common shares

Common shares, 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 common shares.

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 share premium.

(b) Treasury shares

Where any member of the Group 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 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.

2.18 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.

2.19 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.

Cost of sales is recognized simultaneously with revenue. Cost of sales include 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 group 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

Operating expenses are recognized when incurred.

2.20 Leases - Company as lessee

Leases in which 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 profit or loss on a straight-line basis over the period of the lease.

When the Group enters into an arrangement, comprising a transaction or a series of related transactions, that does not take the legal form of a lease but conveys a right to use an asset or is dependent on the use of a specific asset or assets, the Group assesses whether the arrangement is, or contains, a lease. The Group does not have such arrangements.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which the termination takes place.

2.21 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.

2.22 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.

2.23 Joint arrangements

The Group has assessed the nature of its joint arrangements and determined them to be joint operations. Joint operations are accounted for in relation to joint operator's interest in: its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; and its expenses, including its share of any expenses incurred jointly.

2.24 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.

Note 3 - Financial risk and capital 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.

3.1.1 Market risk

(a) Currency risk

The Group is not exposed to currency risk as it does not have significant foreign currency transactions.

(b) Price risk

The Group's exposure on price risk is minimal and limited only to investments classified as available-for-sale financial assets (Note 7). 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 16). These financial instruments are not exposed to fair value interest rate risk as they are carried at amortized cost. Likewise, these instruments are not exposed to variability in cash flows as they carry fixed interest rates.

3.1.2 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, 2015 and 2014.

	Notes	2015	2014
Cash in banks	5	8,932,223	46,145,692
Receivables	6	40,575,504	4,898,865
Funds held by custodian bank	9	15907,315	15,785,832
Refundable deposits	13	1,007,763	1,007,763
		66,422,805	67,838,152

(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, 2015 and 2014, the Group's cash and funds are maintained with universal and commercial banks as follows:

	2015	2014
Universal banks		
Funds held by custodian bank	15,907,315	15,785,832
Cash in banks	8,851,892	46,065,692
Commercial bank		
Cash in banks	80,331	80,000
	24,839,538	61,931,524

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

(b) Receivables

Fully performing accounts receivables at December 31, 2015 represents Group's share in the proceeds from sale of assigned units from the joint arrangement (Note 6) and a portion of receivables from subcontractors. Credit risk is not deemed significant because the Group holds on to the title until the amount is fully paid.

In 2014, the Company has collected P12.27 million remaining proceeds of the sale made to Hundred Lake Development Corp. during 2013.

(c) Refundable deposits

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

3.1.3 Liquidity risk

Liquidity risk is the risk that the Group is 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 fulfill commitments.

As at December 31, 2015 and 2014, the Group does not require intensive working capital requirements. 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 accrual for clearing costs (Note 15).

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

Expected future interest payments of the Group for the next three years are P39.5 million as at December 31, 2015 and 2014.

3.2 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. Calculation is as follows:

	2015	2014
Total equity	1,490,279,757	1,283,405,820
Add fair value loss	(8,943)	(8,943)
	1,490,288,702	1,283,414,763

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.

3.3 Fair value of financial assets and liabilities

The carrying amounts and fair values of significant financial assets and liabilities as at December 31 are as follows:

	Note	2015		2014	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Loans and receivables					
Cash	5	9,047,223	9,047,223	46,175,692	46,175,692
Receivables, net	6	40,575,504	40,575,504	4,898,865	4,898,865
Available-for-sale financial assets	7	620,380	620,380	620,380	620,380
Funds held by custodian bank	9	15,907,315	15,907,315	15,785,832	15,785,832
Refundable deposits	13	1,007,763	1,007,763	1,007,763	1,007,763
Total assets		67,158,185	67,158,185	68,488,532	68,488,532
Financial liabilities					
Accounts payable and accrued expenses	14	218,027,001	218,027,001	245,666,580	245,666,580
Short-term borrowings	16	369,631,432	369,631,432	368,131,432	368,131,432
Liability for refund of stock rights subscription	9,17	15,907,315	15,907,315	15,785,832	15,785,832
Total liabilities		603,565,748	603,565,748	629,583,844	629,583,844

3.4 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, 2015 and 2014, the Group's available-for-sale financial assets and investment property are classified under Level 1 and 2 categories, respectively.

As at December 31, 2015 and 2014, the fair values of the short-term borrowings approximate their carrying amounts.

Note 4 - 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 and assumptions that affect the reported amounts of assets and liabilities. 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.

4.1 Critical accounting estimates and assumptions

(a) Estimate of fair value of investment property (Note 11)

The Parent Company's Binangonan property has an estimated market value of P1,000 per square meter as at December 31, 2015 and 2014 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.

There are no changes in the estimated market value of the Binangonan property from prior year.

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 +/- 10% change in fair value per square meter increases/decreases total assets and income before tax by P188.13 million (2014 - P187.08 million).

4.2 Critical accounting judgments

(a) Recognition of deferred income tax assets (Note 21)

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 P83.22 million (2014 - P94.46 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/Estimate of clearing costs (Note 15)

As discussed in Note 11, the Supreme Court affirmed the validity of the Group's titles over its 2,200 hectare Binangonan property. 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 480 hectares are expected to be recovered/cleared and re-titled in the name of the Parent Company as at December 31, 2015 (2014- 470 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 P718.90 million as at December 31, 2015 (2014 - P630.84 million). These estimate is based on the assumption that the Group will no longer involve the existing contractor and will shoulder all costs incurred related to the clearing activities at an average price of P350 per square meter. The outstanding provisions do not include re-titled lots which have already been reclassified to land held for development in the statement of financial position.

Such cost estimates are discounted using a pre-tax rate of 6.0% 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 P25.49 million higher or P71.31 million lower.

Management believes that the above is the best estimate based on existing conditions and circumstances as at December 31, 2015 and 2014. 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 31,2015 and 2014 is 17.68 hectares and is recorded as part of land held for development in the statement of financial position.

(d) Impairment of trade and other 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 company 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 are shown in Note 6. In 2014, the Group has written-off its receivable for quitclaim agreements amounting to P7.47 million (2015 and 2013 - nil), which was previously provided for. As at December 31, 2015, the carrying value of Group's receivables amounted to P40.58 million (2014 - P4.90 million).

Note 5 - Cash

Cash as at December 31 consist of:

	2015	2014
Cash in banks	8,932,223	46,145,692
Cash on hand	115,000	30,000
	9,047,223	46,175,692

Cash in banks earn interest at the prevailing bank deposit rates. Interest income earned from bank deposits for the year ended December 31, 2015 amounted to P126,492 (2014 - P44,548; 2013 - P4,272).

Note 6 - Receivables

Receivables as at December 31 consist of:

	Note	2015	2014
Receivables from subcontractors		33,421,962	2,882,744
Receivables from sale of land and real properties held of sale and development	10	6,749,178	1,258,825
Others		404,364	757,296
		40,575,504	4,898,865

Receivables do not contain impaired assets as at December 31, 2015 and 2014.

Note 7 - Available-for-sale financial assets

Available-for-sale financial assets as at December 31, 2015 and 2014 consist of:

Unlisted	626,443
Listed	2,880
Total	629,323
Cumulative fair value adjustment	(8,943)
	620,380

Listed available-for-sale financial assets pertain to an insignificant number of equity shares held in a publicly listed universal bank and domestic manufacturing corporation (Level 1), fair value of which is based on the quoted market prices. Unlisted available-for-sale financial assets pertain to club membership shares (Level 2). The fair value of unlisted membership shares was determined by obtaining quoted market prices or executable dealer quotes for identical or similar instruments in inactive markets, or other inputs that are observable or can be corroborated by observable market data.

There were no purchases and disposals of available-for-sale financial assets for the years ended December 31, 2015 and 2014. There were also no changes in the fair values of the available-for-sale financial assets for the years then ended.

Note 8 - Prepayments and other current assets

Prepayments and other current assets as at December 31 consist of:

	2015	2014
Creditable withholding taxes	13,998,409	13,722,268
Advances to subcontractors	11,173,000	24,062,622
Input value-added taxes (VAT)	5,695,925	1,611,581
Prepaid insurance	77,588	47,002
Others	166,631	16,631
	31,111,553	39,460,104

Advances to subcontractors comprise of payments made by the Parent Company relating to services, materials and supplies needed for the construction of Project Casas Aurora. These are expected to be liquidated within a period of not more than 12 months.

Note 9 - Funds held by custodian bank

The account represents restricted funds from the proceeds of the Group's cancelled 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 Group to the SEC in connection with the stock rights offering.

Details of funds held by custodian bank as at December 31 consist of:

	2015	2014
Special savings deposit	15,888,000	15,784,000
Receivables	27,583	14,798
Demand deposit	10,725	10,160
Payables	(18,993)	(23,126)
	15,907,315	15,785,832

Following SEC's order to refund the money, the proceeds have been presented as liability in the statement of financial position. The Group does not have legal right to defer payment beyond one year for any claims received, hence, the amount was presented as current liability.

During 2014, there was a payment of the principal amounting to P3,140. There were no withdrawals from the fund during 2015.

Note 10 - Land held for development and real properties held for sale and development

Land held for development as at December 31 consists of:

	2015	2014
As at January 1	974,082,661	1,046,511,452
Additions, including capitalized interest	43,853,355	15,684,374
Reversal of capitalized cost	-	(82,251,920)
Transferred to completed jobs and cost of sales	(5,619,757)	(5,861,245)
As at December 31	1,012,316,259	974,082,661

In 2010, the Group entered into a joint development agreement with a third party developer to develop social housing units (the Project). Under the agreement, the Group shall contribute 7.6248 hectares of cleared lots to the Project (Phase 1) and another 1.337 hectares of cleared lots known as Phase 2. In 2012, the Group entered again into a joint development agreement with a different third party developer to develop social housing units. The Group shall contribute 8.717 hectares of cleared lots to the Project. In both agreements, 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, the amount of sale of finished housing units assigned to the Group. Total share of the Group from sold units in 2015 amounted P24.47 million (2014 - P11.64 million, 2013 - P93.86 million). Total cost of lots sold amounted to P5.62 million (2014 - P5.86 million, 2013 - 128.66 million).

Relative to the agreement with a leading real estate developer, 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 is awaiting approval. Total cost of reclassification and DAR conversions for additional areas covered in the supplement to the Memorandum of Agreement amounting to P5.27 million (2014 - P4.98 million) is capitalized as land held for development.

Total borrowing costs capitalized as land held for development at December 31, 2015 amounted to P1,383,979 (2014 - P2,687,750).

As at December 31, 2015, real properties held for sale and development amounted to P29,714,419 (2014 - P938,437). These comprise of completed and fully developed lots under the agreement.

Except for the transactions reported in the statement of cash flows, the other movements in the account are non-cash transactions.

Note 11 - Investment property

The movements in investment property for the years ended December 31 are as follows:

	Note	2015	2014
As at January 1		1,870,759,079	1,678,607,000
Fair value gain		65,000,000	97,500,000
Clearing costs on additional recoverable hectares	15	35,000,000	52,500,000
Clearing cost adjustment		64,089,304	-
Additions, including capitalized interest		42,238,745	42,152,079
As at December 31		2,077,087,128	1,870,759,079

As at December 31, 2015, the fair value of the Group's investment property amounted to P2.08 billion (2014 - P1.87 billion). The property, which is situated in Binangonan, Rizal, was acquired in 1978 primarily for purpose of development of a subdivision project. This property has a total area of about 2,200 hectares and is registered in the Group's name in several Transfer Certificate of Titles.

Increase in fair value of the investment property for the year ended December 31, 2015 and 2014 is attributed to increase in recoverable hectares (Note 2.8) while that for 2013 is attributed to on-going developments on the property.

Fair value of investment property is determined on the basis of appraisal made by an independent external appraiser. Valuation technique employed by the appraisers pertains to market approach making use of prices and other relevant information generated by market transactions of involving identical or comparable properties (Note 2.11). The most significant observable input used is price per square meter of similar properties for sale within the location. As at December 31, 2015 and 2014, the cumulative fair value gain on investment property amounts to P1.35 billion (2014 - P1.28 billion).

The Group does not currently earn income and does not incur direct operating expenses from its investment property. Total cumulative borrowing costs capitalized as at December 31, 2015 amounted to P210.08 million (2014 - P167.84 million).

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 Parent Company'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 who have acquired ownership through acquisitive prescription of dominion and other real rights. 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.

On September 10, 2013, the Group sold 18.37 hectare of its investment property to Hundred Lake Development Corp. with a carrying amount of P119.42 million (P650 per square meter) for P87.27 million (P475 per square meter). The disposal of the investment property resulted in a loss of P32.15 million. The Group received payments of P75.00 million upon execution of the Contract to Sell in 2013 and P12.27 million upon transfer of title in 2014.

Except for the transactions reported in the statement of cash flows, the other movements in the account are non-cash transactions.

Note 12 - Property and equipment, net

Details and movements of property and equipment as at and for the years ended December 31 follow:

	Office equipment	Furniture and fixtures	Transportation equipment	Communication equipment	Total
Cost					
As at January 1, 2014	2,084,354	2,122,399	431,818	202,278	4,840,849
Additions	68,625	-	1,831,942	-	1,900,567
As 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
As at December 31, 2015	2,315,600	2,196,674	2,958,404	202,278	7,672,956
Accumulated depreciation					
As at January 1, 2014	2,025,690	2,048,503	431,817	202,273	4,708,283
Depreciation	43,383	42,996	122,130	-	208,509
As at December 31,2014	2,069,073	2,091,499	553,947	202,273	4,916,792
Depreciation	54,327	40,503	386,655	-	481,485
As at December 31, 2015	2,123,400	2,132,002	940,602	202,273	5,398,277
Net book value					
As at December 31, 2015	192,200	64,672	2,017,802	5	2,274,679
As at December 31, 2014	83,906	30,900	1,709,813	5	1,824,624

As at December 31, 2015, fully depreciated property and equipment with cost of P4,849,497 (2014 - P634,096) are still in use.

Note 13 - Other assets

Other assets as at December 31 consist of:

	2015	2014
Refundable deposits	1,007,763	1,007,763
Computer software, net	46,590	75,635
Others	62,050	62,050
	1,116,403	1,145,448

Computer software is net of accumulated amortization amounting to P279,873 (2014 - P215,932). Amortization expense charged to profit or loss for the year ended December 31, 2015 amounted to P63,941 (2014 - P52,763, 2013 - P51,348).

Details and movements of computer software as at and for the years ended December 31 follow:

	Computer software
Cost	
As at January 1, 2014	268,895
Additions	22,672
As at December 31,2014	291,567
Additions	34,896
As at December 31, 2015	326,463
Accumulated depreciation	
As at January 1, 2014	163,169
Depreciation	52,763
As at December 31,2014	215,932
Depreciation	63,941
As at December 31, 2015	279,873
Net book value	
As at December 31, 2015	46,590
As at December 31, 2014	75,365

Note 14 - Accounts payable and accrued expenses

Accounts payable and accrued expenses as at December 31 consist of:

	Notes	2015	2014
Accounts payable		19,498,364	10,476,964
Retention payable		2,631,943	376,054
Accrued expenses and other payables			
Interest, penalties and related charges	16	144,808,718	225,290,427
Real property taxes		28,581,547	28,581,546
Customer's deposits		14,334,975	1,341,765
Salaries, wages and benefits	18	1,228,116	645,309
Others		7,544,146	7,536,061
		218,627,809	274,248,126

Interest, penalties and related charges represent interest arising from Group's notes payable to MHC, Tagaytay Properties & Holdings Corporation and T&M Holdings, Inc. (Note 16) bearing annual interest ranging from 12% to 22%.

Note 15 - Provision for clearing costs

The movements in provision for clearing costs for the years ended December 31 are as follows:

	Note	2015	2014
As at January 1		630,841,917	580,081,917
Additions during the year	11	35,000,000	52,500,000
Adjustment to reflect latest estimate, net of discounting		64,089,304	-
Payments		(11,025,126)	(1,740,000)
As at December 31		718,906,095	630,841,917

In 2015, the Group assessed the level of provision in view of slower than expected delivery of cleared parcels of land and consequently decreased the same to reflect current time value of money.

Expected timing of cash flows as at December 31 is as follows:

	2015	2014
Current	110,253,111	3,401,017
Non-current	608,652,984	627,440,900
	718,906,095	630,841,917

Note 16 - Short-term borrowings

Short-term borrowings as at December 31 consist of:

	2015	2014
Related parties		
MHC	224,869,900	224,869,900
T&M Holdings, Inc.	15,500,000	15,500,000
Tagaytay Properties and Holdings Corporation	3,500,000	2,000,000
Total	243,869,900	242,869,900
Third parties	125,761,532	125,761,532
	369,631,432	368,131,432

The borrowings from MHC are unsecured with no definite payment terms and bear interest from 12% to 18% per annum. MHC is the largest stockholder of the Parent Company.

Notes payable to T&M Holdings, Inc., a related party, amounting to P15.5 million as at December 31, 2015 and 2014 are unsecured borrowings and carry interest rate of 15% per annum.

In 2015, the Group issued notes payable to Tagaytay Properties and Holding Corporation, a related party, amounting to P1.5 million (2014 - P3.50 million). These new borrowings are unsecured and carry interest at a rate of 15% per annum.

Loan from PrimeEast Properties, Inc. arose directly from reacquisition of land in Binangonan, Rizal and is unsecured and has no definite payment terms.

Advances from third parties are unsecured and is payable in cash within one year from availment date.

Interest and related charges from these related party and third party borrowings for the year ended December 31, 2015 amounted to P42.23 million and P1.38, respectively (2014 - P44.68 million and P2.68 million ; 2013 - P41.64 million and P2.68 million, respectively) and are capitalized as part of the cost of investment property and land held for development (Notes 10 and 11).

The borrowings are presented as current liabilities as balances are deemed payable in cash on demand in the absence of definite payment terms.

Note 17 - Share capital; Earnings per share

(a) Share capital

Details of share capital as at December 31, 2015 and 2014 consist of:

	Authorized		Issued	
	Number of shares	Amount	Number of shares	Amount
Common shares, with par value P1 per share (2014)	1,000,000,000	1,000,000,000	999,913,978	999,913,978
Common shares with par value P1 per share (2015)	1,500,000,000	1,500,000,000	1,127,113,978	1,127,113,978

In 2013, proceeds from issuance of 147,291,992 shares at a price of P1 per share was presented under cash flows from financing activities in the consolidated statement of cash flows. There were no issuances in 2014.

In 2015, an increase in authorized capital shares of 500,000,000 was approved by the SEC. Proceeds from issuance of 127,200,000 shares at a price of P1.40 per share was presented under cash flows from financing activities in the consolidated statement of cash flows. The transaction also resulted in an additional paid-in capital of P50.88 million. There was no issuance of shares in 2014.

(b) Treasury shares

The Parent 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 Group'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

Basic and diluted earnings per share, which are the same due to absence of dilutive potential common shares, for the years ended December 31 are as follows:

	2015	2014	2013
Net income for the year	28,793,939	46,778,806	322,990,957
Weighted average number of shares outstanding	1,127,113,978	999,913,978	999,913,978
Earnings per share	0.03	0.05	0.32

(d) Liability for refund of stock rights subscription

On February 19, 1996, the SEC approved the Parent 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 Parent Company commenced its stock rights offering on March 31, 1997. However, on July 15, 1997, the SEC revoked the Certificate of Permit to Sell Securities and ordered the Parent 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 statements of financial position.

Note 18 - Salaries, wages and employee benefits

Details of salaries, wages and employee benefits for the years ended December 31 are as follows:

	2015	2014	2013
Salaries and wages	4,803,006	4,457,260	4,632,930
Bonus and allowances	1,208,937	1,056,129	509,033
SSS, Philhealth and HDMF	131,095	93,798	65,064
	6,143,038	5,607,187	5,207,027

The total compensation of the Parent Company's key management personnel for the year ended December 31, 2015 and 2014 amounted to P3.1 million.

Note 19 - Other expenses

Details of other expenses for the years ended December 31 are as follows:

	2015	2014	2013
Gasoline, oil and parking	616,526	562,282	357,194
Medical	493,690	-	264,472
Dues and subscription	455,634	386,339	254,770
Representation expense	370,696	278,470	-
Light and water	312,638	330,778	335,825
Repairs and maintenance	282,657	85,436	127,151
Christmas expense	259,430	185,297	180,648
Communication expense	250,939	142,235	97,414
Transportation and travel	132,897	86,054	1,563,761
Miscellaneous	535,989	631,776	1,047,883
	3,711,006	2,688,667	4,229,118

Miscellaneous expenses mainly include contractual fees, training expenses and other operating costs.

Note 20 - Lease commitments

The Group has entered into a non-cancellable lease agreement with a related party for its office space. The lease original agreement has a term of three (3) years, expiring in 2014, and is renewable annually.

Rent expense charged to operations for the three years in the period ended December 31, 2015 amounted to P3.71 million.

Note 21 - Income taxes

Provision for income tax for the years ended December 31 follows:

	2015	2014	2013
Current	-	-	-
Deferred	19,177,601	29,393,530	161,279,124
	19,177,601	29,393,530	161,279,124

The reconciliation of the provision for income tax computed at the statutory tax rate to actual provision shown in the statement of total comprehensive income is as follows:

	2015	2014	2013
Income before income tax	47,971,540	76,172,336	484,341,971
Provision for income tax at income tax rate of 30%	14,391,462	22,851,701	145,302,592
Tax effects of:			
Unrecognized DTA on NOLCO	4,768,202	6,411,663	15,317,814
Expired MCIT	55,885	143,530	-
Income subject to final tax	(37,948)	(13,364)	(1,282)
Non-deductible expenses	-	-	660,000
	19,177,601	29,393,530	161,279,124

Details of deferred income tax liabilities and deferred charges as at December 31 are as follows

	2015	2014	2013
Fair value gains on investment property	402,949,385	383,449,385	354,199,385
MCIT	(493,789)	(171,390)	(199,415)
	402,455,596	383,277,995	353,999,970

Deferred income tax liability relating to fair value gain on investment property is expected to be settled beyond 12 months after reporting date. Deferred charges relating to MCIT are expected to be realized within 12 months after reporting date. For the years ended December 31, 2015 and 2014, the movement in deferred income tax liability arising from fair value gain on investment property was charged to profit or loss.

Deferred income tax assets are recognized to the extent that the realization of the related tax benefit through the future taxable profits is probable.

Details of deferred income tax assets of the Group which were not recognized as at December 31, 2015 and 2014 since management believes that these may not be recovered due to the Group's limited capacity to generate taxable income are as follows:

	2015	2014
NOLCO	31,206,941	26,003,497
Accrued interest, and related charges	43,442,615	59,877,472
Accrued real property taxes	8,574,464	8,574,464
	83,224,020	94,455,433

Details of NOLCO at December 31, which could be carried over as deduction from taxable income for three consecutive years following the year of incurrence, follow:

Year	Valid until	2015	2014
2015	2018	17,154,952	-
2014	2017	21,337,023	21,372,211
2013	2016	51,059,381	51,131,270
2012	2015	14,471,780	14,174,842
		104,023,136	86,678,323
Deferred income tax asset not recognized at 30%		31,206,941	26,003,497

The Parent Company is liable to MCIT equivalent to 2% of gross income, as defined in the tax regulations. The details of the Parent Company's excess MCIT over normal income tax which are recognized as deferred tax assets and can be claimed as deduction against future corporate income tax due are as follows:

Year	Valid until	2015	2014
2015	2018	378,284	-
2014	2017	115,505	115,505
2012	2015	-	55,885
MCIT		493,789	171,390

Note 22 - Contingencies

The Group 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 year. The details of these claims, lawsuits and taxes were not disclosed as it might prejudice the on-going litigations.

The Group 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 Group.

Note 23 - Related party transactions and balances

The table below summarizes the Group's transactions and balances with its related parties as at and for the years ended December 31.

	2015		
	Transactions	Outstanding receivable (payable)	Terms and conditions
Investor Rental expense	3,707,046	(2,118,320)	The transactions arise from a lease agreement with MHC, its largest stockholder (Note 20). The balance is unsecured, with no guarantee, is payable in cash on demand, and bears no interest.
Investor Short-term borrowings Principal Interest	 1,500,000 42,238,745	 (243,869,990) (134,898,990)	The balance is unsecured, consists of several promissory notes payable in cash with no definite payment terms and guarantee and bearing interest of 12% to 18% per annum (Note 16).
Key management personnel Salaries, wages and short-term benefits	3,062,274	(1,228,116)	The balance is unsecured, with no guarantee and is payable in cash on demand.

	2014		
	Transactions	Outstanding receivable (payable)	Terms and conditions
Investor Rental expense	3,711,146	-	The transactions arise from a lease agreement with MHC, its largest stockholder (Note 20). The balance is unsecured, with no guarantee, is payable in cash on demand, and bears no interest.
Investor Short-term borrowings Principal Interest	 2,000,000 42,002,079	 (242,369,900) (92,660,245)	The balance is unsecured, consists of several promissory notes payable in cash with no definite payment terms and guarantee and bearing interest of 12% to 18% per annum (Note 16).
Key management personnel Salaries, wages and short-term benefits	3,112,615	(438,864)	The balance is unsecured, with no guarantee and is payable in cash on demand.

Note 24 - Retirement benefits

An actuarial valuation of the retirement benefits was sought from an independent actuary as at and for the year ended December 31, 2015 driven by the increase in manpower. As at December 31, 2015, the Parent Company has 15 regular employees (2014 - 8 regular employees) making it mandatory for the Company to adopt the requirements of Republic Act No. 7641 (RA), Retirement Law.

The Company sought a valuation for defined benefit plan which covers the retirement, death, and disability benefits of all its qualified employees in accordance with the provisions of the RA. Under the plan, the normal retirement age is 60 with at least five (5) years of credited service and the normal retirement benefit is equal to one-half (1/2) of monthly salary for every year of credited service.

The defined benefit obligation is determined using the "Projected Unit Credit" (PUC) method. Under the PUC method, the annual normal cost for the portion of the retirement is determined using the amount necessary to provide for the portion of the retirement benefit accruing during the year.

The amount of retirement benefit obligation and expense recognized in the consolidated statement of financial position and consolidated statement of total comprehensive income as at and for the year ended December 31, 2015 amounted to P3,962,857. This is the calculated present value of the defined benefit obligation and current service cost as at reporting date. Prior year impact is considered immaterial.

The sensitivities of the defined benefit obligation as at December 31, 2015 to changes in the weighted principal assumptions are:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.0%	(59,179)	71,358
Salary increase rate	1.0%	64,120	(54,097)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension benefit liability recognized within the statements of financial position.

The expected maturity analysis of undiscounted benefit payments as at December 31, 2015 are as follows:

	2015
Next year	3,617,600
Between 2-5 years	-
Over 5 years	-
At December 31	3,617,600

The principal actuarial economic assumptions used for the year ended December 31, 2015 are as follows:

Discount rate	6.04%
Expected rate of salary increase	5.00%

Note 25 - 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 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.

IRC Properties, Inc. and Subsidiary

Schedule of Philippine Financial Reporting Standards and Interpretations
Effective as at December 31, 2015

The following table summarizes the effective standards and interpretations as at December 31, 2015:

		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			✓
PFRS 3 (Revised)	Business Combinations			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓

		Adopted	Not Adopted	Not Applicable
PFRS 7	Financial Instruments: Disclosures	✓		
	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 27: Consolidation for Investment Entities	✓		
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*		✓	
	Amendments to PFRS 10, PFRS 12 and PAS 28: Application of the Consolidation Exception*		✓	
PFRS 11	Joint Arrangements	✓		
	Amendments to PFRS 11: Acquisitions 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*		✓	
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts*		✓	
PFRS 15	Revenue from Contracts with Customers*		✓	

		Adopted	Not Adopted	Not Applicable
PFRS 16	Leases*		✓	
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: Financial Statement Disclosures*		✓	
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 16 - Deferred Tax: Recovery of Underlying Assets	✓		
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	✓		
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		✓		

(3)

		Adopted	Not Adopted	Not Applicable
(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 PFRS 10, PFRS 12 and PAS 27: Consolidation for Investment Entities	✓		
	Amendments to PAS 27: Use of Equity Method in Separate Financial Statements*		✓	
PAS 28 (Revised)	Investments in Associates and Joint Ventures			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contributions of Assets between an Investor and its Associate or Joint Venture*		✓	
	Amendments of PFRS 10, PFRS 12 and PAS 28: Application of the Consolidation Exception*		✓	
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	✓		
	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	✓		

		Adopted	Not Adopted	Not Applicable
	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	✓		
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			✓
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			✓

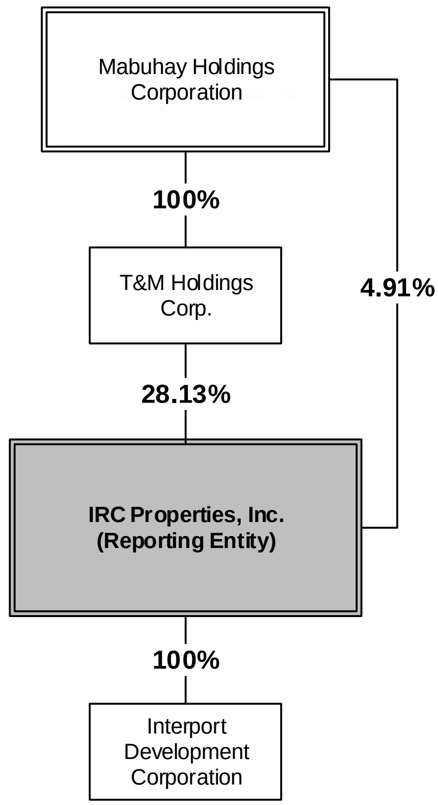
		Adopted	Not Adopted	Not Applicable
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to IFRIC 14: Prepayments of a Minimum Funding Requirement			✓
IFRIC 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	✓		
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

*These are standards, interpretations and amendments to existing standards that have been issued but not yet effective as at December 31, 2015.

The standards and interpretations that are labeled as “Not Applicable” are either already effective or not yet effective as at December 31, 2015 but will never be relevant/applicable to the Group or are currently not relevant to the Group because it has currently no related transactions.

IRC Properties, Inc.

Map of the Group of Companies within which the Reporting Entity Belongs
December 31, 2015



IRC Properties, Inc.

Financial Ratios
December 31, 2015

	2015	2014
Net profit ratio	77.04%	42.85%
Return on asset	0.89%	1.58%
Return on equity	1.93%	3.64%
Current ratio	159.47%	163.55%
Acid test ratio	7.03%	7.81%
Debt to equity	116.05%	130.30%
Debt to asset	53.715%	56.58%
Asset to equity	216.05%	230.30%
Earnings per share	0.03	0.05

IRC Properties, Inc.

Schedule A. Financial Assets
December 31, 2015

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Valued based on market quotation at balance sheet date	Income received and accrued
Equitable Banking Corp.	120 shares	2,880	2,880	-
Victorias Milling Corp.	70,000 shares	-	-	-
Tower Club	1 share	617,500	617,500	-
Total		620,380	620,380	-

IRC Properties, Inc.

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other Than Related Parties)
December 31, 2015

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
		NONE					
Total							

IRC Properties, Inc.

Schedule C. Amounts Receivable from Related Parties which are Eliminated
during the Consolidation of the financial statements
December 31, 2015

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	83,347,364	142,106	-	-	83,489,470	-	83,489,470
Total	83,347,364	142,106	-	-	83,489,470	-	83,489,470

IRC Properties, Inc.

Schedule D. Intangible Assets - Other Assets
December 31, 2015

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
			NONE			

IRC Properties, Inc.

Schedule E. Long-term debt
December 31, 2015

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”
NONE			

IRC Properties, Inc.

Schedule F. Indebtedness to related parties (Long-term loans from Related Companies)
December 31, 2015

Name of related party	Balance at beginning of period	Balance at end of period
Mabuhay Holdings Corporation	224,869,900	224,869,900
PrimeEast Properties, Inc.	50,000,000	50,000,000
T&M Holdings, Inc.	15,500,000	15,500,000
Tagaytay Properties and Holdings Corporation	2,000,000	3,500,000
	292,369,900	293,869,900

IRC Properties, Inc.

Schedule G. Guarantees of Securities of Other Issuers
December 31, 2015

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
	NONE			

IRC Properties, Inc.

Schedule H. Capital Stock
December 31, 2015

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
PCD NOMINEE CORP. (F)	472,373,031	472,373,031	-			472,373,031
T & M HOLDINGS, INC.	214,916,000	214,916,000	-	214,916,000		
RIZAL PARTNERS CO. LTD.	127,200,000	127,200,000				127,200,000
PRIMEEAST PROPERTIES, INC.	69,815,500	69,815,500	-			
ASUNCION, ALEXANDER G.	63,589,000	63,589,000	-		63,589,000	63,589,000
T & M HOLDINGS, INC.	47,689,200	47,689,200	-	47,689,200		47,689,200
PCD NOMINEE CORP. (NF)	33,545,000	33,545,000	-			
MABUHAY HOLDINGS CORPORATION	29,719,197	29,719,197	-	29,719,197		
ASUNCION, ALEXANDER G.	26,425,000	26,425,000	-		26,425,000	
MABUHAY HOLDINGS CORPORATION	7,499,446	7,499,446	-			7,499,446
MARILAQUE LAND, INC.	4,125,500	4,125,500	-			4,125,500
VALMORA INVESTMENT AND MANAGEMENT	2,300,000	2,300,000	-			2,300,000
DEE, ALICE T.	2,165,000	2,165,000	-			2,165,000
MARILAQUE LAND, INC.	1,872,500	1,872,500	-			1,872,500
TAN, PEDRO O.	1,235,000	1,235,000	-			1,235,000
EQUITY MANAGERS ASIA, INC.	1,000,000	1,000,000	-			1,000,000
MABUHAY HOLDINGS CORPORATION	942,000	942,000	-			942,000
GUPIT, JEANETTE A.	750,000	750,000	-			750,000
DAVID GO SECURITIES CORPORATION	729,000	729,000	-			729,000
GOKONGWEI JR., JOHN	642,000	642,000	-			642,000
Others	391,467,626	18,581,604	-			18,581,604
	1,127,113,978	1,127,113,978	-	292,324,397	90,014,000	752,693,281

IRC Properties, Inc.

Schedule H. Capital Stock
December 31, 2014

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
COMMON SHARES	1,000,000,000	1,127,113,978		292,324,397	90,014,000	752,693,281
	1,000,000,000	1,127,113,978		292,324,397	90,014,000	752,693,281

ANNEX 68-C

IRC Properties, Inc.

Reconciliation of Retained Earnings
As at December 31, 2015
(All amounts in Philippine Peso)

Unappropriated Retained Earnings, based on audited financial statements, beginning		277,005,494
Less: Cumulative fair value adjustment of investment property resulting to gain		(1,280,000,000)
Unappropriated Retained Earnings, adjusted		(1,002,994,506)
Add: Net income actually earned/realized during the period	28,834,423	
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate/joint venture	-	
Unrealized foreign exchange gain (except those attributable to cash and cash equivalents)	-	
Unrealized actuarial gain	-	
Fair value adjustment	-	
Fair value adjustment of investment property resulting to gain	(65,000,000)	
Adjustment due to deviation from PFRS/GAAP - gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	-	
Sub-total	(36,165,577)	(36,165,577)
Add: Non actual losses		
Depreciation on revaluation in revaluation increment (after tax)	-	
Adjustment due to deviation from PFRS/GAAP - loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
Net income actually earned during the period		
Add (Less):		
Dividend declarations during the year	-	
Appropriations of retained earnings during the year	-	
Reversals of appropriations	-	
Effects of prior period adjustments	-	
Treasury shares	-	
Accumulated share in income of an associate	-	
		(1,039,160,083)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year: 2012 (with consolidated changes for the Year 2015)

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

TABLE OF CONTENTS

A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	Eleven (11)

Actual number of Directors for the year	Eleven (11)

(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)[1]	Elected when (Annual /Special Meeting)	No. of years served as director
Esteban G. Peña Sy	ED		Araceli C. Molina	3/12/08	Sept. 10, 2015	ASM *	7
Alexander G. Asuncion	ED		Araceli C. Molina	3/12/08	Sept. 10, 2015	ASM*	7
Wong Peng Chong	NED		Araceli C. Molina	9/23/10	Sept. 10, 2015	ASM*	5
Gil Miguel Puyat	NED		Araceli C. Molina	3/12/08	Sept. 10, 2015	ASM*	7
Roberto V. San Jose	NED		Araceli C. Molina	3/12/08	Sept. 10, 2015	ASM*	7
Georgina A. Monsod	ED		Araceli C. Molina	10/5/12	Sept. 10, 2015	ASM*	3
Steven G. Virata	NED		Araceli C. Molina	3/12/08	Sept. 10, 2015	ASM*	7
Rodrigo B. Supeña	ID		Esteban Pena Sy	9/23/10	Sept. 10, 2015	ASM*	5
Antonio V. Syyap	ID		Esteban Pena Sy	3/12/08	Sept. 10, 2015	ASM*	7
Yasuhiro Ishikawa	NED		Araceli C. Molina	9/10/15	Sept. 10, 2015	ASM*	-
Cher Chen Lung	NED		Araceli C. Molina	9/10/15	Sept. 10, 2015	ASM*	-

*Annual Stockholders Meeting held on September 10, 2015

(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.

[1] Reckoned from the election immediately following January 2, 2012.

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 Group[2]

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:

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**

[2] The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

(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**	**0.05%**
Alexander G. Asuncion	**90,014,000**	**26,692,000**	**10.35%**
Gil Miguel T. Puyat	**11,000**		**0.00%**
Roberto V. San Jose	**1,000**		**0.00%**
Wong Peng Chong	**10,000**		**0.00%**
Rodrigo B. Supeña	**150**		**0.00%**
Antonio V. Syyap	**1,000**		**0.00%**
Steven G. Virata	**150**		**0.00%**
Georgina A. Monsod	**1,000**		**0.00%**
Cher Chen Lung	**50**		**0.00%**

Yasuhiro Ishikawa	**50**		**0.00%**
TOTAL	**90,038,650**	**27,284,000**	**10.40%**

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**
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	Presides at all meetings of the Stockholders and of the Board of Directors. Maintains qualitative and timely lines of communication and information between the Board and Management. Holds board meetings in accordance with the by-laws or as he may deem necessary.	Upon authority granted by the Board of Directors, the CEO; • 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	Considers suggestions of the President, Management and the Directors in making meeting agenda to be prepared by the Corporate Secretary. Recommendation regarding the business of the Corporation is submitted for consideration of the Board of Directors.	Submits and recommends for Board approval: • 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 Executes all resolutions of the stockholders and the Board of directors.

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	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.	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. .	
Accountabilities	Upon authority granted by the Board of Directors the President; • 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.	He shall observe the following norms of conduct: • 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. Directors shall have the duty of preparing and actively participating in board meetings. Independent directors should always attend board meetings.	
Deliverables	Submits and recommends for Board approval:	The Board establishes the general policies and guidelines which will enable Management to render an effective	

	• 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 Executes all resolutions of the stockholders and the Board of directors.	management of the Company and as part of which undertakes to: • 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;

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 or 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. Syyap 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

(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:

Procedure	Process Adopted	Criteria
a. Selection/Appointment		

(i) Executive Directors	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. 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.	Qualifications of Regular Directors: 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.
(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)	Additional Qualifications of Independent Directors- apart from the qualifications set forth above: (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. (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.
b. Re-appointment		
(i) Executive Directors	Same process as appointment/selection	
(ii) Non-Executive Directors		
(iii) Independent Directors		
c. Permanent Disqualification		
(i) Executive Directors	For any case any Director is involved in permanent disqualifications. The board shall	Permanent Disqualifications Any person convicted by final judgment or order by a

	review the case however once a final judgment declares Director guilty, he shall be disqualified from being a member of the board thus terminated. All other reasons for disqualifications shall be reviewed before permanent disqualification or termination.	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; 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. 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 with a member or participant of the organization;

		Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts; Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order; Any person earlier elected as independent director who becomes an officer, employee or consultant of the Corporation; Any person judicially declared as insolvent; Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of facts, violations or misconduct similar to any of the acts, violations or misconduct enumerated above; Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.
(ii) Non-Executive Directors		(Same criteria for permanent disqualifications, as stated above for Executive Directors)
(iii) Independent Directors		(Same criteria for permanent disqualifications, as stated above for Executive Directors). 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. He shall likewise be disqualified during his tenure under the following instances or causes: 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 (ii) Non-Executive Directors (iii) Independent 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/appoint-ment and re-election of both regular and independent directors is adopted.)

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	**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.**
Alexander G. Asuncion	
Roberto V. San Jose	
Wong Peng Chong	
Gil Miguel T. Puyat	
Georgina A. Monsod	
Cher Chen Lung	
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) MHC 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 Management[3] 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

[3] Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

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

<table>
<tr><th>Business Conduct & Ethics</th><th>Directors</th><th>Senior Management</th><th>Employees</th></tr>
<tr><td>(a) Conflict of Interest</td><td colspan="3">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:
<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.
<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.
<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.
<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.
<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.</td></tr>
<tr><td>(b) Conduct of Business and Fair Dealings</td><td colspan="3">In competition and fair dealings, the company's Directors, Senior Management and Employees, shall:
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.</td></tr>
<tr><td>(c) Receipt of gifts from third parties</td><td colspan="3">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.</td></tr>
<tr><td>(d) Compliance with Laws & Regulations</td><td colspan="3">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.</td></tr>
<tr><td>(e) Respect for Trade Secrets/Use of Non-public Information</td><td colspan="3">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.</td></tr>
</table>

	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 (2) Joint Ventures (3) Subsidiaries (4) Entities Under Common Control	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.
(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 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,[4] 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

[4] Family relationship up to the fourth civil degree either by consanguinity or affinity.

(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**

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	9/10/15	11	11	100%
Member	Alexander G. Asuncion	9/10/15	11	11	100%
Member	Gil Miguel T. Puyat	9/10/15	11	11	100%
Member	Roberto V. San Jose	9/10/15	11	11	100%
Member	Frisco San Juan	7/29/14	11	9	81%
Member	Steven G. Virata	9/10/15	11	11	100%
Member	Wong Peng Chong	9/10/15	11	10	90%
Member	Kong Muk Yin	7/29/14	9	7	77%
Member	Georgina A. Monsod	9/10/15	11	11	100%
Member	Cher Chen Lung	9/10/15	2	1	50%
Member	Yasuhiro Ishikawa	9/10/15	2	2	100%
Independent	Antonio V. Syyap	9/10/15	11	11	100%
Independent	Rodrigo B. Supeña	9/10/15	11	11	100%

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 papers[5] 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 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:

[5] 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.

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: • 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.		

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	P6,800,000.00	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	The Audit Committee has the following responsibilities: 1.Provide oversight over senior Management's	The Audit Committee is empowered to conduct or authorize investigations

					particularly in relation to financial reporting integrity, internal control, risk management, and corporate standards of behavior.	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 Board. 9. Coordinate, monitor and facilitate compliance with existing laws, rules and regulations; 10. Evaluate and determine non-audit work by the external auditor and keep under review the non-audit fees paid to the external auditor both in relation to	into any matter within its scope of responsibility, and seek any information it requires, including from IRC's employees.

						their significance to the auditor and in relation to MHC's total expenditure on consultancy.	
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	6	6	100%	6 Years
Member (ED)	Alexander G. Asuncion	2009	6	6	100%	6 Years
Member (ED)	Georgina A. Monsod	2009	6	6	100%	6 Years
Member	Delfin P. Angcao	2009	6	6	100%	6 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. Syyap	7/29/14	6	6	100%	5 years
Member (ED)						
Member (NED)	Steven G. Virata Gil Miguel T. Puyat Cher Chen Lung	7/29/14 7/29/14 9/10/15	6 6 -	6 6 -	100% 100%	5 years 5 years -
Member (ID)	Rodrigo B. Supeña	7/29/14	6	6	100%	5 years

Disclose the profile or qualifications of the Audit Committee members.

Antonio V. Syyap - Independent Director
Mr. Syyap is a senior marketing executive with depth experience in real estate development and Marketing with multiple ASPAC (9) Countries exposure in field of distribution amd 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.

Cher Chen Lung, aged 41. Born and raised in Penang, Malaysia. After winning the national champion in Comquiz and graduated from Chung Ling High School, he went to Japan to further his studies in Sophia University in Tokyo. Upon his graduation, he joined Kyodo News Markets as Product Manager. And then he joined Nomura Research Institute, the largest think tank in Japan helping to form alliances between overseas startup and the company. In 2008, he joined private equity and venture capital firm, Nikko ant factory and actively involved in internet related investment in Asian market. In 2014, he became the CEO of Asia Alliance Holdings, a listed investment company in Japan and became the youngest foreigner CEO in Tokyo Stock Exchange.

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	7/29/14	6	6	100%	2 years
Member (ED)	Esteban G. Peña Sy	7/29/14	6	6	100%	5 years
	Alexander G. Asuncion	7/29/14	6	6	100%	5 years
Member (NED)	Roberto V. San Jose	7/29/14	6	6	100%	5 years
Member (ID)	Rodrigo B. Supeña	7/29/14	6	6	100%	4 years
	Antonio Syyap	7/29/14	6	6	100%	2 year
Member	Georgina A. Monsod	7/29/14	6	6	100%	4years

(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. Supeña	7/29/14	2	2	100%	3 years
Member (ID)	Antonio Syyap	7/29/14	2	2	100%	1 year
Member (NED)	Wong Peng Chong	7/29/14	2	2	100%	3 years
	Steven Virata	7/29/14	2	2	100%	1 year
	Gil Miguel T. Puyat	7/29/14	2	2	100%	3 years
	Yasuhiro Ishikawa	9/10/15	-	-		

(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	Not Applicable					
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	No Changes	
Audit		
Nomination		
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
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 Liquidity Risk Interest Rate Risk Credit Risk Equity Price Risk	The Company regularly monitors and measures the risk exposure of the Company.	Continuous improvement of information system and internal controls within the Company.

(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[6]	
Findings[7]	
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

[6] "Issues" are compliance matters that arise from adopting different interpretations.
[7] "Findings" are those with concrete basis under the company's policies and rules.

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, 2015 – Jan. 31, 2016
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 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.

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	469,600,031	46.97%	ATC Securities
T&M Holdings Inc.	262,605,200	26.26%	T&M Holdings
Alexander G. Asuncion	90,014,000	9.00%	Alexander G. Asuncion
PrimeEast Properties	69,815,500	6.98%	Primeeast Properties

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Esteban G. Peña Sy	250	652,000	0.05927%
Alexander G. Asuncion	90,014,000	26,692,000	11.67%
Gil Miguel T. Puyat	11,000		0.0011%
Roberto V. San Jose	1,000		0.00010%
Frisco F. San Juan	1,000		0.00010%
Ana Maria Katigbak-Lim	150		0.00002%
Wong Peng Chong	10,000		0.0010%
Kong Muk Yin	10,000		0.0010%
Rodrigo B. Supeña	150		0.00002%
Antonio Syyap	1,000		0.00010%
Steven G. Virata	150		0.00002%
Delfin P. Angcao	150		0.00002%
Georgina A. Monsod	1,000		0.00010%
Araceli C. Molina	350		0.00004%

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 473,000.00	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, 2015

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 not 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
1. In the Annual Stockholders' Meeting, the Chairman of the Board always opens the floor to questions from stockholders after the President's Report.	1. Question and answer portion in the Stockholders' Meeting.
2. The Company put up a website where contact details are provided.	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	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.
Several 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	August 18, 2015
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	August 18, 2015
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	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 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 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.

(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.

<table>
<tr><th></th><th>Process</th><th>Criteria</th></tr>
<tr><td>Board of Directors</td><td colspan="2" rowspan="4">None in place. Moving forward, a formal policy will be adopted following best practices.</td></tr>
<tr><td>Board Committees</td></tr>
<tr><td>Individual Directors</td></tr>
<tr><td>CEO/President</td></tr>
</table>

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

<table>
<tr><th>Violations</th><th>Sanctions</th></tr>
<tr><td>First Violation</td><td>Depending on the offense, written reprimand, suspension for a no. of days, or dismissal.</td></tr>
<tr><td>Second Violation</td><td rowspan="3">Depending on the offense, suspension for a no. of days or dismissal.</td></tr>
<tr><td>Third Violation</td></tr>
<tr><td>Fourth Violation</td></tr>
<tr><td>Fifth Violation</td><td>Dismissal</td></tr>
</table>

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 Makati on April 14, 2016.

SIGNATURES

ESTEBAN G. PEÑA SY Chairman of the Board	ANTONIO V. SYYAP Independent Director
RODRIGO B. SUPEÑA Independent Director	GEORGINA A. MONSOD Compliance Officer

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

SECRETARY'S CERTIFICATE

I, DELFIN P. ANGCAO, Corporate Secretary of IRC PROPERTIES, INC., a corporation duly organized and existing under Philippine Laws with principal office at 35/F Rufino Pacific Tower, 6784 Ayala Avenue, Legaspi Village, Makati City, hereby certify that at the meeting of the Board of Directors of the Corporation held on April 27, 2016, the following resolution was unanimously approved:

> "RESOLVED, that the Chairman and CEO, Mr. Esteban G. Peña Sy, be authorized to sign for and on behalf of Mr. Antonio V. Syyap the Corporation's Annual Corporate Governance Report or SEC Form ACGR, in the absence or unavailability of Mr. Antonio V. Syyap. "

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of APR 27 2016 at Makati City.

DELFIN P. ANGCAO
Corporate Secretary

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public for and in the City of Makati, Philippines, this APR 27 2016, 2016, affiant who is personally known to me and whose identity I have confirmed through his Passport No. EB4959861, issued at Manila on March 16, 2012, bearing the affiant's photograph and signature, and who showed to me his Community Tax Certificate No. No. 05125616 issued on February 4, 2016.

ERIC BENJAMIN D. LAVADIA NOTARY PUBLIC ROLL NO. 63781 MAKATI CITY, PHILIPPINES

Doc. No. 374;
Page No. 68;
Book No. III;
Series of 2016.

ERIC BENJAMIN D. LAVADIA
Appointment No. M-243
Notary Public – City of Makati
Until 31 December 2016
Castillo Laman Tan Pantaleon
& San Jose Law Firm
The Valero Tower, 122 Valero Street
Salcedo Village, Makati City
PTR No. 5321575;01-04-2016;Makati City
IBP No. 012718;Makati/Lifetime
Roll No. 63781