COVER SHEET

- - - - - 6 0 3 1 2

SEC Registration Number

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

(Company's Full Name)

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

P A C I F I C T O W E R A Y A L A A V E

M A K A T I C I T Y

(Business Address: No., Street City / Town / Province)

DELFIN P. ANGCAO	817 6791
Contact Person	Company Telephone Number

AMENDED

2018 DEFINITIVE INFORMATION STATEMENT

1 2	3 1		0 7	
Month	Day	FORM TYPE	Month	Day
Fiscal Year			Annual Meeting	

N/A

Secondary License Type, If Applicable

C F D	N/A
Dept Requiring this Doc	Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

Remarks: Please use BLACK ink for scanning purposes

IRC PROPERTIES, INC.

35/F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City
Tel No. 750-2000 Fax No. 751-0773

June 21, 2018

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
JUN 23 2018

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Dear Stockholder:

Please be notified that the annual meeting of the stockholders of IRC PROPERTIES, INC. will be held on July 20, 2018, Tuesday, at 3:00 p.m. at the Sofitel Philippine Plaza Manila, CCP Complex, Pasay City, with the following agenda:

1. Call to Order
2. Proof of notice and certification of quorum
3. Approval of the minutes of the previous meeting of the stockholders
4. Management report and approval of the 2017 audited financial statements
5. Ratification of resolutions, contracts and acts of the Board of Directors and Management
6. Issuance to Aggregate Business Group Holdings, Inc. ("ABG") of 172,800,000 IRC common shares with par value of Php1.00 per share through private placement taken from the unissued portion of the Corporation's present authorized capital stock at the subscription price of Php1.40 per share (Comprehensive Corporate Disclosure on the said private placement is attached)
7. Increase of authorized capital stock, change of principal office address, change of corporate name, and change of principal business purpose, and the corresponding amendment of the Articles of Incorporation
8. Issuance of warrants to Cross Strait Common Development Fund, IRC directors, officers, employees and other qualified persons
9. Establishment of and investment in subsidiary companies
10. Election of directors
11. Appointment of external auditors
12. Other Matters
13. Adjournment

For purposes of the meeting, the stockholders of record as of May 31, 2018 are entitled to notice and to vote during the said meeting. Registration for the said meeting starts at 2:00 p.m. For convenience in registering your attendance, please have available some form of identification, such as, driver's license, voter's ID, TIN card, SSS card or passport.

WE ARE NOT ASKING YOU FOR A PROXY. However if you send us one, the Corporate Secretary must receive the same at the office of the Corporation at 35/F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, not later than July 10, 2018. Corporate Stockholders should attach to the proxy their respective Board Resolutions vis-à-vis the authority of their proxies. When signing as attorney-in-fact, executor, administrator, guardian or in any representative capacity, please give full title and file papers showing your authority. Validation of proxies shall be held on July 13, 2018 at 2:00 p.m. at the office of the Corporation's stock and transfer agent, Stock Transfer Service, Inc., 34-D Rufino Pacific Tower, Ayala Avenue, Makati City.

DELFIN P. ANGCAO
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement
   [√] **Definitive Information Statement**

2. Name of Registrant as specified in its charter: **IRC PROPERTIES, INC.**

3. **PHILIPPINES**
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **60312**

5. BIR Tax Identification Code **000-464-876-000**

6. **35/F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City** — **1223**
   Address of principal office — Postal Code

7. Registrant's telephone number, including area code **(632) 750-2000**

8. **July 20, 2018, Tuesday, at 3:00 p.m. at the Sofitel Philippine Plaza Manila, CCP Complex, Pasay City.**
   Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders **June 29, 2018**

10. In case of Proxy Solicitations: **Not Applicable**

    Name of Person Filing the
    Statement/Solicitor: ___
    Address and Telephone No.: ___

11. Securities registered pursuant to Sections 8 and 12 of the Securities Regulations Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding
Common	1,499,913,964

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

Yes ___✓ No _______

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

<u>PHILIPPINE STOCK EXCHANGE</u> **-** **<u>COMMON SHARES OF STOCK</u>**

PART I.
INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

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

The annual stockholders' meeting of IRC PROPERTIES, INC. (the "Registrant" or the "Company") shall be on July 20, 2018, Tuesday, at 3:00 p.m. at the Sofitel Philippine Plaza Manila, CCP Complex, Pasay City.

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

The approximate date on which this Information Statement is first to be sent or given to stockholders is on June 29, 2018.

Item 2. Dissenters' Right of Appraisal

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

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

There are no matters or proposed corporate actions at this year's annual stockholders' meeting which may give rise to a possible exercise by security holders of their appraisal rights under the provisions of the Corporation Code of the Philippines. The proposed establishment of and investment in subsidiary companies will be pursuant to or reasonably necessary to accomplish the Company's primary purpose.

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

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

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

B. CONTROL AND COMPENSATION INFORMATION

Item 4. **Voting Securities and Principal Holders Thereof**

(a) The Registrant has the following shares subscribed and outstanding as of May 31, 2018, the Record Date:

Common shares - 1,499,913,964

Of the said subscribed and outstanding shares, 598,977,083 shares or 39.93% are owned by foreigners, while 900,936,881 or 60.07% are owned by Philippine nationals.

(b) Number of Votes entitled: Every stockholder entitled to vote as of the Record Date shall be entitled to one (1) vote per share of stock.

(c) The Record Date is on May 31, 2018. All stockholders of record as May 31, 2018 are entitled to notice and to vote at the Annual Stockholders' Meeting.

(d) Security Ownership of Certain Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

Stockholders owning more than 5% of the Registrant's shares of stocks as of May 31, 2018:

Title of Class	Name And Address Of Record Owner And Relationship With Issuer	Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	PCD Nominee Corporation 37/F The Enterprise Center, 6766 Ayala Avenue, Makati City	Various[1]	Filipino	698,025,863	46.54%
	PCD Nominee Corporation 37/F The Enterprise Center, 6766 Ayala Avenue, Makati City	Various	Foreign	598,237,011	39.88%

[1] The following are the beneficial owners of at least 5%: BA Securities, Inc., Eagle Equities, Inc., BDO-TIG Securities Services, and Citibank N.A.

Common	Aggregate Business Group (ABG) Holdings, Inc.[2]	Aggregate Business Group (ABG) Holdings, Inc.	Filipino	172,800,000	11.52%
TOTAL				1,469,062,874	97.94%

(2) Security Ownership of Management

The following directors and officers are the direct/indirect owners of the Registrant's shares as indicated opposite their names as of May 31, 2018:

Title of Class	**Name of Beneficial Owner**	**Amount and Nature of Beneficial Ownership (All direct ownership unless otherwise indicated)**	**Citizenship**	**Percent of Ownership**
Common	Ren Jinhua Director/Chairman of the Board	50	Chinese	0.000003%
Common	Antonio L. Tiu Director/President & CEO	50	Filipino	0.000003%
Common	Georgina A. Monsod Director/EVP & COO	1,000	Filipino	0.00007%
Common	Esteban G. Peña Sy Director	250- Direct; 592,000- Indirect	Filipino	0.0395%
Common	Yasuhiro Ishikawa Director	50-Direct; 200,000-Indirect	Japanese	0.0133%
Common	Richard R.T. Amurao Director	50	Filipino	0.000003%
Common	Yuan Gang Director	50	Chinese	0.000003%
Common	Ren Youmin Director	50	Australian	0.000003%
Common	Mary Kimberlie C. See Director	50	Filipino	0.000003%
Common	Rodolfo D. Santiago Director	100	Filipino	0.000007%
Common	Benjamin B. Magalong Director	100	Filipino	0.000007%
Common	Delfin P. Angcao Corporate Secretary	150	Filipino	0.00001%
Total		793,950		0.0529%

[2] The shares of Aggregate Business Group (ABG) Holdings, Inc. will be voted by the person to be designated by ABG in the proxy that will be submitted to the Corporation on or before June 29, 2018.

(3) Voting Trust Holders of 5% or more

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

(4) Changes in Control

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

Item 5. **Directors and Executive Officers**

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

Ren Jinhua, Chairman of the Board. Mr. Ren Jinhua has a Master's Degree in Law. He has over 30 years of outstanding practice experience in macro economy, business management and finance investment. He is a former director of Yangzijiang Shipbuilding. He is currently a Director of Mingly China Growth Fund Co., Ltd. and Chairman of Sinobase International (HK) Co., Ltd. Mr. Ren, a Chinese citizen, is 55 years old.

Antonio L. Tiu, President and Chief Executive Officer. Mr. Tiu, 42, Filipino, is the President/CEO and Chairman of Earthright Holdings, Inc., Chairman of The Big Chill, Inc., and President/CEO of Beidahuang Philippines, Inc. and Greenergy Holdings Incorporated. He was a part time lecturer in International Finance at DLSU Graduate School from 1999 to 2001 and currently board of adviser of DLSU School of Management. Mr. Tiu has a Master's degree in Commerce specializing in International Finance from University of New South Wales, Sydney Australia and BS Commerce major in Business Management from De La Salle University, Manila. He is currently a Doctorate student in Public Administration at the University of the Philippines. He was awarded the Ernst and Young Emerging Entrepreneur of the Year (2009), Overseas Chinese Entrepreneur of the Year 2010 and Ten Outstanding Young Men of the Philippines 2011. He is an active member of Integrated Food Manufacturer Association of the Philippines, PHILEXPORT, PHILFOODEX, Chinese Filipino Business Club, and Philippine Chamber of Agriculture and Food Industries.

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

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

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

Richard Amurao, Director. Mr. Richard R.T. Amurao, 48, Filipino, finished his Bachelor of Arts in Management Economics in Ateneo De Manila in 1996 and thereafter obtained a Juris Doctor degree from the same university in 2001. He was admitted to the Philippine Bar the following year. In 2006, he was awarded as a British Chevening Scholar a Master of Laws degree with honors (with a concentration in International Business Law) at the London School of Economics. He graduated from the Harvard University Kennedy School of Government in 2017 as an Edward Mason fellow with a degree of Master of Public Administration with a certificate in Leadership, Management and Decision Making. He has occupied various key official positions in the Philippine government both in the Office of the President and Department of Justice. He was an Adviser to a universal bank and agricultural milling companies as well as a member of the board of various companies ranging from real estate development to financial institutions. He has consulted for Asian Development Bank and for Philippine Congress.

Yuan Gang, Director. Mr. Yuan Gang, a Chinese citizen, is a senior engineer, class-one nationally registered architect, Bachelor of Engineering. Expert from the expert reserve for the Ministry of Finance (MOF) of China. Gang has worked in Jiangsu Provincial Construction Engineering Group Co., Ltd. (formerly Jiangsu Provincial Construction Engineering Co., Ltd.) since 1999 and has served as a member of the company's engineering department, deputy manager of Saipan Galway Youth Activity Center, deputy general manager of overseas companies, and Jordan Water Supply Network, Vanuatu National Conference Center project manager, etc. He has won awards for outstanding employee in Jiangsu Province, King Abdullah II Medal in Zarqa, Jordan, silver medal in Great Wall Cup in Beijing, Vanuatu national medal of independence, National Excellent Overseas Project Manager, etc. Mr. Yuan Gang, a Chinese citizen, is 41 years old.

Ren Youmin, Director. Ren Youmin graduated from the University of New South Wales, Australia with a degree of Bachelor of Commerce, major in Finance. He is currently the Chairman and General Manager of Longsteel Technology Limited, a company based on Hong Kong. Ren Youmin, an Australian citizen, is 22 years old.

Mary Kimberlie C. See, Independent Director. Atty. Mary Kimberlie C. See, a Filipino, is presently a Lawyer at the SEE Law Offices, a Professor of the College of Law of Bulacan State University and a Supervising Lawyer on Developmental Legal Aid Clinic of the Dela Salle University College of Law. Her academic qualifications include: Doctor of Civil Laws and Master of Civil Laws from University of Santo Tomas; Juris Doctor from Ateneo Law School,Rockwell; Bachelor of Science in Management, Major in Legal Management, Minor in English Literature and Certificate in Chinese Language Proficiency from Ateneo de Manila University, Loyola Heights, Quezon City. She held various positions in the past as follows: FF Cruz Co., Inc., Corporate Lawyer, 2015-2017; Philippine Dispute Resolution Center, Inc., File Counsel and Hearing Commissioner, 2016-2017; Ateneo de Manila University, Part-Time Instructor, 2010-2016; Bases Conversion and Development Authority, Attorney III, 2014 – 2015; Ongkiko Manhit Custodio & Acorda Law Office, Senior Associate, 2011 – 2014; Bernas Law Office, Associate, 2008 – 2011. Atty. See is 35 years old.

Rodolfo D. Santiago, Independent Director. Retired Major General Rodolfo D. Santiago, Filipino, 58, is a graduate of the Philippine Military Academy Class of 1982. He has more than 38 years of military service holding various positions in several specialized fields. He held command and staff positions of major importance in the fields of military communications, intelligence, civil military operations and infantry operations. He capped his military career as an educator serving as the 54th Commandant of the Armed Forces of the Philippines Command and General Staff College. He completed his 15-year intelligence career serving as a Commander of the Defense Intelligence and Security Group. His civil-military operations stint was topped by being designated as the Assistant Deputy Chief of Staff for Civil-Military Operations, J7 (AJ7). He also led the AFP in disaster response operations, training and education. He is currently serving as a member of the Board of Advisers of the Tech Peace, Build Peace Movement. He works as an independent consultant of the Department of Education since January 2017 dealing largely with other stakeholders, disaster resiliency, peace education and schools in conflict areas. He is also a research consultant of Ateneo de Manila University on disaster resiliency since May 2017. Maj. Gen. Santiago was elected an Independent Director of IRC Properties, Inc. on Aug. 17, 2017.

Benjamin B. Magalong, Independent Director. Retired Police Director General Benjamin B. Magalong, Filipino, 58, is a graduate of the Philippine Military Academy (PMA) Class of 1982. He has been active with the Philippine National Police for the past 37 years, with specialties in Command Management for 17.5 years, Operations and Training for 20 years, and Intelligence for 5 years. Prior to retirement, he was the Director of Criminal Investigation and Detection Group (CIDG), then Director of Directorate for Investigation and Detective Management (DIDM), and OIC of TDCO (PNP Chief of Operations). General Magalong is a recipient of numerous valour awards, commendations and certificates of Merits.

Gloria Georgia G. Garcia, Corporate Treasurer & Chief Financial Officer. A Certified Public Accountant and a member of the Philippine Institute of Certified Public Accountants, Ms. Garcia started her career with SGV & Co. Her work experience included more than three years as a junior auditor with the firm. Thereafter, she had few years in the recreation, gaming and hotel industries and more than twenty years in the real estate industry up to present. Ms. Garcia, a Filipino, is 47 years old.

Atty. Delfin P. Angcao, Corporate Secretary and Corporate Information Officer. Mr. Angcao, 60, Filipino, has been the Corporate Secretary and Corporate Information Officer since March 2008. He is a partner at the Castillo Laman Tan Pantaleon & San Jose Law Offices (CLTPSJ) since the year 2000. He was a Junior Associate with CLTPSJ from 1995 to 1997. He climbed up to being a Senior Associate from 1997 to 2000. He was an Associate at the San Jose, Enriquez, Lacas, Santos, Borje & Vendero from 1992 to 1995. His business experience for the last five years includes being Director and/or Corporate Secretary of various client corporations of CLTPSJ including Mabuhay Holdings Corporation and The Manila Southwoods Golf & Country Club, Inc. He is a member of the Integrated Bar of the Philippines and the Philippine Institute of Certified Public Accountants.

All the above named incumbent directors and officers are the same nominees for directors and officers at the 2018 annual stockholders' meeting and the organizational meeting that will follow thereafter.

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

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

(b) Independent Directors/Corporate Governance Committee.

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

1. Benjamin B. Magalong - Chairman, Independent director
2. Rodolfo D. Santiago - Member, Independent director
3. Mary Kimberlie C. See - Member, Independent director
4. Ren Jinhua - Member
5. Antonio L. Tiu - Member
6. Georgina A. Monsod - Member
7. Ana Maria A. Katigbak-Lim - Non-voting member

Under the Company's New Manual of Corporate Governance, the members of the Corporate Governance Committee shall consist of at least three independent directors, one of whom shall be the Chairman thereof. The Corporate Governance Committee was tasked to accept and to pre-screen nominees for election as independent directors conformably with the criteria prescribed in SRC Rule 38 and the Company's Code of Corporate Governance, and to prepare and to make available to the SEC and the stockholders before the stockholders' meeting a Final List of Candidates as required in the said SEC Memo Circular.

In compliance with SRC Rule 38, hereunder is the Final List of Candidates for Independent Directors of the Registrant for the term 2018-2019 based on nominations received and pre-screened by the Corporate Governance Committee:

Name of Candidate	Nominated By
Rodolfo Santiago	Mr. Antonio L Tiu
Benjamin Magalong	Mr. Antonio L Tiu
Mary Kimberlie C. See	Mr. Antonio L Tiu

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

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

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

(c) Significant Employees.

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

(d) Family Relationships.

Mr. Ren Jinhua, Director and Chairman is the father of Ren Youmin, Director. Other than the foregoing, no director or officer is related to the extent of the fourth civil degree either by consanguinity or affinity.

(e) Involvement in Certain Legal Proceedings.

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

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

(f) Certain Relationship and Related Transactions.

Relationships and Related Transactions

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

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

Under the 2008 PrimeEast MOA, PrimeEast and/or BLC transferred to the Company all their rights, interest and participation over 508,463 square meters of land for a total consideration of P177,961,700.

PrimeEast is a former shareholder of the Company. Mr. Alexander G. Asuncion, a former director and past President of the Company, is also a director and the Vice Chairman of PrimeEast. Mr. Frisco F. San Juan, a former 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, 2017, the Company's notes payable to Mabuhay Holdings Corporation, a major stockholder, stood at P119,993,378. The notes payable are in the form of unsecured borrowing with no definite payment terms and bears interest at 12% to 18% per annum.

Mabuhay is a shareholder of the Company and is presently holding 70,128,964 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 100,818,625 shares of the Company. Mr. Esteban G. Peña Sy, the former Chairman and CEO of the Company, is also a director and the President of Mabuhay and of T & M Holdings, Inc. Ms. Gloria Georgia G. Garcia, the

Assistant Treasurer of the Company, is also the Treasurer of Mabuhay and of T &M Holdings, Inc.

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

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

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

(a) Summary Compensation Table.

The annual compensation of the Company’s executive officers for the last two (2) fiscal years and for 2018 are as follows:

Name	**Position**	**Year**	**Salary**	**Bonus**	**Other Annual Compensation**
Ren Jinhua	Chairman[3]				
Antonio L. Tiu	President & CEO[4]				
Esteban G. Peña Sy	Chairman & CEO[5]				
Georgina A. Monsod	President, now EVP and COO[6]				
Gloria Georgia G. Garcia	SVP/Asst. Treasurer and CFO				

[3] From April 11, 2018 to present
[4] F;rom May 17, 2018 to present
[5] Until April 11, 2018.
[6] President until May 17, 2018; EVP & COO from May 17, 2018 to present

Alwin P. Remante	SVP-Technical and Admin				
Aggregate compensation (all key officers and directors as a group) Note: Registrant has no other executive officers except those named above.		2018 (estimated)	P6.2M	None	None
		2017	P6.2M	None	None
		2016	P6.2M	None	None

Each director receives a per diem of P5,000.00 for each board meeting attended.

(b) Compensation of Directors.

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

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

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

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

(d) Warrants and Options Outstanding.

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

Item 7. **Independent Public Accountants**

(a) Audit and Audit-Related Fees

The Registrant's external auditor, Isla, Lipana & Co. has been re-appointed during last year's annual stockholders' meeting held on July 27, 2017. The name of Isla, Lipana & Co.'s partner-in-charge for the ensuing year will be known on or before its re-appointment during the stockholders' meeting.

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

The external auditors charged the Company and its subsidiaries an aggregate amount of P957,518.00 for the last two years ended December 31, 2017 and 2016.

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

(b) Tax Fees.

There were routine professional services rendered by the external auditors for tax accounting, compliance, advice, planning and any other form of tax services in each of the last two (2) calendar years ending December 31, 2017 and 2016. The fees for these services are included in the Audit and Audit-Related Fees mentioned above.

(c) All Other Fees.

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

(d) Company Policy on Appointment of Independent Auditor

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

The present members of the Audit & Related Party Transactions Committee of the Company are as follows:

Rodolfo D. Santiago	-	Chairman (Independent Director)
Benjamin B. Magalong	-	Member (Independent Director)
Ren Jinhua	-	Member
Gloria Georgia G. Garcia	-	Non-voting Member

Item 8. **Compensation Plans**

Warrants

(1) Title and amount of securities underlying such warrants

IRC 5 year Warrants total of 1,500,000,000 with strike price of 5 years.

(2) Prices, expiration dates and other material conditions upon which the, warrants or rights may be exercised

Issue Price is 0.01 per warrant; Strike price is 1 peso per warrant; and expiry is 5 years from issuance.

(3) The consideration received or to be received by the registrant or subsidiary for the granting or extension of the options, warrants or rights

1,200,000,000 warrants to be issued to Cross Strait Common Development Fund as consideration for the feasibility study of Makati Subway PPP.

(4) The market value of the securities underlying the option, warrants or rights as of the latest practicable date

Market value is yet to be determined pending listing of warrants at PSE.

(5) The amount of such options, warrants or rights received or to be received by the following persons, if determinable

These are subject to approval of Employee Stock Option Plan by the Compensation Committee of the Board.

Item 9. **Authorization or Issuance of Securities Otherwise than for Exchange**

The Registrant proposes to increase its authorized capital stock from Php1.5 billion to Php10.5 billion consisting of:

a) Php9.5 billion worth of common shares with a par value of P1.00 per share, at least 25% of said capital increase to support the application for capital increase shall be issued through private placement at the issue price ranging from P1.10 per share to P1.40 per share, and under such other terms and conditions as may be determined by the IRC Executive Committee

b) P1 billion worth of preferred shares with a par value of P10.00 per share, which shall be non-voting, entitled to dividends at the rate of 1.5% per annum, convertible to IRC common shares, and with such other features as may be determined by the IRC Executive Committee,

all subject to the stockholders' approval and compliance with the applicable laws, rules and regulations;

The purpose of the increase in the authorized capital stock would be for the increase of IRC's working capital and to augment its funds for its projects, such as the development of mass transport system and mass housing projects.

Just like the existing common shares, the common shares to be issued to support the capital increase are entitled to dividend and voting rights. However, under the present Articles of Incorporation of IRC, its shares of stock are not entitled to pre-emptive rights. There is no provision in the Registrant's Articles of Incorporation and By-Laws which could delay, defer or prevent change of control of the Registrant.

The Registrant is likewise presenting to the stockholders the issuance to Aggregate Business Group Holdings, Inc. ("ABG") of 172,800,000 IRC common shares with par value of Php1.00 per share through private placement taken from the unissued portion of the Corporation's present authorized capital stock at the subscription price of Php1.40 per share. Said issuance of shares to ABG has previously been authorized by the stockholders and the Board of Directors of IRC and is now being presented to the stockholders to comply with the requirements of the Philippine Stock Exchange in connection with the listing of said shares with the Exchange.

D. OTHER MATTERS

Item 15. **Action with Respect to Reports**

(a) Approval of the minutes of the 2017 annual stockholders' meeting
(b) Approval of annual report of management and 20176 financial statements

Approval of the minutes of the 2017 annual stockholders' meeting will constitute a ratification of the accuracy and faithfulness of the record therein of the events that transpired during the said meeting. Among the matters taken up during the 2017 annual stockholders' meeting and reflected in the minutes thereof were the following: (a) approval of the 2016 management report and 2016 audited financial statements; (b) ratification of corporate acts; (c) election of directors; and (d) appointment of external auditors. This will not constitute a second approval of the same matters that were already taken up and approved during the said meeting. Approval of the 2017 annual report of management and the 2017 audited financial statements will constitute a ratification of the Company's performance during the preceding year as contained or reflected in said annual report and financial statements.

Item 17. **Amendment of Charter, By-Laws or Other Documents**

On May 17, 2018, June 1, 2018, and June 20, 2018, the Board of Directors of the Corporation approved, subject to stockholders' ratification the amendment of the articles of incorporation of the Corporation to include the following:

a) Amendment of Article First to change the corporate name to "Philippine Infradev Holdings Inc."
b) Amendment of Article Second to reflect the change in the primary purpose from real estate development to that of a holding company engaged in infrastructure and real estate development through its subsidiaries and affiliates.
c) Amendment of Article Third to update the principal office address of the Corporation. The amendment is to reflect the new address where the Corporation's principal office will be located.
d) Amendment of Article Seventh to reflect the proposed increase of the Corporation's authorized capital stock from Php1.5 Billion to Php10.5 Billion.

Item 18. **Other Proposed Actions**

(a) Ratification of resolutions, contracts and acts of the board of directors and management
(b) Issuance to Aggregate Business Group Holdings, Inc. ("ABG") of 172,800,000 IRC common shares with par value of Php1.00 per share through private placement taken from the unissued portion of the Corporation's present authorized capital stock at the subscription price of Php1.40 per share (Comprehensive Corporate Disclosure on the said private placement is attached)

(c) Increase of authorized capital stock and corresponding amendment of the Articles of Incorporation
(d) Issuance of warrants to directors, officers, employees and other qualified persons
(e) Establishment of and investment in subsidiary companies
(f) Election of directors
(g) Appointment of external auditors

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

Item 19. **Voting Procedures**

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

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

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

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

ALL REQUESTS MAY BE SENT TO THE FOLLOWING:

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

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on June 21, 2018.

IRC PROPERTIES, INC.
Registrant
By:

DELFIN P. ANGCAO
Corporate Secretary

IRC PROPERTIES, INC.

MANAGEMENT REPORT
Pursuant To SRC Rule 20 (4)

For the 2018 Annual Stockholders' Meeting

A. AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2017 AND MARCH 31, 2018 INTERIM FINANCIAL STATEMENTS

Registrant's consolidated audited financial statements for the fiscal year ended December 31, 2017 and interim financial statements for the period ended March 31, 2018 are attached.

B. THERE WERE NO DISAGREEMENTS WITH THE ACCOUNTANTS

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

Company's Operations

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

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

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

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

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

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

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

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

Company's Shares of Stocks

On April 10, 2018, IRC Properties, Inc. entered into a Subscription Agreement with Aggregate Business Group (ABG) Holdings, Inc., ("ABG"), a corporation organized and existing under the laws of the Philippines with principal office located at City and Land Mega Plaza Building, ADB Avenue corner Garnet Road, Ortigas Center, Pasig City, represented by its Chairman, Mr. Youmin Ren, whereby the ABG subscribed to One Hundred Seventy Two Million Eight Hundred Thousand (172,800,000) Common Shares of IRC Properties, Inc. at the subscription price of P1.40 per share, or for a total subscription price of Two Hundred Forty One Million Nine Hundred Twenty Thousand Pesos (Php 241,920,000.00). The Shares shall be taken from the unissued portion of the present authorized capital stock of the Corporation of 1.5 billion shares.

On February 16, 2016 IRC Properties, Inc. ("IRC") entered into a Subscription Agreement with Sigma Epsilon Fund Limited ("Sigma"), a corporation organized and existing under the laws of Cayman Island with principal office located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-111, Cayman Islands, represented by its Director, Mr. Lee Puay Ching, whereby Sigma subscribed to Two Hundred Million (200,000,000) common shares of IRC PROPERTIES, INC. with a par value of One Peso per share at a subscription price of P1.40 per share, or for a total subscription price of Two Hundred Eighty Million Pesos (Php 280,000,000.00).

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

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

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

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

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

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

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

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

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

INTERIM REPORT MARCH 31, 2018

Results of Operations

A comparative review of the Company's financial operations for the quarter ended March 31, 2018 *vis-à-vis* the same period last year showed the following:

The significant increase of P24.2 million or 47.5% in total revenue was due to the cancellation and subsequent reversal of the P50 million notes payable to PrimeEast recognized as income. The effect of the P50 million reversal was reduced by the decrease in Real Estate sales due to the lower number of units sold for the period (23 units) as compared to last year (69 units). Total cost and expenses increased by P0.6 million from P43.7 million mainly because of the recognition of provision for doubtful accounts and retirement benefit expense.

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

Financial Condition

The Company employed total assets of P3,667,113,293 financed by total liabilities of P1,774,380,313 and total stockholders' equity of P1,892,732,980. Noncurrent assets amounted to P2,497,813,046 consisting of investment property, property and equipment (net of accumulated depreciation) and other assets. Current assets stood at P1,169,300,247.

Explanation to Accounts with Material Changes (March 31, 2018 vs. December 31, 2017)

Cash increased by P13.4 million or 705% mainly due to loan availments from Yuanta Savings Bank amounting to P 30 million.

Real properties held for sale and development decreased by P16.7 million or 43% due to sales of twenty- three (23) units during the first quarter of 2018.

Property and equipment decreased by P0.2 million or 12% due to depreciation expense.

Current portion of borrowings decreased by P22.4 million or 10% due to reversal of notes payable related to PrimeEast Properties, Inc.

Retirement benefit obligation increased by P3.2 million or 66% due to retirement benefit expense established for the first quarter of 2018.

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

YEAR ENDED DECEMBER 31, 2017

Results of Operations

IRC Properties, Inc. sold 160 units of Casas Aurora amounting to P151,390,935, net of P276,715 sales discount, and 15 units of Fiesta Casitas amounting to P12,069,400. Casas Aurora project is the main sales contributor for the year ended 2017 in which the company started to sell the units in the year 2016.

As of September 30, 2017, the independent appraiser valued the properties located in Binangonan (undeveloped lots) at P1,100/sqm.

The company started the development of its fourth residential project named Casas Bauhinia located in the Binangonan property.

Financial Condition

The financial position of the Company as of December 31, 2017, shows total assets of P3,653,685,334. Noncurrent assets were P2,491,050,195. The noncurrent assets consist of investment property, property and equipment (net of accumulated depreciation) and other assets. Current assets as of December 31, 2017 stood at P1,162,635,139.

The total liabilities of the Company as of December 31, 2017 is P1,786,327,428 while current liabilities stood at P485,442,087. Non-current liabilities is P1,300,885,341 which includes the P436,799,331 deferred tax liability and P827,209,024 provision for clearing costs. Total stockholders' equity as of December 31, 2017 is P1,867,357,906.

Explanation to Accounts with Material changes (2017 vs. 2016)

Cash decreased by 92% or P21.9 million mainly due to payment made on the loan due to Tamura Kenzai.

Receivables grew by 23% or P14.7 million mainly because of the higher sales of Casas Aurora units during the year.

Prepayments likewise increased by 18% or P6 million due to payments of creditable withholding tax.

Land held for development is decreased by 1% or P6.8 million mainly due to reclassification of partially completed units to land held for development which was incurred during the year.

Investment property increased by 6% or P140 million mainly due to the recognition of additional recoverable land area of 8 hectares, and recognition of fair value gain on investments and the capitalizing of borrowing costs.

Accounts payable and accrued expenses increased by P34 million or 30% mainly due to the accrual of loan interest with Mabuhay Holding Corp.

Provision for clearing costs, current portion decreased by P9.9 million or 10% due to companies effort in clearing the land.

Provision for clearing costs, non-current increased by P79.3 million or 11% due to the increase in recoverable area to be cleared coupled with the effect of discounting of provision for clearing cost.

Real properties held for sale and development decreased by 18.5 million or 32% mainly because of the higher sales for the year ended 2017.

YEAR ENDED DECEMBER 31, 2016

Results of Operations

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

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

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

Financial Condition

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

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

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

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

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

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

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

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

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

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

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

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

YEAR ENDED DECEMBER 31, 2015

Results of Operations

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

Total income for the year 2015 decreased by P19.52 million or 17.88% compared to same period of 2014 mainly due to the effect of lower fair value gain on investment property recognized in 2015. Appraisal of Binangonan properties conducted by an independent appraiser valued the property (undeveloped lots) at P1,000/sqm as of April 1, 2016 (2014- P1,000/sqm.). Although sales of real estate are higher by P12.8 million, the appraisal resulted in a fair value gain of P65 million for 2015 as compared to P97.5 million in 2014 or a decrease of P32.5 million. Net income for 2015 registered at P28.8 million or 38.4% lower than in 2014.

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

Financial Condition

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

The total liabilities of the Company as of December 31, 2015 amounted to P1,729,491,104 while current liabilities stood at P714,419,667. Non-current liabilities totalled P1,015,437 which include the P402,455,596 deferred tax liability and P608,652,984 provision for clearing costs. Total stockholders' equity as of December 31, 2015 is P1,490,279,759.

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

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

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

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

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

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

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

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

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

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

KEY PERFORMANCE AND FINANCIAL SOUNDNESS INDICATORS

Definition of Ratios

Working Capital- computed as current assets minus current liabilities.

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

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

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

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

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

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

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

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

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

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

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

REGISTRANT'S FINANCIAL SOUNDNESS INDICATORS

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

	March 31, 2018	**Dec. 31, 2017**	**Dec. 31, 2016**	**Dec. 31, 2015**
	Unaudited	Audited	Audited	Audited
Working Capital	702,484,519	677,193,052	727,226,606	424,872,987
Current Ratio	2.505	2.395	2.580	1.594
Quick Ratio	.235	.204	.230	.134

Asset to Equity Ratio	1.937	1.957	1.920	2.160
Debt to Assets Ratio	.484	.489	.480	.537
Debt to Equity Ratio	.937	.957	.920	1.160
Gross Profit Margin	.331	.331	.662	.937
Operating Profit Margin	.410	.150	.460	.535
Net Profit Margin	.337	.117	.328	.321
Return on Assets	.007	.006	.021	.008
Return on Equity	.013	.012	.040	.019
Interest Coverage Ratio	-nil-	-nil-	-nil-	-nil-

In general, there are no material known trends, demands, commitments, events, transactions, arrangements or items of, by or involving the Company that would require a disclosure pursuant to Part III (A)(2)(A)(i) to (vii) of Annex "C" of the Implementing Rules and Regulations of the Securities Regulation Code, to wit:

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

D. GENERAL NATURE AND SCOPE OF BUSINESS

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

The clearing of the Company's Binangonan property is the target of the Company's operations in order to completely free from third party claims the first 455 hectares of the 2,200-hectare property where the first phase of the Binangonan Master Plan consisting of the housing estate project will be situated.

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

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

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

The Company currently holds offices at 35/F, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City. The Company's last annual stockholders' meeting was on July 27, 2017.

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

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

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

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

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

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

TOTAL NUMBER OF EMPLOYEES AND NUMBER OF FULL TIME EMPLOYEES. Presently, the Company has a total twenty four (24) personnel excluding the Chairman, President, Corporate Secretary and Assistant Corporate Secretary. Management intends to hire additional personnel as the need arises.

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

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

Principal Market

The Company's shares of common stock are being traded at the Philippine Stock Exchange. Of the authorized capital stock of 1,500,000,000 shares, 1,499,913,964 shares have been subscribed.

Dividends

No dividend declarations were made during the two recent fiscal years of the Company. Aside from the accumulated deficit sustained by the company, there is no restriction that limits the ability to pay dividends on common equity. The company cannot yet declare dividends based on 2017 results of operations because the reconciled balance of retained earnings is still negative as shown in the reconciliation below.

	2015	**2016**	**2017**
Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning	P 283,500,799	(P1,030,869,879)	(P629,709,290)
Add: Net Income actually earned			
Net Income during the period closed to Retained earnings	28,793,939	25,029,414	22,996,681
Less: Non-actual/unrealized income net of tax			
Fair value adjustment of Investment Property resulting to gain (net of tax)	(847,669,942)	(98,849,860)	(22,235,201)

TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND	**(P535,375,204)**	**(P1,050,899,293)**	**(P628,947,810)**

Common Equity

The shares of IRC traded along the following bands during 2018, 2017 and 2016:

	2018		2017		2016	
	High	**Low**	**High**	**Low**	**High**	**Low**
First Quarter			1.44	1.15	1.43	1.10
Second Quarter			1.24	0.95	1.42	1.23
Third Quarter			1.20	1.00	1.27	1.13
Fourth Quarter			0.93	0.69	1.28	1.00

The listed price of IRC shares as of May 31, 2018 is P1.02.

Stockholders

The number of stockholders of record as of May 31, 2018, the Record Date of the 2018 annual stockholders' meeting is 5**49**. Common shares outstanding as of May 31, 2018 amounted to 1,499,895,322.

The top 20 stockholders as of May 31, 2018 are as follows:

	Name of Stockholder	Number of Shares	Percentage Ownership
	PCD NOMINEE CORP. (F)	698,025,863	46.54%
	PCD NOMINEE CORP. (NF)	598,237,011	39.88%
	AGGREGATE BUSINESS GROUP HOLDINGS, INC.	172,800,000	11.52%
	MARILAQUE LAND, INC.	5,998,000	0.40%
	DEE, ALICE T.	2,565,000	0.17%
	VALMORA INVESTMENT AND MANAGEMENT CORP.	2,300,000	0.15%

	EQUITY MANAGERS ASIA, INC.	1,000,000	0.07%
	DAVID GO SECURITIES CORPORATION	729,000	0.05%
	SIGUION-REYNA, LEONARDO T.	700,000	0.05%
	GOKONGWEI JR., JOHN	642,000	0.04%
	UY, IMELDA T.	621,000	0.04%
	TAN, HENRY L.	600,000	0.04%
	TANCHAN III, SANTIAGO	500,000	0.03%
	LAO, ALEX L.	500,000	0.03%
	BLUE RIDGE CORPORATION	500,000	0.03%
	CHAM, GRACE	480,000	0.03%
	CO JR., TONG TE	451,000	0.03%
	DEE, ALICE	430,000	0.03%
	ALL ASIA SECURITIES MANAGEMENT CORPORATION	419,000	0.03%
	PASCUAL SECURITIES CORP.	400,250	0.03%

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

G. DISCUSSION ON COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

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

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

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

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

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

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

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

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

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

SECRETARY'S CERTIFICATE

I, **DELFIN P. ANGCAO**, of legal age, Filipino, with office address at the 3rd Floor, The Valero Tower, 122 Valero Street, Salcedo Village, Makati City, after having been duly sworn to in accordance with law, do hereby depose and state that:

1. I am the duly elected and qualified Corporate Secretary of **IRC PROPERTIES, INC.** (the "Corporation"), a corporation duly organized and existing under the laws of the Philippines with principal office address at 35/F Rufino Pacific Tower, 6784 Ayala Avenue, Legaspi Village, Makati City, Philippines.

2. I hereby certify that none of the Corporation's Regular Directors, Independent Directors and Officers are appointed or employed in any government agency.

IN WITNESS WHEREOF, this Certificate was signed and issued this JUN 0 5 2018 day of June 2018 at Makati City, Philippines.

DELFIN P. ANGCAO
Corporate Secretary

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public for and in the City of Makati, Philippines, this JUN 0 5 2018, 2018, affiant who is personally known to me and whose identity I have confirmed through his Passport No. P0113420A, issued at Manila on August 31, 2016, bearing the affiant's photograph and signature, and who showed to me his Community Tax Certificate No. No. 24583466 issued on February 5, 2018 at Makati City.

Doc. No. 396;
Page No. 69;
Book No. V;
Series of 2018.

DAISY MARGARET V. DUCEPEC • NOTARY PUBLIC • ROLL NO. 70138 • MAKATI CITY, PHILIPPINES

DAISY MARGARET V. DUCEPEC
Appointment No. M-032
Notary Public for Makati City
Until December 31, 2018
Castillo Laman Tan Pantaleon
& San Jose Law Firm
The Valero Tower, 122 Valero Street
Salcedo Village, Makati City
PTR No. 6616069;01-04-2018;Makati City
IBP No. 022622;01-04-2018;Makati Chapter
Roll No. 70138

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **RODOLFO D. SANTIAGO**, Filipino, of legal age and a resident of ____________________________, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of **IRC PROPERTIES, INC.** (the "Company")

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
UDENNA CORP.	CHIEF, SPL SECURITY CONCERNS	01 JAN 2018-TO DATE

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company, as provided in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of IRC Properties, Inc. and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code (where applicable; relatives referred to under Rule 38.2.3 are the spouse, parent, child, brother, sister, and spouse of such child, brother or sister)

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
	N/A	

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/ administrative investigation or proceeding (as the case maybe):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
	N/A	

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director of the Company, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of the Company of any changes in the abovementioned information within five days from its occurrence.

Done, this 14th day of JUNE, at MAKATI CITY.

RODOLFO D. SANTIAGO
Affiant

SUBSCRIBED AND SWORN to before me this JUN 14 2018 day of ______ at CITY OF MAKATI, affiant personally appeared before me and exhibited to me his/her ______ issued at ______ on ______

Doc. No. 352;
Page No. 72;
Book No. XXVIII;
Series of 2017.

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2018
IBP No. 654155-Lifetime Member
MCLE Compliance No. V-0006734
Appointment No. M-104 (2017-2018)
PTR No. 6607579 Jan. 3, 2018
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MARY KIMBERLIE C. SEE**, Filipino, of legal age and a resident of 25 T. Santiago Street, Canumay, Valenzuela, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of **IRC PROPERTIES, INC.** (the "Company").
2. I am not affiliated with any company or organization (including Government-Owned and Controlled Corporations).
3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company, as provided in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of IRC Properties, Inc. and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I do not need a required written permission or consent from the head of any government agency/department to be an independent director of the Company, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of the Company of any changes in the abovementioned information within five days from its occurrence.

Done, this __________ day of _________, at ____________________.

MARY KIMBERLIE C. SEE
Affiant

SUBSCRIBED AND SWORN to before me this JUN 18 2018 day of _________ at ____________, affiant personally appeared before me and exhibited to me his/her ______________________ issued at ______________ on ______________.

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2018
IBP No. 651155-Lifetime Member
MCLE Compliance No. V-0006934
Appointment No. M-104 (2017-2018)
PTR No. 6607899 Jan. 3, 2018
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

Doc. No. 309;
Page No. 63;
Book No. VIII;
Series of 2018.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **BENJAMIN B. MAGALONG**, Filipino, of legal age and a resident of #51 Lower Kitma Road, Baguio City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of **IRC PROPERTIES, INC.** (the "Company").

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Philippine National Oil Company	Member of the Board of Directors	5 Months
Steel Asia Manufacturing Corporation	Senior VP for Operations	1 year and 2 Months

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company, as provided in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of IRC Properties, Inc. and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code (where applicable; relatives referred to under Rule 38.2.3 are the spouse, parent, child, brother, sister, and spouse of such child, brother or sister)

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
None		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/ administrative investigation or proceeding (as the case maybe):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
None		

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director of the Company, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of the Company of any changes in the abovementioned information within five days from its occurrence.

Done, this 25th day of May 2018 in BGC, Taguig City.

BENJAMIN B. MAGALONG
Affiant

SUBSCRIBED AND SWORN to before me this JUN 05 2018 day of May 2018 at Makati City, affiant personally appeared before me and exhibited to me his/her Passport No. EC0857700 issued at DFA Baguio on 15 April 14.

Doc. No. [illegible];
Page No. [illegible];
Book No. [illegible];
Series of 2018.

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2018
Makati City Roll No. 40091
Brgy. Pio Del Pilar, Makati City

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**

Month *Day*

Fiscal Year

1 7 - A

FORM TYPE

Month *Day*

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

554

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, 2017

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, 2017**

2. Commission Identification Number : **60312**

3. BIR Tax Identification Number : **000-464-876**

4. Exact name of registrant as specified in its charter : **IRC PROPERTIES, INC.**

5. Province, country or other jurisdiction of incorporation or organization: **Metro Manila, 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	**1,327,113,964**

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

On February 4, 2016, the company entered into a private placement transaction with Sigma Epsilon Fund Ltd. A foreign company who subscribed 200,000,000 shares from IRC Properties.

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 500 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, 2017, the Company has no additional land area cleared for Binangonan property (2016 – 174.4 hectares) and has in its possession 202 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.

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 have materialized and 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, 2017, the Group did not incur any in terms of property acquisition and 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, 2017, the Company has total of Twenty-two (22) 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

Involvement in Certain Legal Proceedings

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

The Company and its consolidated 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 July 27, 2017.

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 2017 and 2016:

	2017		**2016**	
	Common Stock		**Common Stock**	
	High	**Low**	**High**	**Low**
First Quarter	1.44	1.15	1.43	1.10
Second Quarter	1.24	0.95	1.42	1.23
Third Quarter	1.2	0.1	1.27	1.13
Fourth Quarter	0.93	0.69	1.28	1.00

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, 2017 is 554. Common shares outstanding as of December 31, 2017 amount to 1,327,113,964.

Stock Prices as of the latest trading date:
December 31, 2017 - Common share P 0.74

Stock prices as of the latest practicable date in 2018
March 31, 2018 Common share P 1.03
There is no sale of unregistered securities for the year 2017.

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

Common Stock

	Name of Stockholder	Number of Shares	Percentage Ownership
1	PCD NOMINEE CORP. (F)	962,662,520	72.54%
2	T & M HOLDINGS, INC.	262,605,200	19.78%
3	MABUHAY HOLDINGS CORPORATION	38,160,643	2.88%
4	PCD NOMINEE CORP. (NF)	32,807,011	2.47%
5	MARILAQUE LAND, INC.	5,998,000	0.45%
6	DEE, ALICE T.	2,995,000	0.23%
7	VALMORA INVESTMENT AND MANAGEMENT CORPORATION	2,300,000	0.17%
8	EQUITY MANAGERS ASIA, INC.	1,000,000	0.08%
9	DAVID GO SECURITIES ORPORATION	729,000	0.05%
10	SIGUION-REYNA, LEONARDO T.	700,000	0.05%
11	GOKONGWEI JR., JOHN	642,000	0.05%
12	UY, IMELDA T.	621,000	0.05%
13	TAN, HENRY L.	600,000	0.05%
14	BLUE RIDGE CORPORATION	500,000	0.04%
15	TANCHAN III, SANTIAGO	500,000	0.04%
16	LAO, ALEX L.	500,000	0.04%
17	CHAM, GRACE	480,000	0.04%
18	CO JR., TONG TE	401,000	0.03%
19	PASCUAL, SECURITIES CORP.	400,250	0.03%
20	ALL ASIA SECURITIES MANAGEMENT CORPORATION	397,000	0.03%

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, 2017, 32.61% 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, 2016, 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 materialized. A deed of absolute sale was already processed. 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 500 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 174.4 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.

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

December 31, 2017

IRC Properties, Inc. sold 160 units of Casas Aurora amounting to P151,390,935, net of P276,715 sales discount, and 15 units of Fiesta Casitas amounting to P12,069,400. Casas Aurora project is the main sales contributor for the year ended 2017 in which the company started to sell the units in the year 2016.

As of September 30, 2017, the independent appraiser valued the properties located in Binangonan (undeveloped lots) at P1100/sqm.

The company started the development of its fourth residential project name Casas Bauhinia located in the Binangonan property.

December 31, 2016

The company's total sales for the year ended 2016 amounted to P122,063,855 net of 411,145 sales discount. The company sold (107) units from Casas Aurora and 6 from Fiesta Casitas amounting to 92,987,900 and 4,519,600 respectively. Aside from the unit sales, the company sold a parcel of land to Amaia Land Co. amounting to 24,964,500.

Appraisal of Binangonan properties conducted by an independent appraiser valued the property (undeveloped lots) at P1100/sqm as of April 1, 2017 (2013- P1000/sqm.)

The company has a new subdivision project covering almost 4 hectares. This project name Casas Bauhinia is envisioned to be a sole project of the company.

December 31, 2015

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.

Financial Condition

December 31, 2017

The financial position of the Company as of December 31, 2017, shows total assets of P3,653,685,334. Noncurrent assets were P2,491,050,195. The noncurrent assets consist of investment properties, property and equipment (net of accumulated depreciation) and other assets. Current assets as of December 31, 2017 stood at P1,162,635,139.

The total liabilities of the Company as of December 31, 2017 is P1,786,327,428 while current liabilities stood at P485,442,087. Non-current liabilities is P1,300,885,341 which includes the P436,799,331 deferred tax liability and P827,209,024 provision for clearing costs. Total stockholders' equity as of December 31, 2017 is P1,867,357,906.

Material changes (2017 vs. 2016)

Cash decreased by 92% or P21.9 million mainly due to payment made of loan to Tamura Kenzai.

Receivables grew by 23% or P14.7 million mainly because of the higher sales of Casas Aurora units during the year.

Prepayments likewise increased by 18% or P6 million due to payments of creditable withholding tax.

Land held for development is decreased by 1% or P6.8 million mainly due to reclassification of partially completed units to land held for development which was incurred during the year.

Investment property increased by 6% or P140 million mainly due to the recognition of additional recoverable land area of 8 hectares, and recognition of fair value gain on investments and the capitalizing of borrowing costs.

Accounts payable and accrued expenses increased by P34 million or 30% mainly due to the accrual of loan interest with Mabuhay Holding Corp.

Provision for clearing costs, current portion decreased by P9.9 million or 10% due to companies effort in clearing the land.

Provision for clearing costs, non-current increased by P79.3 million or 11% due to the increase in recoverable area to be cleared coupled with the effect of discounting of provision for clearing cost.

Real properties held for sale and development decreased by 18.5 million or 32% mainly because of the higher sales for the year ended 2017.

December 31, 2016

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 (2016 vs. 2015)

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

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

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

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

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

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

Provision for clearing costs, current portion decreased by P7.3 million or 6.65% due to companies effort in clearing the land.

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

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

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.

KEY PERFORMANCE INDICATORS ARE AS FOLLOWS:

	For the Year Ended December 31	
	2017	**2016**
Working Capital	677,193,052	727,226,606
Current Ratio	2.40	2.58
Quick Ratio	.20	.23
Asset to Equity Ratio	1.96	1.92
Debt to Assets Ratio	.49	.48
Debt to Equity Ratio	.96	.92
Gross Profit Margin	.44	.66
Operating Profit Margin	.15	.46
Net Profit Margin	.12	.33
Return on Assets	.01	.02
Return on Equity	.01	.04

Item 8. FINANCIAL STATEMENTS

The audited consolidated financial statements of the Registrant as of and for the year ended December 31, 2017, 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 statement of financial position, statements total comprehensive 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 a total amount of P485,280 and P472,237.92 for the year ending December 31, 2017 and December 31, 2016 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, 2017 and 2016. The fees for these services are included in the Audit and Audit-Related Fees mentioned above.

(c) All Other Fees

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

(d) Company Policy 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 July 27, 2017 for the term 2017-2018.

Name	Age	Present Position	Citizenship
Esteban G. Peña Sy	70	Chairman and CEO	Filipino
Georgina A. Monsod	60	President	Filipino
Kuo Jen Hao	41	Director	Taiwanese
Yasuhiro Ishikawa	55	Director	Japanese
Roberto V. San Jose	73	Director	Filipino
Steven Cesar G. Virata	58	Director	Filipino
Sia Meow Leng	51	Director	Malaysian

Yang Min Lan	40	Director	Tawainese
Rodrigo B. Supeña	76	Director (Independent)	Filipino
Benjamin B. Magalong		Director (Independent)	Filipino
Rodolfo D. Santiago		Director (Independent)	Filipino
Delfin P. Angcao	58	Corporate Secretary	Filipino
Ana Maria A. Katigbak		Asst. Corp. Secretary	Filipino
Gloria Georgia G. Garcia	47	SVP/Treasurer/CFO	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, 70, 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.

Georgina A. Monsod, 60. President. 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.

Jerry Kuo (Kuo Jen Hao), aged 41, received a Master’s Degree in Finance and Accounting from The Pace University NY in 2002. Mr. Kuo has been a member of U.S. Certified Public Accountants since December 2005.

Mr. Kuo has been Chief Executive Officer in First Steamship Co. Ltd. (TW listed :2601) from June 2016 and also as Chairman in Grand Ocean Department Store Group Co. (TW listed:5907) from June 2016.

Mr. Kuo was the executive director in Guangzhou Poly Warehouse Management Co. Ltd. from December 2012 to September 2015. He was the executive director and chief financial officer of China Natural Energy Group Co. Ltd from October 2009 to December 2012 and the vice president of Private Equity Management Group from July 2006 to August 2009.

Yasuhiro Ishikawa, aged 54 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.

Roberto V. San Jose, 72. 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.

Steven Cesar G. Virata, 58. 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.

Alan Sia (Sia Meow Leng), aged 51, is a chartered accountant by profession, admitted as an Associate Member of the Chartered Association of Certified Accountants since 21 May 1992.
Mr. Sia has extensive exposure in real estate development and consumer retail business in Greater China.

Mr Sia is currently the Chief Financial Officer and Executive Director of First Steamship Co., Ltd. (Stock Code TW 2601) since December 2011.

Prior to this, Mr. Sia has served as the Financial Controller of Grand Ocean Retail Group Limited, a company listed in the Taiwan Stock Exchange, in Shanghai from May 2004 to December 2011. He was also the Deputy General Manager and Financial Controller of Tian An (Shanghai) Investments Co., Limited, a wholly-owned subsidiary of Tian An China Investments

Co., Ltd. from July 1996 to May 2004. He has also served in Allied Properties (HK) Limited (Stock Code HK 0056) as a project finance manager between November 1993 to July 1996.

Vason Yang (Yang Min Lan), aged 40, received a Doctor's Degree in Engineering from The National Yunlin University of Science and Technology in Taiwan in 2009. Mr. Yang has been a member of Taiwan Certified Public Technician of higher examination for civil since 2008. He is also a member of the Taiwan Professional Civil Engineers Association.

He has been involved in varied construction projects in Taiwan in the development of roads, bridges, buildings, and especially in hotel and residential development. He also taught in Chienkuo Technology University.

Presently, Mr. Yang is Chairman & Director of Lan Hai Co. Ltd., a construction consulting company since August 2015.

Rodrigo B. Supeña, 76. 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.

Benjamin B. Magalong, Retired Police Director General Benjamin B. Magalong is a graduate of the Philippine Military Academy (PMA) Class of 1982. He has been active with the Philippine National Police for the past 37 years, with specialties in Command Management for 17.5 years, Operations and Training for 20 years, and Intelligence for 5 years.

Prior to retirement, he was the Director of Criminal Investigation and Detection Group (CIDG), then Director of Directorate for Investigation and Detective Management (DIDM), and OIC of TDCO (PNP Chief of Operations).

General Magalong is a recipient of numerous valour awards, commendations and certificates of Merits.

Rodolfo D. Santiago, Retired Major General, is a graduate of the Philippine Military Academy (PMA) Class of 1982. He has more than 38 years of military service holding various positions in several specialized fields. He held command and staff positions of major importance in the fields of military communications, intelligence, civil military operations and infantry operations. He capped his military career as an educator serving as the 54th Commandant of the AFPCommand and General Staff College (AFPCGSC).

He completed his 15-year intelligence career serving as a Commander of the Defense Intelligence and Security Group. His civil-military operations stint was topped by being designated as the Assistant Deputy Chief of Staff for Civil-Military Operations , J7 (AJ7).
He also led the AFP in disaster response operations, training and education.

He is currently serving as a member of the Board of Advisers of the Tech Peace, Build Peace Movement. He works as an independent consultant of the Department of Education since January 2017 dealing largely with other stakeholders, disaster resiliency, peace education and schools in conflict areas. He is also involved as a research consultant with Ateneo de Manila University on disaster resiliency since May 2017.

Delfin P. Angcao, 58. 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.

Gloria Georgia G. Garcia, 47. SVP/ Treasurer, Chief Finance Officer. A Certified Public Accountant and a member of Philippine Institute of Certified Public Accountants, Ms. Garcia started her career with SGV & Co. Her work experience included more than three years as a junior auditor with the firm. Thereafter, she had few years in the recreation, gaming and hotel industries and more than twenty years in the real estate industry up to present. Mr. Garcia replaced Ms. Arceli Molina who retired effective December 31, 2016.

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

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 P5,000 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 2018 (estimate) are as follows:

Executive Officer	Position	Salary			Bonus	Other Annual Compensation
		2018 (estimate)	**2017**	**2016**		
Esteban G. Peña Sy	Chairman & CEO					
Georgina A. Monsod	President					
Gloria Georgia G. Garcia	SVP / Treasurer / CFO					
Alwin P. Remante	SVP – Technical and Admin					
Total of all above named directors & officers as a group		P6.2M	P6.2M	P6.2M	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, 2017, 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	962,662,520	72.54%
	T & M Holdings, Inc. 35/F Rufino Pacific Tower, 6784 Ayala Ave., Makati City Stockholder	T & M Holdings, Inc.* Direct	Filipino	262,605,200	19.79%
	Sigma Epsilon Fund Ltd.	Sigma Epsilon	Japanese	200,000,000	15.07%
	Rizal Partners Co., Ltd. Chiyoda-ku Tokyo	Rizal Partners Co., Ltd. Direct	Japanese	127,200,000	9.58%
	Mariner Far East Limited	Mariner Far East Limited Direct	Filipino	170,000,000	12.80%

*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	612,000/ indirect 250/direct	612,250	Filipino	0.04614%
	Rodolfo D. Santiago	100/ direct	100	Filipino	0.00001%
	Kuo Jen Hao	50/direct	50	Taiwanese	0.00000%
	Roberto V. San Jose	1,000/ direct	1,000	Filipino	0.00008%
	Yasuhiro Ishikawa	50/ direct 200,000/ indirect	200,050	Japanese	0.01507%
	Sia Meow Leng	50/ direct	50	Malaysian	0.00000%
	Yang Min Lang	50/ direct	50	Taiwanese	0.00000%
	Benajamin B. Magalong	100/ direct	100	Filipino	0.00001%
	Rodrigo B. Supena	150 / direct	150	Filipino	0.00001%
	Steven G. Virata	150/ direct	150	Filipino	0.00001%
	Georgina A. Monsod	1000/ direct	1000	Filipino	0.00008%
	Total	**814,950**	**814,950**		0.06141%

The aggregate shareholdings of directors and officers as a group amounts to 814,950 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

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, 2017, the Company's notes payable to Mabuhay Holdings Corporation, a major stockholder, stood at P119,993,378. The notes payable are in the form of unsecured borrowing with no definite payment terms and bears interest at 12% to 18% per annum.

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 38,160,643 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. Gloria Georgia G. Garcia, the 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.

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, Gloria Georgia G. Garcia, as Compliance Officer who is 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.

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 13, 2017	Change in Directors and/or officers
January 13, 2017	Material Information/ Transaction- Resignation & Appointment of Directors
March 29, 2017	Notice of the 2017 Annual Stockholders Meeting of the Corporation
July 11, 2017	Material Information/ Transaction- Agreement for the sale of IRC shares of PrimeEast Properties, Inc. and Mr. Alexander G. Asuncion.
July 13, 2017	Change in Number of Issued and Outstanding shares
July 28, 2017	Result of the Annual Stockholder's Meeting and Organizational Meeting of the Board of Directors held on July 27, 2017.
August 18, 2017	Result of special meeting of the Board of Directors held on August 17, 2017

(c) Reports under SEC Form 17-C as amended (during the last 6 months):

Date	Disclosures
June 28, 2017	Amendment (1) Notice of the 2017 Annual Stockholders Meeting of the Corporation

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 2018.

Issuer: **IRC PROPERTIES, INC.**

By:

Directors/ Officers and Control Persons

Chairman of the Board	ESTEBAN G. PEÑA SY
President	GEORGINA A. MONSOD
Corporate Secretary	DELFIN P. ANGCAO
Treasurer	GLORIA GEORGIA G. GARCIA

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

SUBSCRIBED AND SWORD TO before me, a Notary Public, for and in Makati City, this APR 13 2018 of April 2018, 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
Georgina A. Monsod	EC0350917	February 20, 2014	DFA NCR East
Gloria Georgia G. Garcia	EC0489004	March 05, 2014	DFA NCR East
Delfin P. Angcao	P0113420A	August 31, 2016	DFA, Manila

Doc. No. 147
Page No. 31
Book No. XIX
Series of 2018

ATTY. [illegible] JR.
Notary Public [illegible] of Makati
Until December 31, 2018
[illegible]
MCLE Compliance No. V-[illegible]
Appointment No. M-104 (2017-2018)
PTR No. [illegible] Jan. 3, 2018
Makati City [illegible]
[illegible] Urban Ave. [illegible] Bldg.
[illegible], Makati City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **IRC PROPERTIES, INC. AND SUBSIDIARY** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as at and for the years ended **December 31, 2017 and 2016**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

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

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

GEORGINA A. MONSOD
President

GLORIA GEORGIA G. GARCIA
SVP / Treasurer / CFO

BUREAU OF INTERNAL REVENUE
RECEIVED
14 APR 2018

Signed this 11th day of April 2018

APR 13 2018

SUBSCRIBED AND SWORD TO before me, a Notary Public, for and in Makati City, this ________ day of April 2018, 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
Georgina A. Monsod	EC0350917	February 20, 2014	DFA NCR East
Gloria Georgia G. Garcia	EC0489004	March 05, 2014	DFA NCR East

Doc. No. 149
Page No. 31
Book No. XLIX
Series of 2018

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2018
IBP No. [illegible] Lifetime Member
MCLE Compliance No. V-[illegible]
Appointment No. M-104 (2017-2018)
PTR No. [illegible] Jan. 3, 2018
Makati City Roll No. [illegible]
101 Urban Ave. Campos Rueda Bldg.

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

pwc

Isla Lipana & Co.

Independent Auditor's Report

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

Our Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of IRC Properties, Inc. (the "Parent Company") and its subsidiary (together, the "Group") as at December 31, 2017 and 2016, and the consolidated financial performance and consolidated cash flows for each of the three years in the period ended December 31, 2017 in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The consolidated financial statements of the Group comprise:

- the consolidated statements of financial position as at December 31, 2017 and 2016;
- the consolidated statements of total comprehensive income for each of the three years in the period ended December 31, 2017;
- the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2017;
- the consolidated statements of cash flows for each of the three years in the period ended December 31, 2017; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for Opinion

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

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

Independence

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Our Audit Approach

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

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

Key audit matters

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

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

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Estimation of fair value of investment property Refer to Note 8 to the consolidated financial statements for the details of the investment property and Note 25.1 for the discussion on critical accounting estimates and assumptions. This is an area of focus mainly due to the materiality of the account and volatility of the market. As at December 31, 2017, the Group reported investment property, carried at fair value, amounting to P2.49 billion in the consolidated statements of financial position. An annual fair value assessment is performed based on the requirements of PFRS 13, Fair Value Measurement, and PAS 40, Investment Property.	We addressed the matter by obtaining the appraisal report and reviewing the appropriateness of the method and reasonableness of the significant assumptions and estimates used in calculating the fair value. In particular, comfort over the reliability of the appraisal report was obtained through independent verification of certain fair value assumptions (i.e. similar market listing in the area) over the Group's land properties. We also evaluated the competence, capabilities and objectivity of the independent appraiser engaged by the Group by reviewing its profile, license, and client portfolio.

Key Audit Matter	How our audit addressed the Key Audit Matter
During the year, management recognized a fair value gain amounting to P31.76 million. This is based on the report prepared by an independent appraiser using the market approach. This approach uses sales and listing of comparable property registered within the vicinity premised on the factors of time, unit area/size, unit location, unit improvements, building location, building feature/amenities, bargaining allowance, and others.	The current year adjustment was discussed and cleared with management and Audit Committee. We did not note any significant issues in our review of management's estimate of fair value of investment property.
Estimation of provision for clearing costs Refer to Note 12 to the consolidated financial statements for the details of provision for clearing costs and to Note 25.2 (b) for the discussion on critical accounting judgment. As at December 31, 2017, the Group reported provision for clearing costs amounting to P920.18 million in the consolidated statements of financial position. The Group estimates the provision for clearing costs based on the land area expected to be issued with clear title and is partially dependent on the report of an independent contractor. The independent contractor assists the Group in negotiating with informal settlers to facilitate issuance of clear title. The amounts and timing of recorded provision for clearing costs for any period would differ if the Group made different assumptions or utilized different estimates. Changes in the Group's basis for provision or calculation may give rise to new or the need to revise the existing accounting estimate.	We addressed the matter by reviewing the reports of the independent contractor and the Parent Company including the history of issuance of clear land title and related settlements with informal settlers. Additionally, we reviewed the projected cash flows, discount rate and timing of settlement used in calculating the present value of the provision. In particular, we assessed these inputs by assessing the reasonableness based on available market data and historical information on the actual cash settlement per year and timing of clearing of titles. The movement in the provision for clearing costs during the year was discussed and cleared with management and Audit Committee. We did not note any significant adjustment from our review of the provision for clearing costs.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A, and Annual Report for the year ended December 31, 2017, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A, and Annual Report are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

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

Isla Lipana & Co.

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Imelda Ronnie de Guzman-Castro.

Isla Lipana & Co.

Imelda Ronnie G. Castro

Imelda Ronnie de Guzman-Castro
Partner
CPA Cert. No. 89352
P.T.R. No. 0012287; issued on January 10, 2018 at Makati City
SEC A.N. (individual) as general auditors 0410-AR-3, Category A; effective until February 2, 2019
SEC A.N. (firm) as general auditors 0009-FR-4; Category A; effective until July 15, 2018
T.I.N. 152-015-095
BIR A.N. 08-000745-44-2015; issued on December 8, 2015; effective until December 7, 2018
BOA/PRC Reg. No. 0142, effective until September 30, 2020

Makati City
April 11, 2018

BUREAU OF INTERNAL REVENUE
RECEIVED
14 APR 2018

pwc

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. and Subsidiary
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, 2017, on which we have rendered the attached report dated April 11, 2018. The supplementary information shown in the Schedule of Philippine Financial Reporting Standards and Interpretations Issued as at December 31, 2017, Reconciliation of Retained Earnings Available for Dividend Declaration, Key Financial Ratios, and Map of the Group of Companies within which the Reporting Entity Belongs as required by Part I, Section 4 of Rule 68 of the SRC, and Schedules A, B, C, D, E, F, G, and H as required by Part II, Section 6 of Rule 68 of the SRC, are presented for purposes of filing with the Securities and Exchange Commission and are not required parts of the basic consolidated financial statements. Such supplementary information are the responsibility of management and have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements. In our opinion, the supplementary information have been prepared in accordance with Parts I and II of Rule 68 of the SRC.

Isla Lipana & Co.

Imelda Ronnie de Guzman-Castro

Imelda Ronnie de Guzman-Castro
Partner
CPA Cert. No. 89352
P.T.R. No. 0011287; issued on January 10, 2018 at Makati City
SEC A.N. (individual) as general auditors 0410-AR-3, Category A; effective until February 2, 2019
SEC A.N. (firm) as general auditors 0009-FR-4; Category A; effective until July 15, 2018
T.I.N. 152-015-095
BIR A.N. 08-000745-44-2015; issued on December 8, 2015; effective until December 7, 2018
BOA/PRC Reg. No. 0142, effective until September 30, 2020

Makati City
April 11, 2018

IRC Properties, Inc. and Subsidiary

Consolidated Statements of Financial Position
As at December 31, 2017 and 2016
(All amounts in Philippine Peso)

	Notes	2017	2016
ASSETS			
Current assets			
Cash	2	1,908,897	23,835,698
Receivables, net	3	80,309,265	65,516,094
Available-for-sale financial assets	4	620,380	620,380
Funds held by custodian bank	6, 14	16,368,062	16,134,656
Land held for development	7	984,869,499	991,479,498
Real properties held for sale and development	7	38,814,696	57,397,127
Prepayments and other current assets	5	39,944,340	33,912,262
Total current assets		1,162,635,139	1,188,895,715
Non-current assets			
Investment property	8	2,487,484,670	2,346,783,670
Property and equipment, net	9	1,814,157	2,529,877
Other assets	10	1,751,368	1,140,761
Total non-current assets		2,491,050,195	2,350,464,308
Total assets		3,653,685,334	3,539,360,023
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued expenses	11	146,108,392	112,058,130
Current portion of provision for clearing costs	12	92,971,285	102,917,830
Current portion of borrowings	13	229,994,348	230,558,493
Liability for refund of stock rights subscription	6, 14	16,368,062	16,134,656
Total current liabilities		485,442,087	461,669,109
Non-current liabilities			
Borrowings, net of current portion	13	31,923,759	50,178,756
Deferred tax liability, net	18	436,799,331	431,098,518
Provision for clearing costs, net of current portion	12	827,209,024	747,892,943
Retirement benefit obligation	21	4,953,227	4,421,382
Total non-current liabilities		1,300,885,341	1,233,591,598
Total liabilities		1,786,327,428	1,695,260,707
Equity			
Share capital	14	1,327,113,984	1,327,113,978
Share premium	14	130,898,642	130,880,000
Treasury shares	14	(18,642)	(14)
Fair value reserve	4	(8,943)	(8,943)
Remeasurement gain (loss) of retirement obligation, net of tax	21	301,506	(10,889)
Retained earnings		409,071,379	386,115,184
Total equity		1,867,357,906	1,844,089,316
Total liabilities and equity		3,653,685,334	3,539,360,023

The notes on pages 1 to 44 are integral part of these consolidated financial statements.

BUREAU OF INTERNAL REVENUE
RECEIVED
2018

IRC Properties, Inc. and Subsidiary

Consolidated Statements of Total Comprehensive Income
For each of the three years in the period ended December 31, 2017
(All amounts in Philippine Peso)

	Notes	2017	2016	2015
Income				
Sales of real estate, net	7	163,460,335	122,063,855	24,473,400
Fair value gain on investment property	8	31,764,573	98,849,860	65,000,000
Rental income	17	350,721	-	-
Interest income	2	11,391	37,596	126,492
Reversal of accounts payable	11	-	3,731,710	-
Other income		60,858	48,268	60,553
		195,647,878	224,731,289	89,660,445
Costs and expenses				
Cost of sales	7	109,311,571	75,849,263	5,619,757
Commission		14,552,114	13,361,112	1,889,565
Salaries, wages and employee benefits	15	9,993,492	9,143,911	6,143,038
Professional fees and other outside services		5,730,094	3,187,335	10,487,733
Meeting expenses		4,639,279	4,084,935	2,373,744
Rent	17	4,558,825	3,707,046	3,707,046
Taxes and licenses		3,594,349	2,477,513	2,651,220
Office supplies		1,538,059	734,437	661,454
Loss on relinquishment of investment property	8	1,182,929	-	-
Retirement benefit expense	21	978,123	840,154	3,962,857
Depreciation	9	897,922	721,447	481,485
Provision for doubtful accounts	3	-	2,000,000	-
Other expenses	16	9,034,668	5,157,987	3,711,006
		166,011,225	121,255,140	41,688,905
Income before income tax		29,636,653	103,476,149	47,971,540
Income tax expense	18	(6,680,458)	(29,655,703)	(19,177,601)
Net income for the year		22,956,195	73,820,446	28,793,939
Other comprehensive income (loss) for the year				
Item that will not be reclassified to profit or loss:				
Remeasurement gain (loss) of retirement benefit obligation, net of tax	21	312,395	(10,889)	-
Total comprehensive income for the year		23,268,590	73,809,557	28,793,939
Basic and diluted earnings per share	14	0.02	0.06	0.03

The notes on pages 1 to 44 are integral part of these consolidated financial statements.

BUREAU OF INTERNAL REVENUE
RECEIVED
14 APR 2018

IRC Properties, Inc. and Subsidiary

Consolidated Statements of Changes in Equity
For each of the three years in the period ended December 31, 2017
(All amounts in Philippine Peso)

	Share capital (Note 14)	Share premium (Note 14)	Treasury shares (Note 14)	Fair value reserve (Note 4)	Remeasurement gain (loss) of retirement benefit obligation (Note 21)	Retained earnings	Total
Balances as at January 1, 2015	999,913,978	-	(14)	(8,943)	-	283,500,799	1,283,405,820
Comprehensive income							
Net income for the year	-	-	-	-	-	28,793,939	28,793,939
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	28,793,939	28,793,939
Transaction with owners							
Issuance of shares (127,200,000 shares at P1.40)	127,200,000	50,880,000	-	-	-	-	178,080,000
Balances as at December 31, 2015	1,127,113,978	50,880,000	(14)	(8,943)	-	312,294,738	1,490,279,759
Comprehensive income							
Net income for the year	-	-	-	-	-	73,820,446	73,820,446
Other comprehensive loss							
Remeasurement loss of retirement benefit obligation, net of tax of P4,666	-	-	-	-	(10,889)	-	(10,889)
Total comprehensive income for the year	-	-	-	-	(10,889)	73,820,446	73,809,557
Transaction with owners							
Issuance of shares (200,000,000 shares at P1.40)	200,000,000	80,000,000	-	-	-	-	280,000,000
Balances as at December 31, 2016	1,327,113,978	130,880,000	(14)	(8,943)	(10,889)	386,115,184	1,844,089,316
Comprehensive income							
Net income for the year	-	-	-	-	-	22,956,195	22,956,195
Other comprehensive income							
Remeasurement gain of retirement benefit obligation, net of tax	-	-	-	-	312,395	-	312,395
Total comprehensive income for the year	-	-	-	-	312,395	22,956,195	23,268,590
Transaction with owners							
Reclassification of shares	(14)	18,642	(18,628)	-	-	-	-
Balances as at December 31, 2017	1,327,113,964	130,898,642	(18,642)	(8,943)	301,506	409,071,379	1,867,357,906

The notes on pages 1 to 44 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, 2017
(All amounts in Philippine Peso)

	Notes	2017	2016	2015
Cash flows from operating activities				
Income before income tax		29,636,653	103,476,149	47,971,540
Adjustments for:				
Input value-added taxes (VAT) write-off	16	2,583,950	436,300	-
Loss on relinquishment of investment property		1,182,929	-	-
Retirement benefit expense	21	978,123	840,154	3,962,857
Depreciation	9	897,922	721,447	481,485
Amortization	10	64,352	33,151	63,941
Interest income	2	(11,391)	(37,596)	(126,492)
Fair value gain on investment property, net	8	(31,764,573)	(98,849,860)	(65,000,000)
Provision for doubtful accounts	3	-	2,000,000	-
Unrealized foreign exchange gain	2	-	(2,481)	-
Reversal of accounts payable	11	-	(3,731,710)	-
Operating income (loss) before changes in working capital		3,567,965	4,885,554	(12,646,669)
Changes in working capital				
Receivables		(14,793,171)	(26,940,590)	(35,676,636)
Properties held for sale and development		26,284,502	(6,845,947)	(65,625,601)
Prepayments and other current assets		(9,729,556)	(3,883,908)	8,348,551
Other assets		(579,185)	-	-
Accounts payable and accrued expenses		13,432,828	14,094,379	23,874,576
Cash generated from (absorbed by) operations		18,183,383	(18,690,512)	(81,725,779)
Interest received	2	11,391	37,596	126,492
Income taxes paid		-	(361,216)	-
Benefits paid	21	-	(397,184)	-
Settlement of clearing costs	12	(10,555,672)	(11,419,911)	(11,025,126)
Net cash provided by (used in) operating activities		7,639,102	(30,831,227)	(92,624,413)
Cash flows from investing activities				
Proceeds from relinquishment of investment property		1,116,071	-	-
Payment for acquisition of computer software	10	(95,774)	(57,509)	(34,896)
Payment for acquisition of property and equipment	9	(182,202)	(1,521,245)	(386,940)
Net cash provided by (used in) investing activities		838,095	(1,578,754)	(421,836)
Cash flows from financing activities				
Proceeds from borrowings	13	56,700,000	84,000,000	1,500,000
Settlement of borrowings	13	(75,519,141)	(172,894,184)	-
Interest paid for borrowings		(11,584,857)	(143,909,841)	(111,806,479)
Proceeds from issuance of stocks	14	-	280,000,000	178,080,000
Proceeds from advances		-	-	19,564,261
Settlement of advances	13	-	-	(31,420,002)
Net cash provided by (used in) financing activities		(30,403,998)	47,195,975	55,917,780
Net increase (decrease) in cash for the year		(21,926,801)	14,785,994	(37,128,469)
Cash as at January 1		23,835,698	9,047,223	46,175,692
Effect of exchange rate changes on cash	2	-	2,481	-
Cash as at December 31	2	1,908,897	23,835,698	9,047,223

The notes on pages 1 to 44 are integral part of these consolidated financial statements.

IRC Properties, Inc. and Subsidiary

Notes to Consolidated Financial Statements
As at December 31, 2017 and 2016 and for each of the three years in the period ended December 31, 2017
(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - General information

IRC Properties, Inc. (the "Parent Company") and Interport Development Corporation (IDC) (the "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 lands for the purpose of converting and developing said lands to integrated residential or commercial neighborhoods, and generally to engage in real estate business in all its forms. IDC is primarily involved in the acquisition and selling of real estate of all kinds or to hold such properties for investment purposes.

The Parent Company is 29.62% (2016 - 28.44%) both directly and indirectly, owned by Mabuhay Holdings Corporation (MHC). The remaining interest is owned by various corporate and individual shareholders. The Parent Company became a public company through an initial public offering on February 27, 1978. There are no other offerings made other than new shares issued arising from stock rights offering in 2010.

In 2013, the Group entered into joint development agreements with two local real estate developers to develop a certain portion of clean Binangonan properties. Moreover, the Group is actively in the process of clearing and re-titling the large portion of the property in Binangonan for future developments (Notes 7 and 8).

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

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

In 2017, the Group started the development of its fourth residential project located in the Binangonan property.

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

As at December 31, 2017 and 2016, 138.30 hectares are ready for immediate development.

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

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

The registered office of the Group and its principal place of business is at 35/F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City. As at December 31, 2017, the Group has 24 regular employees (2016 - 23 regular 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 (PSE). As at December 31, 2017, the Parent Company has 508 shareholders (2016 - 568 shareholders), each owning at least 100 shares.

The consolidated financial statements have been approved and authorized for issue by the Board of Directors on April 11, 2018.

Note 2 - Cash

Cash as at December 31 consists of:

	2017	2016
Cash in banks	1,729,897	23,671,698
Cash on hand	179,000	164,000
	1,908,897	23,835,698

Cash in banks earn interest at the prevailing bank deposit rates. Interest income earned from bank deposits for the year ended December 31, 2017 amounted to P11,391 (2016 - P37,596; 2015 - P126,492).

Foreign exchange loss, net recognized for the year ended December is as follows:

	2017	2016
Realized loss	50,334	199,456
Unrealized gain	-	(2,481)
	50,334	196,975

The Group's foreign currency-denominated cash in bank as at December 31, 2017 amounted to US$2,017 (2016 - US$2,077). There was no foreign currency-denominated cash in bank as at December 31, 2015.

Note 3 - Receivables, net

Receivables, net as at December 31 consist of:

	Note	2017	2016
Receivables from subcontractors		46,860,884	41,790,650
Receivables from sale of land for development and real properties held for sale and development	7	32,715,975	23,997,408
Advances to officers and employees		704,929	520,327
Others		2,027,477	1,207,709
		82,309,265	67,516,094
Provision for doubtful accounts		(2,000,000)	(2,000,000)
		80,309,265	65,516,094

Receivables from subcontractors include advances extended to third parties and are expected to be collected within 12 months.

In 2016, the Group provided an allowance for a long-outstanding receivable from a third party amounting to P2.0 million based on its assessment of collectability. There was no movement in the allowance for doubtful accounts in 2017 and 2015.

Note 4 - Available-for-sale financial assets

Available-for-sale financial assets as at December 31, 2017 and 2016 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 proprietary shares (Level 2). The fair value of unlisted proprietary 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, 2017 and 2016. There were also no changes in the fair values of the available-for-sale financial assets for the years then ended.

Note 5 - Prepayments and other current assets

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

	2017	2016
Prepaid taxes	21,146,056	17,966,178
Advances to subcontractors	16,700,000	15,200,000
Input VAT	1,479,826	554,509
Prepaid insurance	191,576	191,575
Others	426,882	-
	39,944,340	33,912,262

Prepaid taxes represent creditable withholding taxes and prior year excess credits, which can be applied against future income tax liabilities.

Advances to subcontractors comprise of payments made by the Group relating to services, materials and supplies needed to complete a project. These are expected to be liquidated within a period of less than 12 months.

Note 6 - Funds held by custodian bank

The account represents restricted fund from the proceeds of the Group's cancelled stock rights offering in 1996, which was 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 (Note 14).

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

	2017	2016
Special savings deposit	16,356,000	16,102,000
Receivables	66,333	40,367
Demand deposit	10,416	10,669
Payables	(64,687)	(18,380)
	16,368,062	16,134,656

Following SEC's order to refund the money, the proceeds have been presented as liability in the consolidated 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 2017 and 2016, there were neither payments of principal nor withdrawals from the fund.

Note 7 - Land held for development and real properties held for sale and development

Details of land held for development as at December 31 and its movements during the years are as follows:

	2017	2016
January 1	991,479,498	1,012,316,259
Additions, including capitalized interest	83,919,141	82,695,212
Transferred to completed jobs and cost of sales	(90,729,140)	(103,531,973)
December 31	984,669,499	991,479,498

In 2013, the Group entered into a joint development agreements with third party developers to develop social housing units. Under the agreement, the Group shall contribute 12.87 hectares of cleared lots to the projects while the developers will undertake all the necessary construction, including the application for permits. The developers shall also act as the principal agents 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 2017 amounted to P12.97 million (2016 - P4.52 million; 2015 - P24.47 million). Total cost of lots sold amounted to P2.80 million (2016 - P1.46 million; 2015 - P5.62 million).

In 2015, the Group entered into another joint development agreement with third parties to develop social housing units. Under the agreement, the Group shall contribute 3.93 hectares of cleared lots to the project and will undertake all the necessary construction, including the application for permits. The Group 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 amounted to P150.49 million (2016 - P92.57 million; 2015 - nil), net of sales discount of P0.28 million (2016 - P0.41 million; 2015 - nil). Total cost of lots sold amounted to P106.51 million for the year ended December 31, 2017 (2016 - P56.46 million; 2015 - nil).

On May 19, 2016, the Group's negotiations with a leading local real estate developer relative to the acquisition of a portion of the 2,200-hectare Binangonan lot materialized for a total contract price of P24.97 million and with a corresponding cost of P17.48 million. There was no similar transaction in 2017 and 2015.

Relative to agreement with a leading local real estate developer, legal due diligence of titles and tax declarations is being conducted. Reclassification for the Phase 1-A lots has been applied with the Binangonan Local Government and is awaiting approval. Total cost of reclassification and Department of Agrarian Reform conversions amounting to P5.27 million for the year ended December 31, 2015 was capitalized as land held for development. No similar transactions occurred in 2016 and 2017.

Total borrowing costs capitalized as land held for development for the year ended December 31, 2017 amounted to P2.27 million (2016 - nil; 2015 - P1.38 million).

Details of real properties held for sale and development as at December 31 and its movements during the year are as follows:

	2017	2016
January 1	57,397,127	29,714,419
Transferred from land held for development	90,729,140	103,531,973
Cost of sales	(109,311,571)	(75,849,265)
December 31	38,814,696	57,397,127

These comprise of completed and fully developed lots under the agreements. In 2016, the Group adjusted the cost of its real properties held for sale and recognized loss of P0.45 million, which was included under cost of sales in the consolidated statement of total comprehensive income.

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

Note 8 - Investment property

Details of investment property as at December 31 and their movements during the year are as follows:

	Note	2017	2016
January 1		2,346,783,670	2,077,087,128
Fair value gain		31,764,573	98,849,860
Clearing costs on additional recoverable hectares	12	39,000,000	60,000,000
Clearing cost adjustment	12	40,925,208	83,324,588
Additions, including capitalized interest		31,310,219	27,522,094
Disposals		(2,299,000)	-
December 31		2,487,484,670	2,346,783,670

As at December 31, 2017, the fair value of the Group’s investment property amounted to P2.49 billion (2016 - P2.35 billion). The property, which is situated in Binangonan, Rizal, was acquired in 1978 primarily for the 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 the fair value of the investment property for the years ended December 31, 2017 and 2016 is attributed to increase in recoverable hectares and fair value per square meter (Note 26.7).

Fair value of investment property is determined on the basis of appraisal made by an independent external appraiser duly certified by the management. Valuation technique employed by the appraisers was the market approach, which made use of prices and other relevant information generated by market transactions involving identical or comparable properties (Note 26.11). The most significant observable input used is the price per square meter of similar properties for sale within the location. As at December 31, 2017, the cumulative fair value gain on investment property amounted to P1.47 billion (2016 - P1.44 billion; 2015 - P1.35 million). Fair value gain recognized in 2015 amounted to P65 million. The Group does not currently earn income from its investment property. Total borrowing costs capitalized as at December 31, 2017 amounted to P244.25 million (2016 - P237.60 million; 2015 - P210.08 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 Group's ownership of the titles shall be subject to the declared superior rights of bonafide occupants with registered titles within the area covered by the questioned decree and bonafide occupants 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.

In 2017, the Group relinquished 2,090 square meters of its investment property in Binangonan with a corresponding cost of P2.30 million to an occupant with superior rights for a consideration of P1.12 million. This resulted in a loss of P1.18 million presented under costs and expenses in the consolidated statement of total comprehensive income.

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

Note 9 - Property and equipment, net

Details of property and equipment as at December 31 and its movement during the year are as follows:

	Office equipment	Furniture and fixtures	Transportation equipment	Communication equipment	Total
Cost					
January 1, 2016	2,315,600	2,196,674	2,958,404	202,278	7,672,956
Additions	553,483	279,844	125,461	17,857	976,645
December 31, 2016	2,869,083	2,476,518	3,083,865	220,135	8,649,601
Additions	150,956	20,535	-	10,711	182,202
December 31, 2017	3,020,039	2,497,053	3,083,865	230,846	8,831,803
Accumulated depreciation					
January 1, 2016	2,123,400	2,132,002	940,602	202,273	5,398,277
Depreciation	172,569	28,706	518,188	1,984	721,447
December 31, 2016	2,295,969	2,160,708	1,458,790	204,257	6,119,724
Depreciation	271,869	80,010	539,099	6,944	897,922
December 31, 2017	2,567,838	2,240,718	1,997,889	211,201	7,017,646
Net book value					
December 31, 2016	573,114	315,810	1,625,075	15,878	2,529,877
December 31, 2017	452,201	256,335	1,085,976	19,645	1,814,157

As at December 31, 2017 and 2016, fully depreciated property and equipment with cost of P4.85 million are still in use.

Note 10 - Other assets

Other assets as at December 31 consist of:

	2017	2016
Refundable deposits	1,586,948	1,007,763
Computer software, net	102,370	70,948
Others	62,050	62,050
	1,751,368	1,140,761

The movements of computer software as at and for the year ended December 31 are as follows:

	Note	Computer software
Cost		
January 1, 2016		326,463
Additions		57,509
December 31, 2016		383,972
Additions		95,774
December 31, 2017		479,746
Accumulated amortization		
January 1, 2016		279,873
Amortization	16	33,151
December 31, 2016		313,024
Amortization	16	64,352
December 31, 2017		377,376
Net book value		
December 31, 2016		70,948
December 31, 2017		102,370

Note 11 - Accounts payable and accrued expenses

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

	Notes	2017	2016
Accounts payable		15,223,135	14,136,235
Retention payable		5,726,046	3,246,987
Accrued expenses and other payables			
Interest, penalties and related charges		52,547,964	31,910,036
Customer's deposits		31,410,205	28,536,203
Real property taxes		27,139,706	27,588,140
Rent	20	3,999,084	2,313,814
Salaries, wages and benefits		263,167	290,016
Others		9,799,085	4,036,699
		146,108,392	112,058,130

In 2016, the Group reversed accounts payable amounting to P3.73 million, which was recognized as income in the consolidated statement of total comprehensive income. There was no such reversal in 2017 and 2015.

Interest, penalties and related charges for borrowings from related parties amounted to P50.27 million (2016 - P17.40 million) (Note 20).

Note 12 - Provision for clearing costs

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

	Note	2017	2016
January 1		850,810,773	718,906,095
Additions	8	39,000,000	60,000,000
Adjustment to reflect latest estimate, net of discounting	8	40,925,208	83,324,588
Payments		(10,555,672)	(11,419,910)
December 31		920,180,309	850,810,773

Amortization of discount for the year ended December 31, 2017 amounted to P46.79 million (2016 - P39.54 million) and is capitalized as part of the cost of investment property. This is included as part of the adjustment to reflect latest estimate, net of discounting. Payments for clearing costs in 2015 amounted to P11.02 million.

In 2017 and 2016, the Group assessed the level of provision in view of slower than expected delivery of cleared parcels of land and consequently, value of money associated with revised expected delivery. The assessment resulted in the below expected timing of cash flows as at December 31:

	2017	2016
Current	92,971,285	102,917,830
Non-current	827,209,024	747,892,943
	920,180,309	850,810,773

Note 13 - Borrowings

Borrowings as at December 31 consist of:

	Note	2017	2016
Related parties			
MHC		119,993,378	116,993,378
T&M Holdings, Inc. (TMHI)		15,500,000	15,500,000
Tagaytay Properties and Holdings Corporation (TPHC)		3,500,000	3,500,000
Total	20	138,993,378	135,993,378
Third parties		122,924,729	144,743,870
		261,918,107	280,737,248

The movements in borrowings and net debt reconciliation as at and for the year ended December 31 are as follows:

	2017	2016
January 1	280,737,248	369,631,432
Cash flow changes		
Availments	56,700,000	84,000,000
Payments	(75,519,141)	(172,894,184)
December 31	261,918,107	280,737,248
Cash	(1,908,897)	(23,835,698)
Net debt	260,009,210	256,901,550

In 2015, the Group availed additional P1.50 million borrowings from a related party. There was no payment of borrowings in 2015.

The borrowings from related parties are unsecured with no definite payment terms and bear interest from 12% to 18% per annum. MHC is the largest shareholder of the Parent Company (Note 1).

Of total availments in 2017, P3.0 million pertain to borrowings from related parties (2016 - nil). In 2016, payments made for borrowings from related parties amounted to P107.88 million (2017 - nil) (Note 20).

A portion of the loan from third parties arose directly from reacquisition of land in Binangonan, Rizal and is unsecured and has no definite payment terms.

Other loans from third parties are unsecured with payments varying within one (1) to five (5) years and varying interest rates from nil to 12%. The current and non-current portions are payable in cash within one (1) year and two (2) to five (5) years from availment date, respectively.

Interest and related charges from related parties and third party borrowings which are capitalized as part of the cost of investment property and land held for development for the year ended December 31, 2017 amounted to P29.16 million and P0.89 million, respectively (2016 - P27.52 million and nil, respectively; 2015 - P42.23 million and P1.38 million, respectively) (Notes 7 and 8).

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

	2017	2016
Current portion	229,994,348	230,558,493
Non-current portion	31,923,759	50,178,755
	261,918,107	280,737,248

The current portion of borrowings as at December 31, 2017 and 2016 presented as current liabilities in the consolidated statement of financial position is deemed payable in cash on demand in the absence of definite payment terms.

Note 14 - Share capital; Earnings per share

(a) Share capital and share premium

Authorized capital and issued shares outstanding as at December 31 consist of:

	Authorized		Issued	
	Number of shares	Amount	Number of shares	Amount
2017				
Common shares with par value P1 per share	1,500,000,000	1,500,000,000	1,327,113,964	1,327,113,964
2016				
Common shares with par value P1 per share	1,500,000,000	1,500,000,000	1,327,113,978	1,327,113,978

In 2015, an increase in authorized share capital from 1,000,000,000 to 1,500,000,000 was approved by the SEC.

In 2016, the Group issued 200,000,000 shares at P1.40 per share (2015 - 127,200,800 shares at P1.40 per share) that resulted in a share premium of P80.0 million, increasing share premium to P130.88 million (2015 - P50.88 million). The proceeds from this issuance were presented under cash flows from financing activities in the consolidated statement of cash flows. There was no issuance of shares in 2017.

(b) Treasury shares

The Group 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.

In 2017, the Group recorded reclassifications from share capital and share premium to treasury shares to align with the records maintained by the stock transfer agent. Due to impracticability and materiality, this was adjusted prospectively. This transaction did not generate any cash flow.

(c) Earnings per share

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

	2017	2016	2015
Net income for the year	22,956,195	73,820,446	28,793,939
Weighted average number of shares outstanding	1,327,113,971	1,227,113,978	1,063,513,978
Earnings per share	0.02	0.06	0.03

(d) Liability for refund of stock rights subscription

On February 19, 1996, the SEC approved the Group'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 Group 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 Group and its custodian bank to immediately return to subscribers the proceeds from the rights offering currently held in escrow (Note 6). The proceeds from the offering, which remained unclaimed by the subscribers, are shown as "Liability for refund of stock rights subscription" in the current liabilities section of the consolidated statement of financial position.

Note 15 - Salaries, wages and employee benefits

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

	2017	2016	2015
Salaries and wages	7,073,411	6,659,102	4,803,006
Bonus and allowances	1,930,029	2,197,907	1,208,937
Separation pay	600,000	-	-
SSS, Philhealth and HDMF	390,052	286,902	131,095
	9,993,492	9,143,911	6,143,038

Note 16 - Other expenses

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

	Note	2017	2016	2015
Input VAT write-off		2,583,950	436,300	-
Gasoline, oil and parking		1,104,730	955,659	616,526
Medical		898,273	455,140	493,690
Transportation and travel		717,820	165,311	132,897
Light and water		709,818	293,905	312,638
Personnel		647,384	315,652	259,430
Repairs and maintenance		546,355	459,172	282,657
Dues and subscription		432,130	384,940	455,634
Communication		222,433	216,193	250,939
Meals		354,660	345,666	43,815
Amortization	10	64,352	33,151	63,941
Marketing		63,678	308,295	-
Foreign exchange loss, net		50,334	199,456	-
Representation		-	48,026	370,696
Miscellaneous		638,751	541,121	428,143
		9,034,668	5,157,987	3,711,006

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

Note 17 - Leases

(a) Group as lessor

Rental income represents income from lease of a parcel of the Group's land property to a third party for a period of one (1) year, renewable thereafter every April 1 upon mutual agreement by the Group and its respective lessee.

Rental income recognized amounted to P0.35 million in 2017 (2016 and 2015 - nil). As at December 31, 2017, the estimated future minimum lease payments within the next year amount to P0.10 million (2016 and 2015 - nil).

(b) Group as lessee

The Group has entered into a non-cancellable lease agreement with a related party for its office space. The original agreement has a term of three (3) years, expiring in 2015, and is renewable annually. In 2017, the Group renewed its lease contract, which will expire on March 30, 2018.

In 2017, the Group entered into other non-cancellable lease agreements with third parties for accommodation of officers, with terms of one year (1) year, expiring on December 31, 2017 and October 14, 2018.

Rent expense charged to operations for the year ended December 31, 2017 amounted to P4.56 million (2016 and 2015 - P3.71 million). Of the total rent expense, P3.71 million pertains to the lease agreement with a related party for each of the three (3) years in the period ended December 31, 2017 (Note 20). As at December 31, 2017, the estimated future minimum lease payments within the next year amount to P1.15 million (2016 and 2015 - P0.93 million).

Note 18 - Income taxes

The components of income tax expense for the year ended December 31 are as follows:

	2017	2016	2015
Current	-	-	-
Deferred	6,680,458	29,655,703	19,177,601
	6,680,458	29,655,703	19,177,601

Details of deferred income tax liabilities, net as at December 31 consist of the tax effects of the following:

	2017		2016	
	Tax base	Tax effect	Tax base	Tax effect
Deferred income tax asset				
Net operating loss carryover (NOLCO)	9,878,918	2,963,675	-	-
Remeasurement loss of retirement benefit obligation	-	-	15,555	4,666
Minimum corporate income tax (MCIT)	-	2,499,927	-	1,501,904
		5,463,602		1,506,570
Deferred income tax liabilities				
Fair value gain on investment property	(1,473,779,052)	(442,133,716)	(1,442,014,479)	(432,604,344)
Remeasurement gain of retirement benefit obligation	(430,723)	(129,217)	-	-
Unrealized foreign exchange gain	-	-	(2,480)	(744)
		(442,262,933)		(432,600,422)
		(436,799,331)		(431,098,518)

Deferred income tax assets relating to NOLCO and excess MCIT, and deferred income tax liability on unrealized foreign exchange gain are expected to be realized within 12 months after reporting date.

Deferred income tax asset (liabilities) relating to remeasurement loss (gain) of retirement benefit obligation and fair value gain on investment property are expected to be settled beyond 12 months after reporting date.

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

NOLCO, which deferred income tax was recognized as at December 31, 2017, could be carried over as deduction from taxable income for three (3) consecutive years following the year of incurrence as follows:

Year	Valid until	Tax base	Tax effect
2015	2018	17,114,468	5,134,340
2014	2017	21,337,023	6,401,107
		38,451,491	11,535,447
Applied		(28,572,573)	(8,571,772)
		9,878,918	2,963,675

The movements in the deferred income tax liabilities, net for the year ended December 31 are as follows:

	Note	2017	2016
January 1		431,098,518	402,455,596
Charged to profit or loss		6,680,458	29,655,703
Charged (credited) to other comprehensive income	22	133,883	(4,666)
Recognized MCIT		(1,113,528)	(1,008,115)
December 31		436,799,331	431,098,518

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

Year	Valid until	2017	2016
2017	2020	1,113,528	-
2016	2019	1,008,115	1,008,115
2015	2018	378,284	378,284
2014	2017	115,505	115,505
		2,615,432	1,501,904
Expired		(115,505)	-
MCIT		2,499,927	1,501,904

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

	2017		2016	
	Tax base	Tax effect	Tax base	Tax effect
Accrued interest, penalties and related charges	52,547,964	15,764,389	31,910,036	9,573,011
Accrued real property taxes	27,139,706	8,141,912	27,588,140	8,276,442
Retirement benefit obligation	5,383,950	1,615,185	4,405,827	1,321,748
NOLCO	121,452	36,435	38,567,647	11,570,294
	85,193,072	25,557,921	102,471,650	30,741,495

Details of NOLCO that were not recognized as at December 31, which could be carried over as deduction from taxable income for three (3) consecutive years following the year of incurrence, are as follows:

		2017		2016	
Year	Valid until	Tax base	Tax effect	Tax base	Tax effect
2017	2020	40,484	12,145	-	-
2016	2019	40,484	12,145	40,484	12,145
2015	2018	40,484	12,145	17,154,952	5,146,485
2014	2017	35,188	10,556	21,372,211	6,411,663
2013	2016	-	-	51,131,270	15,339,381
		156,640	46,991	89,698,917	26,909,674
Expired		(35,188)	(10,556)	(40,919,839)	(12,275,951)
Applied		-	-	(10,211,431)	(3,063,429)
		121,452	36,435	38,567,647	11,570,294

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

	2017	2016	2015
Income tax computed at statutory income tax rate of 30%	8,890,996	31,042,845	14,391,462
Additions (reductions) to income tax resulting from:			
Non-deductible expenses	2,515,569	1,687,566	-
Taxable consideration on the disposal of investment property	334,821	-	-
Expired MCIT	115,505	-	55,885
Interest income subjected to final tax	(3,417)	(11,279)	(37,948)
Change in unrecognized deferred income tax assets	(5,173,016)	(3,063,429)	4,768,202
Income tax expense	6,680,458	29,655,703	19,177,601

Note 19 - 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. The detailed information about these claims, lawsuits and taxes has not been disclosed as it might prejudice the ongoing litigations. 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 Group has also unrecognized 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 20 - Related party transactions and balances

In the normal course of business, the Group transacts with entities which are considered related parties. The significant related party transactions and balances as at and for the year ended December 31 are as follows:

	Notes	Transactions	Outstanding receivable (payable)	Terms and conditions
2017				
Investor				
Rent expense	11, 17	3,707,046	(3,999,084)	The transaction pertains to a lease agreement with MHC, a shareholder. The balance is unsecured, with no guarantee, is payable in cash on demand, and bears no interest.
Borrowings				
Availment	13	3,000,000	(138,993,378)	The balance consists of several promissory notes payable in cash with no definite payment terms and bears interest of 12% to 18% per annum. This is unsecured and with no guarantee.
Interest	11	24,656,684	(50,274,980)	
Payment		-	-	
Key management personnel				
Salaries, wages and short-term benefits		3,421,800	-	The balance is unsecured, with no guarantee and is payable in cash on demand.

	Notes	Transactions	Outstanding receivable (payable)	Terms and conditions
2016				
Investor				
Rent expense	11, 17	3,707,046	(2,313,814)	The transaction pertains to a lease agreement with MHC, a shareholder. The balance is unsecured, with no guarantee, is payable in cash on demand, and bears no interest.
Borrowings				
Payment	13	107,876,522	(135,993,378)	The balance consists of several promissory notes payable in cash with no definite payment terms and bears interest of 12% to 18% per annum. This is unsecured and with no guarantee.
Interest	11	27,612,498	(17,400,105)	
Availment		-	-	
Key management personnel				
Salaries, wages and short-term benefits		4,211,005	(1,088,541)	The balance is unsecured, with no guarantee and is payable in cash on demand.

Note 21 - Retirement benefits

An actuarial valuation of the retirement benefits was sought from an independent actuary as at and for the years ended December 31, 2017 and 2016 driven by the increase in manpower. As at December 31, 2017, the Parent Company has 24 regular employees (2016 - 23 regular employees) making it mandatory for the Parent Company to adopt the requirements of Republic Act No. 7641 (RA), Retirement Law.

The Parent Company provides for a defined benefit plan which covers the retirement, death, and disability benefits of all its qualified employees in accordance with the provisions of Republic Act No. 7641, "Retirement Pay Law". 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 plan is unfunded as at December 31, 2017 and 2016.

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.

Details of the Group's retirement benefit obligation, retirement benefit expense and remeasurement gain (loss) as at and for the year ended December 31 are as follows:

	2017	2016
Consolidated Statement of Financial Position		
Retirement benefit obligation	4,953,227	4,421,382
Consolidated Statement of Total Comprehensive Income		
Retirement benefit expense	978,123	840,154
Remeasurement gain (loss) of retirement benefit obligation, net of tax	312,395	(10,889)

The movements in retirement benefit obligation recognized in the consolidated statement of financial position as at December 31 are as follows:

	2017	2016
January 1	4,421,382	3,962,857
Retirement benefit expense	978,123	840,154
Benefits paid	-	(397,184)
Remeasurement loss (gain) of retirement benefit obligation	(446,278)	15,555
December 31	4,953,227	4,421,382

Changes in the present value of the defined benefit obligation as at December 31 are as follows:

	2017	2016
January 1	4,421,382	3,962,857
Current service cost	719,030	600,797
Interest cost	259,093	239,357
Benefits paid	-	(397,184)
Remeasurement loss (gain) from		
Change in financial assumptions	21,178	21,452
Experience adjustments	(467,456)	(5,897)
December 31	4,953,227	4,421,382

Changes in remeasurement loss (gain) of retirement benefit obligation in other comprehensive income as at December 31 are as follows:

	2017	2016
January 1	10,889	-
Remeasurement loss (gain) during the year	(446,278)	15,555
December 31	(435,389)	15,555
Deferred income tax effect during the year	133,883	(4,666)
December 31	(301,506)	10,889

The components of the retirement benefit expense recognized in the consolidated statement of total comprehensive income for the year ended December 31 are as follows:

	2017	2016	2015
Current service cost	719,030	600,797	3,962,857
Interest cost	259,093	239,357	-
	978,123	840,154	3,962,857

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

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
2017			
Discount rate	1.00%	(218,531)	258,735
Salary increase rate	1.00%	208,956	(176,463)
2016			
Discount rate	1.00%	(110,309)	134,160
Salary increase rate	1.00%	125,693	(106,035)

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 retirement benefit obligation recognized within the consolidated statement of financial position.

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

	2017	2016
Next year	4,320,860	3,678,885
Between 2-5 years	-	-
Over 5 years	1,000,096	-
	5,320,956	3,678,885

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

	2017	2016
Discount rate	5.77%	5.86%
Expected rate of salary increase	5.00%	5.00%

There is no expected contribution to the plan for the year ending December 31, 2018.

Note 22 - Agrarian reform law and land use

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

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

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

Note 23 - Segment information

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

Significant information on the reportable segment is as follows:

	2017	2016
Operating assets	3,653,685,334	3,539,350,023
Operating liabilities	1,786,327,428	1,695,260,707
Revenue and income	195,587,020	220,951,311
Other income	60,858	3,779,978
Costs and expenses	166,011,225	121,255,140
Segment net income	22,956,195	73,820,446

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

Sale to a leading local real estate developer amounting to P24.97 million in 2016 comprises more than 20% of the Group's revenue. There are no revenues derived from a single external customer above 10% of total revenue in 2017 and 2015.

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

There are no changes in the Group's reportable segment and related strategy and policies in 2017 and 2016.

Note 24 - Financial risk and capital management

24.1 Financial risk management

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

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

(i) Market risk

(a) Currency risk

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

As at December 31, 2017, the Group's foreign currency denominated financial asset pertains to cash in bank amounting to US$2,017 (2016 - US$2,077). The exchange rate used for the year ended December 31, 2017 was P49.92 per US$1 (2016 - P49.72 per US$1).

(b) Price risk

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

(c) Interest rate risk

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

(ii) Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Group by failing to discharge an obligation. The Group's financial assets that are subject to credit risk as at December 31 are as follows:

	2017	2016
Cash	1,729,897	23,671,698
Receivables, net*	79,604,336	64,995,767
Funds held by custodian bank	16,368,062	16,134,656
Refundable deposits	1,586,948	1,007,763
	99,289,243	105,809,884

**Exclude advances to officers and employees*

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

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

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

	2017	2016
Cash in banks		
Universal banks	1,640,224	23,582,025
Commercial bank	89,673	89,673
	1,729,897	23,671,698
Funds held by custodian bank		
Universal bank	16,368,062	16,134,656
	18,097,959	39,806,354

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

(b) Receivables

Receivables from subcontractors are non-interest bearing and are generally with credit term of 90 to 120 days.

Receivables from sale of land and real properties held for sale are non-interest bearing and are generally with credit term of 30 to 90 days.

Other receivables as at December 31, 2017 and 2016 consist mainly of advances to third parties. The Group limits its exposure to credit risk by transacting only with counterparties that have appropriate and acceptable credit history.

Past due but not impaired receivables amounting to P49,466,144 (2016 - P44,398,219) are mainly from subcontractors with ongoing projects for the Company and with minimal history of collection default.

Impaired receivables amounting to P2.0 million have been provided with allowance for impairment in 2016. There were no impairment losses recognized in 2017 and 2015.

(c) Refundable deposits

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

(iii) Liquidity risk

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

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

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

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

Expected future interest payments of the Group for the next three (3) years are P84.86 million as at December 31, 2017 (2016 - P82.84 million).

24.2 Capital management

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

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

	2017	2016
Total equity	1,867,357,906	1,844,089,316
Add: Treasury shares	18,642	14
Fair value reserve	8,943	8,943
Remeasurement gain (loss) of retirement benefit obligation, net of tax	(301,506)	10,889
	1,867,083,985	1,844,109,162

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. Total liabilities of the Group include certain accounts payable and accrued expenses, borrowings, and liability for refund of stock rights subscription.

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

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

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

There was no change in the Group's capital management strategy and policies in 2017 and 2016.

24.3 Fair value of financial assets and liabilities

The table below summarizes the carrying amount, which approximates the fair value, of those significant financial assets and liabilities presented on the consolidated statement of financial position as at December 31:

	Notes	2017	2016
Loans and receivables			
Cash in banks	2	1,729,897	23,671,698
Receivables, net*	3	79,604,336	64,995,767
Funds held by custodian bank	6	16,368,062	16,134,656
Refundable deposits	10	1,586,948	1,007,763
		99,289,243	105,809,884
Available-for-sale financial assets	4	620,380	620,380
Total assets		99,909,623	106,430,264
Financial liabilities measured at amortized cost			
Accounts payable and accrued expenses**	11	118,123,596	84,137,674
Borrowings	13	261,918,107	280,737,248
Liability for refund of stock rights subscription	6	16,368,062	16,134,656
Total liabilities		396,409,765	381,009,578

**Exclude advances to officers and employees*
***Exclude amounts due to the government and its agencies amounting to P845,090 in 2017 (2016 - P332,316) and real property taxes amounting to P27,139,706 (2016 - P27,588,140)*

Due to the short-term nature of the transactions, the carrying values of the current financial assets and liabilities as at reporting date approximate their fair values. The difference between the carrying value and fair value of refundable deposits included under other assets and presented as non-current is not material as the impact of discounting is not significant. On the other hand, borrowings are being reported by the Group at amortized cost using effective interest method.

24.4 Fair value hierarchy

The Group follows the fair value measurement hierarchy to disclose the fair values of its financial assets and liabilities.

As at December 31, 2017 and 2016, the Group's available-for-sale financial assets are classified under Levels 1 and 2 categories, while investment properties are classified under Level 3 category. There are no other financial or non-financial assets and liabilities that are measured at fair value.

Note 25 - Critical accounting estimates, assumptions and judgments

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

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

25.1 Critical accounting estimates and assumptions

Estimate of fair value of investment property (Note 8)

The Parent Company's Binangonan property has an estimated market value of P1,100 per square meter as at December 31, 2017 and 2016 based on the following significant assumptions used by the independent appraiser:

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

The fair value of the investment properties was determined using the sales comparison approach. This was a comparative approach that considered the sales of similar or substitute properties and related market data, which may also consider current listings and offerings. The valuation of the investment properties was categorized as Level 3 measurement as it utilized adjusted inputs for valuation that were, for the major part, unobservable as at the date of valuation.

Fair value gain on investment property represents significant amounts both in value of property and income. Any +/- 1% change in fair value per square meter increases/decreases total assets and income before tax by P24.87 million (2016 - P23.47 million; 2015 - P20.77 million).

25.2 Critical accounting judgments

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

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

Management believes that the non-recognition of deferred income tax assets of P25.56 million (2016 - P30.74 million) is appropriate due to the Group's limited capacity to generate sufficient taxable income in the immediately succeeding three (3) to five (5) years given current development activities.

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

As discussed in Note 8, the Supreme Court affirmed the validity of the Group's titles over its 2,200-hectares Binangonan property. However, due to a number of factors, including the recognition of Supreme Court's recognition of the superior rights of the bonafide occupants as well as potential challenges in clearing and re-titling of this large area of land, management has estimated that only 513 hectares are expected to be recovered/cleared and re-titled in the name of the Group as at December 31, 2017 (2016 - 500 hectares). This estimate is assessed at regular intervals of one (1) to three (3) years based on independent contractor's and the Group's interaction with current occupants.

Given the above, management has estimated total clearing and re-titling costs to be approximately P920.18 million as at December 31, 2017 (2016 - P850.81 million). This estimate is based on the assumption that clearing activities will be carried out by the contractor and the Group. The outstanding provisions do not include re-titled lots which have already been reclassified to land held for development in the consolidated statement of financial position.

Such cost estimates reflect the net present value using a pre-tax rate of 6% (2016 - 5.5%) which management assessed as reflective of current market assessments of the time value of money and the risks specific to the liability. Each year, the provision is reviewed for any change in estimate and consider accretion of discount, if any.

Where the discount rate used increased/decreased by 1% from management's estimates, the provision for clearing costs would be P35.34 million lower/P37.55 million higher (2016 - P29.71 million lower/P31.40 million higher).

Management believes that the above is the best estimate based on existing conditions and circumstances as at December 31, 2017 and 2016. 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, 2017 and 2016 is 16.86 hectares and is recorded as part of land held for development in the consolidated statement of financial position.

(d) Impairment of receivables

The provision for impairment of receivables is based on the Group's assessment of the collectability of payments from its debtors. This assessment requires judgment regarding the ability of the debtors to pay the amounts owed to the Group and the outcome of any disputes. Any change in the Group's assessment of the collectability of receivables could significantly impact the calculation of such provision and results of its financial performance. Total receivables subjected to this assessment are shown in Note 3.

Allowance for doubtful accounts as at December 31, 2017 and 2016 amounted to P2.0 million.

The carrying values of receivables as at December 31, 2017 amounted to P80.31 million (2016 - P65.52 million) (Note 3).

(e) Contingencies (Note 19)

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

Note 26 - Summary of significant accounting policies

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

26.1 Basis of preparation

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

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

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

Changes in accounting policies and disclosures

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

- Amendments to PAS 7, Statement of Cash Flows (effective January 1, 2017), require the Group to explain changes in their liabilities arising from financing activities. This includes changes arising from cash flows (e.g. drawdowns and repayments of borrowings) and non-cash changes such as acquisitions, disposals, accretion of interest and unrealized exchange differences. Changes in financial assets must be included in this disclosure if the cash flows were, or will be, included in cash flows from financing activities. This could be the case, for example, for assets that hedge liabilities arising from financing liabilities. The Group may include changes in other items as part of this disclosure, for example by providing a 'net debt' reconciliation. However, in this case the changes in the other items must be disclosed separately from the changes in liabilities arising from financing activities. The information may be disclosed in tabular format as a reconciliation from opening and closing balances, but a specific format is not mandated.

  The adoption of these amendments did not have significant impact on the amounts recognized by the Group in current and prior periods. The required disclosure to explain the changes in borrowings, which are classified as financing activities, are presented in Note 13.

There are no other new standards, amendments to existing standards, and interpretations which are effective for the financial year beginning on January 1, 2017, which would have a significant impact or is considered relevant to the Group's consolidated financial statements.

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2017, and have not been early adopted nor applied by the Group in preparing these consolidated financial statements. None of these standards are expected to have significant effect on the consolidated financial statements of the Group, while the most relevant ones are set out below:

- PFRS 9, Financial Instruments (effective January 1, 2018), deals with the classification, measurement, and impairment of financial instruments, as well as hedge accounting. PFRS 9 replaces the multiple classification and measurement models for financial assets in PAS 39, Financial Instruments: Recognition and Measurement, with a single model that has three (3) classification categories: amortized cost, fair value through other comprehensive income, and fair value through profit or loss. Classification under PFRS 9 is driven by the entity's business model for managing the financial assets and whether the contractual characteristics of the financial assets represent solely payments of principal and interest. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income. The classification and measurement of financial liabilities under PFRS 9 remains the same as in PAS 39 except where an entity has chosen to measure a financial liability at fair value through profit or loss. For such liabilities, changes in fair value related to changes in own credit risk are presented separately in other comprehensive income.

  The impairment rules of PFRS 9 introduce an expected credit losses model that replaces the incurred loss impairment model used in PAS 39. Such new impairment model will generally result in earlier recognition of losses compared to PAS 39. The expected impact would be a certain of percentage of the accounts that are past due but not impaired as at December 31, 2017.

  The hedging rules of PFRS 9 better align hedge accounting with an entity's risk management strategies. Also, some of the prohibitions and rules in PAS 39 are removed or changed, making hedge accounting easier or less costly to achieve for many hedges. The Group had no hedging activities as at December 31, 2017.

  Early adoption is permitted. The Group intends to adopt the standard on January 1, 2018 but has assessed that it will not have a significant effect on its consolidated financial statements as a result of adoption of this standard as its financial instruments are limited to loans and receivables, and financial liabilities at amortized cost. Moreover, management intends to continue measuring available-for-sale financial assets at fair value through other comprehensive income.

- PFRS 15, Revenue from Contracts with Customers (effective January 1, 2018), deals with revenue recognition and establishes principles for reporting useful information to users of consolidated financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and, thus has the ability to direct the use and obtain the benefits from the good or service. Under the new standard, the notion of control replaces the existing notion of risks and rewards.

The standard replaces PAS 18, Revenue, and PAS 11, Construction Contracts, and related interpretations. A five-step process must be applied before revenue can be recognized which include: (i) identification of contracts with customers; (ii) identification of the separate performance obligation; (iii) determination of the transaction price of the contract; (iv) allocation of the transaction price to each of the separate performance obligations; and (v) recognition of revenue as each performance obligation is satisfied. Revenue may also be recognized earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome, etc.) - minimum amounts must be recognized if these are not at significant risk of reversal.

Further, the point at which revenue is able to be recognized may shift: some revenue which is currently recognized at a point in time at the end of a contract may have to be recognized over the contract term and vice versa. The Group intends to adopt the standard on January 1, 2018 but has assessed that it will not significantly change its current accounting treatment for existing agreements as the existing contracts with customers pertain to delivery of completed units, which are treated as inventories presented as real properties held for sale and development in the consolidated statement of financial position.

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

  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"). Based on its current contracts which are short-term, the Group does not foresee any significant effect on the consolidated financial statements but will contine to assess the impact of PFRS 16 closer to the date of mandatory adoption.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Parent Company and IDC, a wholly-owned subsidiary, as at December 31, 2017 and 2016 and for each of the three years in the period ended December 31, 2017. The Group uses uniform accounting policies, any difference between the Parent Company and Subsidiary are adjusted properly.

As at December 31, 2017 and 2016, 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:

	2017	2016
Total current assets	49,507,147	49,507,147
Total current liabilities	1,883,294	1,842,810
Net assets	47,623,853	47,664,337
Expenses	40,484	40,484
Total comprehensive loss	(40,484)	(40,484)

The Subsidiary did not generate any cash flows for the years ended December 31, 2017 and 2016.

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

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

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

(c) Disposal of subsidiaries

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

26.2 Cash and funds held by a custodian bank

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

26.3 Financial instruments

<u>Classification</u>

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 as at December 31, 2017, and 2016.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and where management has no intention of trading. These are included in current assets, except for maturities greater than 12 months after the reporting date, in which case, these are classified as non-current assets. Loans and receivables comprise of cash (Note 26.2), receivables, including a portion of advances to subcontractors and excluding advances to officers and employees (Note 26.4), funds held by custodian bank (Note 26.2) and refundable deposits (Note 26.5) under other assets in the consolidated statement of financial position.

(ii) Available-for-sale financial assets

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

(b) Financial liabilities

The Group classifies its financial liabilities as financial liabilities at fair value through profit or loss or financial liabilities at amortized cost. The Group does not have any financial liability designated at fair value through profit or loss as at December 31, 2017 and 2016.

Financial liabilities at amortized cost pertains to issued financial instruments that are not classified or designated at fair value through profit or loss and contain contract obligations to deliver cash or another financial asset to the holder or to settle the obligation other than the exchange of a fixed amount of cash.

Financial liabilities at amortized cost are included in current liabilities, except for maturities greater than 12 months after the reporting date, in which case, these are classified as non-current liabilities. The Group's accounts payable and accrued expenses (excluding government related liabilities) (Note 26.12), borrowings (Note 26.13), and liability for refund of stock rights subscription (Note 14 and 26.2) are classified under this category.

Recognition and measurement

(a) Initial recognition and measurement

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

(b) Subsequent measurement

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

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

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

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

Impairment of financial assets

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

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

(i) Loans and receivables

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

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognized in profit or loss. If a loans and receivable has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using observable market price.

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

(ii) Available-for-sale financial assets

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

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

Derecognition

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

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

Offsetting

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

26.4 Receivables

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 costs and expenses in the consolidated statement of total comprehensive income. When a receivable remains uncollectible after the Group has exerted all legal remedies, it is written-off against the allowance account for receivables.

26.5 Prepayments and other current assets

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

Prepayments and other assets are carried at cost and are included in current assets, except when the related goods or services are expected to be received and rendered more than 12 months after the end of the reporting period, in which case, these are classified as non-current assets.

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

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

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

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

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

26.7 Investment property

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

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

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

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

Changes in fair values are recognized in profit or loss.

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

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

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

26.8 Investments in other entities

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

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

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

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

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

26.9 Property and equipment

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

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

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

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

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

26.10 Impairment of non-financial assets

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

Assets that have definite useful life are subject to depreciation and amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets are 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.

26.11 Fair value measurement

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

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

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

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

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

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

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

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

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

(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.

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

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

(b) Non-financial assets or liabilities

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

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a 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.

26.12 Accounts payable and accrued expenses

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

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

26.13 Borrowings and borrowing costs

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

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

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

26.14 Current and deferred income tax

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

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

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

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

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

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

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

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

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

26.15 Employee benefits

(a) Retirement benefits

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

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

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

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

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

Past service costs are recognized immediately in profit or loss.

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

(b) Termination benefits

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

(c) Short-term employee benefits

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

26.16 Provisions

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

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

Provision for clearing costs represents the Group's expected cost to clear a portion of its Binangonan property from bonafide occupants with superior rights over the Group's investment property (Note 12). The amount is based on the average estimated clearing and titling cost per agreement with the contractor. Such amount represents the peso value quoted by the contractor based on recoverable area and is adjusted regularly to reflect the net present value of obligation associated with clearing of land titles.

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

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

26.17 Share capital

(a) Share capital

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

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

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

(b) Treasury shares

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

(c) Retained earnings

Retained earnings include current and prior years' results of operations, net of transactions with shareholders and dividends declared, if any. Retained earnings also include the effect of changes in accounting policy as may be required by the relevant standards' transitional provisions on their initial adoption.

Dividend distribution to the Group's shareholders is recognized as a liability in the Group's separate financial statements in the period in which the dividends are approved by the Group's Board of Directors.

(d) Stock rights offering

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

Liability for stock rights subscriptions is derecognized once settled.

26.18 Earnings per share

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

26.19 Revenue and expense recognition

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

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

(a) Sales of real estate and cost of sales

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

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

(b) Interest income and expense

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

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

Once a financial asset or a 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) Rental income

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

(e) Other income

Other income is recognized when earned.

(f) Expenses

Expenses are recognized when incurred.

26.20 Leases

(a) Group as lessor - operating lease

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

The Group leases out a parcel of its land. Rental income is recognized in accordance with the rental income accounting policy in Note 26.19.

(b) Group as lessee - operating lease

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

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

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

26.21 Foreign currency transactions and translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

26.22 Related party transactions and relationships

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

26.23 Operating segments

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

26.24 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.

26.25 Reclassifications

Certain accounts in the consolidated statement of cash flows have been reclassified to conform to the current year presentation. Additional costs capitalized on land held for development amounting to P69,740,577 previously presented under investing activities in 2015 have been reclassified to changes in properties held for sale and development presented under changes in working capital. Payment of payables to a third party amounting to P2,440,683, which was previously recognized under financing activities in 2016, has been presented as part of changes in accounts payable and accrued expenses under operating activities. The reclassifications did not have any impact on previously reported financial position, retained earnings, net cash flows, and net income

IRC Properties, Inc. and Subsidiary

Schedule of Philippine Financial Reporting Standards and Interpretations
Effective as at December 31, 2017

The following table summarizes the effective standards and interpretations as at December 31, 2017:

		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Measurement of Cash-Settled Share-based Payment Transactions*		✓	
PFRS 3 (Revised)	Business Combinations			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9, Financial Instruments with PFRS 4, Insurance Contracts*		✓	
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓

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

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

		Adopted	Not Adopted	Not Applicable
PAS 19 (Revised)	Employee Benefits	✓		
	Amendments to PAS 19: Contributions from Employees or Third Parties	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment to PAS 21: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Revised)	Separate Financial Statements	✓		
	Amendments to PAS 27: Use of Equity Method in Separate Financial Statements			✓
PAS 28 (Revised)	Investments in Associates and Joint Ventures			✓
	Amendments of PFRS 10, PFRS 12 and PAS 28: Application of the Consolidation Exception for Investment Entities			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contributions of Assets between an Investor and its Associate or Joint Venture*		✓	
	Amendment to PAS 28: Measuring an associate or joint venture at fair value*			✓
	Amendments to PAS 28: Long-term Interests in Associates and Joint Ventures*			✓
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			✓

		Adopted	Not Adopted	Not Applicable
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 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 PFRS 9, PFRS 7 and PAS 39: Hedge Accounting*		✓	
PAS 40	Investment Property	✓		
	Amendment to PAS 40: Transfers of Investment Property*		✓	
PAS 41	Agriculture			✓
	Amendments to PAS 16 and PAS 41: Bearer Plants			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓

		Adopted	Not Adopted	Not Applicable
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to IFRIC 14: Prepayments of a Minimum Funding Requirement			✓
IFRIC 15	Agreements for the Construction of Real Estate*		✓	
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
IFRIC 22	Foreign Currency Transactions and Advance Consideration*		✓	
IFRIC 23	Uncertainty over Income Tax Treatments*		✓	
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			✓

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

The standards, amendments and interpretations marked with an asterisk (*) have been issued but are not yet effective for December 31, 2017 financial statements and not early adopted.

The standards, amendments and interpretations that are labeled as “Not Applicable” are already effective as at December 31, 2017 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.

Reconciliation of Retained Earnings Available for Dividend Declaration
As at December 31, 2017
(All amounts in Philippine Peso)

Unappropriated Retained Earnings, based on audited financial statements, beginning		379,700,845
Less: Cumulative fair value adjustment of investment property resulting to gain, net of tax		(1,009,410,135)
Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning		(629,709,290)
Add: Net income actually earned/realized during the year	22,996,681	
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 (market-to-market gains)	-	
Fair value adjustment of investment property resulting to gain	(22,235,201)	
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	761,480	761,480
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 year	761,480	761,480
Add (Less):		
Dividend declarations during the year		-
Appropriations of retained earnings during the year		-
Reversals of appropriations		-
Effects of prior period adjustments		-
Treasury shares		-
Unappropriated Retained Earnings Available for Dividends, ending		(628,947,810)

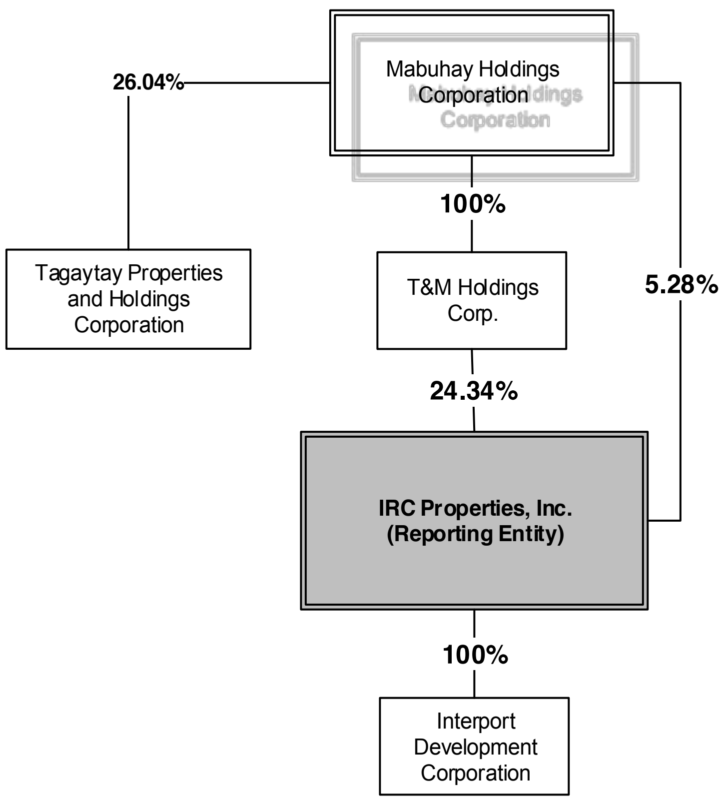
IRC Properties, Inc.

Key Financial Ratios
As at December 31, 2017
(With comparative figures as at December 31, 2016 and 2015)

	2017	2016	2015
A. Current and Liquidity Ratios			
1. Current ratio			
(Current assets/Current liabilities)	2.40	2.58	1.59
2. Acid test ratio or Quick ratio			
(Monetary current assets/Current liabilities)	0.20	0.23	0.09
B. Solvency ratio			
(Net income + depreciation)/Total liabilities	0.01	0.04	0.02
C. Debt to equity ratio			
(Total liabilities/Shareholders' equity)	0.96	0.92	1.16
D. Asset to equity ratio	1.96	1.92	2.16
E. Debt ratio			
(Total liabilities/Total assets)	0.49	0.48	0.54
F. Interest coverage ratio			
(EBIT/Interest expense)	-	-	-
G. Profitability ratios			
1. Return on assets (%)	0.01	0.02	0.01
(Net income/Total assets)			
2. Return on equity (%)	0.01	0.04	0.02
(Net income/Shareholders' equity)			
H. Earnings per share attributable to equity holders of parent (P)			
2017 - 1,327,113,964 shares	0.02	-	-
2016 - 1,327,113,978 shares	-	0.06	-
2015 - 1,127,113,978 shares	-	-	0.03

IRC Properties, Inc.

Map of the Group of Companies within which the Reporting Entity Belongs
December 31, 2017



3.

4.

IRC Properties, Inc.

Schedule A - Financial Assets
As at December 31, 2017
(All amounts in Philippine Peso)

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

See Note 4 to the Consolidated Financial Statements.

IRC Properties, Inc.

Schedule B -Amounts Receivable from Directors, Officers,
Employees, Related Parties and Principal Stockholders
(Other than Related Parties)
As at December 31, 2017
(All amounts in Philippine Peso)

Name and designation of debtor	Beginning balance	Additions	Deduction		Current	Non-current	Ending balance
			Amount collected	Amount written-off			
Not applicable							

IRC Properties, Inc.

Schedule C - Amounts Receivable from Related Parties
which are eliminated during the Consolidation of Financial Statements
As at December 31, 2017
(All amounts in Philippine Peso)

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
Interport Development Corporation	223,074	40,484	-	-	263,558	-	263,558

IRC Properties, Inc.

Schedule D. Intangible Assets - Other Assets
December 31, 2017
(All amounts in Philippine Peso)

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
Computer software	70,948	95,774	(64,352)	-	-	102,370

See Note 10 to the Consolidated Financial Statements.

IRC Properties, Inc.

Schedule E - Long-Term Debt
As at December 31, 2017
(All amounts in Philippine Peso)

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term debt" in related balance sheet"
Notes payable	122,924,729	91,000,970	31,923,759

See Note 13 to the Consolidated Financial Statements.

IRC Properties, Inc.

Schedule F - Indebtedness to Related Parties
As at December 31, 2017
(All amounts in Philippine Peso)

Name of affiliate	Beginning balance	Ending balance
Mabuhay Holdings Corporation	116,993,378	119,993,378
T&M Holdings, Inc.	15,500,000	15,500,000
Tagaytay Properties and Holdings Corporation	3,500,000	3,500,000
	135,993,378	138,993,378

See Note 13 to the Consolidated Financial Statements.

IRC Properties, Inc.

Schedule G - Guarantees of Securities of Other Issuers
As at December 31, 2017
(All amounts in Philippine Peso)

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

IRC Properties, Inc.

Schedule H - Capital Stock
As at December 31, 2017
(All amounts in Philippine Peso)

Title of issue	Number of shares authorized	Number of shares issued and outstanding	Number of shares reserved for options, warrants, conversions, and other rights	Number of shares held by Affiliates	Number of shares held by Directors, officers, and employees	Number of shares held by Others
PCD Nominee Corp. (F)		962,662,520	-	-	-	962,662,520
T & M Holdings, Inc.		262,605,200	-	262,605,200	-	-
Mabuhay Holdings Corporation		38,160,643	-	38,160,643	-	-
PCD Nominee Corp. (Nf)		32,807,011	-	-	-	32,807,011
Marilaque Land, Inc.		5,998,000	-	-	-	5,998,000
Dee, Alice T.		2,565,000	-	-	-	2,565,000
Valmora Investment And Management Corporation		2,300,000	-	-	-	2,300,000
Equity Managers Asia, Inc.		1,000,000	-	-	-	1,000,000
David Go Securities Corporation		729,000	-	-	-	729,000
Siguion-Reyna, Leonardo T.		700,000	-	-	-	700,000
Gokongwei Jr., John		642,000	-	-	-	642,000
Uy, Imelda T.		621,000	-	-	-	621,000
Tan, Henry L.		600,000	-	-	-	600,000
Tanchan III, Santiago		500,000	-	-	-	500,000
Lao, Alex L.		500,000	-	-	-	500,000
Blue Ridge Corporation		500,000	-	-	-	500,000
Others		14,223,590	-	-	-	14,223,590
Total	1,500,000,000	1,327,113,964	-	300,765,843	-	1,026,348,121

See Note 14 to the Consolidated Financial Statements.

COVER SHEET

-	-	-	-	-	6	0	3	1	2

SEC Registration Number

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

(Company's Full Name)

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

P A C I F I C   T O W E R   6 7 8 4   A Y A L A   A V E .

M A K A T I   C I T Y

(Business Address: No., Street City / Town / Province)

GEORGINA A. MONSOD		750-2000
Contact Person		Company Telephone Number

SEC Form 17-Q

1	2		3	1				FORM TYPE			Month		Day
Month			Day										

Fiscal Year

Annual Meeting

F S

Secondary License Type, If Applicable

N/A

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

SEC Number **60312**
File Number

IRC PROPERTIES, INC.
(Company's Full Name)

35/F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City
(Company's Address)

(02) 750-2000
(Telephone Numbers)

December 31
(Fiscal Year Ending)
(month and day)

Quarterly Report
Form Type

Amendment Designation (if applicable)

March 31, 2018
Quarter Ended Date

Publicly Listed Corporation
(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2) (b) THEREUNDER

1. For the quarterly period ended : **March 31, 2018**

2. Commission Identification Number : **60312** 3. BIR Tax Identification Number : **000-464-876**

4. Exact name of registrant as specified in its charter : **IRC PROPERTIES, INC.**

5. Province, country or other jurisdiction of incorporation or organization : **Metro Manila, Philippines**
6. Industry Classification Code : [ ] (SEC Use Only)

7. Address of registrant's principal office — Postal Code
35F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City — **1223**

8. Registrant's telephone number, including area code : **(0632) 750-2000**

9. Former name, former address and former fiscal year, if changed since last report
N/A

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each Class	Number of shares outstanding
Common	**1,327,113,964**

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 [ ]

IRC Properties, Inc. and Subsidiary

Consolidated Statements of Financial Position
As at March 31, 2018 and December 31, 2017
(All amounts in Philippine Peso)

	Notes	March 31, 2018 (UNAUDITED)	December 31, 2017 (AUDITED)
ASSETS			
Current assets			
Cash	2	**P15,357,347**	P1,908,897
Receivables, net	3	**77,402,012**	80,309,265
Available-for-sale financial assets	4	**620,380**	620,380
Funds held by custodian bank	6, 14	**16,368,062**	16,368,062
Land held for development	7	**996,494,497**	984,669,499
Real properties held for sale and development	7	**22,062,060**	38,814,696
Prepayments and other current assets	5	**40,995,889**	39,944,340
Total current assets		**1,169,300,247**	1,162,635,139
Non-current assets			
Investment property	8	**2,494,493,668**	2,487,484,670
Property and equipment, net	9	**1,588,736**	1,814,157
Other assets	10	**1,730,642**	1,751,368
Total non-current assets		**2,497,813,046**	2,491,050,195
Total assets		**3,667,113,293**	3,653,685,334
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued expenses	11	**152,091,472**	146,108,392
Current portion of provision for clearing costs	12	**90,847,367**	92,971,285
Current portion of borrowings	13	**207,508,827**	229,994,348
Liability for refund of stock rights subscription	6, 14	**16,368,062**	16,368,062
Total current liabilities		**466,815,728**	485,442,087
Non-current liabilities			
Borrowings, net of current portion	13	**29,894,870**	31,923,759
Deferred tax liability, net		**442,262,933**	436,799,331
Provision for clearing costs, net of current portion	12	**827,209,024**	827,209,024
Retirement benefit obligation		**8,197,758**	4,953,227
Total non-current liabilities		**1,307,564,585**	1,300,885,341
Total liabilities		**1,774,380,313**	1,786,327,428
Equity			
Share capital	14	**1,327,113,964**	1,327,113,964
Share premium	14	**130,898,642**	130,898,642
Treasury shares	14	**(18,642)**	(18,642)
Fair value reserve	4	**(8,943)**	(8,943)
Remeasurement gain of retirement obligation, net of tax		**301,506**	301,506
Retained earnings		**434,446,453**	409,071,379
Total equity		**1,892,732,980**	1,867,357,906
Total liabilities and equity		**P3,667,113,293**	P3,653,685,334

IRC Properties, Inc. and Subsidiary

Consolidated Statements of Total Comprehensive Income
For the three-months period ended March 31, 2018 and 2017
And for the year ended December 31, 2017
(All amounts in Philippine Peso)

	Notes	March 2018	March 2017	December 31 2017
Income		**(UNAUDITED)**	(UNAUDITED)	(AUDITED)
Sales of real estate, net	7	**P25,051,250**	P50,941,021	P163,460,335
Fair value gain on investment property		**-**	-	31,764,573
Rental income		**116,907**	-	350,721
Interest income	2	**4,217**	1,487	11,391
Reversal of notes payable	13	**50,000,000**	-	-
Other income		**2,592**	21,250	60,858
		75,174,966	50,963,758	195,647,878
Costs and expenses				
Cost of sales	7	**16,752,636**	28,060,146	109,311,571
Commission		**1,647,717**	4,571,632	14,552,114
Salaries, wages and employee benefits	15	**2,702,068**	2,111,695	9,993,492
Professional fees and other outside services		**1,908,943**	97,857	5,730,094
Meeting expenses		**1,100,740**	975,252	4,639,279
Rent	17	**1,185,709**	1,106,763	4,558,625
Taxes and licenses		**1,665,774**	1,363,512	3,594,349
Office supplies		**461,666**	309,699	1,538,059
Loss on relinquishment of investment property	8	**-**	-	1,182,929
Retirement benefit expense	21	**3,244,531**	-	978,123
Depreciation	9	**225,421**	221,601	897,922
Provision for doubtful accounts	3	**6,397,956**	-	-
Other expenses	16	**7,043,129**	4,922,506	9,034,668
		44,336,290	43,740,663	166,011,225
Income before income tax		**30,838,676**	7,223,095	29,636,653
Income tax expense	18	**(5,463,602)**	(2,166,928)	(6,680,458)
Net income for the year		**25,375,074**	5,056,167	22,956,195
Item that will not be reclassified to profit or loss:				
Remeasurement gain of retirement benefit obligation, net of tax	21	**-**	-	312,395
Total comprehensive income for the year		**P25,375,074**	5,056,167	P23,268,590
Basic and diluted earnings per share	14	**0.02**	0.004	0.02

IRC Properties, Inc. and Subsidiary
Consolidated Statements of Changes in Equity
For the three-months period ended March 31, 2018 and 2017
And for the year ended December 31, 2017
(All amounts in Philippine Peso)

	Share capital (Note 14)	Share premium (Note 14)	Treasury shares (Note 14)	Fair value reserve (Note 4)	Remeasurement gain (loss) of retirement benefit obligation	Retained earnings	Total
Balances as at January 1, 2017	P1,327,113,978	P130,880,000	P(14)	P(8,943)	P(10,889)	P386,115,184	P1,844,089,316
Comprehensive income							
Net income for the first quarter						5,056,167	5,056,167
Total comprehensive income for the year	-	-	-	-	-	5,056,167	5,056,167
Balances as at March 31, 2017	1,327,113,978	130,880,000	(14)	(8,943)	(10,889)	391,171,351	1,849,145,483
Comprehensive income							
Net income for the year	-	-	-	-	-	17,900,028	17,900,028
Other comprehensive income							
Remeasurement gain of retirement benefit obligation, net of tax	-	-	-	-	312,395	-	312,395
Total comprehensive income for the year	-	-	-	-	312,395	17,900,028	18,212,423
Transaction with owners							
Reclassification of shares	(14)	18,642	(18,628)	-	-	-	-
Balances as at December 31, 2017	**1,327,113,964**	**130,898,642**	**(18,642)**	**(8,943)**	**301,506**	**409,071,379**	**1,867,357,906**
Comprehensive income							
Net income for the first quarter	-	-	-	-	-	25,375,074	25,375,074
Total comprehensive income for the year	-	-	-	-	-	25,375,074	25,375,074
Balances as at March 31, 2018	**P1,327,113,964**	**P130,898,642**	**P(18,642)**	**P(8,943)**	**P301,506**	**P 434,446,453**	**P 1,892,732,980**

IRC Properties, Inc. and Subsidiary

Consolidated Statements of Cash Flows
For the three-months period ended March 31, 2018 and 2017
And for the year ended December 31, 2017
(All amounts in Philippine Peso)

	Notes	March		December 31
		2018	2017	2017
		(UNAUDITED)	(UNAUDITED)	(AUDITED)
Cash flows from operating activities				
Income before income tax		**P 30,838,676**	P5,056,167	P29,636,653
Adjustments for:				
Input value-added taxes (VAT) write-off	16			2,583,950
Loss on relinquishment of investment property				1,182,929
Retirement benefit expense		**3,244,531**		978,123
Depreciation	9	**225,421**	221,601	897,922
Amortization	10	**20,726**	-	64,352
Provision for doubtful accounts		**6,397,956**	-	-
Reversal of notes payable		**(50,000,000)**	-	-
Interest income	2	**(4,217)**	(1,487)	(11,391)
Fair value gain on investment property, net	8	**-**	-	(31,764,573)
Operating income (loss) before changes in working capital		**(9,276,907)**	5,276,281	3,567,965
Changes in working capital				
Receivables		**(3,490,703)**	(6,128,119)	(14,793,171)
Properties held for sale and development		**5,156,666**	1,515,568	26,284,502
Prepayments and other current assets		**(1,051,549)**	156,929	(9,729,556)
Other assets		**-**	(87,952)	(579,185)
Accounts payable and accrued expenses		**5,644,758**	(68,625,920	13,432,828
Cash generated from (absorbed by) operations		**(3,017,735)**	(67,893,213)	18,183,383
Interest received	2	**4,217**	1,487	11,391
Settlement of clearing costs	12	**(2,123,918)**	-	(10,555,672)
Net cash provided by (used in) operating activities		**(5,137,436)**	(67,891,726)	7,639,102
Cash flows from investing activities				
Proceeds from relinquishment of investment property		**-**	(5,977,202)	1,116,071
Payment for acquisition of computer software	10	**-**		(95,774)
Payment for acquisition of property and equipment	9	**-**	(19,046)	(182,202)
Net cash provided by (used in) investing activities		**-**	(5,996,248)	838,095
Cash flows from financing activities				
Proceeds from borrowings	13	**30,000,000**	58,325,481	56,700,000
Settlement of borrowings		**(4,514,410)**	-	(75,519,141)
Interest paid for borrowings		**(6,899,704)**	-	(11,584,857)
Net cash provided by (used in) financing activities		**18,585,886**	58,325,481	(30,403,998)
Net increase (decrease) in cash for the period		**13,448,450**	(15,562,493)	(21,926,801)
Cash as at January 1		**1,908,897**	23,835,698	23,835,698
Cash as at December 31	2	**P15,357,347**	P8,273,205	P1,908,897

IRC PROPERTIES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Corporate Information

IRC Properties, Inc. (the "Parent Company") and Interport Development Corporation (IDC) (the "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 lands for the purpose of converting and developing said lands to integrated residential or commercial neighborhoods, and generally to engage in real estate business in all its forms. IDC is primarily involved in the acquisition and selling of real estate of all kinds or to hold such properties for investment purposes.

The Parent Company is 29.62% (2016 - 28.44%) both directly and indirectly, owned by Mabuhay Holdings Corporation (MHC). The remaining interest is owned by various corporate and individual shareholders. The Parent Company became a public company through an initial public offering on February 27, 1978. There are no other offerings made other than new shares issued arising from stock rights offering in 2010.

In 2013, the Group entered into joint development agreements with two local real estate developers to develop a certain portion of clean Binangonan properties. Moreover, the Group is actively in the process of clearing and re-titling the large portion of the property in Binangonan for future developments (Notes 7 and 8).

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

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

In 2017, the Group started the development of its fourth residential project located in the Binangonan property.

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

As at March 31, 2018 and December 31, 2017, 138.30 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.

The registered office of the Group and its principal place of business is at 35/F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City. As at March 31, 2018, the Group has 24 regular employees (December 31, 2017 - 24 regular 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 (PSE). As at March 31, 2018, the Parent Company has 553 shareholders (December 31, 2017 - 508 shareholders), each owning at least 100 shares.

Note 2 - Cash

The account consists of:

	March 31, 2018 (UNAUDITED)	December 31, 2017 (AUDITED)
Cash in banks	**P 15,138,347**	P 1,729,897
Cash on hand	**219,000**	179,000
	P 15,357,347	P 1,908,897

Cash in banks earn interest at the prevailing bank deposit rates. Interest income earned from bank deposits for the quarter ended March 31, 2018 amounted to P 4,217 (2017 - P11,391; 2016 - P37,596).

Note 3 - Receivables, net

The account consists of:

	Note	**March 31, 2018 (UNAUDITED)**	December 31, 2017 (AUDITED)
Receivables from subcontractors		**P 48,690,985**	P 46,860,884
Receivables from sale of land for development and real properties held for sale and development	7	**33,424,955**	32,715,975
Advances to officers and employees		**643,768**	704,929
Others		**3,040,260**	2,027,477
		85,799,968	82,309,265
Provision for doubtful accounts		**(8,397,956)**	(2,000,000)
		P 77,402,012	P 80,309,265

Receivables from subcontractors include advances extended to third parties and are expected to be collected within 12 months.

Note 4 - Available-for-sale financial assets

Available-for-sale financial assets as at March 31, 2018 and December 31, 2017 consist of:

Unlisted	P 626,443
Listed	2,880
Total	629,323
Cumulative fair value adjustment	(8,943)
	P 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 proprietary shares (Level 2). The fair value of unlisted proprietary 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 quarter ended March 31, 2018 and years ended December 31, 2017 and 2016. There were also no changes in the fair values of the available-for-sale financial assets for the quarter ended and years then ended.

Note 5 - Prepayments and other current assets

The account consists of:

	March 31, 2018 (UNAUDITED)	December 31, 2017 (AUDITED)
Prepaid taxes	**21,768,815**	P 21,146,056
Advances to subcontractors	**16,700,000**	16,700,000
Input VAT	**1,797,458**	1,479,826
Prepaid insurance	**302,735**	191,576
Others	**426,881**	426,882
	40,995,889	P 39,944,340

Prepaid taxes represent creditable withholding taxes and prior year excess credits, which can be applied against future income tax liabilities.

Advances to subcontractors comprise of payments made by the Group relating to services, materials and supplies needed to complete a project. These are expected to be liquidated within a period of less than 12 months.

Note 6 - Funds held by custodian bank

The account represents restricted fund from the proceeds of the Group's cancelled stock rights offering in 1996, which was 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 (Note 14).

The account consists of:

	March 31, 2018 (UNAUDITED)	December 31, 2017 (AUDITED)
Special savings deposit	**P 16,356,000**	P 16,356,000
Receivables	**66,333**	66,333
Demand deposit	**10,416**	10,416
Payables	**(64,687)**	(64,687)
	P 16,368,062	P 16,368,062

Following SEC's order to refund the money, the proceeds have been presented as liability in the consolidated 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.

Note 7 - Land held for development and real properties held for sale and development

Details of land held for development and its movements are as follows:

	March 31, 2018 (UNAUDITED)	December 31, 2017 (AUDITED)
Beginning	**P 984,669,499**	P 991,479,498
Additions, including capitalized interest	**11,824,998**	83,919,141
Transferred to completed jobs and cost of sales	**-**	(90,729,140)
Ending	**P 996,494,497**	P 984,669,499

Total borrowing costs capitalized as land held for development for the quarter ended March 31, 2018 amounted to P2.5 million (2017 – P2.27 million; 2016 - nil).

Details of real properties held for sale and development and its movements are as follows:

	March 31, 2018 (UNAUDITED)	December 31, 2017 (AUDITED)
Beginning	P 38,814,696	P 57,397,127
Transferred from land held for development	-	90,729,140
Cost of sales	(16,752,636)	(109,311,571)
Ending	P22,062,060	P 38,814,696

Note 8 - Investment property

Details of investment property and their movements are as follows:

	Note	**March 31, 2018 (UNAUDITED)**	December 31, 2017 (AUDITED)
Beginning		**P 2,487,484,670**	P 2,346,783,670
Fair value gain		**-**	31,764,573
Clearing costs on additional recoverable hectares	12	**-**	39,000,000
Clearing cost adjustment	12	**-**	40,925,208
Additions, including capitalized interest		**7,008,996**	31,310,219
Disposals		**-**	(2,299,000)
Ending		**P 2,494,493,668**	P 2,487,484,670

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

Note 9 - Property and equipment, net

Details of property and equipment and its movement are as follows:

	Office equipment	Furniture and fixtures	Transportation equipment	Communication equipment	Total
Cost					
January 1, 2017	P 2,869,083	P 2,476,518	P 3,083,865	P 220,135	P 8,649,601
Additions	150,956	20,535	-	10,711	182,202
December 31, 2017	3,020,039	2,497,053	3,083,865	230,846	8,831,803
Additions	-	-	-	-	-
March 31, 2018	**3,020,039**	**2,497,053**	**3,083,865**	**230,846**	**8,831,803**
Accumulated depreciation					
January 1, 2017	2,295,969	2,160,708	1,458,790	204,257	6,119,724
Depreciation	271,869	80,010	539,099	6,944	897,922
December 31, 2017	2,567,838	2,240,718	1,997,889	211,201	7,017,646
Depreciation	68,561	20,002	134,775	2,083	225,421
March 31, 2018	**2,636,399**	**2,260,720**	**2,132,664**	**213,284**	**7,243,067**
Net book value					
December 31, 2017	452,201	256,335	1,085,976	19,645	1,814,157
March 31, 2018	**P 383,640**	**P 236,333**	**P 951,201**	**P 17,562**	**P 1,588,736**

As at March 31, 2018 and December 31, 2017, fully depreciated property and equipment with cost of P4.85 million are still in use.

Note 10 - Other assets

Other assets consist of:

	March 31, 2018 (UNAUDITED)	December 31, 2017 (AUDITED)
Refundable deposits	**P 1,586,948**	1,586,948
Computer software, net	**81,644**	102,370
Other assets	**62,050**	62,050
	P 1,730,642	1,751,368

The movements of computer software are as follows:

	Note	Computer software
Cost		
January 1, 2017		P 383,972
Additions		95,774
December 31, 2017		479,746
Additions		-
March 31, 2018		**479,746**
Accumulated amortization		
January 1, 2017		313,024
Amortization	16	64,352
December 31, 2017		377,376
Amortization	16	20,726
March 31, 2018		**398,102**
Net book value		
December 31, 2017		102,370
March 31, 2018		**P 81,664**

Note 11 - Accounts payable and accrued expenses

Accounts payable and accrued expenses consist of:

	March 31, 2018 (UNAUDITED)	December 31, 2017 (AUDITED)
Accounts payable	**P 18,510,822**	P 15,223,135
Retention payable	**6,044,785**	5,726,046
Accrued expenses and other payables		
Interest, penalties and related charges	**53,095,088**	52,547,964
Customer's deposits	**34,507,660**	31,410,205
Real property taxes	**27,139,706**	27,139,706
Rent	**3,999,084**	3,999,084
Salaries, wages and benefits	**260,470**	263,167
Others	**8,533,857**	9,799,085
	P 152,091,472	P 146,108,392

Interest, penalties and related charges for borrowings from related parties amounted to P51.45 million (2017 - P50.27 million).

Note 12 - Provision for clearing costs

The movements in provision for clearing costs are as follows:

	Note	**March 31, 2018 (UNAUDITED)**	December 31, 2017 (AUDITED)
Beginning		**P 920,180,309**	P 850,810,773
Additions	8	**-**	39,000,000
Adjustment to reflect latest estimate, net of discounting	8	**-**	40,925,208
Payments		**(2,123,918)**	(10,555,672)
Ending		**P 918,056,391**	P 920,180,309

Note 13 - Borrowings

Borrowings consist of:

	March 31, 2018 (UNAUDITED)	December 31, 2017 (AUDITED)
Related parties		
MHC	**P 119,993,378**	P 119,993,378
T&M Holdings, Inc. (TMHI)	**15,500,000**	15,500,000
Tagaytay Properties and Holdings Corporation (TPHC)	**3,500,000**	3,500,000
Total	**138,993,378**	138,993,378
Third parties	**98,410,319**	122,924,729
	P 237,403,697	P 261,918,107

Portion of loan from third parties arising from reacquisition of land in Binangonan, Rizal was cancelled. The reversal of the related notes payable was recognized as income during the first quarter.

The borrowings from related parties are unsecured with no definite payment terms and bear interest from 12% to 18% per annum.

The movements in borrowings and net debt reconciliation are as follows:

	March 31, 2018 (UNAUDITED)	December 31, 2017 (AUDITED)
Beginning	**P 261,918,107**	P 280,737,248
Cash flow changes		
Availments	**30,000,000**	56,700,000
Payments	**(54,514,410)**	(75,519,141)
Ending	**237,403,697**	261,918,107
Cash	**(15,357,347)**	(1,908,897)
Net debt	**P 222,046,350**	P 260,009,210

The total availments in 2018 of P30 million pertain to borrowings from third parties. Of total payments in 2018, P4.5 million pertains to payments made to third parties.

Note 14 - Share capital; Earnings per share

(a) Share capital and share premium

Authorized capital and issued shares outstanding consist of:

	Authorized		Issued	
	Number of shares	Amount	Number of shares	Amount
2018				
Common shares with par value P1 per share	**1,500,000,000**	**1,500,000,000**	**1,327,113,964**	**1,327,113,964**
2017				
Common shares with par value P1 per share	1,500,000,000	1,500,000,000	1,327,113,964	1,327,113,964

In 2015, an increase in authorized share capital from 1,000,000,000 to 1,500,000,000 was approved by the SEC.

In 2016, the Group issued 200,000,000 shares at P1.40 per share (2015 - 127,200,800 shares at P1.40 per share) that resulted in a share premium of P80.0 million, increasing share premium to P130.88 million (2015 - P50.88 million). The proceeds from this issuance were presented under cash flows from financing activities in the consolidated statement of cash flows. There was no issuance of shares as of March 31, 2018 and December 31, 2017.

(b) Treasury shares

The Group 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.

In 2017, the Group recorded reclassifications from share capital and share premium to treasury shares to align with the records maintained by the stock transfer agent. Due to impracticability and materiality, this was adjusted prospectively. This transaction did not generate any cash flow. No material transactions occurred during the first quarter of 2018.

(c) Earnings per share

Basic and diluted earnings per share, which are the same due to absence of dilutive potential common shares, for the quarter ended March 31, 2018 and for the years ended December 31, 2017 and 2016 are as follows:

	March 31, 2018 (UNAUDITED)	December 31, 2017 (AUDITED)	December 31, 2016 (AUDITED)
Net income for the year	**P 25,375,074**	P 22,956,195	P 73,820,446
Weighted average number of shares outstanding	**1,327,095,322**	1,327,113,971	1,227,113,978
Earnings per share	**0.02**	0.02	0.06

(d) Liability for refund of stock rights subscription

On February 19, 1996, the SEC approved the Group'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 Group 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 Group and its custodian bank to immediately return to subscribers the proceeds from the rights offering currently held in escrow (Note 6). The proceeds from the offering, which remained unclaimed by the subscribers, are shown as "Liability for refund of stock rights subscription" in the current liabilities section of the consolidated statement of financial position.

Note 15 - Salaries, wages and employee benefits

Details of salaries, wages and employee benefits are as follows:

	March 31, 2018 (UNAUDITED)	December 31, 2017 (AUDITED)	December 31, 2016 (AUDITED)
Salaries and wages	**P 1,924,231**	P 7,073,411	P 6,659,102
Bonus and allowances	**667,663**	1,930,029	2,197,907
Separation pay	**-**	600,000	-
SSS, Philhealth and HDMF	**110,174**	390,052	286,902
	P 2,702,068	P 9,993,492	P 9,143,911

Note 16 - Other expenses

Details of other expenses are as follows:

	Note	**March 31, 2018 (UNAUDITED)**	December 31, 2017 (AUDITED)	December 31, 2016 (AUDITED)
Input VAT write-off		**603,241**	P 2,583,950	P 436,300
Gasoline, oil and parking		**335,504**	1,104,730	955,659
Medical		**567,573**	898,273	455,140
Transportation and travel		**128,135**	717,820	165,311
Light and water		**384,087**	709,818	293,905
Personnel		**238,723**	647,384	315,652
Repairs and maintenance		**79,379**	546,355	459,172
Dues and subscription		**104,459**	432,130	384,940
Communication		**129,127**	222,433	216,193
Meals		**59,913**	354,660	345,666
Amortization	10	**20,726**	64,352	33,151
Marketing		**19,388**	63,678	308,295
Foreign exchange loss, net		**-**	50,334	199,456
Representation		**478,914**	-	48,026
Miscellaneous		**3,893,962**	638,751	541,121
		P 7,043,129	P 9,034,668	P 5,157,987

Note 17 - Related party transaction

In the normal course of business, the Company has transactions with its major shareholders and related parties under common control. For the quarter ended March 31, 2018, major transactions with related parties pertain to payments of loan interest. Outstanding balances of loans from related parties are discussed under note 13.

Note 18 - Critical accounting estimates, assumptions and judgments

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

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

18.1 Critical accounting estimates and assumptions

Estimate of fair value of investment property (Note 8)

The Parent Company's Binangonan property has an estimated market value of P1,100 per square meter as at March 31, 2018 and December 31, 2017 based on the following significant assumptions used by the independent appraiser:

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

The fair value of the investment properties was determined using the sales comparison approach. This was a comparative approach that considered the sales of similar or substitute properties and related market data, which may also consider current listings and offerings. The valuation of the investment properties was categorized as Level 3 measurement as it utilized adjusted inputs for valuation that were, for the major part, unobservable as at the date of valuation.

18.2 Critical accounting judgments

(a) Recognition of deferred income tax assets

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.

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

As discussed in Note 8, the Supreme Court affirmed the validity of the Group's titles over its 2,200-hectares Binangonan property. However, due to a number of factors, including the recognition of Supreme Court's recognition of the superior rights of the bonafide occupants as well as potential challenges in clearing and re-titling of this large area of land, management has estimated that only 513 hectares are expected to be recovered/cleared and re-titled in the name of the Group as at March 31, 2018 (2017 - 513 hectares). This estimate is assessed at regular intervals of one (1) to three (3) years based on independent contractor's and the Group's interaction with current occupants.

Given the above, management has estimated total clearing and re-titling costs to be approximately P918 million as at March 31, 2018 (2017 - P920.18 million). This estimate is based on the assumption that clearing activities will be carried out by the contractor and the Group. The outstanding provisions do not include re-titled lots which have already been reclassified to land held for development in the consolidated statement of financial position.

Such cost estimates reflect the net present value using a pre-tax rate of 6% 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.

(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.

(d) Impairment of receivables

The provision for impairment of receivables is based on the Group's assessment of the collectability of payments from its debtors. This assessment requires judgment regarding the ability of the debtors to pay the amounts owed to the Group and the outcome of any disputes. Any change in the Group's assessment of the collectability of receivables could significantly impact the calculation of such provision and results of its financial performance. Total receivables subjected to this assessment are shown in Note 3.

Allowance for doubtful accounts as at March 31, 2018 and December 31, 2017 amounted to P8.4 million and P2.0 million, respectively.

The carrying values of receivables as at March 31, 2018 amounted to P77.4 million (2017 - P80.31 million) (Note 3).

(e) Contingencies

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

Note 19 - Summary of significant accounting policies

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

19.1 Basis of preparation

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

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

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

Changes in accounting policies and disclosures

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

- Amendments to PAS 7, Statement of Cash Flows (effective January 1, 2017), require the Group to explain changes in their liabilities arising from financing activities. This includes changes arising from cash flows (e.g. drawdowns and repayments of borrowings) and non-cash changes such as acquisitions, disposals, accretion of interest and unrealized exchange differences. Changes in financial assets must be included in this disclosure if the cash flows were, or will be, included in cash flows from financing activities. This could be the case, for example, for assets that hedge liabilities arising from financing liabilities. The Group may include changes in other items as part of this disclosure, for example by providing a 'net debt' reconciliation. However, in this case the changes in the other items must be disclosed separately from the changes in liabilities arising from financing activities. The information may be disclosed in tabular format as a reconciliation from opening and closing balances, but a specific format is not mandated.

  The adoption of these amendments did not have significant impact on the amounts recognized by the Group in current and prior periods. The required disclosure to explain the changes in borrowings, which are classified as financing activities, are presented in Note 13.

There are no other new standards, amendments to existing standards, and interpretations which are effective for the financial year beginning on January 1, 2017, which would have a significant impact or is considered relevant to the Group's consolidated financial statements.

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2017, and have not been early adopted nor applied by the Group in preparing these consolidated financial statements. None of these standards are expected to have significant effect on the consolidated financial statements of the Group, while the most relevant ones are set out below:

- PFRS 9, Financial Instruments (effective January 1, 2018), deals with the classification, measurement, and impairment of financial instruments, as well as hedge accounting. PFRS 9 replaces the multiple classification and measurement models for financial assets in PAS 39, Financial Instruments: Recognition and Measurement, with a single model that has three (3) classification categories: amortized cost, fair value through other comprehensive income, and fair value through profit or loss. Classification under PFRS 9 is driven by the entity's business model for managing the financial assets and whether the contractual characteristics of the financial assets represent solely payments of principal and interest. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income. The classification and measurement of financial liabilities under PFRS 9 remains the same as in PAS 39 except where an entity has chosen to measure a financial liability at fair value through profit or loss. For such liabilities, changes in fair value related to changes in own credit risk are presented separately in other comprehensive income.

  The impairment rules of PFRS 9 introduce an expected credit losses model that replaces the incurred loss impairment model used in PAS 39. Such new impairment model will generally result in earlier recognition of losses compared to PAS 39. The expected impact would be a certain of percentage of the accounts that are past due but not impaired as at March 31, 2018.

  The hedging rules of PFRS 9 better align hedge accounting with an entity's risk management strategies. Also, some of the prohibitions and rules in PAS 39 are removed or changed, making hedge accounting easier or less costly to achieve for many hedges. The Group had no hedging activities as at March 31, 2018.

- PFRS 15, Revenue from Contracts with Customers (effective January 1, 2018), deals with revenue recognition and establishes principles for reporting useful information to users of consolidated financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and, thus has the ability to direct the use and obtain the benefits from the good or service. Under the new standard, the notion of control replaces the existing notion of risks and rewards.

The standard replaces PAS 18, Revenue, and PAS 11, Construction Contracts, and related interpretations. A five-step process must be applied before revenue can be recognized which include: (i) identification of contracts with customers; (ii) identification of the separate performance obligation; (iii) determination of the transaction price of the contract; (iv) allocation of the transaction price to each of the separate performance obligations; and (v) recognition of revenue as each performance obligation is satisfied. Revenue may also be recognized earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome, etc.) - minimum amounts must be recognized if these are not at significant risk of reversal.

Further, the point at which revenue is able to be recognized may shift: some revenue which is currently recognized at a point in time at the end of a contract may have to be recognized over the contract term and vice versa.

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

  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"). Based on its current contracts which are short-term, the Group does not foresee any significant effect on the consolidated financial statements but will continue to assess the impact of PFRS 16 closer to the date of mandatory adoption.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Parent Company and IDC, a wholly-owned subsidiary, as at March 31, 2018 and December 31, 2017 and for the quarter ended March 31, 2018 and year ended December 31, 2017. The Group uses uniform accounting policies, any difference between the Parent Company and Subsidiary are adjusted properly.

As at March 31, 2018 and December 31, 2017, 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 is as follows:

	March 31, 2018 (UNAUDITED)	December 31, 2017 (AUDITED)
Total current assets	P 49,507,147	P 49,507,147
Total current liabilities	1,883,294	1,883,294
Net assets	P 47,623,853	P 47,623,853
Expenses	-	40,484
Total comprehensive loss	-	(40,484)

The Subsidiary did not generate any cash flows for the quarter ended March 31, 2018 and year ended December 31, 2017.

(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 unrealized 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.

19.2 Cash and funds held by a custodian bank

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

19.3 Financial instruments

<u>Classification</u>

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 as at March 31, 2018 and December 31, 2017.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and where management has no intention of trading. These are included in current assets, except for maturities greater than 12 months after the reporting date, in which case, these are classified as non-current assets. Loans and receivables comprise of cash (Note 19.2), receivables, including a portion of advances to subcontractors and excluding advances to officers and employees (Note 19.4), funds held by custodian bank (Note 19.2) and refundable deposits (Note 19.5) under other assets in the consolidated statement of financial position.

(ii) Available-for-sale financial assets

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

(b) Financial liabilities

The Group classifies its financial liabilities as financial liabilities at fair value through profit or loss or financial liabilities at amortized cost. The Group does not have any financial liability designated at fair value through profit or loss as at March 31, 2018 and December 31, 2017.

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 19.12), borrowings (Note 19.13), and liability for refund of stock rights subscription (Note 14 and 19.2) are classified under this category.

Recognition and measurement

(a) Initial recognition and measurement

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

(b) Subsequent measurement

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

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

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

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

Impairment of financial assets

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

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

(i) Loans and receivables

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

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognized in profit or loss. If a loans and receivable has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using observable market price.

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

(ii) Available-for-sale financial assets

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

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

Derecognition

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

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

Offsetting

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

19.4 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 costs and expenses in the consolidated statement of total comprehensive income. When a receivable remains uncollectible after the Group has exerted all legal remedies, it is written-off against the allowance account for receivables.

19.5 Prepayments and other current assets

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

Prepayments and other assets are carried at cost and are included in current assets, except when the related goods or services are expected to be received and rendered more than 12 months after the end of the reporting period, in which case, these are classified as non-current assets.

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 VAT 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.

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

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

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

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

19.7 Investment property

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

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

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

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

Changes in fair values are recognized in profit or loss.

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

Removal of an item within investment property is triggered by a change in use, by sale or disposal. If an investment property becomes owner-occupied, it is reclassified as property and equipment (Note 19.9), 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.

19.8 Investments in other entities

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

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

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

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

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

19.9 Property and equipment

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

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

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

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

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

19.10 Impairment of non-financial assets

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

Assets that have definite useful life are subject to depreciation and amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets are 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.

19.11 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).

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

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

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

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

(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.

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

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

(b) Non-financial assets or liabilities

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

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a 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.

19.12 Accounts payable and accrued expenses

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

Accounts payables and accrued expenses are measured at the original invoice amount (as the effect of discounting is immaterial). Other relevant policies are discussed in Note 19.3.

19.13 Borrowings and borrowing costs

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.
General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

19.14 Current and deferred income tax

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

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

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

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

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

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

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

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

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

19.15 Employee benefits

(a) Retirement benefits

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

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

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

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

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

Past service costs are recognized immediately in profit or loss.

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

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes costs for a restructuring that is within the scope of PAS 37, Provisions, Contingent Liabilities and Contingent Assets, 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.

19.16 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 12). 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.

19.17 Share capital

(a) Share capital

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

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

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

(b) Treasury shares

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

(c) Retained earnings

Retained earnings include current and prior years' results of operations, net of transactions with shareholders and dividends declared, if any. Retained earnings also include the effect of changes in accounting policy as may be required by the relevant standards' transitional provisions on their initial adoption.

Dividend distribution to the Group's shareholders is recognized as a liability in the Group's separate financial statements in the period in which the dividends are approved by the Group's Board of Directors.

(d) 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.

19.18 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.

19.19 Revenue and expense recognition

Revenue is recognized at fair value of the consideration received or receivable for the sale of real estate in the ordinary course of the Group's activities.
The Group recognizes revenue when the amount of revenue can be reliably measured, it is possible that future economic benefits will flow into the Group and specific criteria have been met for each of its activities as described below.

(a) Sales of real estate and cost of sales

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

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

(b) Interest income and expense

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

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

Once a financial asset or a 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) Rental income

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

(e) Other income

Other income is recognized when earned.

(f) Expenses

Expenses are recognized when incurred.

19.20 Leases

(a) Group as lessor - operating lease

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

The Group leases out a parcel of its land. Rental income is recognized in accordance with the rental income accounting policy in Note 19.19.

(b) Group as lessee - operating lease

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

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

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

19.21 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.

19.22 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.

19.23 Operating segments

The Group's operating businesses are organized and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that offers different services and serves different markets.

19.24 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(For the Quarter Ended March 31, 2018)

The following discussion should be read in conjunction with the Consolidated Financial Statements of the Registrant that are incorporated to this Report by reference. Such Consolidated Financial Statements have been prepared in accordance with Philippine GAAP.

The Company is currently in the real estate development business after having shifted away from its oil exploration activities. Its concentration is in the development of its approximately 2,200 hectare property in Binangonan, Rizal. The property is titled and is registered in the name of the Company.

After its successful stock rights offering on June 2010 that generated a total amount of P400M, the Company is in full gear to undertake the development of its Binangonan Property. On August 5, 2010, IRC entered into a Joint Venture Agreement with Dreamhauz Management and Development Corporation (DMDC) for the development of a 150,000 square meter land of the Corporation in Binangonan, Rizal, into a residential subdivision called Sunshine Fiesta Subdivision.

As for Fiesta Casitas Subdivision, a joint venture project with Dell Equipment and Construction Corporation, 123 units out of 1,015 units are assigned to IRC, representing the 12% share of the company.

Design planning for Eastridge residences is on hold as prospective investors are being eyed for the project. The company is talking to a possible investor (Japanese group) to develop the condominium project.

Management believes that these projects will generate significant amount of sustainable income stream and operating cash flows to the Company. There is a huge demand for housing in the region and the property is well situated in relation to the future growth direction of the metropolis.

On February 16, 2016 IRC Properties, Inc. ("IRC") entered into a Subscription Agreement with Sigma Epsilon Fund Limited (the "Subscriber"), a corporation organized and existing under the laws of Cayman Island with principal office located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman

KY1-111, Cayman Islands, represented herein by its Director, Mr. Lee Puay Ching, hereby subscribes to Two Hundred Million common shares of IRC PROPERTIES, INC. with a par value of One Peso per share at a subscription price of P1.40 per share, or for a total subscription price of Two Hundred Eighty Million Pesos (Php 280,000,000.00).

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

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

On January 27, 2013, the Securities and Exchange Commission ("SEC") approved the Amended Articles of Incorporation of the Parent Company on change of corporate name from Interport Resources Corporation to IRC Properties, Inc., changes in the primary purpose and declassification of stock.

On September 10, 2013, the Company entered into a Contract to Sell with Hundred Lake Development Corporation, whereby the company agreed to sell its land located in Binangonan, Rizal, with an area of 183,729 square meters at P475/m2. The company received P75 million as down payment upon execution of the Contract to Sell and the balance of P12,271,275.00 was fully collected in 2014 upon transfer of the property to the buyer.

As at March 31, 2015, the Group's negotiations with a leading local real estate developer relative to the acquisition of a portion of the 2,000-hectare Binangonan lot have not materialized. The deal is expected to be completed this year. The Group believes that the entry of the leading local real estate developer will jumpstart the development of a new mixed-use community south of Metro Manila.

Presently, the Company has a total of 23 personnel excluding the Chairman, President and Corporate Secretary. Management intends to hire additional personnel as the need arises.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Its overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

The Management, under the direction of the Board of Directors is responsible for the management of financial risks. Its objective is to minimize the adverse impacts on the Company's financial performance due to the unpredictability of financial markets.

The Company's equity position is in compliance with the minimum statutory requirements applicable to public companies.

Financial Condition

Interim Report (March 31, 2018)

The Company employed total assets of P3,667,113,293 financed by total liabilities of P1,774,380,313 and total stockholders' equity of P1,892,732,980. Noncurrent assets amounted to P2,497,813,046 consisting of investment property, property and equipment (net of accumulated depreciation) and other assets. Current assets stood at P1,169,300,247.

Results of Operation

A comparative review of the Company's financial operations for the quarter ended March 31, 2018 *vis-à-vis* the same period last year showed the following:

The significant increase of P24.2 million or 47.5% in total revenue was due to the cancellation and subsequent reversal of the P50 million notes payable to PrimeEast recognized as income. The effect of the P50 million reversal was reduced by the decrease in Real Estate sales due to the lower number of units sold for the period (23 units) as compared to last year (69 units). Total cost and expenses increased by P0.6 million from P43.7 million mainly because of the recognition of provision for doubtful accounts and retirement benefit expense.

Material changes (March 31, 2018 vs. December 31, 2017)

Cash increased by P13.4 million or 705% mainly due to loan availments from Yuanta Savings Bank amounting to P 30 million.

Real properties held for sale and development decreased by P16.7 million or 43% due to sales of twenty-three (23) units during the first quarter of 2018.

Property and equipment decreased by P0.2 million or 12% due to depreciation expense.

Current portion of borrowings decreased by P22.4 million or 10% due to reversal of notes payable related to PrimeEast Properties, Inc.

Retirement benefit obligation increased by P3.2 million or 66% due to retirement benefit expense established for the first quarter of 2018.

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

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

a. The Company's capital expenditures commitments are land clearing cost and the Casas Aurora Project. It is not under any pressing obligation to pay its advances to affiliates. The Company has enough resources to cover payment of liabilities through the sale of some of its properties.

b. The Management does not foresee any event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

c. The Company does not have any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships with unconsolidated entities or other persons created during the reporting period.

d. The Management is not aware of any known trends, demands, commitments, events or uncertainties that have had or that are reasonably expected to have a material favourable or unfavourable impact on the company's liquidity, net sales or revenues or income from continuing operations.

e. The Company does not have any significant elements of income or loss that did not arise from the company's continuing operations.

REGISTRANT'S COMPARATIVE FINANCIAL SOUNDNESS INDICATORS

	Mar 31, 2018	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Working Capital	702,484,519	677,193,052	727,226,606	424,872,987
Current Ratio	2.505	2.395	2.580	1.594
Quick Ratio	.235	.204	.230	.134
Asset to Equity Ratio	1.937	1.957	1.919	2.160
Debt to Assets Ratio	.484	.489	.480	.537
Debt to Equity Ratio	.937	.957	.919	1.160
Gross Profit Margin	.331	.331	.378	.770
Operating Profit Margin	.410	.150	.460	.535
Net Profit Margin	.337	.117	.328	.321
Return on Assets	.007	.006	.021	.008
Return on Equity	.013	.012	.040	.019
Interest Coverage Ratio	-nil-	-nil-	-nil-	-nil-

Current/ Liquidity Ratios - shows the ability of the company to pay off its debts over the next year.

Working Capital- computed as current assets minus current liabilities.

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

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

Solvency Ratios - measure the company's ability to pay all debts, particularly long-term debts.

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

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

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

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

Profitability Ratios

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

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

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

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

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

REPORT ON SEC FORM 17-C:

Date	Particulars
January 11, 2018	List of Top 100 Stockholders

PART II – OTHER INFORMATION

ITEM 4 - NON-APPLICABILITY OF OTHER SEC-REQUIRED NOTES

Notes required to be disclosed but are not applicable to the Registrant are indicated below:

a. Assets Subject to Lien and Restrictions on Sales of Assets
b. Changes in Accounting Principles and Practices
c. Defaults
d. Preferred Shares
e. Pension and Retirement Plans
f. Restrictions which Limit the Availability of Retained Earnings for Dividend Purposes
g. Significant Changes in Bonds, Mortgages and Similar Debt
h. Registration with the Board of Investments (BOI)
i. Foreign Exchange losses Capitalized as part of Property, Plant & Equipment
j. Deferred Losses Arising from Long-Term Foreign Exchange Liabilities
k. Segment Reporting
l. Disclosure not made under SEC Form 17-C: None

ITEM 5- RECOGNITION OF IMPACT OF THE FOLLOWING NEW STANDARDS

The following new standards do not have and are not expected to have a material impact on the Group's financial statements.

	Adopted/Not adopted/ Not applicable
a. Separate Financial Statements PAS 27 (Amended)	Adopted
b. Investments in Associate and Joint Venture PAS 28	Adopted
c. Government Loans (Amendments to PFRS 1)	Not applicable
d. Disclosure-Offsetting Financial Assets and Financial Liabilities (Amendments to PFRS 7)	Adopted
e. Consolidated Financial Statements (PFRS 10)	Adopted
f. Joint Arrangements (PFRS 11)	Adopted
g. Disclosure of Interests in Other Entities (PFRS 12)	Adopted
h. Fair Value Measurement (PFRS 13)	Adopted
a. Financial Instruments (PFRS 9)	Not Adopted

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: **IRC PROPERTIES, INC.**

GEORGINA A. MONSOD
President

GLORIA GEORGIA GARCIA
Chief Finance Officer