COVER SHEET

SEC Registration Number

7	7	8	2	3						

COMPANY NAME

CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES

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

2/F Cityland Condominium 10, Tower I, 156 H. V. Dela Costa Street, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A	MSRD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
fmsd@cityland.net	893-6060	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
669 (as of December 31, 2017)	1nd Tuesday of June	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
RUDY GO	cdc_rg@cityland.net	893-6060	N/A

CONTACT PERSON'S ADDRESS

3/F Cityland Condominium 10 Tower II, 154 H. V. Dela Costa Street, Makati City

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

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

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 fiscal year ended **December 31, 2017**

2. SEC Identification Number: **77823** 3. BIR Tax Identification No.: **000-527-103**

4. Exact name of issuer as specified in its charter: **Cityland Development Corporation**

5. **2/F Cityland Condominium 10, Tower I,**
156 H.V. Dela Costa Street, Makati City 1226 6. [ ] (SEC Use Only)
Address of Principal Office Industry Classification Code

4. **632-8936060**
Issuer's Telephone Number, including area code

5. Former Name, Former Address and Former Fiscal Year, if changed since last report **N/A**

6. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding
Unclassified Common Shares	**3,938,063,701**

7. Are any or all of these securities listed on a Stock Exchange?

Yes [**X**] No [ ]

If Yes, state the name of such stock exchange and the classes of securities listed therein:

Stock Exchange	Title of Each Class
Philippine Stock Exchange	**Unclassified Common Shares**

8. Check whether the issuer:

(a) Has filed all reports required to be filed by Section 17 of the SRC 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 90 days?

Yes [**X**] No [ ]

9. Aggregate market value of the voting shares held by non-affiliates:

Number of Shares		Price *		Aggregate Market Value
1,045,488,103	**x**	**Php 1.02**	**=**	**Php1,066,397,865**

** Based on the last traded date on April 4, 2018*

TABLE OF CONTENTS

PART I - BUSINESS AND GENERAL INFORMATION

Item I. Business

A. Background Information

1. Brief Company History

Cityland Development Corporation (the Company or CDC) is a domestic publicly listed corporation which is duly organized and existing under and by virtue of the laws of the Philippines since January 31, 1978 with the primary purpose of engaging in real estate development.

2. Listing in Stock Exchange

The Company was listed with the Manila and Makati Stock Exchange in March 1983.

3. Subsidiaries

a. City & Land Developers, Incorporated (CLDI): a domestic publicly listed corporation and a real estate company incorporated under the laws of the Philippines and registered with the Securities and Exchange Commission (SEC) on June 28, 1988.
b. Cityplans, Incorporated (CPI): a pre-need company incorporated under the laws of Philippines and registered with the SEC on October 27, 1988.

4. Nature of Operations

The Company's and its subsidiaries' (the Group) primary purpose is to acquire and develop suitable land sites for residential, office, commercial, institutional, and industrial uses. CPI is engaged in the business of establishing, organizing, developing, maintaining, conducting, operating, marketing and selling pension plans.

Its projects include medium to high-rise office, commercial, and residential condominiums located in cities of Makati, Mandaluyong, Manila and Pasig; and residential subdivisions and farmlots in Bulacan and Cavite.

B. Development of Business for the past three (3) years (2015-2017)

We present herewith the status of sales and construction of our projects as of the end of the following years:

CDC (Parent Company)

	PERCENTAGE SOLD			
	2017	**2016**	**2015**	
Pines Peak Tower II	34.95	14.44*	–	Launched in 2016
Pines Peak Tower I	95.65	90.76	60.52	Launched in 2012
Grand Central Residences	90.17	78.69	64.30	Launched in 2010
Makati Executive Tower IV	98.35	96.73	92.15	Launched in 2009
Mandaluyong Executive Mansion III	99.17	98.65	96.07	Launched in 2008
Makati Executive Tower III	99.62	99.08	96.06	Launched in 2006
Manila Executive Regency	99.76	99.45	99.08	Launched in 2005
RADA Regency	100.00	100.00	100.00	Launched in 2005
Corinthian Executive Regency	100.00	99.75**	99.76	Launched in 2004
Makati Executive Tower II	100.00	99.51**	99.62	Launched in 2003

**The percentage of completion/ construction of Pines Peak Tower II is not yet beyond the preliminary stage as of 2016, hence, for accounting purposes, no revenue from sale of real estate properties was recognized.*
***The decrease in percentage of sold in 2016 as compared with 2015 was due to cancellations/ forfeiture of sales due to non-payment.*

	PERCENTAGE OF COMPLETION		
	2017	**2016**	**2015**
Pines Peak Tower II	52.98	7.50	–
Pines Peak Tower I	100.00	100.00	93.94
Grand Central Residences	100.00	100.00	100.00
Makati Executive Tower IV	100.00	100.00	100.00
Mandaluyong Executive Mansion III	100.00	100.00	100.00
Makati Executive Tower III	100.00	100.00	100.00
Manila Executive Regency	100.00	100.00	100.00
Rada Regency	100.00	100.00	100.00
Corinthian Executive Regency	100.00	100.00	100.00
Makati Executive Tower II	100.00	100.00	100.00

CLDI (Subsidiary)

	PERCENTAGE SOLD			
	2017	**2016**	**2015**	
One Taft Residences	14.29	8.63*	–	Launched in 2016
North Residences	61.63	35.71	19.43	Launched in 2014
Manila Residences Bocobo	99.52	98.48	96.94	Launched in 2009
Grand Emerald Tower	99.92	99.57	99.24	Launched in 2006
Pacific Regency	98.89	99.89	99.89	Launched in 2004

**Cash proceeds from the preselling of One Taft Residences and North Residences were recorded as part of "Accounts payable and accrued expenses" in the 2016 balance sheet respectively, since the construction is not yet beyond the preliminary stage.*

	PERCENTAGE OF COMPLETION		
	2017	**2016**	**2015**
One Taft Residences	14.93	0.35	–
North Residences	97.37	75.55	37.73
Manila Residences Bocobo	100.00	100.00	100.00
Grand Emerald Tower	100.00	100.00	100.00
Pacific Regency	100.00	100.00	100.00

CPI (Subsidiary)

	PERCENTAGE SOLD			
	2017	**2016**	**2015**	
Windsor Mansion	98.11	93.07	93.07	Launched in 2007
Oxford Mansion	98.24	98.24	98.24	Launched in 2004
Pasig Royale Mansion	100.00	100.00	100.00	Launched in 2003

	PERCENTAGE OF COMPLETION		
	2017	**2016**	**2015**
Windsor Mansion	100.00	100.00	100.00
Oxford Mansion	100.00	100.00	100.00
Pasig Royale Mansion	100.00	100.00	100.00

1. Project Description

CDC

Future Projects:

Pioneer Heights 1

Pioneer Heights 1 is a 26-storey residential and commercial condominium to be located in Pioneer St., Mandaluyong City. Its amenities include swimming pool, children's playground, multi-purpose function room, laundry room, information area, administration room and 24-hour association security.

101 Xavierville

101 Xavierville is a 40-storey residential and commercial condominium to be located along Xavierville Avenue, Loyola Heights, Quezon City. The project is easily accessible to various schools such as Ateneo de Manila University, University of the Philippines and Miriam College; recreational parks and leisure places.

Ongoing Projects:

Pines Peak Tower II

Pines Peak Tower II is a 27-storey residential condominium conceptualized for the fast-paced Filipino family. It is beside Pines Peak Tower I along Pines St., Brgy. Barangka Ilaya, Mandaluyong City. It is only a block away from the major thoroughfare of EDSA, near Shaw Boulevard, Pioneer and MRT Boni Station. The project is easily accessible to various commercial centers like Shangri-La Mall, Star Mall, Robinson's Place Pioneer, SM Megamall, The Podium, Metrowalk and schools like Lourdes, St. Paul and University of Asia and the Pacific.

Estimated Date of Completion: March 2021

Completed Projects:

CityNet Central

CityNet Central is a 22-storey commercial and BPO office building located in central business district along Sultan Street, Brgy. Highway Hills, Mandaluyong City with its proximity to MRT station and various transportation hubs.

Pines Peak Tower I

Pines Peak Tower I is a 27-storey residential condominium located at Union corner Pines St., Barangka, City of Mandaluyong. Its amenities include swimming pool, viewing deck, multi-purpose function room with movable children play set, gym and 24-hour association security.

CityNet1

CityNet1 is a 5-storey premiere business technology hub located along 183 EDSA, Brgy. Wack-Wack, Mandaluyong City.

Grand Central Residences

Grand Central Residences is a 40-storey office, commercial and residential condominium located at EDSA corner Sultan St., (fronting MRT Shaw), Mandaluyong City. It is in close proximity to schools, churches, malls and hospitals. It is equipped with swimming pool, multi-purpose function room, gym, multi-purpose deck, CCTV and 24-hour association security.

Makati Executive Tower IV

Makati Executive Tower IV is a 29-storey commercial and residential condominium located at Cityland Square, Sen. Gil Puyat Ave., cor. P. Medina St., Makati City. It is in close proximity to schools, malls, hypermarkets and hospitals. Its amenities include swimming pool, gym, playground, function room, roof deck and 24-hour association security.

Mandaluyong Executive Mansion III

Mandaluyong Executive Mansion III is a 7-storey commercial and residential condominium located at G. Enriquez St., Brgy. Vergara, Mandaluyong City. It is in close proximity to schools, malls, churches and hospitals. Its amenities include playground, swimming pool, basketball court and 24-hour association security.

Makati Executive Tower III

Makati Executive Tower III is a 37-storey commercial, office, and residential condominium located at Cityland Square, Sen. Gil Puyat Avenue, Pio Del Pilar, Makati City. Its amenities include swimming pool, sauna, viewing deck, jogging area, mini-gym, children's playground, function room and 24-hour association security.

Manila Executive Regency

Manila Executive Regency is a 39-storey office, commercial and residential condominium situated along J. Bocobo St. Ermita. This property has a close proximity to churches, malls, parks, party places, historical places, government institutions, and commercial establishments. Its amenities and facilities include swimming pool, gym, spa, function room, children's playground and Manila Bay viewing deck.

RADA Regency

RADA Regency is a 25-storey residential, office and commercial condominium in Legaspi Village, at the heart of the Makati Business District. It is just a leisurely walk to major shopping and entertainment centers, banks, school and universities, churches, hospitals and restaurants. The Greenbelt malls, Makati Medical Center and many recreation centers are also within close reach.

Corinthian Executive Regency

Corinthian Executive Regency is a 39-storey office, commercial and residential condominium located along Ortigas Avenue, Pasig City. It has an excellent location and close proximity to various schools (La Salle Greenhills, Poveda), churches, hospital (The Medical City), banks, shopping malls (Robinson's Galleria, SM Megamall, The Podium, Shangri-La), restaurants and other leisure centers. Its amenities and facilities include swimming pool, gym, sauna for men and women, viewing deck, function room, laundromat, provision for children's playground and 24-hour association security.

Makati Executive Tower II

Makati Executive Tower II is a 35-storey residential condominium located in Dela Rosa St., corner Medina St., Makati City. The tower offers a great location being few steps away from shopping centers, hotels, banks, hospitals, churches and major thoroughfares. Also, its proximity to LRT and MRT gives easy access to transportation.

CLDI

Future Project:

One Hidalgo

One Hidalgo is a 39-storey mixed residential, office and commercial condominium to be located at 1730 P. Hidalgo Lim St., corner Gen. Malvar St., Malate, Manila. It is near to various universities (De La Salle University, University of the Philippines – Manila, Philippine Christian University), government agencies (Supreme Court, Court of Appeals, Department of Justice) and other leisure establishments.

Ongoing Projects:

One Taft Residences

One Taft Residences is a 40-storey mixed residential, office and commercial condominium which is located at 1939 Taft Avenue, Malate, Manila. It is with easy access to various universities (De La Salle University, University of the Philippines – Manila, Philippine Christian University), transportation hubs, shopping centers, businesses, commercial and government offices.

Estimated Date of Completion: September 2022

North Residences

This 29-storey commercial and residential condominium is located along EDSA (beside WalterMart) corner Lanutan, Brgy. Veterans Village, Quezon City. It is conceptualized for the practical modern families to enjoy suburban city living that is friendly on the budget. The project was turned over in March 2018.

Completed Projects:

Manila Residences Bocobo

Manila Residences Bocobo is a 34-storey commercial, office and residential condominium located along Jorge Bocobo St., Ermita, Manila City. Its amenities and facilities include swimming pool, children's play area, gym, multi-purpose deck, function room and 24-hour association security. It is proximate to schools, malls, banks, hospitals, restaurants, churches, government offices and other leisure establishments.

Grand Emerald Tower

Grand Emerald Tower is a 39-storey commercial, office and residential condominium located along Emerald Avenue Corner Ruby and Garnet Streets, Ortigas Center, Pasig City. Its amenities and facilities include swimming pool, gymnasium, viewing deck, sauna, children's playground, multi-purpose function room, and 24-hour association security. It is proximate to schools, hospitals, shopping malls, banks, restaurants, hotels, churches and other leisure and business establishments.

Pacific Regency

Pacific Regency is a 38-storey commercial, office and residential condominium located at Pablo Ocampo Sr. Ave. (formerly Vito Cruz Street) in front of Rizal Memorial Sports Complex in Manila. Amenities and facilities include swimming pool, gymnasium, separate sauna for male and female, function room, children's playground, 24-hour association security, viewing area and jogging areas at the roof deck.

CPI

Windsor Mansion

Windsor Mansion is an 8-storey commercial and residential condominium located along Evangelista St., New Santolan, Pasig City. Amenities and facilities include 2 elevators, administrative office, visitors' lounge, provision for cable TV and telephone line, individual water sub meter / Meralco meter and 24-hour association security. This project is also developed together with Cityland, Inc. (CI or the Ultimate Parent Company).

Oxford Mansion

Oxford Mansion is an 8-storey commercial and residential condominium located along Evangelista St., New Santolan, Pasig City. Amenities and facilities include 2 elevators, administrative office, visitor's lounge, provision for cable TV and telephone line, individual water sub meter / Meralco meter and 24-hour association security. This project is also developed together with CI.

Pasig Royale Mansion

Pasig Royale Mansion is an 8-storey mid-rise condominium located at Evangelista St., New Santolan, Pasig City. Amenities and facilities include a swimming pool, a function room, a viewing area and a visitor's lounge. This project is also developed together with CI.

2. Marketing

All projects are sold by direct company salesmen and independent brokers.

3. Revenue Contribution to Total Revenues on Sale of Real Estate Properties

	PERCENTAGE		
	2017	**2016**	**2015**
Cityland Development Corporation			
Grand Central Residences I	25.42	24.42	23.83
Pines Peak Tower II	19.89	–	–
Pines Peak Tower I	9.92	41.58	29.28
Makati Executive Tower IV	3.65	7.17	3.88
Makati Executive Tower III	2.23	6.35	2.96
Mandaluyong Executive Mansion III	1.59	1.57	0.44
Manila Executive Regency	0.72	0.61	0.27
Makati Executive Tower II	0.41	0.17	–
Corinthian Executive Regency	0.37	0.36	0.08
RADA Regency	0.14	0.39	0.04
Naic Property	–	–	33.01
Others	0.78	0.23	0.13
Sub-total	65.12	82.85	93.92
City & Land Developers, Incorporated			
North Residences	26.88	13.32	3.20
One Taft Residences	3.86	–	–
Grand Emerald Tower	1.34	1.03	1.09
Manila Residences Bocobo	1.26	2.25	1.51
Others	0.20	0.26	0.09
Sub-total	33.54	16.86	5.89

	PERCENTAGE		
	2017	**2016**	**2015**
Cityplans, Incorporated			
Makati Executive Tower IV	0.56	–	–
Grand Emerald Tower	0.31	0.13	–
The Manila Residences II	0.19	–	–
Grand Central Residences I	0.17	0.14	–
Windsor Mansion	0.11	–	0.17
Pasig Royale Mansion	–	–	0.02
Sub-total	1.34	0.27	0.19
Total	**100.00**	100.00	100.00

4. Domestic and Foreign Sales Contribution to Total Sales

The table below illustrates the percentage of revenue attributable to domestic and foreign sales of real estate properties for the years ended December 31, 2017, 2016 and 2015:

	PERCENTAGE		
	2017	**2016**	**2015**
Sales			
Filipino Citizens	**89.46**	89.28	93.89
Foreign Citizens	**10.54**	10.72	6.11
Total	**100.00**	100.00	100.00

5. Competition

In the property development industry, the principal methods of competition among the developers are as follows: price; product or the type of development (i.e. high, middle, low-end); and service or property management after the project is turned over to the buyers.

The Group sells its products, which consist of condominium projects, to both end-users and investors at affordable prices. It foresees that the demand for real estate properties such as residential/ condominium units will remain underserved due to: i) continued shift from rural to urban areas; ii) continued increase in number of Overseas Filipino Workers (OFW) who have shown growing propensity for home purchase; iii) population growth; iv) increase in BPO offices; and v) worsening traffic in the business district.

The condominium project which is quite similar in price, type of development and proximity to Makati Executive Towers III and IV is The Linear, a project of Filinvest Land, Inc., which is located at corner Yakal, Malugay and Mayapis St., Makati City.

The condominium project that is quite similar in classification and proximity to Mandaluyong Executive Mansion III is the Suntrust Treetop Villas, a project of Suntrust (Empire East), which is located along Coronado St., Mandaluyong City.

The condominium projects that are quite similar with Grand Central Residences I in terms of price, type of development, location and market is the Fame Residences, a project of SM Development Corporation, which is located along EDSA and Mayflower St., Brgy. Highway Hills, Mandaluyong City.

The condominium project that is quite similar in classification and proximity to Pines Peak Tower I and II is the Avida Towers Centera, a project of Avida Land Corporation, which is located in Mandaluyong City.

The condominium project that is quite similar with One Taft Residences in terms of price, type of development, market and location is Victoria De Manila 2, by New San Jose Builders, which is located along Taft cor. General Malvar, Malate, Manila.

The condominium project that is quite similar with North Residences in terms of price, type of development, market and location is Zinnia Residences, a project of DMCI, located at 1211 North EDSA, Muñoz, Quezon City.

The Group believes that its projects are competitive projects because of its good location and affordable pricing.

6. Customers

The Group has a broad market base and is not dependent upon a single or few customers. In 2015, CDC sold a raw land in Naic, Cavite to a domestic corporation accounting for 35.15% of CDC's sales. Aside from this transaction, the Group has no significant transactions with customers in terms of percentage to total sales.

7. Purchases of Raw Materials and Supplies

The Group engaged the services of Millenium Erectors Corporation for the excavation, substructure, superstructures, civil and architectural works in the development of its projects.

The Group has no major existing construction materials supply contracts for its projects. The major construction materials like steel bars, cement, etc. are sourced through canvassing and bidding from its list of accredited suppliers. The Group then purchases the construction materials from the lowest bidder.

8. Transactions with and/or Dependence on Related Parties

The Group, in the normal course of business, has transactions and account balances with related parties.

Discussions of Transactions with and/or Dependence on Related Parties are discussed thoroughly in Item XII. *Certain Relationships and Related Party Transactions* of this report.

9. Number of Employees

The Group has a total of 218 employees as of December 31, 2017 classified as follows:

Managerial	49	Administrative	116
Rank & file	169	Operations	102
Total	**218**	**Total**	**218**

The number of employees is expected to increase by 9% within the next 12 months. The Group maintains an organizational framework whereby important management functions as well as administrative tasks are shared within the Group.

The Group gives bonuses to its employees. Also, employees are entitled to vacation and sick leaves and are covered by a retirement plan. All employees are not subject to collective bargaining agreement.

The Group's employees are not on strike neither, are threatening to strike nor have they been on strike in the past three (3) years.

10. Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions and Royalty Agreements

The following table summarizes the registered trademarks of the Group:

	TRADEMARK	REGISTRATION No.	Expiry Date
CDC	We Commit, We Deliver	4-2008-000846	September 8, 2018
	CDC	4-2008-001673	September 8, 2018
	CITYLAND	4-2008-000847	September 8, 2018
	CityNet1	4-2012-00004428	November 15, 2022
	CityNet Central	04-2016-006287	August 11, 2026

	TRADEMARK	REGISTRATION No.	Expiry Date
CLDI	City & Land Developers, Inc.	4-2008-000848	September 8, 2018
	CLDI	4-2008-002313	July 14, 2018
CPI	Cityplans, Inc.	04-2008-000849	September 8, 2018
	CITYPLANS, INC. w/ LOGO	04-2013-007503	August 14, 2024

11. Government Approval of Projects

Projects launched and completed during 2015 – 2017 are covered by the following permits:

a. Housing and Land Use Regulatory Board (HLURB)
- Certificate of Registration/License to Sell

b. City/Municipal Building Official / Department of Public Works and Highways (DPWH)
- Development Permit/Location
- Building Permit
  - excavation - sidewalk - sanitary
  - electrical - mechanical - fire
  - civil
- Occupancy Permit
  - electrical - mechanical - sanitary
  - civil - fire

c. Department of Environmental and Natural Resources (DENR)
- Environmental Compliance Certificate (ECC)

d. Laguna Lake Development Authority (LLDA)
- Permit to Construct
- Permit to Operate

12. Effect of Existing Government Regulations on the Business

The Group has complied with all the appropriate government regulations prior to the development and marketing of its projects. Compliance with these requirements symbolizes the unrelenting commitment of the management to service and protection of its community and environment.

13. Amount Spent for Research/Development Activities

The Group did not spend significant amount for research and development activities.

14. Cost and effect of Compliance with Environmental Laws

Payments made by the Group for environmental clearances to DENR are as follows:

2017	Final payment of ₱13,440.00 to LAQ consulting for LLDA Clearance of 101 Xavierville Payment of ₱89,405.93 to Laguna Lake Development Authority as application for LLDA Clearance Partial payment of ₱107,520.00 to LAQ Consulting for LLDA Clearance of 101 Xavierville Payment of ₱135,000.00 to EMB-NCR Credit Cooperative for EIS review fund of Pioneer Heights 1 & 2 Payment of ₱2,849.00 to EMB- NCR for discharge of permit of CityNet1 Payment of ₱13,440.00 to LAQ Consulting as downpayment for ECC/LDA Clearance of Xavierville property

	Payment of ₱36,500.00 to LAQ Consulting as downpayment for ECC Compliance Certificate of Pioneer Heights 1 & 2 Payment of ₱10,000.00 to Laguna Lake Development Authority for basic training course pollution control officer Final Payment of ₱12,500.00 to LAQ Consulting for ECC and LLDA Clearance of One Hidalgo property Payment of ₱89,350.90 to Laguna Lake Development Authority as application fee for LLDA Clearance of One Hidalgo property
2016	Payment of ₱12,500.00 to LAQ Consulting as downpayment for ECC & LLDA clearance of One Hidalgo property, a project of CLDI. Reimbursement of ₱5,055.00 for ECC application fee at DENR. Partial payment of ₱100,000.00 to LAQ Consulting as 100% payment for ECC and LLDA clearance of One Hidalgo property.
2015	No payment was made.

15. Major Risks Involved in Each of the Businesses of the Company

The risks to which the Group is exposed include the internal risks such as refinancing risk, credit risk, interest rate risk, market risk and liquidity risk; business risks and operational risks; and external ones arising from political and economic situation, real estate industry outlook, market competition and asset price bubble.

INTERNAL FACTORS

Refinancing The Group is primarily engaged in real estate development. Risk factor includes short-term borrowings which increases the possibility of refinancing risks. This debt mix in favor of short-term borrowings is a strategy which the Group adopted to take advantage of lower cost of money for short-term loans versus long-term loans. Because the Group has the flexibility to convert its short-term loans to a long-term position by drawing down its credit lines with several banks or sell its receivables, refinancing risk is greatly reduced.

The Group manages such refinancing risks by having a current and acid-test ratio of 2.42:1 and 1.69:1 as of December 31, 2017 from 2.43:1 and 1.66:1 as of December 31, 2016, respectively.

Credit Risk This is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The financial instruments, which may be the subject of credit risk, are the installment contracts receivable and other financial assets of the Group. The corresponding management strategies for the aforementioned risks are as follows:

a. The credit risk on the installment contracts receivable may arise from the buyers who may default on the payment of their amortizations. The Group manages this risk by dealing only with recognized, credit worthy third parties. Moreover, it is the Group's policy to subject customers, who buy on financing, to credit verification procedures. Also, installment contracts

receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is insignificant.

b. The credit risk on the other financial assets of the Group such as cash and cash equivalents, short-term investments, notes receivable and financial assets at fair value through profit or loss may arise from default of the counterparty. The Group manages such risks by its policy to enter into transactions with a diversified creditworthy parties to mitigate any significant concentration of credit risks. As such, there are no significant concentrations of credit risks in the Group.

Interest Rate Risk

This is the risk arising from uncertain future interest rates.

The Group's financial assets mainly consist of installment contract receivables, notes receivable, cash and cash equivalents and short-term investments. Interest rates on these assets are fixed at their inception and are therefore not subject to fluctuations in interest rates.

For the financial liabilities, the Group only has commercial papers which bear fixed interest rates, thus, are not exposed to fluctuations in interest rates.

Market Risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments which are measured at fair value are subject to market risk.

The available-for-sale financial assets are exposed to market risk. There is a risk for a decline in the value due to changes in the market. The exposure, however, is negligible because the amount of the said investment is insignificant as compared to the financial assets of the Group.

Liquidity Risk

This is the current and prospective risk to earnings or capital from the Group's inability to meet its obligations when they become due without incurring unacceptable losses. The Group's treasury has a well-monitored funding and settlement management plan. The following is the liquidity risk management framework maintained by the Company:

a. *Asset-Liability Management:* Funding sources are substantially from short-term borrowings. Funding sources are abundant and provide a competitive cost advantage. The Group also holds financial assets for which there is a liquid market and are, therefore, readily saleable to meet liquidity needs.

b. *Conservative/Liability Structure:* Funding is widely diversified. There is little reliance on wholesale funding services or other credit sensitive fund providers. The Group accesses funding across a diverse range of markets and counter parties.

c. *Excess Liquidity:* The Group maintains considerable excess liquidity to meet a broad range of potential cash outflows from business needs including financial obligations.

d. *Funding Flexibility:* The Group has an objective to maintain a balance between continuity of funding and flexibility through the use of loan from banks and commercial papers.

As such, the Group addresses risk on liquidity by maintaining committed borrowing facilities in the form of bank lines and established record in accessing these markets.

The Company is also exposed to risks which are beyond financial as follows:

GROUP'S BUSINESS AND OPERATIONS

Land Banking

The Group's land banking consists of parcels of land wherein some lots are being leased while awaiting the development of the Group's condominium projects. Having enough and diversified land banking is important to support the sustainability of the Group's business. The Group may be exposed to risks because of the possible changes in the value of these lots due to market circumstances which may result in impairment or decline in rental rate levels.

The Group currently has prime lots for future development and/or investment properties which are located in the different areas of Metro Manila and Cavite. The management also is in continuous study and research on the possible land acquisition which will depend on the need of the Group and negotiations with prospective sellers. For the land value changes and decline, the Group continues to be cautious in buying new properties by conducting studies on appraisal and conditions of the property within the vicinity.

Property development and construction

Construction of a condominium project starts from the planning and securing of permits, to the development or construction of the project and to the delivery or turnover of the units to the buyers. The construction of a project involves an average period of three to four years to complete the building. During this period, the Group may be exposed to the following risks:

- delays or longer than expected time of securing necessary licenses, permits and approvals from different government agencies or neighborhood;
- possible increase in the cost of materials and labor which will impact pricing and costing;
- labor disputes among and with the contractors and sub-contractors; and
- delay in the delivery of the project.

These risks are managed by the Group as follows:

- well-planned and carefully-phased project development with a reasonable timetable;
- concrete sources of financing of the project;
- accreditation and careful selection of general contractors and sub-contractors to ensure fulfillment and quality of work; and
- continuous and meticulous management of the Group's project development team to ensure that the project is progressing and being accomplished according to plan.

ECONOMIC FACTORS

Economic

The Group's business consists mainly of providing office and housing units in the Philippines and the results of the operations will be influenced by the general conditions of the Philippine economy. Any economic instability or failure to register improved economic performance in the future may adversely affect the Group's operations and eventually its financial performance.

Effect of climate change

It cannot be denied that the country is already experiencing the impact of climate change which is considered as a global problem which needs to be addressed by all countries.

Climate change has greatly affected the operations of the businesses, both private and local. Due to climate change, the supply or resources may decline which will lead to increase in cost. Thus, businesses should consider measures

to cope with the impact of environmental changes. Aside from considering the impact, businesses should also take its role in ensuring its compliance with the rules and regulations imposed by the environmental authorities.

Cityland Group has invested considerable effort in the development of programming approaches that integrate disaster risk management with long-term programs that have the objective of addressing the underlying causes of vulnerability. This means developing and applying various prevention, mitigation and preparedness policies, strategies and practices to minimize vulnerabilities and disaster risks. The Group firmly believes that emergency preparedness planning is a critical component for all development programming and is a necessary ingredient not only for effective emergency response but also for effective risk prevention, mitigation and preparedness before a disaster occurs. For the Group, emergency preparedness encompasses all aspects of disaster risk management – from addressing underlying causes to responding in times of emergencies. First and foremost, preparedness must focus on prevention and mitigation – taking pre-emptive measures to help communities avoid emergencies and become better equipped so that the impact of disasters are reduced. As one of the criteria set by the Group in acquisition of property, the Group considers whether the location of the prospective property is within the fault line and whether the area is prone to flooding. In this case, the Group minimizes the risk of incurring any additional costs/damages in the future.

Further, the Company has adopted controls to ensure its compliance with the environmental laws including but not limited to the following:

- tree planting activities as required by the Board of Investments (BOI) for the Company's BOI-registered projects;
- appointment of Pollution Control Officers in all condominium projects; and
- avoiding hazards and mitigating their potential impacts by reducing vulnerabilities and exposure and enhancing capacities of communities.

Political

The Group's business like all other businesses may be influenced by the political situation in the country. Any political instability in the future could have a material adverse effect in the Group's business.

Industry

The industry is characterized by boom-bust cyclical pattern exhibited in the past couple of decades where the industry normally goes through years of robust growth following years of slowdown. The industry is still in the boom stage.

Competition

The demand for housing especially in the medium-cost category has moderately stepped up. The situation has attracted both old and new players to develop projects that cater to this rising demand. As a result of the foregoing, competition in the area of medium-cost development is expected to intensify. The Group believes that it is in a better position to cope with the competition because of the affordability of the projects it offers in the market.

Asset Price Bubble

Asset price bubble in real estate occurs when there is an identified rapid increases in valuations of real property until they reach unsustainable levels and then decline. Real estate bubbles had existed in the recent past and is still widely believed to still exist in many countries such as the United States which had resulted in the recent subprime mortgage crisis.

In the Philippines, records of low interest rates have raised concerns over potential asset price bubble, however, the government through the Finance Secretary said that these risks are under control (www.cnbc.com). Increased scrutiny and monitoring of this risk in the country comes after Hongkong and Singapore

adopted measures to cool property prices (www.bloomberg.com). This asset price bubble risk is intensely monitored by the government agencies, Department of Finance and the Philippine Central Bank which is set to introduce a residential property-price index. This risk will be continuously mitigated by the appropriate actions and policies of regulators as well as the banking sector. Also, since the Philippine economy showed a healthy and sustainable growth, this reduces the risk of asset price bubble.

The Bangko Sentral ng Pilipinas (BSP) has reiterated that there are no macro-prudential risks from the real estate market as growth in the property sector remains demand driven. Mr. Amando Maglalang Tetangco, Jr., the incumbent Governor of BSP, said the BSP closely monitors the lending of banks to the property sector through a quarterly stress test. *"For real estate, we do the stress test quarterly because of the special nature of the property sector. Historically that is a source of problem. Not that we have that problem now but what we want is try to avert a potential problem in the property sector,"* he said. *"Right now we believe there is no asset bubble in the property sector. Basically the increase in property prices and the growth in the property sector has essentially been demand driven,"* Tetangco added. Unlike before, Tetangco said property developers are more conservative in their construction activities. (Source: http://www.msn.com/en-ph/money/topstories/no-asset-bubble-in-real-estate-bsp-reiterates/ar-BBminOS)

Demand for residential properties is mainly driven by the middle class, particularly overseas Filipinos and the young professionals from the BPO sectors. The Group's projects, which cater to the middle income groups, belong to the medium-cost category. This minimizes the Group's exposure to asset price bubble risk as compared to the high-end players in the real estate industry.

The Group manages the above risks by conducting assessments of the economic and political situations of the country as well as new developments in the industry. The procedures involve the gathering of information of economic indicators and political events as well as being aware of the new developments in the industry through media, business conferences, economic briefings and other sources.

With this information, the Group is able to assess and manage the risks mentioned above.

Item II. Properties

Investment properties and real estate properties held for future development as of December 31, 2017 are as follows:

Particular	Location	Total Area	Description	Mortgagee/ Limitation
Cityland Development Corporation				
1. Land & building	Corner Pioneer and Reliance Sts., partly located in Mandaluyong City & Pasig City	12,502	The property is located near MRT3 Boni Station; about a km. away from Ortigas Center and presently improved with warehouse buildings.	Security Bank / ₱1,600M & Metrobank / ₱200M
2. Land	Brgy. Punungyanan, Gen. Trias, Cavite	501,832	The land is adjacent to Eagle Ridge Golf Course and Gateway Business Park.	–
3. Land	Alabang Zapote Road, Almanza Uno, Las Piñas City	2,959	Lot is located at the northeast side of Alabang-Zapote Road	–

Particular	Location	Total Area	Description	Mortgagee/ Limitation
4. Building for lease (CityNet1)	Bo. Wack-Wack, Mandaluyong City	2,367	The property is located near POEA in front of Robinson's Galleria; along EDSA very near MRT3 Ortigas Station.	Security Bank / ₱1,600M
5. Building for lease (CityNet Central)	Brgy, Highway Hills, Mandaluyong City	3,300	Lot is located near EDSA Central & Shangri-La Mall in Shaw Blvd.	–
6. Office Condo	H.V. Dela Costa St., Salcedo Village, Makati City	891	This is an office condominium for lease and office use located at Cityland 10 Tower I&II in H.V.dela Costa corner Geronimo and Valero Sts., Makati City.	Metrobank / ₱200M
7. Land	Brgy. Bagong Pag-asa, Quezon City	2,025	Lot is located along North Avenue, Brgy. Bagong Pag-asa, Quezon City	–
8. Land	Brgy. Panungyanan, General Trias, Cavite	30,000	Lot is located along Amadeo-Tagaytay Road	–
9. Land	Brgy. Loyola Heights, Diliman, Quezon City	1,800	Lot is located along Xaverville Avenue	–
City & Land Developers, Incorporated				
1. Land	Roxas Blvd. Cor. Seaside Drive, Brgy. Tambo, Parañaque City	3,154	Lot is located along Roxas Blvd. Property.	–
2. Land	Malvar Cor. Pilar Hidalgo, Malate, City of Manila	1,797	Lot is located along Malvar Cor. Pilar Hidalgo, Malate	–

Ownership

The Group has complete ownership of the above-mentioned properties.

Plan to Purchase

The Group has intentions to acquire property (ies) within the next 12 months depending on the outcome of its negotiation with the prospective seller(s). We are also continuously receiving property offers and at the same time reviewing them but no definite property is identified yet.

Lease Contracts

Leased properties of the Group as of December 31, 2017 are as follows:

	Consolidated Rental Income
CityNet1 - Building for Lease	₱49,427,631
Pioneer - Units/Warehouse/Parking	16,933,313
Grand Central Residences - Condominium Units	12,189,770
CityNet Central - Building for Lease	11,522,573

Pines Peak Tower I - Condominium Units	7,135,800
Cityland Condominium 10 Towers I and II - Condominium Units/Parking	4,743,846
Makati Executive Towers - Condominium Units/Parking	3,540,559
Grand Emerald Tower - Condominium Units/Parking	3,450,519
Quezon City - Lot	3,388,040
Manila Executive Regency - Condominium Units/Parking	766,734
Manila Residences Bocobo	612,727
RADA Regency - Parking	521,520
Mandaluyong Executive Mansion III - Condominium Units/Parking	313,959
Roxas Boulevard - Lot	313,005
Cityland Herrera Tower - Parking/Storage	255,955
Corinthian Executive Regency	250,054
Windsor Mansion - Condominium Units	221,050
Other leased properties	4,094,253
Total	**₱119,681,308**

CityNet1 was registered with the Philippine Economic Zone Authority (PEZA) on March 3, 2014 with Registration No. EZ14-04. The Company leases out this property to a business process outsourcing (BPO) company which is also a PEZA-registered entity. On August 31, 2017, the Company completed the CityNet Central which is also a building for lease and registered with PEZA on February 17, 2015 with Registration No. EZ 15-06.

Item III. Legal Proceedings

The material legal proceedings to which the Group is a party or of which any of its subject during the past five (5) years up to latest date are as follows:

- **COMPANY**

A. Cityland Development Corporation

1. Cristy Katsui vs. Cityland Development Corporation
OP Case No. 15-A-001
Office of the President
Date Instituted: June 26, 2012

Cristy Katsui filed a Complaint dated June 20, 2012 which was received by Cityland on July 20, 2012, seeking an order for the rescission of the Contract to Sell over a commercial unit no. G-11 in Makati Executive Tower IV and for the return of all the amortizations paid by her and her children in the total amount of ₱1,634,000.00.

Cityland stated in its Answer that it cancelled the above-mentioned Contract to Sell in compliance with the instruction of Katsui in her letter, in behalf of all the Buyers, dated June 21, 2011. She was informed that she is not entitled to any cash surrender value under R.A. No. 6552 that requires a minimum payment of 24 monthly installments. Katsui paid only 14 installments. Besides, the unit is a commercial unit which is not covered by the law which seeks to protect buyers of residential units. Unfavorable decision was rendered by the HLURB and the same was elevated to the Office of the President which is now pending.

2. Esmeraldo Balosa vs. Cityland Development Corporation
CA-G.R. CV No. 106040
Court of Appeals
Date Instituted: April 11, 2008

Esmeraldo Balosa filed a case for Preliminary Mandatory Injunction with damages against Cityland after the Business and License Department of Mandaluyong City closed his stalls due to Balosa's failure to secure the necessary permits. He alleged that he has not been paying the lease because another entity is also claiming ownership of the leased property and that the property cannot be used

for his business. Balosa claims Cityland illegally ejected him. The Regional Trial Court dismissed the complaint of Balosa and denied his Motion for Reconsideration. The Court of Appeals dismissed Balosa's appeal and now attained finality.

B. City & Land Developers, Incorporated

1. **Republic of the Philippines represented by the Department of Public Works and Highways (DPWH), through the Bureau of Design-Right of Way Office (BOD- ROWO) vs. City & Land Developers, Inc.**
   Civil Case No. 13-0209
   Paranaque Regional Trial Court – Branch 274
   Date Instituted: July 16, 2013

   DPWH filed a Complaint for Expropriation for certain portions of the properties, including the improvements therein, of CLDI located in Barangay Tambo, Paranaque City, which will be part of the NAIA Expressway Project Phase II. A Writ of Possession was issued by the court. Trial of the case is ongoing on the issue of just compensation.

2. **Sta. Ana Village Homeowners' Assoc. Inc. (SAVHA) vs. City & Land Developers, Inc.**
   Civil Case No. 12-009
   Paranaque Regional Trial Court – Branch 274
   Date Instituted: January 16, 2012

   SAVHA filed a Complaint dated January 16, 2012 which was received by CLDI on March 3, 2012, to enjoin defendant and all persons allowed by said defendant CLDI from using Benedictine Street in Sta. Ana Village, Barangay Sun Valley, Paranaque City, and to order the defendant by way of a writ of mandatory injunction, to open another outlet to the main road without cost or liability to plaintiff.

   CLDI stated in its Answer that plaintiff has not proven its claim over Benedictine Street because the Deed of Donation used by the plaintiff is a falsified and/or spurious document. Furthermore, there is a Right-of-Way Agreement for Benedictine Street. Case was dismissed. However, SAVHA filed a Motion for Reconsideration which was granted. SAVHA's unnotarized Judicial Affidavit of first witness was expunged from the records of the case. SAVHA's legal counsel withdrew from the case. New counsel for SAVHA appeared. Trial of the case is ongoing.

- **PROPERTY**

  Aside from the above mentioned cases, there were no cases filed wherein the Group's property/ies is/are the subject.

The Group does not expect that the outcome of the material legal proceedings above involving the Group will have a material adverse effect on the financial condition of the Group.

During the past five years up to present, there is no bankruptcy petition filed by or against any business of which such person was a general partner or executive officer of the Group either at a time of the bankruptcy or within two years prior to that time.

During the past five years up to present, the Group, any of its directors or executive officers has no conviction by final judgment, domestic or foreign, or is not subject to a pending criminal proceeding, domestic or foreign.

During the past five years up to present, the Group, any of its directors or executive officers is not subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities.

During the past five years up to present, the Group, any of its directors or executive officers has not been found by a domestic or foreign court of competent jurisdiction (in civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

Item IV. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item V. Market for Registrant's Common Equity and Related Stockholders Matters

1. Dividends Policy

Dividends declared by the Group on its shares of stock are payable in cash or in additional shares of stock. The payment of dividends in the future will depend upon the earnings, cash flow, and financial condition of the Group and other factors.

Dividends declared on shares of stock are payable in cash or in additional shares of stock. Future dividend payments, if any, will depend on the earnings, cash flow and financial condition of the Group and other factors.

The Corporation Code prohibits stock corporations from retaining surplus profits in excess of 100% of their paid-in capital stock, except when justified by definite corporate expansion projects or programs approved by the Board of Directors (BOD), or when the corporation is prohibited under any loan agreement with any financial institution or creditor from declaring dividends without its consent, and such consent has not yet been secured, or when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation.

2. Dividends

	2017	2016	2015
Cash	₱0.036	₱0.066	₱0.027
Stock	5%	5%	-

Cash dividends on common shares were deducted from retained earnings upon declaration by the BOD. All cash dividends due during the year were paid.

The Parent Company declared 5% stock dividends in 2017. All stock dividends declared during the year were distributed.

Stock dividends on common shares are measured based on the total par value of declared stock dividend. Stock dividends are deducted from retained earnings when the BOD’s declaration is ratified by the stockholders of the Parent Company. Unissued stock dividends are recorded as stock dividends distributable and credited to capital stock upon issuance. Dividends for the year that are declared after the end of the reporting period but before the approval for issuance of financial statements are dealt with as an event after the reporting period.

3. Stock Prices

The stock prices of CDC are as follows:

		Unclassified Common Shares	
		High	**Low**
2017	First Quarter	1.45	1.13
	Second Quarter	1.63	1.14
	Third Quarter	1.65	1.46
	Fourth Quarter	1.48	1.10
2016	First Quarter	1.19	0.90
	Second Quarter	1.25	0.96
	Third Quarter	1.25	0.98
	Fourth Quarter	1.59	1.00

Note: Prices in 2017 took into account the 5% stock dividends declared to the stockholders of record as of July 6, 2017.

4. Trading Market

The Parent Company's common equity is traded in the Philippine Stock Exchange.

The Group has no plans of acquisition, business combination, or other reorganization that will take effect in the near future that involves issuances of securities.

5. Price Information on the Latest Practicable Date

The Parent Company's shares were last traded on April 4, 2018 at ₱1.02 per share.

6. Public Ownership

Total number of shares owned by the public is 1,038,452,993 shares which represent 26.37% of the total 3,940,001,648 number of listed common shares in 2017 and 938,343,353 shares which represent 25.02% of the total 3,752,475,115 number of listed common shares in 2016.

7. Holders

a. The number of shareholders of record as of December 31, 2017 was 669.

b. The Top 20 Stockholders of record as of December 31, 2017 are as follows:

	Name	No. of Shares Held	Percentage
1.	Cityland, Inc.	2,007,461,023	50.98%
2.	PCD Nominee Corporation – Filipino	701,395,222	17.81
3.	Liuson, Grace C.	210,117,387	5.34
4.	Roxas, Stephen C.	197,493,045	5.02
5.	Gohoc, Alice C.	136,323,881	3.46
6.	Liuson, Andrew I.	120,534,675	3.06
7.	Gohoc, Josef C.	77,871,095	1.98
8.	Roxas, Helen C.	59,861,325	1.52
9.	Recto, Ester	30,752,467	0.78
10.	PCD Nominee Corporation – Foreign	22,591,029	0.57
11.	Jefcon, Inc.	18,263,318	0.46
12.	Tan, Joyce Liuson or Tan, Philip Sim	17,591,425	0.45
13.	Chang, Rita D.	17,034,341	0.43
14.	Obadiah, Inc.	16,820,388	0.43
15.	Shao Chien Yin &/or Christine L. Shao	14,387,114	0.37
16.	Chiong, Elizabeth	11,989,262	0.30

	Name	No. of Shares Held	Percentage
17.	Recto, Ester	11,989,262	0.30
18.	Co, Stephen Vincent	10,910,230	0.28
19.	Co, Sharon Valerie	10,790,337	0.27
20.	Roxas, Jefferson C.	7,314,199	0.19

8. Recent Sale of Unregistered Securities (including recent issuance of securities constituting an exempt transaction)

a. There was no sale of unregistered securities.

b. The total number of shares issued and outstanding of the Company is 3,938,063,701 for 2017 and 3,750,537,168 for 2016 excluding 1,937,947 treasury common shares.

Item VI. Management's Discussion and Analysis or Plan of Operations

The Philippines remains to be one of the best performing economies in Asia as it registered a 6.7% growth in 2017 ranking 3rd in Asia behind China and Vietnam. According to the National Economic Development Authority (NEDA), the growth was mainly driven by public spending, which is in line with the government's commitment to deliver timely public services and social protection programs, including assistance to victims of typhoons as well as in the Marawi conflict, public scholarship and health care programs. In addition, a recovered agricultural sector and better exports and imports supported the economic growth.

At present, the real estate industry is still dynamic and growing as evidenced by the wide array of developments. This is expected to continue since the government is committed to spend ₱8.4 trillion on infrastructure until 2022 *(source: bworldonline.com)*. The property sector is currently experiencing a positive business climate as evidenced by a vibrant stock market, strong consumer spending, high overseas remittances and stable interest rates. In addition, the heavy and worsening traffic in the metropolis increased the demand for condominium units within the central business districts. Moreover, the tax reform on lowering income tax including the government's policies on infrastructure and ease in doing business will bring further gains in the real estate industry.

Financial Performance

The Group is pre-selling the following on-going projects as of December 31, 2017:

- One Taft Residences (project of CLDI)North Residences (project of CLDI, turned over last March 2018)
- Pines Peak Tower II (project of CDC)

Also, the Group is selling the remaining units of the following completed and operational projects:

Cityland Development Corporation

- Pines Peak Tower I
- Grand Central Residences
- Makati Executive Tower IV
- Makati Executive Tower III
- Makati Executive Tower II
- Mandaluyong Executive Mansion III
- Corinthian Emerald Regency
- Manila Executive Regency

City & Land Developers, Incorporated

- Manila Residences Bocobo
- Grand Emerald Tower
- The Pacific Regency

Cityplans, Incorporated (joint project with Cityland, Inc.)

- Oxford Mansion
- Windsor Mansion

The Group has also a number of prime lots reserved for future projects. Its land bank is situated in strategic locations ideal for horizontal and vertical developments.

Internal sources of liquidity come from sales of condominiums and real estate projects, rental income from leased properties, collection of installment receivables, maturing short-term investments and notes receivable while external sources come from SEC-registered commercial papers.

Plan of Operations

The Group will continue to maintain a cautious stance in order to continuously achieve a healthy financial position. This will ensure that the development and construction of all its existing projects will be delivered on time or even ahead of its scheduled turnover. The Group will also continue to scout and develop quality projects suited for the middle and working class which will be situated at convenient locations with affordable and flexible payment terms. The Group's projects will be funded through cash generated from operations and issuance of commercial papers. The Group plans to remain liquid in order to avail attractive investment opportunities to meet the demands of the present growing economy.

As for the Group's future projects, CDC plans to launch Pioneer Heights 1, a 26-storey residential/ commercial condominium which is located along Pioneer St., Mandaluyong City. CDC also plans to launch 101 Xavierville, a 40-storey residential/ commercial condominium located along Xavierville Avenue, Loyola Heights, Quezon City. Meantime, its subsidiary, CLDI, plans to launch One Hidalgo, a 39-storey condominium located along P. Hidalgo Lim St., corner Gen. Malvar St., Malate, Manila.

Financial Condition/Changes in Financial Condition (2017 vs. 2016)

Total assets amounted to ₱9.70 billion as of December 31, 2017, lower by 1.74% as compared with the previous year's ending balance of ₱9.87 billion. Sale of condominium units decreased the Group's real estate properties for sale, while collections from sale of real estate properties decreased installment contracts receivable. The Group's fund were generated from sales of condominium projects and rental income, while other financial sources came from issuance of commercial papers with interest rates ranging from 1.06% to 1.25%. Majority of the funds were utilized for operations, development of projects and partial settlement of liabilities. This led to the increase in the percentage of completion of the Group's on-going projects and completion of a new building for lease in Mandaluyong City, the CityNet Central. Excess cash and cash equivalents were shifted to both short-term and long-term investments consequently, increasing the balance of notes receivable.

On the liability side, total liabilities were reduced by ₱587.16 million, equivalent to 23.00% of total liabilities. The reduction was due to partial payment of accounts payable and accrued expenses and reversal of deposit of Pines Peak Tower II and One Taft Residences since these projects reached beyond the preliminary stage of construction. In addition, income taxes paid including creditable and final withholding taxes in 2017 amounted to ₱181.52 million.

Total equity stood at ₱7.73 billion as of December 31, 2017, higher by 5.67% from 2016 year-end balance of ₱7.32 billion due to comprehensive income of ₱552.42 million less cash dividends declared by CDC of ₱135.02 million and by the subsidiaries of ₱8.08 million.

As a result of the foregoing, the Group's liquidity position recorded an acid test and current ratio of 1.69:1 and 2.42:1 as of December 31, 2017, as compared to 1.66:1 and 2.43:1 in December 31, 2016, respectively.

On the other hand, debt-equity ratio slightly improved to 0.22:1 as of December 31, 2017, as compared to 0.26:1 as of the same period of the previous year.

Financial Condition/Changes in Financial Condition (2016 vs. 2015)

The Group maintained a healthy financial position as it ended the year with total assets of ₱9.87 billion, 12% higher as compared to the previous year's ending balance of ₱8.81 billion. The increase in assets can be attributed to increase in installment contracts receivable, real estate properties for sale and for future development and investment properties. The Group's resources were substantially derived from sales of condominium projects resulting to the increase in installment contracts receivable, while other financial sources came from the issuance of commercial papers with interest rates ranging from 1.06% to 1.31%. Most of the Group's resources were utilized for operation and for the development of the on-going condominium projects. Funds were also used to acquire three parcels of land in 2016, increasing real estate properties for future development.

The growth in business activities led to the increase in total liabilities by 48.33% from higher notes payable and accounts payable and accrued expenses. Furthermore, the Group declared cash dividends of ₱0.066 per share in the second quarter of 2016, while excess funds were channeled to shorter term investments resulting to the increase in cash and cash equivalents account.

Total equity stood at ₱7.32 billion as of December 31, 2016, higher by 3.18% from 2015 year-end balance of ₱7.09 billion due to comprehensive income of ₱471.22 million less cash dividends declared by CDC of ₱235.75 million and by the subsidiaries of ₱10.47 million.

As a result of the foregoing, the Group's liquidity position registered an acid test and current ratio of 1.66:1 and 2.43:1 as of 2016, as compared to 2.45:1 and 3.42:1 in December 31, 2015, respectively. On the other hand, solvency position translated to a debt-equity ratio of 0.26:1 as of 2016, as compared to 0.19:1 as of 2015.

Financial Condition/Changes in Financial Condition (2015 vs. 2014)

The Group's balance sheet remained solid with total assets of ₱8.81 billion as of 2015, 6.16 % higher than the previous year's level of ₱8.30 billion. Increase in assets was primarily attributed to the increase in short-term cash investments, installment contracts receivable, and investment properties. Sales of real estate and collections of installment contract receivable increased the Group's funds. The parent company also sold a raw land in 2015, which increased the Group's cash account. Other sources of funds came from issuance of commercial papers with interest rates ranging from 1.06% to 1.25%. Most of the funds were utilized in financing the Group's on-going condominium projects, namely Grand Central Residences I, Pines Peak Tower I and North Residences. The healthy cash position allowed the Group to purchase of a prime lot and finance the development costs of the building for lease consequently increasing investment properties by 39.53%. Excess funds were channeled to longer period investments to increase interest earnings.

On the liabilities side, the Group partially settled its contracts payable amounting to ₱112.50 million and notes payable of ₱5.01 billion in 2015. Contracts payable balance as of December 31, 2015 amounting to ₱52.75 million pertains to the investment property acquired during the year and was fully settled on February 18, 2016. In addition, notes payable availed during 2015 amounted to ₱4.93 billion. Net effect of the aforementioned transactions, reduced the notes and contracts payable account by 10.53%.

Total equity stood at ₱7.09 billion as of December 31, 2015 from ₱6.42 billion as of December 31, 2014 due to total comprehensive income of ₱771.72 million net of cash dividends declared and paid by the Group amounting to ₱106.44 million.

The foregoing resulted to an enhanced liquidity position with current ratio and acid ratio recorded at 3.42:1 and 2.45:1 in 2015 as compared to 2.85:1 and 1.74:1 in 2014. Moreover, the decrease in total liabilities strengthened the Group's debt-equity ratio which improved to 0.19:1 in 2015 from 0.24:1 in 2014.

Results of Operation (2017 vs. 2016)

Net income for the year 2017 reached ₱551.93 million, higher by 15.86% as compared to ₱476.37 million last year. The Group follows the percentage of completion method in recognizing revenue hence, realized revenue for projects in the initial stages of completion is lower as compared to projects with higher completion rates. As of December 31, 2017, Pines Peak Tower II reached a completion rate of 52.98% thereby allowing the partial recognition of income for this project as compared to last year's completion rate of 7.50%. CDC contributed 65.12% in total revenue on sales of real estate properties. Pines Peak Tower II contributed ₱261.39 million, while a large portion came from the sales of the remaining units of Grand Central Residences and Pines Peak Tower I, totaling ₱333.14 million and ₱130.06 million, respectively. Percentage of sales contribution to total Group sales of Pines Peak Tower II, Grand Central Residences and Pines Peak Tower I reached 19.89%, 25.42% and 9.92%, respectively. It is to be noted that Pines Peak Tower I inventory level was already less than 10% at the beginning of the year resulting to lower sales of this project in 2017 as compared to the previous year.

On the other hand, CLDI contributed 33.54% of the Group's sales. Its latest condominium project, North Residences, reached a high completion rate of 97.37% from 75.55% of the same period last year. This project reached total sales of ₱352.28 million, representing 26.88% of the Group's sales. One Taft Residences, the latest condominium project launched last year reached 14.93% completion rate allowing the partial realization of revenues in 2017. The Group is optimistic that this project will contribute significantly to future sales revenue.

Other sources of income are financial income, rent income and other income. Financial income which is composed of interest income from sale of real estate properties, cash and cash equivalents, short-term cash investments and notes receivable contributed 17.80% of total revenues. Likewise, rent income contributed ₱119.68 million, higher from the previous year's level of ₱92.76 million brought about by the rental income from CityNet Central and other lease contracts entered into by the Group. Other income consists primarily from adjustment of market value of repossessed units, penalties charged to clients, and other miscellaneous income. Revenue contribution of this account reached ₱84.78 million and ₱65.37 million for the years ended December 31, 2017 and 2016, respectively.

On the cost side, cost of real estate sales and operating expenses decreased as these accounts move in tandem with sales.

Altogether, the consolidated net income of 2017 reached ₱551.93 million, 15.86% higher as compared to ₱476.37 million of the same period last year. This translated to earnings per share and return on equity of ₱0.12 and 7.20% as compared to the same period of the previous year of ₱0.11 and 6.94%, respectively.

Results of Operation (2016 vs. 2015)

The Group posted a net income of ₱476.37 million as compared to ₱775.77 million of the same period of the previous year. Net income was comparatively higher last year due to the sale of a parcel of land in 2015. The completion of Pines Peak Tower I in the first quarter of 2016 increased revenue on sales posting a contribution of 41.58% and percentage of sold units at 90.76%, while Grand Central Residences contributed 24.42% and percentage of sold units was at 78.69%. The Group's on-going project, North Residences, was in full blast construction resulting to 75.55% completion rate from last year's 37.73%. The continuous demand for residential condominiums prompted the Group to launch Pines Peak Tower II in June 2016 which is located beside Pines Peak Tower I. In addition, another condominium project, One Taft Residences, was launched in October 2016.

Other sources of revenues are financial income, rent income and other income. Financial Income which is substantially composed of interest income from sales of real estate properties slightly increased by 1.24% and contributed 14.95% to total revenues. As for leasing operations, rent income reached ₱92.76 million, higher by 11.41% as compared to the same period last year. Revenues from lease were generated mostly from the BPO building, CityNet1. Another source of revenue is other income which is substantially earned from penalties charged to clients and other miscellaneous income.

On the cost side, cost of real estate sales decreased as this move in tandem with sales, while higher percentage of common expenses shared, increased operating expenses by 26.13%. In addition, the Group's interest expense from commercial papers increased by ₱1.20 million as compared to the same period last year. Other expenses resulting from forfeiture increased by 8.91% amounting to ₱33.10 million from ₱30.39 million in 2016 and 2015, respectively. On the other hand, lower net income decreased provision for income tax by 40.84%.

The decrease in consolidated income of the Group translated to lower earnings per share and return on equity (both annualized) of ₱0.11 and 6.94% as compared to the same period of the previous year of ₱0.19 and 11.97%, respectively.

Results of Operation (2015 vs. 2014)

The Group's sales of real estate properties amounted to ₱2.371 billion in the current year outperforming last year's figure of ₱1.15 billion, thus, leading to an increase of 105.76%. The significant increase in sales was due to the sale of a raw land and the continuous sales and high accomplishment rates of the Group's condominium projects. Consequently, realized gross profit increased by 116.47% from ₱438.50 million in 2014 to ₱949.24 million in 2015. The Parent Company's project, Grand Central Residences I, was completed in 2015, while Pines Peak Tower I was in the final stages of completion and was turned over in the first quarter of 2016. The fast construction of the two projects led to their sales contribution of 23.83% and 29.28%, respectively. Total sell-out rate as of 2015, which refers to the percentage of total units that were sold for Grand Central Residences I and Pines Peak Tower I, were at 64.30% and 60.52% as compared to 47.91% and 16.54% in 2014, respectively.

Revenue on sales of real estate properties were likewise increased by another subsidiary, CLDI. Construction accomplishment of the new project, North Residences, rose to 37.73% from the previous year's 1.01%, allowing the increase in realization of revenues in 2015. Revenues on sales are expected to increase as the construction accomplishment of North Residences advances. To increase future revenues, CLDI plans to launch a new project in Manila.

Other sources of revenues are financial income, rent income and other income. Financial income, which is substantially composed of interest income from sales of real estate properties, increased by 2.36% and contributed 10.03% to total revenues. As for leasing operations, rent income from the BPO building, CityNet1, continued to generate steady rental income. This is further augmented by rentals of condominium and other investment properties resulting to a total rent income of ₱83.26 million. Another source of revenues is the other income which is substantially earned from penalties charged to clients, and other miscellaneous income. Revenue contribution of other income accounted for 3.45% and 4.15% of total revenues in 2015 and 2014, respectively.

On the cost side, cost of real estate sales, operating expenses and provision for income tax increased as these move in tandem with sales. The Group was successful in managing its disbursements as cost of sales percentage to sales was maintained at 59.97% and 61.95% in 2015 and 2014, respectively. Maintaining its conservative view on borrowings, the Group's interest-bearing expense from commercial papers remained manageable at ₱13.32 million as compared to the prior year's ₱13.12 million.

The Group ended in 2015 with a net income of ₱775.77 million outperforming last year's figure of ₱417.66 million, thus, leading to an increase of 85.74%. This translated to an earnings per share and return on equity of ₱0.19 and 11.97% for 2015 as compared to ₱0.10 and 6.69% of the same period last year.

Key Performance Indicators (2017 vs 2016 vs 2015)

Cityland Development Corporation (Consolidated)	**2017**	**2016**	**2015**
Earnings per share	₱0.12	₱0.11	₱0.19
Return on equity	7.20%	6.94%	11.97%
Solvency ratio	0.30	0.20	0.47
Interest rate coverage ratio	84.00	110.18	154.37
Asset to liability ratio	4.93	3.87	5.12
Asset to equity ratio	1.44	1.54	1.42
Debt to equity ratio	0.22	0.26	0.19
Current ratio	2.42	2.43	3.42
Acid – test ratio	1.69	1.66	2.45
City & Land Developers, Incorporated (Subsidiary)	**2017**	**2016**	**2015**
Earnings per share	₱0.10	₱0.05	₱0.05
Return on equity	6.79%	3.60%	4.00%
Solvency ratio	0.49	0.15	0.49
Interest rate coverage ratio	21,937.96	132.46	74.45
Asset to liability ratio	8.17	5.26	13.16
Asset to equity ratio	1.14	1.23	1.08
Debt to equity ratio	0.08	0.08	0.05
Current ratio	6.59	5.05	9.20
Acid – test ratio	4.40	2.96	7.14
Cityplans, Incorporated (Subsidiary)			
Earnings per share	₱0.08	₱0.03	₱0.02
Return on equity	3.90%	1.41%	0.96%
Solvency ratio	0.35	0.20	0.11
Asset to liability ratio	6.28	5.84	5.32
Asset to equity ratio	1.24	1.26	1.27
Current ratio	14.43	12.13	10.81
Acid – test ratio	15.31	12.76	10.05

Manner of Calculations:

Earnings per share = $\frac{\text{Net income after tax}}{\text{Outstanding number of shares}}$

Return on equity ratio = $\frac{\text{Net income after tax}}{\text{Total Equity}}$

Solvency ratio = $\frac{\text{Net income after tax + Depreciation expense}}{\text{Total liabilities}}$

Interest rate coverage ratio = $\frac{\text{Income before income tax + Depreciation expense + Interest expense}}{\text{Interest expense}}$

Asset-to-liability ratio = Total assets / Total liabilities

Asset-to-equity ratio = $\frac{\text{Total assets}}{\text{Total equity (net of net changes in fair value of available-for-sale financial assets and accumulated re-measurement on defined benefit plan)}}$

Debt-to-equity ratio = $\frac{\text{Notes payable and contracts payable}}{\text{Total equity (net of net changes in fair value of available-for-sale financial assets and accumulated re-measurement on defined benefit plan)}}$

Current ratio = Total current assets / Total current liabilities

$$\text{Acid-test ratio} = \frac{\text{Cash and cash equivalents + Short-term cash investments + Current portion of installment contracts receivable + Current portion of notes receivable + Current portion of other receivables + Available-for-sale financial assets}}{\text{Total current liabilities}}$$

1. Any Known Trends, Events or Uncertainties (Material Impact on Liquidity)

There are no known trends, events and uncertainties that have a material effect on liquidity.

2. Internal and External Sources of Liquidity

Internal sources come from sales of condominiums and real estate projects, collection of installment contracts receivable, maturing short-term investments and notes receivable, and other sources such as rental income, interest income and dividend income. External sources come from issuances of commercial papers.

3. Any Material Commitments for Capital Expenditures and Expected Sources of Funds of such Expenditures

The estimated development cost of ₱97.20 million as of December 31, 2017 representing the cost to complete the development of real estate projects sold will be sourced through:

a) Sales of condominium and real estate projects
b) Collection of installment contracts receivable
c) Maturing short-term investments and notes receivable
d) Issuance of commercial papers

4. Any Known Trend or Events or Uncertainties (Material Impact on Net Sales or Revenues or Income)

There is no known trend, event, or uncertainties that have a material effect on the net sales or revenues or income.

5. Any Significant Elements of Income or Loss that did not arise from Registrants Continuing Operations

There were no significant element of income or loss that did not arise from registrants continuing operations.

6. Any Known Trends or Events or Uncertainties (Direct or Contingent Financial Obligation)

There are no events nor any default or acceleration of an obligation that will trigger direct or contingent financial obligation that is material to the Group.

7. Any Known Trends or Events or Uncertainties (Material Off-balance Sheet Transactions, Arrangements, Obligations and Other Relationships)

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

8. Causes for any Material Changes from Period to Period in One or More Line of the Registrant's Financial Statements

Financial Condition (2017 vs. 2016)

a. Decrease in Cash and Cash Equivalents was substantially due to shift of investments to short and long-term investments, partial payment of notes and accounts payable and accrued expenses, income tax and development costs of projects and payment of cash dividends.

b. Increase in Short-term Cash Investments was substantially due to sales, collections of receivables and shift to excess cash and cash equivalents to longer period placements.
c. Net decrease in Installment Contract Receivable was due to collections.
d. Increase in Notes Receivable was due to placements made by the Company in different financial institutions.
e. Net decrease in Other Receivables was substantially due to collections of advances paid for real estate taxes and advances paid to contractors.
f. Decrease in Real Estate Properties for Sale was due to sales of real estate properties and partial reclassification of account to investment properties.
g. Decrease in Investments in Trust Funds was due payment of matured and terminated pension plans.
h. Increase in Prepaid Income Tax was due to higher creditable withholding tax charged to income tax payable.
i. Increase in Real Estate Properties for Future Development was due to additional cost incurred and properties transferred from Investment Properties.
j. Increase in Investment Properties was due to additional development costs incurred for the construction of the building for lease.
k. Increase in Property and Equipment was due to acquisition of office equipment.
l. Increase in Retirement Plan Assets was due to increase in contributions in 2017 and increase in investments.
m. Increase in Deferred Tax Assets - net was due to increased realized gain on sale of real estate transactions of CLDI and higher accrued expenses of the Group.
n. Increase in Other Assets - current was due to prepaid real estate taxes while decrease in Other Assets - noncurrent was primarily due to refund of Meralco meter deposits.
o. Decrease in Accounts Payable and Accrued Expenses was primarily due to reversal of deposits of Pines Peak Tower II and One Taft Residences, lower deferred rent and partial payment development costs, withholding taxes and other trade payables.
p. Decrease in Notes Payable was due to partial settlement of notes payable.
q. Decrease in Income Tax Payable was due to payment and lower taxable income.
r. Decrease in Pre-need and Other Reserves was due to maturities and termination of pension plans.
s. Decrease in Deferred Tax Liabilities- net was primarily due to decrease in deemed cost adjustment and unrealized gain on real estate transactions of CDC.
t. Increase in Capital Stock was due to issuance of 5% stock dividends.
u. Increase in Retained Earnings was due to net income recognized as of December 31, 2017, net of cash and stock dividends.
v. Decrease in Net Changes in Fair Value of Investments was due to decrease in market value of available-for-sale financial assets.
w. Increase in Accumulated Re-measurement on Defined Benefit Plan was due to increase in value of plan assets.
x. Increase in Non-Controlling Interests was due to net income of subsidiaries.

Financial Condition (2016 vs. 2015)

a. Increase in Cash and Cash Equivalents was substantially due to sales, collection of receivables and shift of funds to shorter period investments.
b. Decrease in Short-term Cash Investments was primarily due to shift of funds to shorter period placements, acquisitions of land for future development, payment of cash dividends and payment of development cost of investment properties.
c. Net increase in Installment Contract Receivable was due to sales of real estate properties.
d. Increase in Other Receivables was substantially due to long-term cash investments, advances to contractors and other prepaid expenses.
e. Increase in Real Estate Properties for Sale was due to the launching of a new condominium project of the subsidiary, CLDI.
f. Decrease in Investments in Trust Funds was due to the decline in cash and cash equivalents held in the trust fund as a result of the decrease in the return of investment and payment of maturities and termination values of the plan.
g. Increase in Real Estate Properties for Future Development was due to acquisition of three parcels of land.

h. Increase in Investment Properties was due to additional development costs incurred for the construction of a building for lease.
i. Decrease in Property and Equipment was primarily due to depreciation.
j. Decrease in Retirement Plan Assets was due to re-measurement loss recognized during the year.
k. Increase in Other Assets was due to input VAT of real estate properties purchased.
l. Increase in Accounts Payable and Accrued Expenses was substantially due to customers' deposits for the Group's pre-selling projects, One Taft Residences and Pines Peak Tower II, and development costs of completed projects.
m. Increase in Notes and Contracts Payable was due to increase in issuance of commercial papers.
n. Decrease in Income Tax Payable was due to payment and lower taxable income.
o. Decrease in Pre-need and Other Reserves was due to maturities and termination of pension plans.
p. Increase in Retirement Benefits Liability was due to retirement benefits cost and re-measurement loss recognized during the year.
q. Decrease in Deferred Tax Liabilities was primarily due to adjustment in deemed cost of properties and gain on real estate transactions.
r. Increase in Capital Stock was due to issuance of 5% stock dividends.
s. Increase in Retained Earnings was due to net income, net of cash and stock dividends.
t. Increase in Net Changes in Fair Value of Investments was due to increase in market value of available for sale financial assets.
u. Decrease in Accumulated Re-measurement on Defined Benefit Plan was due to decrease in value of plan assets.
v. Increase in Non-Controlling Interests was due to net income of subsidiaries.

Financial Condition (2015 vs. 2014)

a. Decrease in Cash and Cash Equivalents was primarily due to shift of placements to longer period investments and payment of contracts payable and construction costs.
b. Increase in Short-term Cash Investments was due to sales and collection of receivables and shift to longer period investments.
c. Increase in Installment Contracts Receivable was due to sales of real estate properties.
d. Net increase in Other Receivables was due to collection of advances paid for registration of titles and other expenses to customers.
e. Decrease in Real Estate Properties for Sale was due to sales of real estate properties.
f. Decrease in Investment in Trust Funds was due to maturity of plans.
g. Decrease in Other Current Assets was due to release of escrow deposit, while increase in Other Non-Current Assets was due to increase in unused input value-added tax (VAT) from purchase of a parcel of land and higher Meralco electric meter deposits.
h. Decrease in Real Estate Properties for Future Development was due to transfer of lot to investment properties and real estate properties for sale.
i. Increase in Investment Properties was due to purchase of a prime lot and additional development costs incurred for the construction of the building for lease.
j. Decrease in Property and Equipment was due to depreciation.
k. Net decrease in Accounts Payable and Accrued Expenses was substantially due to the release of customer's deposits from the 2014 sales of North Residences condominium units.
l. Decrease in Notes and Contracts Payable was due to partial settlement of contracts and notes payable.
m. Decrease in Income Tax Payable was due to higher prepaid taxes.
n. Net decrease in Pre-need and Other Reserves was due to higher rate of return on investment of trust fund.
o. Decrease in Deferred Tax Liabilities was due to realization of deemed cost adjustment.
p. Increase in Retained Earnings was primarily due to net income.
q. Decrease in Net Changes in Fair Value of Available-for-sale Financial Assets was due to decrease in market value per share.
r. Decrease in Accumulated Re-measurement on Defined Benefit Plan was due to re-measurement loss recognized on defined benefit obligation.
s. Increase in Treasury stock was due to increase in market value of investments of CPI to CDC.

t. Increase in Non-Controlling Interests was due to net income of subsidiary.

Results of Operations (2017 vs. 2016)

a. Decrease in Sale of Real Estate was primarily due to lower sales recognized from Pines Peak Tower I, since this was almost fully sold last year. Furthermore, revenues are recognized under the percentage of completion under the accounting method, and One Taft Residences is still in its initial stage of completion.
b. Increase in Financial Income was due to higher interest income from sale of real estate properties and long-term cash investments.
c. Increase in Rent Income was due to rentals earned from the new building for lease, CityNet Central, and additional lease contracts entered by the Group.
d. Increase in Other Income was due to the higher management fees charged by the Group and increase in value of repossessed real estate properties for sale.
e. Decrease in Cost of Real Estate Sales was primarily due to lower sales.
f. Decrease in Operating Expenses was due to decrease in personnel expenses, decrease in taxes and licenses, professional fees, outside services, membership dues, advertising and promotions, brokers' commission, repairs and maintenance, rent expense, donations, postage, telephone and telegraph, stationery and office supplies and other miscellaneous expenses.
g. Increase in Financial Expenses was primarily due to increase in interest expense on commercial papers.
h. Decrease in Other Expenses was due to decrease in forfeiture/ cancellation of prior years' sales.
i. Decrease in Provision for Income Tax was due to lower taxable income.
j. Increase in Net Income was due to lower expenses and provision for income tax.

Results of Operations (2016 vs. 2015)

a. Decrease in Sale of Real Estate was substantially due to the sale of a parcel of land last year.
b. Increase in Financial Income was due to higher total investment balance as compared to the previous year.
c. Increase in Rent Income was due to additional lease contracts entered during the year.
d. Decrease in Other Income was substantially due to the lower number of forfeited units in 2016.
e. Decrease in Cost of Real Estate Sales was due to sale of lot by the Parent Company last year.
f. Increase in Operating Expenses was due to higher personnel expenses, taxes and licenses, outside services, insurance expense, membership and association dues and other expenses.
g. Decrease in Financial Expenses was due to higher capitalized interest expense as compared to the previous year.
h. Increase in Other Expenses was due to higher adjustment of prior year's income of forfeited units.
i. Decrease in Provision for Income Tax was due to lower net income.
j. Decrease in Net Income was due to lower sales of real estate properties as compared to the previous period.

Results of Operations (2015 vs. 2014)

a. Increase in Sales of Real Estate Properties was substantially due to sale of a lot by CDC.
b. Increase in Financial Income was due primarily due to higher interest earnings from short-term cash investments resulting in higher level of placements.
c. Decrease in Rent Income was due to termination of lease contracts resulting from sale of condominium units.
d. Increase in Other Income was primarily due to adjustment of fair market value of repossessed real estate properties.
e. Increase in Cost of Real Estate Sales was due to cost of land sold by CDC.
f. Increase in Operating Expenses was primarily due to higher personnel expenses, professional fees and light, power and water.
g. Increase in Financial expenses was due to higher finance charge and interest on notes payable and other charges.
h. Decrease in Other Expenses was due to loss from forfeiture.
i. Increase in Provision for Income Tax was due to higher taxable income.

j. Increase in Net Income was due to lower expenses and provision for income tax.

Information on Independent Accountant

Sycip Gorres Velayo & Co. is the Group's external auditor for the years 2017 and 2016. The engagement partner for the year 2017 is Ms. Aileen L. Saringan while in 2016, the engagement partner is Ms. Josephine H. Estomo.

	External Audit Fees	
	2017	2016
Audit and audit-related fees (Parent Company)	**₱950,000**	₱935,000
Tax fees	–	–
All other fees	–	–
Total	**₱950,000**	₱935,000

The Group did not avail any non-audit related services from external parties.

The Audit and Risk Committee's approval policies and procedures consist of:

a. Discussion with the external auditors of the Audited Financial Statements.
b. Recommendation to the Board of Directors for the approval and release of the Audited Financial Statements.
c. Recommendation to the Board of Directors the appointment of the external auditors.

Item VII. Financial Statements

Please refer to attached Audited Consolidated Financial Statements.

Item VIII. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There are no changes in and disagreements with accountants on accounting and financial disclosure.

PART III - CONTROL AND COMPENSATION INFORMATION

Item IX. Directors and Executive Officers

1) Identify Directors and Executive Officers:

The following are the Directors and Executive Officers of the Company for the year 2017:

Name	Citizenship	Position(s) currently/ previously held with the Registrant	Term of Office (Year)	Period of Service	Age	Family Relationship
Dr. Andrew I. Liuson	Filipino	Director / Chairman of the Board	1	09/25/79 to present 12/13/17 to present	73	Husband of Grace Liuson; brother-in-law of Stephen C. Roxas and Alice C. Gohoc
Stephen C. Roxas	Filipino	Director/ Chairman of the Executive Committee	1	09/25/79 to present 07/01/97 to present	76	Husband of Helen Roxas; brother of Grace Liuson and Alice Gohoc; brother-in-law of Dr. Andrew I. Liuson; and uncle of Josef C. Gohoc
Grace C. Liuson	Filipino	Director / Vice Chairman of the Board	1	09/25/79 to present 01/05/18 to present	72	Wife of Dr. Andrew Liuson; sister of Stephen

Name	Citizenship	Position(s) currently/ previously held with the Registrant	Term of Office (Year)	Period of Service	Age	Family Relationship
						Roxas and Alice Gohoc; aunt of Josef C. Gohoc; and sister-in-law of Helen C. Roxas
Josef C. Gohoc	Filipino	Director/ President	1	01/14/11 to present 02/01/11 to present	48	Son of Alice Gohoc; and nephew of Stephen Roxas, Helen C. Roxas, Grace Liuson and Dr. Andrew I. Liuson
Atty. Sabino R. Padilla, Jr.	Filipino	Director	1	06/2006 to present	82	---
Peter S. Dee	Filipino	Independent Director/ Chairman-Audit & Risk Committee	1	10/1979 to present 08/2002 to present	76	---
George Edwin Y. SyCip	American	Independent Director	1	12/13/17 to present	61	---
Alice C. Gohoc	Filipino	Director	1	09/06/96 to present	75	Sister of Stephen Roxas and Grace Liuson; mother of Josef C. Gohoc; and sister-in-law of Dr. Andrew Liuson and Helen C. Roxas
Helen C. Roxas	Filipino	Director	1	09/25/79 to present	68	Wife of Stephen Roxas; sister-in-law of Grace C. Liuson, Dr. Andrew I. Liuson and Alice C. Gohoc
Emma A. Choa	Filipino	Executive Vice President / Treasurer	1	01/01/15 to present 02/01/11 to present	57	---
Rudy Go	Filipino	Senior Vice President/ Chief Financial Officer/ Compliance Officer & Corporate Information Officer	1	01/01/15 to present	58	---
Melita M. Revuelta	Filipino	Vice President/ Alternate Compliance Officer & Alternate Corporate Information Officer	1	01/16/08 to present 01/01/15 to present	59	---
Romeo E. Ng	Filipino	Vice President	1	01/10/05 to present	56	---
Melita L. Tan	Filipino	Vice President	1	02/21/04 to present	57	---
Rosario D. Perez	Filipino	Vice President – Executive Affairs	1	02/09/17 to present	58	---
Atty. Emma G. Julabal	Filipino	Vice President – Legal Affairs / Corporate Secretary	1	07/2001 to present 07/1997 to present	62	---
Catherine Grace T. Wong	Filipino	Assistant Corporate Secretary	1	07/01/13 to present	60	---

The following are the present position of the Directors and Executive Officers in other institutions:

a) Dr. Andrew I. Liuson

Name of Office	Position	Date Assumed
Present position in other institutions:		
Cityland, Inc.	Director / Vice Chairman of Board	May 15, 1979/ January 16, 2008
City & Land Developers, Incorporated	Director / Vice Chairman of Board	June 28, 1988/

Name of Office	Position	Date Assumed
		January 16, 2008
Cityplans, Incorporated	Director / Chairman of the Board	October 27, 1988/ September 25, 2006
Febias College of Bible	Chairman	
International Graduate School of Leadership	Chairman	
Philippine Council of Evangelical Churches	Chairman	
Makati Gospel Church	Corporate Secretary / Trustee	
Past position in other institutions:		
Cityland, Inc.	President /	July 1, 1997 to January 15, 2008/
	Executive Vice President	May 15, 1979 to June 30, 1997
City & Land Developers, Incorporated	President /	July 1, 1997 to January 15, 2008/
	Executive Vice President	June 28, 1988 to June 30, 1997
Cityplans, Incorporated	Executive Vice President	October 27, 1988 to September 24, 2006
Grace Christian College	Chairman	1998 to June 30, 2015
Philippine Council of Evangelical Churches	Vice Chairman	2013 to July 2015

b) Stephen C. Roxas

Name of Office	Position	Date Assumed
Present position in other institutions:		
Cityland, Inc.	Director / Chairman of the Board	May 15, 1979/ July 1, 1997
City & Land Developers, Incorporated	Director / Chairman of the Executive Committee	June 28, 1988/ July 1, 1997
Cityplans, Incorporated	Director / President	October 27, 1988
MGC New Life Christian Academy	Chairman	
Center for Community Transformation	Vice Chairman	
Past position in other institutions:		
Cityland, Inc.	President	May 15, 1979 to June 30, 1997
City & Land Developers. Incorporated	President	June 28, 1988 to June 30, 1997

c) Grace C. Liuson

Name of Office	Position	Date Assumed
Present position in other institutions:		
Cityland, Inc.	Director / Deputy Vice Chairman of the Board	May 15, 1979/ February 1, 2011
City & Land Developers, Incorporated	Director / Deputy Vice Chairman of the Board	June 28, 1988/ February 1, 2011
Cityplans, Incorporated	Director / Executive Vice President / Treasurer	October 27, 1988/ September 25, 2006
Youth Gospel Center in the Philippines	Treasurer/ Trustee	
Makati Gospel Church	Treasurer/ Trustee	

Name of Office	Position	Date Assumed
Past position in other institutions:		
Cityland, Inc.	President/	February 14, 2008 to January 31, 2011/
	Exec. Vice President/ Treasurer	July 1, 1997 to February 13, 2008
	Senior Vice President/ Treasurer	July 1, 1982 to June 30, 1997
	Vice President/ Treasurer	May 15, 1979 to June 30, 1982
City & Land Developers, Incorporated	President/	February 14, 2008 to January 31, 2011/
	Exec. Vice President/ Treasurer	July 1, 1997 to February 13, 2008
	Senior Vice President/ Treasurer	June 28, 1988 to June 30, 1997
Cityplans, Incorporated	Senior Vice President	October 27, 1988 to September 24, 2006

d) Josef C. Gohoc

Name of Office	Position	Date Assumed
Present position in other institutions:		
Cityland, Inc.	Director / President	June 29, 2007 / February 1, 2011
City & Land Developers, Incorporated	Director / President	January 4, 2011 / February 1, 2011
Asian Business Solutions, Inc.	Director	1996
Philippine Trading & Investment Corporation	Director	1997
Atlas Agricultural & Mercantile Development Corp.	Director	1997
Febias College of Bible	Board of Trustee	
Past position in other institutions:		
Cityland, Inc.	Senior Vice President /	January 16, 2008 to January 31, 2011/
	Treasurer	June 11, 2008 to January 31, 2011
	First Vice President	September 2006 to January 15,2008
City & Land Developers, Incorporated	Senior Vice President /	January 16, 2008 to January 31, 2011/
	Treasurer /	June 11, 2008 to January 31, 2011/
	First Vice President	September 2006 to January 15, 2008
Cityland Foundation, Inc.	Director	November 11, 2002 to May 18, 2015

e) Atty. Sabino R. Padilla, Jr.

Name of Office	Position	Duration
Present position in other institutions:		
Padilla Law Office	Partner	Past 5 years up to present
Apostolic Nunciature to the Phils.	Legal Counsel	- do -
Catholic Bishops' Conference of the Philippines (CBCP) and various archdioceses, dioceses, & prelatures	Legal Counsel	- do -
Association of Major Religious Superiors of the Philippines	Legal Counsel	- do -
Philippine Association of Religious Treasurers	Legal Counsel	- do -
Grace Christian College	Legal Counsel	- do -
Various Catholic religious congregations, orders and societies for men and women (Dominicans, Augustinian, Franciscans, Columbians, Religious of the Virgin Mary, Daughters of Charity, Sisters of St. Paul of Charters, Carmelite Sisters, Holy Spirit Sisters, etc.)	Legal Counsel	- do -
Bank of the Philippine Islands and its subsidiaries	Legal Counsel	- do -
Ayala Land, Inc.	Legal Counsel	- do -
City & Land Developers, Incorporated	Chairman of the Board	- do -
State Investment Trust, Inc.	Legal Counsel	- do -
Stateland Investment, Inc.	Chairman of the Board / Legal Counsel	- do -
Mother Seton Hospital	Legal Counsel	- do -
St. Paul Hospital Cavite	Legal Counsel / Trustee	- do -
Various Catholic universities, colleges, schools and foundations	Trustee	- do -

f) Peter S. Dee

Name of Office	Position	Duration
Present position in other institutions:		
Asean Finance Corporation, Limited	Director	1991
Alpolac, Inc.	Director	1994
China Banking Corporation	Director	1997
CBC Insurance Brokers, Inc.	Chairman of the Board	1998
CBC Properties & Computer Center, Inc.	Director / President	1984
Cityland, Inc.	Independent Director	December 2006
City & Land Developers, Incorporated	Independent Director	November 22, 2004
Cityplans, Incorporated	Independent Director	1991
Commonwealth Foods, Inc.	Director	May 2013
GDSK Development Corporation	Director	1990
Hydee Management & Resources Corporation	Director	1991
Kemwerke, Inc.	Director	1994
Makati Curbs Holdings Corporation	Director	2012
Great Expectation Holdings, Inc.	Director / Chairman / President	October 2012
The Big D Holdings Corporation	Director / Chairman / President	April 2013
Past position in other institutions:		
Can Lacquer, Inc.*	Director	
GPL Holdings, Inc.*	Director	
KK Converters Co. Ltd.	Director	
MSD Company Inc.*	Director	

Name of Office	Position	Duration
Prochem, Inc.	Director	
Sinclair (Phils.) Inc.*	Director	
Sol Mar Y Tierra Resources*	Director	
Silver Falcon Insurance Agency**	Director	
Banker's Association of the Philippines**	Director	
China Banking Corp.***	President & CEO	
CBC Forex Corporation****	Director / Chairman of the Board	

**ceased operations*

***resigned*

****retired*

****dissloved*

g) George Edwin Y. SyCip

Name of Office	Position	Date Assumed
Present position in other institutions:		
Halanna Management Corp.	President	December 1987
Bank of the Orient	Director	May 1993
Asian Alliance Holdings and Development Corp.	Director	November 1995
Beneficial Life Insurance Company	Director	July 1998
FMF Development Corporation	Director	July 1996
Paxys, Inc.	Director	October 2004
Alliance Select Foods International, Inc.	Director	June 2005

h) Alice C. Gohoc

Name of Office	Position	Date Assumed
Present position in other institutions:		
Cityland, Inc.	Director	September 2001
City & Land Developers, Incorporated	Director	July 31, 1991
Philippine Trading & Investment Corporation	Director	1997
Atlas Agricultural & Mercantile Development Corp.	Director	1997
Asian Business Solutions, Inc.	Director	1996
Past position in other institutions:		
Cityland, Inc.	Vice President	June 11, 2008 to January 31, 2011
City & Land Developers, Incorporated	Vice President	June 11, 2008 to January 31, 2011

i) Helen C. Roxas

Name of Office	Position	Date Assumed
Present position in other institutions:		
Cityland, Inc.	Director	May 15, 1979
City & Land Developers, Incorporated	Director	June 28, 1988
Cityplans, Incorporated	Director	October 27, 1988
Good Tidings Foundation, Inc.	Treasurer	1992
MGC New Life Christian Academy	Corporate Secretary	2015

j) Emma A. Choa

Name of Office	Position	Date Assumed
Present position in other institutions:		
Cityland, Inc.	Executive Vice President / Treasurer	January 1, 2015/ February 1, 2011
City & Land Developers, Incorporated	Executive Vice President / Treasurer	January 1, 2015/ February 1, 2011
WorldNet Information and Services, Inc.	Treasurer	

k) Rudy Go

Name of Office	Position	Date Assumed
Present position in other institutions:		
Cityland, Inc.	Senior Vice President / Chief Financial Officer / Compliance Officer & Corporate Information Officer	January 1, 2015
City & Land Developers, Incorporated	Senior Vice President / Chief Financial Officer/ Compliance Officer & Corporate Information Officer	January 1, 2015
Cityplans, Incorporated	Senior Vice President / Compliance Officer	January 1, 2015

l) Melita M. Revuelta

Name of Office	Position	Date Assumed
Present position in other institutions:		
Cityland, Inc.	Vice President & Asst. Corporate Secretary / Alternate Compliance Officer &Alternate Corporate Information Officer	January 16, 2008/ January 1, 2015
City & Land Developers, Incorporated	Vice President / Alternate Compliance Officer & Alternate Corporate Information Officer	January 16, 2008/ January 1, 2015
Cityplans, Incorporated	Vice President / Alternate Compliance Officer	January 1, 2015
WorldNet Information and Services, Inc.	President	

m) Romeo E. Ng

Name of Office	Position	Date Assumed
Present position in other institutions:		
Cityland, Inc.	Vice President	January 10, 2005
City & Land Developers, Incorporated	Vice President	January 10, 2005

n) Melita L. Tan

Name of Office	Position	Date Assumed
Present position in other institutions:		
Cityland, Inc.	Vice President	February 21, 2004
City & Land Developers, Incorporated	Vice President	February 21, 2004

o) Rosario D. Perez

Name of Office	Position	Date Assumed
Present position in other institutions:		
Cityland, Inc.	Vice President – Executive Affairs	February 9, 2017
City & Land Developers, Incorporated	Vice President – Executive Affairs	February 9, 2017
WorldNet Information and Services, Inc.	Auditor	

p) Atty. Emma G. Jularbal

Name of Office	Position	Date Assumed
Present position in other institutions:		
Cityland, Inc.	Vice President – Legal Affairs / Corporate Secretary	July 2001 / July 1997
City & Land Developers, Incorporated	Vice President – Legal Affairs / Corporate Secretary	July 1, 2001 / January 1, 2013
WorldNet Information and Services, Inc.	Director / Vice President	
Servicore, Inc.	Director	
Cityland Foundation, Inc.	Trustee / Chairman	
Cityland for Social Progress Foundation, Inc.	Trustee / President	
Christian Executive, Inc.	Trustee / Corporate Secretary	

q) Catherine Grace T. Wong

Name of Office	Position	Date Assumed
Present position in other institution:		
Cityland, Inc.	Executive Secretary of Chairman of the Executive Committee	July 1, 1997
WorldNet Information and Services, Inc.	Corporate Secretary	

2) Identify Significant Employees

There is no identifiable significant employee because the Group expects each employee to do his / her share in achieving the corporation's set goal.

3) Involvement in Certain Legal Proceedings of Any of the Directors and Executive Officers, during the past five years:

During the past five years, there is no involvement in certain legal proceedings of any of the directors and executive officers in any court or administrative agency of the government.

a. None of them has been involved in any bankruptcy petition.
b. None of them has been convicted by final judgment in any criminal proceeding or being subject to a pending criminal proceeding, both domestic and foreign.
c. None of them has been subjected to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities.
d. None of them has been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.

Item X. Executive Compensation

Executive Compensation Summary Table

Name	Position	2018 (estimate)
Josef C. Gohoc	President	x
Emma G. Julabal	Vice President - Legal	x
Melita L. Tan	Vice President	x
Ma. Veronica S. Emaguin	Senior Manager	x
Alvin Albert Anthony H. Ocampo	Assistant Manager	x
Salaries		₱6,005,286
Bonus		1,519,791
Others		152,400
Total (Top 5)		**₱7,677,477**
Salaries		₱20,708,418
Bonus		5,287,503
Others		848,400
All officers & directors as a group unnamed		**₱26,844,321**
Grand Total		**₱34,521,798**

Name	Position	2017 (actual)
Josef C. Gohoc	President	x
Emma G. Julabal	Vice President - Legal	x
Melita L. Tan	Vice President	x
Dorothy U. So	AVP- Internal Audit	x
Therese Raimunda A. Anoos	Senior Manager	x
Salaries		₱5,382,448
Bonus		1,375,321
Others		10,490,280
Total (Top 5)		**₱17,248,049**
Salaries		₱20,781,156
Bonus		5,231,708
Others		8,037,325
All officers & directors as a group unnamed		**₱34,050,189**
Grand Total		**₱51,298,238**

Name	Position	2016 (actual)
Josef C. Gohoc	President	x
Emma G. Julabal	Vice President - Legal	x
Melita L. Tan	Vice President	x
Patrocinio M. Pablo	AVP- Research and Development Department	x
Dorothy U. So	AVP- Internal Audit	x
Salaries		₱5,089,043
Bonus		1,310,889
Others		16,696,901
Total (Top 5)		**₱23,096,833**
Salaries		₱17,670,074
Bonus		4,701,349
Others		7,264,561
All officers & directors as a group unnamed		**₱29,635,984**
Grand Total		**₱52,732,817**

The Group has no standard arrangements with regard to the remuneration of its directors. In 2017, 2016, and 2015, the Board of Directors received a total of ₱20.43 million, ₱29.44 million and ₱20.28 million, respectively, including a total per diem of ₱1.30 million per annum (aggregate of CLDI and CDC) for the board meetings attended. Moreover, the Group has no standard arrangement with regard to the remuneration of its existing officers aside from the compensation received nor any other arrangement with employment contracts, compensatory plan and stock warrants or options.

Item XI. Security Ownership of Certain Beneficial Owners and Management

a. Security Ownership of Record and Beneficial Owner owning more than 5% of the outstanding capital stock of the Registrant as of December 31, 2017:

Title of Class	Name, Address & Relationship with Issuer	Beneficial Owner & Relationship		Citizenship	No. of Shares Held	%
Unclassified common shares	Cityland, Inc. 3/F Cityland Condominium 10 Tower 1, 156 H.V. Dela Costa Street, Makati City - principal stockholder			Filipino	2,007,461,023	50.98%
Unclassified common shares	Grace C. Liuson 2072 Lumbang cor. Cypress Dasmariñas Village, Makati - Director / Deputy Vice Chairman of the Board	- NA -		Filipino	210,117,387	5.34%
Unclassified common shares	Stephen C. Roxas 1392 Campañilla St., Dasmariñas Village, Makati - Director / Chairman of Executive Committee	Lincoln Roxas	Immediate family sharing the same household	Filipino	197,493,045	5.02%
		Jefcon, Inc. Obadiah, Inc.	Corporation of which record owner is a controlling shareholder			

* The following directors direct the voting or disposition of the shares held by Cityland, Inc.: (Beneficial Owners)

Name	Position
Stephen C. Roxas	Chairman of the Board
Andrew I. Liuson	Director / Vice Chairman of the Board
Grace C. Liuson	Director / Deputy Vice Chairman of the Board
Josef C. Gohoc	President / Director
Peter S. Dee	Independent Director
Paul Y. Ung	Independent Director
Alice C. Gohoc	Director
Helen C. Roxas	Director

b. No change of control in the corporation has occurred since the beginning of its last fiscal year.

c. Security Ownership of Management as of December 31, 2017:

Title of Class	Name of Beneficial Owner / Position	No. of Shares Held	Nature of Ownership	Citizenship	%
Directors:					
Unclassified common shares	Andrew I. Liuson Director / Chairman of the Board	143,307,630	Direct / Indirect	Filipino	3.64%
Unclassified common shares	Stephen C. Roxas Director / Chairman of Executive Committee	232,576,751	Direct / Indirect	Filipino	5.91%
Unclassified common shares	Grace C. Liuson Director / Vice Chairman of the Board	210,117,387	Direct	Filipino	5.34%
Unclassified common shares	Josef C. Gohoc Director / President	85,781,452	Direct / Indirect	Filipino	2.18%
Unclassified common shares	Atty. Sabino R. Padilla, Jr. Director	71,929	Direct	Filipino	-
Unclassified common shares	Peter S. Dee Independent Director / Chairman – Audit & Risk Committee	503,543	Direct	Filipino	0.01%
Unclassified common shares	George Edwin Y. SyCip Independent Director	1,000	Direct	American	-

Title of Class	Name of Beneficial Owner / Position	No. of Shares Held	Nature of Ownership	Citizenship	%
Unclassified common shares	Alice C. Gohoc Director	139,920,657	Direct / Indirect	Filipino	3.55%
Unclassified common shares	Helen C. Roxas Director	59,861,325	Direct	Filipino	1.52%
Executive Officers:					
Unclassified common shares	Emma A. Choa Executive Vice President / Treasurer	2,659,637	Direct	Filipino	0.07%
Unclassified common shares	Rudy Go Senior Vice President / Chief Financial Officer / Compliance Officer & Corporate Information Officer	1,794,832	Direct	Filipino	0.05%
Unclassified common shares	Melita M. Revuelta Vice President / Alternate Compliance Officer & Corporate Information Officer	167,041	Direct	Filipino	-
Unclassified common shares	Romeo E. Ng Vice President	2,302,369	Direct	Filipino	0.06%
Unclassified common shares	Melita L. Tan Vice President	602,368	Direct	Filipino	0.02%
Unclassified common shares	Rosario D. Perez Vice President – Executive Affairs	634,454	Direct	Filipino	0.02%
Unclassified common shares	Emma G. Julabal Vice President- Legal / Corporate Secretary	3,472	Direct	Filipino	-
Unclassified common shares	Catherine Grace T. Wong Assistant Corporate Secretary	4,450,034	Direct	Filipino	0.11%

Note: The above security ownership of management consists of Unclassified Common Shares amounting to ₱884,755,881 which is equivalent to 22.48%.

It is a policy of the Group to have a timely and accurate disclosures to regulatory agencies. Any change in the shareholdings of the Group resulting from transactions entered into by the directors and executive officers, either by acquisition or disposal are reported to the PSE and SEC within five days from the date of the transaction. The Group requires its directors and officers to report to the Group immediately any plan to transact with the Company's shares.

For the past five (5) years, there were no trading by insiders. The Group continues to adhere with existing government regulations.

d. The Corporation knows no person holding more than 5% of common shares under a voting trust or similar agreement.

Item XII. Certain Relationships and Related Party Transactions

1) *Transactions of Registrants with Any Director, Executive Officer of the Registrant and Any Nominee for Election as a Director*

There is no transaction (or series of similar transactions) with or involving the registrant or any of each subsidiary with a director, executive officer and a nominee for election as a director.

2) *Related Party Transactions*

The Company and its subsidiaries, in their regular conduct of business, have entered into transactions with its related parties principally consisting of advances, reimbursement of expenses and purchase and sale of real estate properties. These transactions to and from related parties are made at current market prices at the time of the transaction.

There is an existing management contract with Cityland, Inc. (CI), its parent company, wherein CI provides management services for the business of the Registrant. The agreement is for a period of five years renewable automatically for another five years unless either party notifies the other six months prior to expiration. The management fee is based on a certain percentage of net income as mutually

agreed upon by both parties. The management fees for 2017, 2016 and 2015 were waived by CI. There are no conditions attached to the waiver of these management fees.

The Company or its related parties have no relationship on parties that fall outside the definition of related parties that enables to negotiate terms of material transactions that may not be available from others or independent parties on an arm's length basis. Moreover, the Registrant has no transactions with former senior management or persons that would result in negotiations of terms that are more or less favorable than those available on an arm's length basis from clearly independent parties that are material to the Registrant's financial position or financial performance.

Please refer to Note 26 – Related Party Transactions of the Notes to 2017 Audited Consolidated Financial Statements which is incorporated in the Index to Financial Statements and Supplementary Schedules.

1) Parent of the Registrant

Cityland, Inc. owns 50.98% of the outstanding capital stock of the Registrant.

PART IV - CORPORATE GOVERNANCE

Item XIII. Compliance with Leading Practices on Corporate Governance

The evaluation system employed by the Company is thru a periodic self-rating system based on the criteria on the leading practices and principles on good governance.

1) Measures being undertaken by the company to fully comply with the adopted Leading Practices on Good Corporate Governance.

   We have implemented the periodic self-rating system.

2) Any deviation from the company's manual of corporate governance (including a disclosure of the name and position of the persons involved and sanctions imposed on said individual).

   There were no major deviations that require sanctions.

3) Any plan to improve corporate governance of the company.

   Based on the outcome of the periodic self-rating, we will come up with necessary actions / procedures to improve the corporate governance of the Company.

Pursuant to SEC Memorandum Circular No. 5, Series of 2013, the Corporate Governance Section of the Annual Report has been deleted and to be submitted separately to Securities and Exchange Commission.

PART V – EXHIBITS AND SCHEDULES

Item XIV. Exhibits and Reports on SEC Form 17-A

A. Exhibits - See Accompanying Index to Exhibits.

The following exhibit is filled as a separate section of this report:

(Exhibit 18) Majority Owned 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. Reports on SEC Form 17-C

Date Filed	Events Reported
February 10, 2017	Appointment of Rosario D. Perez as Vice President – Executive Affairs
March 24, 2017	Special meeting of BOD on authorization for issuance of Audited Financial Statements 2016
April 26, 2017	Notice of Annual Stockholders' Meeting
May 2, 2017	Special meeting of BOD on approval of declaration of 5% Stock Dividends
May 24, 2017	Declaration of Cash Dividends
May 29, 2017	Submission of the new manual on Corporate Governance of Cityland Development Corporation
June 7,2017	Annual Stockholders' Meeting
June 8, 2017	Organizational meeting of BOD
August 18, 2017	Special meeting of BOD on approval for the application of Commercial Papers
August 29, 2017	Special meeting of BOD on approval to register the Company with the National Privacy Commission and the appointment of Mr. Rudy Go as the Data Protection Officer.
September 14, 2017	Press release - topping off ceremony of Pines Peak Tower II
October 9, 2017	Untimely demise of our Chairman of the Board / Independent Director, Mr. Washington SyCip
October 18, 2017	Dr. Andrew I. Liuson as the Acting Chairman of the Board
November 10, 2017	SEC releases the Certificate of Permit to Offer Securities for sale of 1.35 billion worth of Commercial Papers
December 14, 2017	Regular meeting of BOD on approval on the election of Dr. Andrew I. Liuson as the Chairman of the Board and Mr. George Edwin Y. SyCip as the new Independent Director
December 22, 2017	Special meeting of BOD on approval of the retirement of Mr. Eden F. Go as Vice President

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed in behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati MANILA on APR 1 1 2018

By:

Josef C. Gohoc
President / Chief Executive Officer

Date: 4-11-18

Rudy Go
Senior Vice President / Chief Financial Officer/ Comptroller / Principal Accounting Officer

Date: 4-11-18

Emma G. Jularbal
Corporate Secretary

Date: 4-11-18

SUBSCRIBED AND SWORN to before me this APR 1 1 2018 affiant(s) exhibiting to me their Social Security System (SSS) Numbers, as follows:

Name	SSS No.
Josef C. Gohoc	33-0942784-4
Rudy Go	03-4602228-9
Emma G. Jularbal	03-9243383-5

Doc. No. 286
Page No. 59
Book No. IV
Series of 2018

ATTY. ALBERT ANTHONY H. OCAMPO
NOTARY PUBLIC FOR MANILA
UNTIL DECEMBER 31, 2018
APPOINTMENT NO.: 2017-044
IBP ROLL NO.: 44229
IBP NO.: 07884/Lifetime/Laguna
PTR No.: 6960550/01-03-2018/Manila
517-519 Quintin Paredes St., Binondo Manila

INDEX TO EXHIBITS

Form 17-A

* These exhibits are either not applicable to the Group or require no answer.

ARTICLE IV
CERTIFICATE OF STOCK

Each stockholder whose share of stock has been paid in full shall be entitled to a stock certificate or certificates for such shares of stock.

The certificate of stock shall be in such form and design as may be determined by the Board of Directors. Every certificate shall be signed by the President and countersigned by the Secretary and shall be sealed with the Corporate seal and shall state on its face its number, the date of issue, the number of shares for which it was issued, and the name of the person in whose favor it was issued.

Each share of stock will represent a pro-rate equity in the assets of the Corporation and the rights represented in each and every share of stock shall be identical in all respects and shall be stated herein.

The stockholders shall have no pre-emptive right to subscribe to any issue or disposition of shares of any class and all the stockholders, their transferees and/or assignees take the shares subject to this condition.

ARTICLE V
TRANSFER OF SHARES OF STOCK

Shares of stock shall be transferred by delivery of the certificate endorsed by the owner or his attorney-in-fact or other person legally authorized to make the transfer, but no transfer shall be valid except as between the parties until the transfer is annotated in the books of the Corporation.

No surrendered certificate shall be cancelled by the Secretary before a new certificate in lieu thereof is issued, and the Secretary shall keep the cancelled certificate as a proof of substitution. Any person claiming a certificate of stock to be lost or destroyed shall make an affidavit of that fact and shall advertise the same in such manner as the Board may require, and shall give the Corporation a bond of indemnity, in the form and with the sureties satisfactory to the Board, in the sum at least double the par value of such certificate in lieu of the one alleged to be lost or destroyed, always subject to the approval of the Board, and provided further that the requirements of Republic Act No. 201 are first complied with.

ARTICLE VII
STOCKHOLDERS' MEETING

1. Place – All meetings of the stockholders shall be held at the principal office of the Corporation, unless written notices of such meetings should fix another place within the City of Manila.

2. Proxy – Stockholders may vote at all meetings either in person or by proxy. All proxies, voting trusts, and other voting arrangements must be received by the Corporate Secretary or the Assistant Corporate Secretary at the corporation's head office not later than five (5) working days before the date of the meeting. Before the deadline such proxies, voting trusts and other voting arrangements may be accepted or rejected by a special committee of inspectors if they do not have the appearance of prima facie authenticity.

3. Quorum – No stockholders' meeting shall be competent to decide any matter or to transact any business unless a majority of the subscribed capital stock is present or represented thereat, except in those cases in which the Corporation law requires the affirmative vote of a greater proportion.

4. Vote – Voting upon all questions at all meetings of the stockholders shall be by shares of stock and not per capital.

5. Annual Meeting – The annual meeting of the stockholders shall be held on the first Tuesday of June of each calendar year, when the Board of Directors shall be elected by plurality of votes by ballot system or viva voce.

Written notice of the annual meeting of the Corporation shall be sent to each registered stockholder at least fifteen (15) working days prior to the date of such meeting. Waiver of such notice may only be made in writing.

Only stockholders of record at the close of business hours thirty (30) calendar days prior to the date of such meeting shall be entitled to receive the notice of said meeting and to vote and be voted thereat.

6. Special Meeting – Special meetings of the stockholders may be called by the President at his discretion, or on demand of stockholders holding the majority of the subscribed capital stock of the Corporation.

   A written notice stating the day and place of the meeting and the general nature of the business to be transacted shall be sent to each stockholder at least fifteen (15) working days before the date of such special meeting; provided, that this requisite may be waived in writing by the stockholders.

   Only stockholders of record at the close of business hours thirty (30) calendar days prior to the date of such meeting shall be entitled to receive the notice of said meeting and to vote and be voted thereat.

7. Minutes – Minutes of all meeting of the stockholders shall be kept and carefully preserved as a record of the business transacted at such meetings. The minutes shall contain such entries as may be required by law.

ARTICLE VIII

AMENDMENTS

The provisions of these By-Laws may be amended or repealed by a majority vote of the Board of Directors and the owners of at least a majority of the outstanding capital stock at a regular or special meeting called for the purpose.

The power to amend or repeal these By-Laws may be delegated to the Board of Directors in the manner provided by law.

EXHIBIT 18 SUBSIDIARIES OF THE REGISTRANT

The following are the subsidiaries of Cityland Development Corporation:

	Percentage of Ownership	Jurisdiction
Cityplans, Incorporated	90.81	Philippines
City & Land Developers, Incorporated	49.73	Philippines

Cityland Development Corporation and Subsidiaries

Consolidated Financial Statements
December 31, 2017 and 2016
and Years Ended December 31, 2017, 2016 and 2015

and

Independent Auditor's Report

SGV
Building a better working world

CITYLAND

CITYLAND DEVELOPMENT CORPORATION

CERTIFICATE ON THE COMPILATION SERVICES FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

I hereby certify that I am the Certified Public Accountant (CPA) who performed the compilation services related to the preparation and presentation of financial information of an entity in accordance with an applicable financial reporting framework and reports as required by accounting and auditing standards for **Cityland Development Corporation** for the period ending December 31, 2017.

In discharging this responsibility, I hereby declare that I am the Senior Manager of Cityland Development Corporation.

Furthermore, in my compilation services for the preparation of the Consolidated Financial Statements and Notes to the Consolidated Financial Statements, I was not assisted by or did not avail of the services of SyCip Gorres Velayo & Co. which is the external auditor who rendered the audit opinion for the said Consolidated Financial Statements and Notes to the Consolidated Financial Statements.

I hereby declare, under penalties of perjury and violation of Republic Act No. 9298 that my statements are true and correct.

Ma. Veronica San Juan - Emaguin

MA. VERONICA SAN JUAN - EMAGUIN
Senior Manager

PROFESSIONAL IDENTIFICATION CARD NO.: 0056118
VALID UNTIL: August 29, 2019

ACCREDITATION NO.: 2718
VALID UNTIL: August 29, 2020

Signed this MAR 20 2018 day of _____ 2018.

SUBSCRIBED AND SWORN to before me in MAKATI CITY City, Philippines on MAR 20 2018, affiant personally appeared before me and exhibited to me her Social Security System No. 03-7521-343-8 and other competent evidence of identification.

Doc No. 47;
Page No. II;
Book No. V;
Series of 2018.

ATTY. EMMA G. JULANBAL
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2018
APPOINTMENT NO.: M-322
IBP ROLL NO.: 33152
IBP NO.: 06547/Lifetime/PPLM
PTR No.: 6615775/01-04-2018/Makati
156 H.V. Dela Costa St., Makati City

CITYLAND

CITYLAND DEVELOPMENT CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **Cityland Development Corporation** (the Company) is responsible for the preparation and fair presentation of the consolidated balance sheets as at December 31, 2017 and 2016, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2017 and notes to the consolidated financial statements, including a summary of significant accounting policies and schedules attached therein, in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

DR. ANDREW I. LIUSON
Chairman of the Board

JOSEF C. GOHOC
President / Chief Executive Officer

RUDY GO
Senior Vice President / Chief Financial Officer

Signed this MAR 27 2018 day of _____ 2018

MAR 27 2018

SUBSCRIBED AND SWORN to before me this day of _____ affiant(s) exhibiting to me their Social Security Numbers or other competent evidence of identification, as follows:

Name	Type of Identification	Number
Dr. Andrew I. Liuson	SSS	03-1872470-6
Josef C. Gohoc	SSS	33-0942784-4
Rudy Go	SSS	03-4602228-9

Doc No. 216
Page No. 45
Book No. IV
Series of 2018.

ATTY. ALBERT ANTHONY H. OCAMPO
NOTARY PUBLIC FOR MANILA
UNTIL DECEMBER 31, 2018
APPOINTMENT NO.: 2017-044
IBP ROLL NO.: 44229
IBP NO.: 07884/Lifetime/Laguna
PTR NO.: 5150/01-03-2018/Manila
517 Quintin Paredes St., Binondo Manila

SGV
Building a better working world

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

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

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

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Cityland Development Corporation
2/F, Cityland Condominium 10, Tower I
156 H.V. de la Costa Street
Makati City

Opinion

We have audited the consolidated financial statements of Cityland Development Corporation and its subsidiaries (the Group), which comprise the consolidated balance sheets as at December 31, 2017 and 2016, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

Revenue and cost recognition on sales of real estate properties under the Percentage-of-Completion Method

The Group applies the percentage of completion (POC) method in determining the revenue and cost arising from sales of real estate properties. The POC is based on the physical completion of the real estate project, while the cost of sales is determined on the basis of the total estimated project development costs applied with the POC of the project. The Group's real estate revenue and costs accounts for 71% of total revenue and 64% of total cost and expenses, respectively, for the year ended December 31, 2017. The assessment of the physical stage of completion and the total estimated project development costs requires technical determination by third party project development engineers. In addition, the Group requires the collection of a certain percentage of the buyer's payments of total selling price (buyer's equity) as one of the criteria to initiate revenue recognition. It is upon reaching this collection level that management has assessed the buyers' continuing commitment with the sales agreement and thus, is probable that the economic benefits will flow to the Group. This matter is significant to our audit because the assessment of the stage of completion, the total estimated project development costs and the level of buyer's equity involves significant management judgment and estimation.

Refer to Notes 2 and 3 to the consolidated financial statements for the disclosures on revenue recognition.

Audit response

We obtained an understanding of the Group's processes for determining the POC, and for determining and updating total estimated project development costs, and performed tests of the relevant controls of these processes. We obtained the certified POC reports prepared by the third party project development engineers and assessed their competence and objectivity by reference to their qualifications, experience and reporting responsibilities. For selected projects, we conducted ocular inspections, made relevant inquiries and obtained the supporting details of POC reports showing the completion of the major project development activities. For selected projects, we obtained the approved total estimated costs and any revisions thereto and the supporting details such as contractor's billings, cash vouchers and estimated project development cost to complete report. We likewise performed inquiries with the project development engineers for the revisions. We evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales collections from buyers with accumulated payments above the collection threshold. We traced, on a sampling basis, the analysis to supporting documents such as contracts to sell and buyers' history of payments.

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 for the year ended December 31, 2017 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 audits, or otherwise appears to be materially misstated.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SGV
Building a better working world

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.

SYCIP GORRES VELAYO & CO.

Aileen L. Saringan
Partner
CPA Certificate No. 72557
SEC Accreditation No. 0096-AR-4 (Group A),
August 18, 2016, valid until August 18, 2019
Tax Identification No. 102-089-397
BIR Accreditation No. 08-001998-58-2018
February 26, 2018, valid until February 25, 2021
PTR No. 6621327, January 9, 2018, Makati City

March 27, 2018

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date APR 12 2018 SCES
RECEIVED
ROMEO Z. MIRANO

CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31	
	2017	2016
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱860,828,317**	₱1,788,970,275
Short-term cash investments (Note 4)	**1,523,000,000**	1,218,272,353
Current portion of installment contracts receivable (Note 6)	**325,914,643**	320,467,060
Current portion of notes receivables (Note 7)	**128,000,000**	–
Current portion of other receivables (Note 8)	**46,587,820**	49,805,723
Real estate properties for sale (Note 9)	**1,177,390,644**	1,518,256,209
Current portion of investments in trust funds (Note 5)	**4,269,063**	4,489,499
Prepaid income tax	**1,066,469**	–
Other current assets (Note 13)	**60,542,937**	53,526,245
Total Current Assets	**4,127,599,893**	4,953,787,364
Noncurrent Assets		
Installment contracts receivable - net of current portion (Note 6)	**1,509,504,341**	1,687,290,041
Notes receivable - net of current portion (Note 7)	**600,000,000**	20,000,000
Other receivables - net of current portion (Note 8)	**15,266,489**	12,862,409
Investments in trust funds - net of current portion (Note 5)	**30,337,287**	30,807,590
Real estate properties held for future development (Note 10)	**1,194,820,381**	978,108,206
Investment properties (Note 11)	**2,107,285,414**	2,082,546,614
Property and equipment (Note 12)	**10,533,627**	10,338,934
Net retirement plan assets (Note 24)	**14,139,371**	12,378,475
Deferred income tax assets - net (Note 25)	**11,425,848**	3,860,457
Other noncurrent assets (Note 13)	**77,917,561**	78,972,233
Total Noncurrent Assets	**5,571,230,319**	4,917,164,959
TOTAL ASSETS	**₱9,698,830,212**	₱9,870,952,323
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 14)	**₱251,755,093**	₱337,516,557
Notes payable (Note 15)	**1,453,450,000**	1,673,000,000
Income tax payable	**–**	29,150,719
Current portion of pre-need and other reserves (Note 5)	**1,500,028**	1,198,235
Total Current Liabilities	**1,706,705,121**	2,040,865,511
Noncurrent Liabilities		
Accounts payable and accrued expenses - noncurrent portion (Note 14)	**103,764,222**	337,136,893
Pre-need and other reserves - net of current portion (Note 5)	**39,844,243**	43,909,277
Net retirement benefits liability (Note 24)	**5,488,859**	6,432,116
Deferred income tax liabilities - net (Note 25)	**109,746,859**	124,367,457
Total Noncurrent Liabilities	**258,844,183**	511,845,743
Total Liabilities	**1,965,549,304**	2,552,711,254

(Forward)

	December 31	
	2017	2016
Equity		
Attributable to Equity Holders of the Parent Company		
Capital stock - ₱1 par value (Note 16)		
Authorized - 4,000,000,000 shares		
Issued - 3,940,001,648 shares held by 669 equity holders in 2017 and 3,752,475,115 shares held by 684 equity holders in 2016	**₱3,940,001,648**	₱3,752,475,115
Additional paid-in capital	**7,277,651**	7,277,651
Net changes in fair values of available-for-sale financial assets (Note 13)	**1,251,555**	1,706,728
Accumulated re-measurement loss on defined benefit plan - net of deferred income tax effect (Note 24)	**(21,328,742)**	(22,079,967)
Retained earnings (Note 16)	**2,842,649,954**	2,674,505,757
Treasury stock - at cost (Note 16)	**(31,429,574)**	(31,429,574)
	6,738,422,492	6,382,455,710
Non-controlling interests (Note 17)	**994,858,416**	935,785,359
Total Equity	**7,733,280,908**	7,318,241,069
TOTAL LIABILITIES AND EQUITY	**₱9,698,830,212**	₱9,870,952,323

See accompanying Notes to Consolidated Financial Statements.

CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2017	2016	2015
REVENUE			
Sales of real estate properties	**₱1,310,712,989**	₱1,480,504,914	₱2,371,262,489
Financial income (Note 21)	**328,200,343**	288,034,674	284,515,478
Rent income (Note 11)	**119,681,308**	92,760,364	83,257,768
Other income (Note 23)	**84,783,339**	65,372,375	98,004,319
	1,843,377,979	1,926,672,327	2,837,040,054
COST AND EXPENSES			
Cost of real estate sales (Note 9)	**738,985,531**	826,197,687	1,422,019,784
Operating expenses (Note 18)	**381,289,647**	429,546,775	340,551,414
Financial expenses (Note 22)	**9,961,121**	7,472,117	7,998,261
Other expenses (Note 23)	**26,983,018**	33,098,815	30,389,630
	1,157,219,317	1,296,315,394	1,800,959,089
INCOME BEFORE INCOME TAX	**686,158,662**	630,356,933	1,036,080,965
PROVISION FOR INCOME TAX (Note 25)	**134,228,747**	153,989,211	260,310,532
NET INCOME	**₱551,929,915**	₱476,367,722	₱775,770,433
Attributable to:			
Equity holders of the Parent Company	**₱485,108,127**	₱443,176,793	₱739,915,065
Non-controlling interests	**66,821,788**	33,190,929	35,855,368
	₱551,929,915	₱476,367,722	₱775,770,433
BASIC/DILUTED EARNINGS PER SHARE (Note 29)	**₱0.12**	₱0.11	₱0.19

See accompanying Notes to Consolidated Financial Statements.

CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2017	2016	2015
NET INCOME	**₱551,929,915**	₱476,367,722	₱775,770,433
OTHER COMPREHENSIVE INCOME (LOSS)			
To be reclassified to profit or loss in subsequent periods - gain or loss from changes in fair value of available-for-sale financial assets (Note 13)	**(433,494)**	659,861	(780,697)
Not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gain (loss) on defined benefit plan (Note 24)	**1,319,830**	(8,295,906)	(4,672,936)
Income tax effect (Note 25)	**(395,949)**	2,488,772	1,401,881
	490,387	(5,147,273)	(4,051,752)
TOTAL COMPREHENSIVE INCOME	**₱552,420,302**	₱471,220,449	₱771,718,681
Attributable to:			
Equity holders of the Parent Company	**₱485,404,179**	₱438,612,521	₱736,348,884
Non-controlling interests	**67,016,123**	32,607,928	35,369,797
	₱552,420,302	₱471,220,449	₱771,718,681

See accompanying Notes to Consolidated Financial Statements.

CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015

	Attributable to Equity Holders of the Parent Company								
	Capital Stock (Note 16)	Additional Paid-in Capital	Net Changes in Fair Values of Available-for-Sale Financial Assets (Note 13)	Accumulated Re-measurement Loss on Defined Benefit Plan - Net of Deferred Income Tax Effect (Note 24)	Retained Earnings (Note 16)	Treasury Stock (Note 16)	Subtotal	Non-controlling Interests	Total
BALANCES AT DECEMBER 31, 2014	**₱3,573,878,400**	**₱7,277,651**	**₱1,768,846**	**(₱14,011,632)**	**₱1,997,774,818**	**(₱31,150,762)**	**₱5,535,537,321**	**₱888,333,129**	**₱6,423,870,450**
Net income	–	–	–	–	739,915,065	–	739,915,065	35,855,368	775,770,433
Other comprehensive loss	–	–	(666,306)	(2,899,875)	–	–	(3,566,181)	(485,571)	(4,051,752)
Total comprehensive income (loss)	–	–	(666,306)	(2,899,875)	739,915,065	–	736,348,884	35,369,797	771,718,681
Transfer of deferred tax liability on deemed cost adjustment of property and equipment absorbed through depreciation	–	–	–	–	726,861	–	726,861	–	726,861
Transfer of deferred tax liability on deemed cost adjustment of properties realized through sale	–	–	–	–	2,779,123	–	2,779,123	–	2,779,123
Parent Company shares of stock held by CPI	–	–	–	–	–	(6,833)	(6,833)	–	(6,833)
Cash dividends - ₱0.027 per share	–	–	–	–	(96,386,148)	–	(96,386,148)	–	(96,386,148)
Cash dividends declared by subsidiaries	–	–	–	–	–	–	–	(10,051,122)	(10,051,122)
BALANCES AT DECEMBER 31, 2015	**3,573,878,400**	**7,277,651**	**1,102,540**	**(16,911,507)**	**2,644,809,719**	**(31,157,595)**	**6,178,999,208**	**913,651,804**	**7,092,651,012**
Net income	–	–	–	–	443,176,793	–	443,176,793	33,190,929	476,367,722
Other comprehensive income (loss)	–	–	604,188	(5,168,460)	–	–	(4,564,272)	(583,001)	(5,147,273)
Total comprehensive income (loss)	–	–	604,188	(5,168,460)	443,176,793	–	438,612,521	32,607,928	471,220,449
Transfer of deferred tax liability on deemed cost adjustment of property and equipment absorbed through depreciation	–	–	–	–	726,852	–	726,852	–	726,852
Parent Company shares of stock held by CPI	–	–	–	–	–	(271,979)	(271,979)	–	(271,979)
Stock dividends - 5%	178,596,715	–	–	–	(178,596,715)	–	–	–	–
Fractional shares	–	–	–	–	(308)	–	(308)	–	([illegible]
Cash dividends - ₱0.066 per share	–	–	–	–	(235,748,070)	–	(235,748,070)	–	(235,748,070)
Dividends received by CPI from CDC	–	–	–	–	137,486	–	137,486	–	137,486
Cash dividends declared by subsidiaries	–	–	–	–	–	–	–	(10,474,373)	(10,474,373)
BALANCES AT DECEMBER 31, 2016	**3,752,475,115**	**7,277,651**	**1,706,728**	**(22,079,967)**	**2,674,505,757**	**(31,429,574)**	**6,382,455,710**	**935,785,359**	**7,318,241,069**

(Forward)

	Attributable to Equity Holders of the Parent Company								
	Capital Stock (Note 16)	Additional Paid-in Capital	Net Changes in Fair Values of Available-for-Sale Financial Assets (Note 13)	Accumulated Re-measurement Loss on Defined Benefit Plan - Net of Deferred Income Tax Effect (Note 24)	Retained Earnings (Note 16)	Treasury Stock (Note 16)	Subtotal	Non-controlling Interests	Tot
BALANCES AT DECEMBER 31, 2016	**₱3,752,475,115**	**₱7,277,651**	**₱1,706,728**	**(₱22,079,967)**	**₱2,674,505,757**	**(₱31,429,574)**	**₱6,382,455,710**	**₱935,785,359**	**₱7,318,241,06**
Net income	–	–	–	–	485,108,127	–	485,108,127	66,821,788	551,929,915
Other comprehensive income (loss)	–	–	(455,173)	751,225	–	–	296,052	194,335	490,387
Total comprehensive income (loss)	–	–	(455,173)	751,225	485,108,127	–	485,404,179	67,016,123	552,420,302
Transfer of deferred tax liability on deemed cost adjustment of property and equipment absorbed through depreciation	–	–	–	–	726,858	–	726,858	–	726,858
Transfer of deferred tax liability on deemed cost adjustment of properties realized through sale	–	–	–	–	4,776,668	–	4,776,668	–	4,776,668
Stock dividends - 5%	187,526,533	–	–	–	(187,526,533)	–	–	–	–
Fractional shares	–	–	–	–	(325)	–	(325)	–	(325)
Cash dividends - ₱0.036 per share	–	–	–	–	(135,019,338)	–	(135,019,338)	–	(135,019,338)
Dividends received by CPI from CDC	–	–	–	–	78,740	–	78,740	–	78,740
Dividends received by CLDI	–	–	–	–	–	–	–	(8,082,853)	(8,082,853)
Dividends received by CLDI from CPI	–	–	–	–	–	–	–	139,787	139,787
BALANCES AT DECEMBER 31, 2017	**₱3,940,001,648**	**₱7,277,651**	**₱1,251,555**	**(₱21,328,742)**	**₱2,842,649,954**	**(₱31,429,574)**	**₱6,738,422,492**	**₱994,858,416**	**₱7,733,280,908**

See accompanying Notes to Consolidated Financial Statements.

CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱686,158,662**	₱630,356,933	₱1,036,080,965
Adjustments for:			
Interest income (Note 21)	**(328,177,519)**	(288,009,928)	(284,486,345)
Depreciation (Note 20)	**38,560,608**	23,738,651	25,111,714
Interest expense - net of amounts capitalized (Note 22)	**8,731,471**	5,990,805	6,919,259
Retirement benefits costs (Note 24)	**2,310,847**	1,408,344	1,514,899
Trust fund income (Note 23)	**(2,285,042)**	(1,548,383)	(477,071)
Dividend income (Note 21)	**(22,824)**	(24,746)	(29,133)
Operating income before working capital changes	**405,276,203**	371,911,676	784,634,288
Decrease (increase) in:			
Installment contracts receivable	**172,338,117**	(260,197,791)	(371,310,838)
Other receivables	**4,889,042**	(3,964,595)	1,405,018
Real estate properties for sale	**308,599,214**	134,488,592	779,160,911
Real estate properties held for future development (Note 10)	**(9,489,075)**	(312,097,107)	(172,748,792)
Deposits and others	**(5,801,288)**	(5,431,808)	(4,249,420)
Increase (decrease) in:			
Accounts payable and accrued expenses	**(320,827,687)**	393,164,357	(3,249,174)
Pre-need and other reserves	**(2,850,513)**	(5,828,345)	(4,322,985)
Cash generated from operations	**552,134,013**	312,044,979	1,009,319,008
Contributions to the plan	**(3,695,170)**	(3,695,170)	(3,695,170)
Interest received	**324,102,300**	289,279,971	280,853,210
Income taxes paid, including creditable and final withholding taxes	**(181,524,347)**	(197,935,039)	(267,104,038)
Net cash flows from operating activities	**691,016,796**	399,694,741	1,019,373,010
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from matured (Purchase of) short-term cash investments (Note 4)	**(304,727,647)**	971,627,647	(1,005,779,445)
Purchase of notes receivable (Note 7)	**(708,000,000)**	(20,000,000)	–
Additions to:			
Investment properties (Note 11)	**(233,043,351)**	(357,380,568)	(331,691,441)
Property and equipment (Note 12)	**(5,407,500)**	(876,786)	(303,572)
Contributions to investments in trust fund (Note 5)	**(2,567,482)**	(2,684,897)	(3,062,709)
Withdrawals from investments in trust funds (Note 5)	**4,036,310**	7,090,313	3,673,351
Dividends received (Note 21)	**22,824**	24,746	29,133
Net cash flows from (used in) investing activities	**(1,249,686,846)**	597,800,455	(1,337,134,683)

(Forward)

	Years Ended December 31		
	2017	2016	2015
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of notes payable (Note 15)	**₱6,106,350,000**	₱5,581,503,287	₱4,926,800,000
Payments of notes payable (Note 15)	**(6,325,900,000)**	(5,043,703,287)	(5,006,900,000)
Interest paid (Notes 14 and 15)	**(8,859,592)**	(5,300,736)	(6,642,555)
Dividends paid (Note 14)	**(141,062,316)**	(245,639,372)	(105,897,983)
Payment of contracts payable (Note 15)	–	(52,750,000)	(112,500,000)
Net cash flows from (used in) financing activities	**(369,471,908)**	234,109,892	(305,140,538)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(928,141,958)**	1,231,605,088	(622,902,211)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,788,970,275**	557,365,187	1,180,267,398
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱860,828,317**	₱1,788,970,275	₱557,365,187

See accompanying Notes to Consolidated Financial Statements.

CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Cityland Development Corporation (the Parent Company) was incorporated in the Philippines on January 31, 1978. It has two subsidiaries, Cityplans, Incorporated (CPI) and City & Land Developers, Incorporated (CLDI), a publicly listed company, which are all incorporated and domiciled in the Philippines. The Parent Company's and CLDI's primary business purpose is to acquire, develop, improve, subdivide, cultivate, lease, sublease, sell, exchange, barter and/or dispose of agricultural, industrial, commercial, residential and other real properties, as well as to construct, improve, lease, sublease, sell and/or dispose of houses, buildings and other improvements thereon, and to manage and operate subdivisions and housing projects or otherwise engage in the financing and trading of real estate. CPI is engaged in the business of establishing, organizing, developing, maintaining, conducting, operating, marketing and selling pension plans. The Parent Company is 50.98% owned by Cityland, Inc. (CI), the ultimate parent company incorporated in the Philippines, which also prepares consolidated financial statements.

The Parent Company's registered office and principal place of business is 2/F Cityland Condominium 10 Tower I, 156 H. V. Dela Costa Street, Makati City.

The consolidated financial statements of the Parent Company and its subsidiaries (the Group) as at December 31, 2017 and 2016 and for each of the three years in the period ended December 31, 2017 were authorized for issuance by the Board of Directors (BOD) on March 27, 2018.

2. Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation

The consolidated financial statements of the Group have been prepared using the historical cost basis, except for financial assets at fair value through profit or loss and available-for-sale financial assets that have been measured at fair values. These consolidated financial statements are presented in Philippine peso (Peso), which is the Group's functional currency, and rounded to the nearest Peso except when otherwise indicated.

Statement of Compliance

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2017.

- Amendments to PFRS 12, *Disclosure of Interests in Other Entities, Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)

  The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

  Adoption of these amendments did not have any impact on the Group's financial statements.

- Amendments to PAS 7, *Statement of Cash Flows*, *Disclosure Initiative*

  The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

  The Group has provided the required information in Notes 14 and 15 to the consolidated financial statements. As allowed under the transition provisions of the standard, the Group did not present comparative information for the years ended December 31, 2016 and 2015.

- Amendments to PAS 12, *Income Taxes*, *Recognition of Deferred Tax Assets for Unrealized Losses*

  The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions upon the reversal of the deductible temporary difference related to unrealized losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

  The adoption of the amendments has no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

Basis of Consolidation

The consolidated financial statements consist of the financial statements of the Parent Company and its subsidiaries as of December 31 of each year. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using consistent accounting policies.

The percentage of ownership of the Parent Company in these subsidiaries as of December 31, 2017 and 2016 are as follows:

	Percentage of Ownership	Nature of Activity
CPI	90.81	Pre-need pension plans
CLDI	49.73	Real estate

The registered office and principal place of business of CLDI is 3/F Cityland Condominium 10 Tower I, 156 H. V. Dela Costa Street, Makati City. On the other hand, registered office address of CPI is at 3/F Cityland Condo. 10 Tower 2, 154 H.V. Dela Costa St., Salcedo Village, Makati City.

A subsidiary is an entity that is controlled by the Parent Company. The Group controls an investee if, and only if, the Group has:

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

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

- the contractual arrangement with the other vote holders of the investee
- rights arising from other contractual arrangements
- the Parent Company's voting rights and potential voting rights

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. In such circumstances, the carrying amounts of the controlling and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received shall be recognized directly in equity and attributed to the owners of the parent.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill, if any), liabilities, non-controlling interest and other components of equity while any resulting gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Non-controlling Interests

Non-controlling interests represent the interests in the subsidiaries not held by the Parent Company, and are presented separately in the consolidated statement of income, consolidated statement of comprehensive income and within the equity section of the consolidated balance sheet, separate from the Parent Company's equity.

Current versus Noncurrent Classification

The Group presents assets and liabilities in balance sheet based on current/noncurrent classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within 12 months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition, and are subject to an insignificant risk of change in value.

Short-term Cash Investments

Short-term cash investments are investments with maturities of more than three months but not exceeding one year from dates of acquisition.

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 measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

The fair value of an asset or a liability is measured using the assumptions that market participant's would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

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

Financial Assets and Financial Liabilities

Date of recognition

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

Initial recognition of financial instruments

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

Classification of financial instruments

Subsequent to initial recognition, the Group classifies its financial instruments in the following categories: financial assets and financial liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and other financial liabilities. The classification depends on the purpose for which the instruments are acquired and whether they are quoted in an active market. Management determines the classification at initial recognition and, where allowed and appropriate, re-evaluates this classification at each end of reporting period.

a. Financial Assets or Financial Liabilities at Fair Value through Profit or Loss

A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the near term or upon initial recognition, it is designated by management as at fair value through profit or loss.

Financial assets or financial liabilities classified in this category are designated as at fair value through profit or loss by management on initial recognition when any of the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets or liabilities are part of a group of financial assets or financial liabilities, or both financial assets and financial liabilities, which are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets or financial liabilities classified under this category are carried at fair value in the consolidated balance sheet. Changes in the fair value of such assets and liabilities are recognized in the consolidated statement of income.

The Group designated its investments in trust funds as financial assets at fair value through profit or loss. The Group's investments in trust funds directly relate to the Pre-need Reserves accounts.

b. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. Loans and receivables are carried at amortized cost in the consolidated balance sheet. Amortization is determined using the effective interest method.

The Group's loans and receivables consist of cash in banks, cash equivalents, short-term cash investments, installment contracts receivable, notes receivable, refundable deposits, and other receivables.

c. Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities wherein the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are carried at amortized cost in the consolidated balance sheet. Amortization is determined using the effective interest method.

The Group has no held-to-maturity investments as of December 31, 2017 and 2016.

d. 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. Available-for-sale financial assets are carried at fair value in the consolidated balance sheet. Changes in the fair value of such assets are accounted in the consolidated statement of comprehensive income and in equity.

The Group's available-for-sale financial assets consist of investments in quoted equity securities that are traded in liquid markets, held for the purpose of investing in liquid funds and not generally intended to be retained on a long-term basis.

e. Other Financial Liabilities

Other financial liabilities are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. They arise when the Group owes money, goods or services directly to a creditor with no intention of trading the payables. Other financial liabilities are carried at cost or amortized cost in the consolidated balance sheet. Amortization is determined using the effective interest method.

The Group's other financial liabilities consist of accounts payable and accrued expenses and notes payable.

Cash dividend distributions to stockholders are recognized as financial liabilities when the dividends are approved by the BOD.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is

not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

"Day 1" difference
Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in the consolidated statement of income unless it qualifies for recognition as some other type of asset. In cases where inputs are made of data which are not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

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

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

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

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

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

Impairment of Financial Assets
The Group assesses at each reporting period whether a financial asset or a group of financial assets is impaired.

Assets carried at amortized cost
The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Objective evidence includes observable data that comes to the attention

of the Group about loss events such as, but not limited to significant financial difficulty of the counterparty, a breach of contract, such as default or delinquency in interest or principal payments, probability that the borrower will enter bankruptcy or other financial reorganization. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in the group of financial assets with similar credit risk and characteristics and that group of financial assets is collectively assessed for impairment. Financial assets that are individually assessed for impairment and for which an impairment loss is recognized are not included in a collective assessment of impairment.

The impairment assessment is performed at each end of reporting period. For the purpose of collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics such as customer type, payment history, past-due status and term.

If there is an objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of 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 rates (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of loss, if any, is recognized in the consolidated statement of income.

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

Assets carried at cost
If there is an objective evidence that an impairment loss of an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Available-for-sale financial assets
In the case of debt instruments classified as available-for-sale financial assets, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recorded as part of "Financial income" in the consolidated statement of income. If, in subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of income, the impairment loss is reversed through the consolidated statement of income.

In case of equity investments classified as available-for-sale financial assets, this would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, 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 the consolidated statement of income - is removed from equity and recognized in the consolidated statement of income. Increases in fair value after impairment are recognized in the consolidated statement of comprehensive income and directly in the consolidated statement of changes in equity.

Real Estate Properties for Sale and Real Estate Properties Held for Future Development
Property acquired or being constructed for sale in the ordinary course of business and held for future development, rather than to be held for rental or capital appreciation, is classified as real estate properties for sale and real estate properties held for future development and are measured at the lower of cost and net realizable value (NRV).

Cost includes:
- Land cost
- Amounts paid to contractors for construction
- Borrowing costs directly attributable to the acquisition, development and construction of real estate projects
- Planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs to complete and the estimated costs necessary to make the sale. The Group recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known.

Upon commencement of development, the real estate properties held for future development is transferred to real estate properties for sale.

Upon repossession, real estate properties for sale arising from sale cancellations and forfeitures are measured at fair value less estimated costs to make the sale. Any resulting gain or loss is credited or charged to “Other income” or “Other expenses”, respectively, in the consolidated statement of income.

Investments in Trust Funds
The trust fund assets and liabilities are recognized in accordance with the provisions of the applicable PAS and PFRSs and their interpretations.

Investments in trust funds are restricted to cover the Group’s pre-need reserves. These are classified as current assets to the extent of the currently maturing pre-need reserves. The remaining portion is classified as noncurrent assets in the consolidated balance sheet.

Investment Properties
Investment properties which represent real estate properties for lease and capital appreciation are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of existing investment properties at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of the property. The carrying values of revalued properties transferred to investment properties on January 1, 2004 were considered as the assets’ deemed cost as of said date.

Subsequent to initial measurement, investment properties, except land, are carried at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less any impairment in value. Buildings for lease are depreciated over their useful life of 25 years while machineries and equipment are depreciated over their useful life of 5 to 15 years using the straight-line method.

Investment properties are derecognized when either they have been disposed of or when the property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in the consolidated statement of income in the year of retirement or disposal.

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

Transfers between investment properties, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Construction in progress is stated at cost. This includes costs of construction and other direct costs related to the investment property being constructed. Construction in progress is not depreciated until such time when the relevant assets are complete and ready for use. When such construction is completed and assets are ready for use, the costs of the said assets are transferred to specific classification under "Investment properties" account.

Property and Equipment

Property and equipment, except for office premises, are stated at cost less accumulated depreciation and any impairment in value. Office premises are stated at appraised values (asset's deemed cost) as determined by SEC-accredited and independent firms of appraisers at the date of transition to PFRSs, less accumulated depreciation and any impairment in value. Subsequent additions to office premises are stated at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment consists of the purchase price and any directly attributable cost of bringing the assets to their working condition and location for their intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance costs, are normally charged to the consolidated statement of income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

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

Depreciation is computed using the straight-line method over the estimated useful lives of the properties as follows:

	Years
Office premises:	
Building	25
Furniture, fixtures and office equipment	5-15
Transportation and other equipment	5

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

When property and equipment are sold or retired, the cost and related accumulated depreciation and any impairment in value are removed from the accounts, and any gains or losses from their disposal is included in the consolidated statement of income.

Impairment of Nonfinancial Assets

The carrying values of real estate properties held for future development, investment properties and property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are either written down to their recoverable amount or provided with valuation allowance. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value-in-use. Impairment losses, if any, are recognized in the consolidated statement of income.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

The Group assesses at each reporting period whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. The Group considers external and internal sources of information in its assessment of the reversal of previously recognized impairment losses. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income. After such a reversal, the depreciation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Value-added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated balance sheet. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated balance sheet to the extent of the recoverable amount.

The net amount of VAT recoverable from or payable to, the taxation authority is included as part of "Other current assets" or "Accounts payable and accrued expenses," respectively, in the consolidated balance sheet.

Pre-Need Reserves (PNR)
PNR for pension plans are calculated on the basis of the methodology and assumptions set out in Pre-need Rule 31, as Amended, as follows:

- The amount of provision is the present value of the funding expected to be required to settle the obligation with due consideration of the different probabilities as follows:

  i. Provision for termination values applying the inactivity and surrender rate experience of CPI.
  ii. The liability is equivalent to the present value of future maturity benefits reduced by the present value of future trust fund contributions required per Product Model discounted at the lower of attainable rate or discount rate provided by the Insurance Commission (IC) for SEC-approved plans and the pricing discount rate for IC-approved plans.

- The rates of surrender, cancellation, reinstatement, utilization, and inflation considered the actual experience of CPI in the last three years.
- The computation of the foregoing assumptions has been validated by the internal qualified actuary of CPI.
- Based on CPI's experience, the probability of pre-termination or surrender of fully paid plans is below 5% and therefore considered insignificant. The derecognition of liability shall be recorded at pre-termination date.

In 2017 and 2016, CPI followed IC Circular Letter No. 23-2012 dated November 28, 2012 which sets the guidelines for the discount rate to be used in the valuation of PNR as follows:

- Discount interest rate for the PNR
  The transitory discount interest rate per year shall be used in the valuation of PNR shall not exceed the lower of the attainable rates as certified by the trustee banks and the following rates below:

Year	Discount interest rate
2012 – 2016	8.00%
2017	7.25%
2018	6.50%
2019 and onwards	6.00%

- Transitory PNR (TPNR)
  In effecting the transition in the valuation of reserves for old basket of plans, IC shall prescribe a PNR with a maximum transition period of 10 years. For each of the pre-need plan categories, the TPNR shall be computed annually on the old basket of plans outstanding at the end of each year from 2012 to 2021 using the discount interest rates provided above. If the actual trust fund balance is higher than or equal to the resulting PNR then the liability set-up shall be the PNR. However, if the resulting PNR is greater than the actual trust fund balance at the end of the year, TPNR shall be computed.

  The actual trust fund balance shall be the trust fund balance at the end of the year net of any receivables by CPI from the trustee for the contractual benefits outstanding as of the end of the year.

The TPNR liability shall be recognized each year. As of December 31, 2017 and 2016, CPI's actual trust fund balance is lower than the resulting PNR (see Note 5).

Other reserves
CPI sets up other provisions in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, to cover obligations such as Insurance Premium Reserves (IPR), pension bonus, and trust fund deficiency.

Unless the IC shall so specifically require, CPI may, at its option, set up other provisions as a prudent measure.

Capital Stock
Capital stock is measured at par value for all shares issued and outstanding. When the Parent Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

When the shares are sold at premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Parent Company, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Retained Earnings
Retained earnings represent the cumulative balance of net income or loss, dividend distributions, effects of changes in accounting policy and other capital adjustments.

Unappropriated retained earnings represent that portion of retained earnings which can be declared as dividends to stockholders after adjustments for any unrealized items which are considered not available for dividend declaration. Appropriated retained earnings represent that portion of retained earnings which has been restricted and therefore is not available for any dividend declaration.

The retained earnings include deemed cost adjustments on real estate properties for sale, investment properties and property and equipment that arose when the Group transitioned to PFRSs in 2005. The deemed cost adjustment will be realized through depreciation in profit or loss for depreciable assets (property and equipment and investment properties) and through sale for inventories (classified under real estate properties for sale) and land (classified under investment properties). The deferred income tax liability on deemed cost adjustments on investment properties, property and equipment and inventories sold under Income Tax Holiday (ITH) projects is transferred to retained earnings upon realization while the deferred income tax liability on deemed cost adjustments on inventories sold under regular tax regime is transferred to consolidated statement of income upon sale.

Dividend Distributions
Cash dividends on common shares are deducted from retained earnings upon declaration by the BOD.

Stock dividends on common shares are measured based on the total par value of declared stock dividend. Stock dividends are deducted from retained earnings when the BOD's declaration is ratified by the stockholders of the Group. Unissued stock dividends are recorded as stock dividends distributable and credited to capital stock upon issuance.

Dividends for the year that are declared after the end of the reporting period but before the approval for issuance of consolidated financial statements are dealt with as an event after the reporting period.

Treasury Stock

Treasury stock is the Group's own equity instruments that has been issued and then reacquired but not yet cancelled. Treasury stock are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized as additional paid-in capital.

Revenue and Costs Recognition

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Group and the amount of revenue can be reliably measured. For sales of real estate properties, the Group assesses whether it is probable that the economic benefits will flow to the Group when the sales prices are collectible. Revenue is measured at the fair value of the consideration received excluding VAT. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Sales of real estate properties

Revenue from sales of completed real estate properties and undeveloped land is accounted for using the full accrual method. Under the full accrual method, revenue is recognized when the risks and rewards of ownership on the properties have been passed to the buyer and the amount of revenue can be measured reliably.

In accordance with Philippine Interpretations Committee Q&A 2006-01, *Revenue Recognition for Sales of Property Units under Pre-completion Contracts,* the percentage-of-completion (POC) method is used to recognize income from sales of real estate properties when the Group has material obligations under the sales contract to complete the project after the property is sold. The Group starts recognizing revenue under the POC method when the equitable interest has been transferred to the buyer, construction is beyond preliminary stage (i.e., engineering, design work, construction contracts execution, site clearance and preparation, excavation and the building foundation are finished) and the costs incurred or to be incurred can be measured reliably. Under this method, revenue on sale is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work.

If the criteria of full accrual and POC method are not satisfied and when the license to sell and certificate of registration for a project are not yet issued by the Housing and Land Use Regulatory Board (HLURB), any cash received by the Group is recorded as part of "Customers' deposits" account which is included under "Accounts payable and accrued expenses" in the consolidated balance sheet until all the conditions for recognizing the sale are met.

Cost of real estate sales

Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of real estate properties sold before completion is determined using the POC used for revenue recognition applied on the acquisition cost of the land plus the total estimated development costs of the property.

The cost of inventory recognized in profit or loss on disposal (cost of real estate sales) is determined with reference to the specific and allocated costs incurred on the sold property taking into account the POC. The cost of real estate sales also include the estimated development costs to complete the

real estate property, as determined by independent project engineers, and taking into account the POC. The accrued development costs account is presented under "Accounts payable and accrued expenses" in the consolidated balance sheet.

Any changes in estimated development costs used in the determination of the amount of revenue and expenses are recognized in consolidated statement of income in the period in which the change is made.

Sales of pre-need plans
Premiums from sale of pre-need plans, included under "Other income" account in the consolidated statement of income are recognized as earned when collected.

Cost of contracts issued
This account pertains to (a) the increase or decrease in PNR as at the current year as compared to the provision for the same period of the previous year; (b) amount of trust funds contributed during the year including any trust fund deficiency; and (c) documentary stamp tax and SEC registration fees.

If there is a decrease in the PNR as a result of new information or developments, the amount shall be deducted from the cost of contracts issued in the current period. In case of material prior period errors, the requirements of PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, shall be complied with by CPI.

Interest income
Interest income from cash in banks, cash equivalents, cash investments, installment contracts receivable and notes receivable is recognized as the interest accrues taking into account the effective yield on interest.

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

Trust fund income
Trust fund income mainly pertains to rental income on investment properties under the trust fund account, as well as, trading gains and losses from buying and selling and changes in fair value of financial assets and financial liabilities categorized upon initial recognition as at fair value through profit or loss investments under the trust fund account.

Operating leases – Group as a lessor
Operating leases represent those leases under which substantially all the risks and rewards of ownership of the leased assets remain with the lessors. Rent income from operating leases is recognized as income when earned on a straight-line basis over the term of the lease agreement. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

(a) there is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;

(c) there is a change in the determination of whether fulfillment is dependent on a specified asset; or
(d) there is substantial change to the asset.

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

Operating expenses
Operating expenses constitute costs of administering the business. These costs are expensed as incurred.

Financial expenses
Financial expenses consist of interest incurred on notes and contracts payable. Interest attributable to a qualifying asset is capitalized as part of the cost of the asset while others are expensed as incurred.

Interest costs are capitalized if they are directly attributable to the acquisition, development and construction of real estate projects as part of the cost of such projects. Capitalization of interest cost (1) commences when the activities to prepare the assets for their intended use are in progress and expenditures and interest costs are being incurred, (2) is suspended during extended periods in which active development is interrupted, and (3) ceases when substantially all the activities necessary to prepare the assets for their intended use are complete. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

Other income and other expenses
Other income and other expenses pertain mainly to the gain or loss, respectively, arising from forfeiture or cancellation of prior years' real estate sales.

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

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Retirement benefits cost comprises the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Re-measurements of net defined benefit liability or asset

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

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

on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of income.

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

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

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they are earned by the employees. The undiscounted liability for leave expected to be settled within 12 months after the end of the reporting period is recognized for services rendered by employees up to the end of the reporting period. Accumulating leave credits which can be utilized anytime when needed or converted to cash upon employee separation (i.e., resignation or retirement) are presented at its discounted amount as "Accounts payable and accrued expenses - noncurrent portion" in the consolidated balance sheet.

Provisions and Contingencies
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of income net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the effective future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Income Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and the tax laws used to compute the amount are those that are enacted or substantively enacted at the end of reporting period.

Current income tax for current and prior periods shall, to the extent unpaid, be recognized as a liability under "Income tax payable" account in the consolidated balance sheet. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognized as an asset under "Other current assets" account in the consolidated balance sheet.

Deferred income tax

Deferred income tax is recognized on all temporary differences at the end of reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except (a) where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences can be utilized. Deferred income tax assets and deferred income tax liabilities are not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

Deferred income tax relating to items recognized directly in equity is recognized in equity and those directly in comprehensive income such as re-measurement of defined benefit plan are recognized in the consolidated statement of comprehensive income and not in the consolidated statement of income.

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

Other Comprehensive Income
Other comprehensive income comprises items of income and expense that are not recognized in the consolidated statement of income in accordance with PFRSs. Other comprehensive income of the Group includes gains and losses on fair value changes of available-for-sale financial assets, re-measurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability).

Earnings Per Share
Basic earnings per share is computed by dividing the net income for the year attributable to equity holders of the Parent Company by the weighted average number of ordinary shares issued and outstanding after considering the retroactive effect, if any, of stock dividends declared during the year.

Diluted earnings per share is calculated by dividing the net income for the year attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares and adjusted for the effects of all dilutive potential common shares, if any. In determining both the basic and diluted earnings per share, the effect of stock dividends, if any, is accounted for retrospectively.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 30 to the consolidated financial statements. The Group's asset-producing revenues are located in the Philippines (i.e., one geographical location). Therefore, geographical segment information is no longer presented.

Events After the Reporting Period
Post year-end events that provide additional information about the Group's position at the end of reporting period (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.

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements to have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2018

- Amendments to PFRS 2, *Share-based Payment*, *Classification and Measurement of Share-based Payment Transactions*

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

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

The Group has assessed that the adoption of these amendments will not have any impact on the 2018 consolidated financial statements.

- PFRS 9, *Financial Instruments*

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

  The Group is currently assessing the impact of PFRS 9 and believes that this new standard will affect the consolidated financial statements. The Group plans to adopt the new standard on the mandatory effective date.

- Amendments to PFRS 4, *Insurance Contracts*, *Applying PFRS 9, Financial Instruments, with PFRS 4*

  The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the new insurance contracts standard. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying PFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after January 1, 2018. An entity may elect the overlay approach when it first applies PFRS 9 and apply that approach retrospectively to financial assets designated on transition to PFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying PFRS 9.

  The amendments are not applicable to the Group since it has no activities that are predominantly connected with insurance or issue insurance contracts.

- PFRS 15, *Revenue from Contracts with Customers*

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

  The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

  The Group is currently assessing the impact of PFRS 15 and believes that this new revenue standard will affect the consolidated financial statements. The Group plans to adopt the new standard on the mandatory effective date.

- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)

  The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

  The amendments should be applied retrospectively, with earlier application permitted.

  These amendments are not expected to have any impact on the Group.

- Amendments to PAS 40, *Investment Property*, *Transfers of Investment Property*

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

  Since the Group's current practice is in line with the clarifications issued, the Group does not expect any effect on its consolidated financial statements upon adoption of these amendments.

- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*

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

  Since the Group's current practice is in line with the clarifications issued, the Group does not expect any effect on its financial statements upon adoption of this interpretation.

Effective beginning on or after January 1, 2019

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

  The amendments to PFRS 9 allow debt instruments with negative compensation prepayment features to be measured at amortized cost or fair value through other comprehensive income. An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

  These amendments are not expected to have any impact on the Group.

- PFRS 16, *Leases*

  PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, *Leases*. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

  Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

  Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

  PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17.

  Early application is permitted, but not before an entity applies PFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

  The Group is currently assessing the impact of adopting PFRS 16.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

  The amendments to PAS 28 clarify that entities should account for long-term interests in an associate or joint venture to which the equity method is not applied using PFRS 9. An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

  These amendments are not expected to have any impact on the Group.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*

  The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12 and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

  The interpretation specifically addresses the following:
  - Whether an entity considers uncertain tax treatments separately
  - The assumptions an entity makes about the examination of tax treatments by taxation authorities
  - How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
  - How an entity considers changes in facts and circumstances

  An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

  The Group is currently assessing the impact of adopting this interpretation.

Deferred effectivity

- *Amendments to PFRS 10 and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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

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

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes.

In the opinion of management, these consolidated financial statements reflect all adjustments necessary to present fairly the results for the period presented. Actual results could differ from such estimates.

Judgments

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

Consolidation of CLDI in which the Group holds less than a majority of voting right (de facto control)

The Group consolidates the accounts of CLDI since it considers that it controls CLDI even though it owns less than 50% of voting interest. The factors that the Group considered in making this determination include the size of its block of voting shares and the relative size and dispersion of holdings by other stockholders. The Group is the single largest shareholder of CLDI with 49.73% equity interest. The Parent Company, some of its stockholders and affiliates (whose stockholders also own equity ownership in the Parent Company) collectively own more than 50% of the equity of CLDI giving the Parent Company effective control over CLDI.

In addition, majority of the members of its governing body or its key management personnel are the same as those of CLDI.

Revenue recognition

Selecting the appropriate revenue recognition method for a particular real estate transaction requires certain judgments based on the following, among others:

- *Buyer's continuing commitment to the sales agreement*
  Collectability of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that gives the buyer a sufficient stake in the property that risk of loss through default motivates the buyer to honor the obligation. Collectability is also assessed by considering factors such as the credit standing of the buyer, age, and location of the property.

  For sale of real estate properties, in determining whether the sales prices are collectible, the Group considers that the initial payments from the buyer of about 10% would demonstrate the buyer's commitment to pay.

- *Stage of completion of the project*
  The Group commences the recognition of revenue from sale of uncompleted projects where the POC method is used when the POC, as determined by independent project engineers, is at 10%. At this stage, the Group considers that the construction has gone beyond preliminary stage, that is, engineering, design work, construction contracts execution, site clearance and preparation, excavation and the building foundation are completed.

Distinction between investment properties and owner-occupied properties

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to the other assets used for administrative purposes.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for administrative purposes. If these portions cannot be sold separately at the reporting date, the property is accounted for as investment property only if an insignificant portion is held for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

Investment properties amounted to ₱2.11 billion and ₱2.08 billion as of December 31, 2017 and 2016, respectively (see Note 11). Property and equipment amounted to ₱10.53 million and ₱10.34 million as of December 31, 2017 and 2016, respectively (see Note 12).

Distinction between real estate properties for sale and investment properties
The Group determines whether a property is classified as for sale, for lease or for capital appreciation.

Real estate properties which the Group develops and intends to sell on or before completion of construction are classified as real estate properties for sale. Real estate properties for sale amounted to ₱1.18 billion and ₱1.52 billion as of December 31, 2017 and 2016, respectively (see Note 9). Real estate properties which are not occupied substantially for use by, or in the operations of the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation are classified as investment properties. Investment properties amounted to ₱2.11 billion and ₱2.08 billion as of December 31, 2017 and 2016, respectively (see Note 11).

Distinction between real estate properties for sale and held for future development
The Group determines whether a property will be classified as real estate properties for sale or held for future development. In making this judgment, the Group considers whether the property will be sold in the normal operating cycle (real estate properties for sale) or whether it will be retained as part of the Group's strategic landbanking activities for development or sale in the medium or long-term (real estate properties held for future development). Real estate properties for sale amounted to ₱1.18 billion and ₱1.52 billion as of December 31, 2017 and 2016, respectively (see Note 9). Real estate properties held for future development amounted to ₱1.19 billion and ₱0.98 billion as of December 31, 2017 and 2016, respectively (see Note 10).

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

Revenue and cost recognition
The Group's revenue recognition and cost policies require management to make use of estimates and assumptions that may affect the reported amount of revenue and cost. The Group's revenue from real estate properties based on the POC is measured principally on the basis of the estimated completion of a physical proportion of the contract work.

Estimation of POC of real estate projects
The Group estimates the POC of ongoing projects for purposes of accounting for the estimated costs of development as well as revenue to be recognized. Actual costs of development could differ from these estimates. Such estimates will be adjusted accordingly when the effects become reasonably determinable. The POC is based on the technical evaluation of the independent project engineers as well as management's monitoring of the costs, progress and improvements of the projects. Sales of real estate properties amounted to ₱1.31 billion, ₱1.48 billion and ₱2.37 billion in 2017, 2016 and 2015, respectively. Cost of real estate sales amounted to ₱0.74 billion, ₱0.83 billion and ₱1.42 billion in 2017, 2016 and 2015, respectively.

Estimation of allowance for impairment of receivables
The level of this allowance is evaluated by management based on past collection history and other factors, which include, but not limited to the length of the Group's relationship with customer, the customer's payment behavior, known market factors that affect the collectability of the accounts and the fair value of real estate properties held as collaterals. As of December 31, 2017 and 2016,

installment contracts receivable, notes receivable, and other receivables aggregated to ₱2.63 billion and ₱2.09 billion, respectively. There was no impairment of receivables in 2017 and 2016 (see Notes 6, 7 and 8).

Determination of net realizable value of real estate properties for sale and held for future development
The Group's estimates of net realizable value of real estate properties for sale and held for future development are based on the most reliable evidence available at the time the estimates are made, or the amount that the real estate properties for sale and held for future development are expected to be realized. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the period. A new assessment is made of net realizable value in each subsequent period. When the circumstances that previously caused the real estate properties for sale to be written down below cost no longer exist or when there is a clear evidence of an increase in net realizable value because of changes in economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised net realizable value.

The Group's real estate properties for sale as of December 31, 2017 and 2016 amounted to ₱1.18 billion and ₱1.52 billion, respectively (see Note 9). On the other hand, the Group's real estate properties held for future development as of December 31, 2017 and 2016 amounted to ₱1.19 billion and ₱0.98 billion, respectively (see Note 10).

Estimation of useful lives of investment properties and property and equipment
The Group estimates the useful lives of investment properties and property and equipment based on the internal technical evaluation and experience with similar assets. Estimated lives of investment properties and property and equipment are reviewed periodically and updated if expectations differ from previous estimates due to wear and tear, technical and commercial obsolescence and other limits on the use of the assets. Net book value of depreciable investment properties as of December 31, 2017 and 2016 amounted to ₱1.15 billion and ₱0.25 billion, respectively (see Note 11). On the other hand, the net book value of property and equipment, which are all depreciable, amounted to ₱10.53 million and ₱10.34 million as of December 31, 2017 and 2016, respectively (see Note 12).

Determination of the fair value of investment properties
The Group discloses the fair values of its investment properties in accordance with PAS 40, *Investment Property,* the Group engaged SEC-accredited and independent valuation specialists to assess fair value as of December 31, 2017 and 2016. The Group's investment properties consist of land and building pertaining to commercial properties. These are valued by reference to sales of similar or substitute properties and other related market data had the investment properties been transacted in the market. The significant unobservable inputs used in determining the fair value are the sales price per square meter of similar or substitute property, location, size, shape of lot and the highest and best use. Another method used in determining the fair value of land properties is based on the market data approach. The value of land is based on sales and listings of comparable property registered within the vicinity. This requires adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator by adjusting the difference between the subject property and those actual sales and listings regarded as comparables. The comparison is premised on the factors of location; size and shape of the lot; time element and others (see Note 27).

Impairment of investment properties and property and equipment
The Group determines whether its nonfinancial assets such as investment properties and property and equipment are impaired when impairment indicators exist such as significant underperformance

relative to expected historical or projected future operating results and significant negative industry or economic trends. When an impairment indicator is noted, the Group makes an estimation of the value-in-use of the cash-generating units to which the assets belong. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose an appropriate discount rate in order to calculate the present value of those cash flows. No impairment indicator was noted as of December 31, 2017 and 2016. Net book value of investment properties as of December 31, 2017 and 2016 amounted to ₱2.11 billion and ₱2.08 billion, respectively (see Note 11). On the other hand, the net book value of property and equipment amounted to ₱10.53 million and ₱10.34 million as of December 31, 2017 and 2016, respectively (see Note 12).

Estimation of retirement benefits cost
The cost of the defined benefit plan and the present value of the defined benefit obligation are determined using actuarial valuations which involves making various assumptions that may differ from actual developments in the future. These assumptions include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the PDEX PDST-R2 rates at various tenors, rates for intermediate durations were interpolated and the rates were then weighted by the expected benefits payments at those durations to arrive at the single weighted average discount rate.

The mortality rate is based on publicly available mortality table in the Philippines. Future salary increases are based on expected future inflation rates. Further details about assumptions used are given in Note 24.

Net retirement benefits cost amounted to ₱2.31 million, ₱1.41 million and ₱1.51 million in 2017, 2016 and 2015, respectively. The carrying value of the Parent Company's and CPI's net retirement plan assets as of December 31, 2017 and 2016 amounted to ₱14.14 million and ₱12.38 million, respectively. The carrying value of CLDI's net retirement benefits liability as of December 31, 2017 and 2016 amounted to ₱5.49 million and ₱6.43 million, respectively (see Note 24).

Estimation of reserves
Reserves are set up for all pre-need benefits guaranteed and payable by CPI as defined in the pre-need plan contracts. The determination of CPI's reserves is based on the actuarial formula, methods, and assumptions allowed by applicable SEC and IC circulars.

As of December 31, 2017, the principal assumptions used in determining the PNR was based on the IC Circular Letter No. 23-2012 dated November 28, 2012. The transitory discount interest rate that shall be used in the valuation of pre-need reserves shall not exceed the lower of the attainable rates as certified by the Trustee of 5.470% and 5.467% in 2017 and 2016, respectively, and the IC rate of 7.25%.

The following are the assumptions used in the computation of pre-need reserves:

December 31, 2017:

a. Currently-Being-Paid Pension Plans - Actively Paying Plans

- Plans issued prior to 2006 and after - 5.470% discount rate (ROI rate) and no surrender/lapse rates were used.

b. Currently-Being-Paid Pension Plans - Lapsed Plans

- Plans issued prior to 2006 and after - reserves equal the termination values (as originally computed) at the date of lapse and no reinstatement rate was assumed.

c. Fully paid plans - Availing and Not Yet Availing

- Plans with maturity dates in years 2018 and after - 5.470% discount rate (ROI rate) and no surrender rates were assumed for fully paid plans.

December 31, 2016:

a. Currently-Being-Paid Pension Plans - Actively Paying Plans

- Plans issued prior to 2006 and after - 5.467% discount rate (ROI rate) and no surrender/lapse rates were used.

b. Currently-Being-Paid Pension Plans - Lapsed Plans

- Plans issued prior to 2006 and after - reserves equal the termination values (as originally computed) at the date of lapse and no reinstatement rate was assumed.

c. Fully paid plans - Availing and Not Yet Availing

- Plans with maturity dates in years 2017 and after - 5.467% discount rate (ROI rate) and no surrender rates were assumed for fully paid plans.

December 31, 2015:

a. Currently-Being-Paid Pension Plans - Actively Paying Plans

- Plans issued prior to 2006 and after - 5.448% discount rate (ROI rate) and no surrender/lapse rates were used.

b. Currently-Being-Paid Pension Plans - Lapsed Plans

- Plans issued prior to 2006 and after - reserves equal the termination values (as originally computed) at the date of lapse and no reinstatement rate was assumed.

c. Fully paid plans - Availing and Not Yet Availing

- Plans with maturity dates in years 2016 and after - 5.448% discount rate (ROI rate) and no surrender rates were assumed for fully paid plans.

Management believes that the amount of pre-need reserves and other reserves recorded in the books closely reflect potential plan claims as of end of reporting period. As of December 31, 2017 and 2016, pre-need reserve and other reserves amounted to ₱41.34 million and ₱45.11 million, respectively (see Note 5).

Recognition of deferred income tax assets
The Group reviews the carrying amounts of deferred income tax assets at the end of each reporting period and reduces deferred income tax assets to the extent that it is no longer probable that sufficient

future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized.

As of December 31, 2017 and 2016, deferred income tax assets amounted to ₱36.62 million and ₱27.24 million, respectively (see Note 25).

4. Cash and Cash Equivalents and Short-term Cash Investments

Cash and cash equivalents consist of:

	2017	2016
Cash on hand and in banks	**₱25,328,317**	₱12,392,628
Cash equivalents	**835,500,000**	1,776,577,647
	₱860,828,317	₱1,788,970,275

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods up to three months depending on the immediate cash requirements of the Group, and earn interest at the respective investment rates.

Short-term cash investments amounting to ₱1.52 billion and ₱1.22 billion as of December 31, 2017 and 2016, respectively, have maturities of more than three months to one year from dates of acquisition and earn interest at the prevailing market rates.

Interest income earned from cash in banks, cash equivalents and short-term cash investments amounted to ₱67.34 million, ₱63.86 million and ₱60.28 million in 2017, 2016 and 2015, respectively (see Note 21).

5. Investments in Trust Funds and Pre-need and Other Reserves

Investments in trust funds
Pursuant to the provisions of the SEC Memorandum Circular No. 6, *Guidelines on the Management of the Trust Fund of Pre-Need Corporation* (SEC Circular No. 4), the SEC requires, among others, that companies engaged in the sale of pre-need plans and similar contracts to planholders set up a trust fund to guarantee the delivery of property or performance of service in the future. Withdrawals from these trust funds are limited to, among others, payments of pension plan benefits, bank charges and investment expenses in the operation of the trust funds, termination value payable to plan holders, contributions to the trust funds of cancelled plans and final taxes on investment income of the trust funds.

In accordance with the SEC requirements, CPI has funds deposited with two local trustee banks with net assets aggregating to ₱34.61 million and ₱35.30 million as of December 31, 2017 and 2016, respectively, which are recorded under “Investments in trust funds” account in the consolidated balance sheets.

The details of investments in trust funds as of December 31 are as follows:

	2017	2016
Assets		
Cash and cash equivalents	**₱4,336,908**	₱4,240,193
Debt and listed equity securities	**22,997,450**	23,839,071
Investment properties	**4,186,000**	6,782,000
Loans and receivables	**3,419,893**	366,470
Others	**147,410**	424,014
	35,087,661	35,651,748
Liabilities	**(481,311)**	(354,659)
	34,606,350	35,297,089
Less noncurrent portion	**30,337,287**	30,807,590
	₱4,269,063	₱4,489,499

Total contributions to the trust funds amounted to ₱2.57 million, ₱2.68 million and ₱3.06 million in 2017, 2016 and 2015, respectively. Total withdrawals from the trust funds amounted to ₱4.04 million, ₱7.09 million and ₱3.67 million in 2017, 2016 and 2015, respectively.

Mark to market gain (loss) of available-for-sale financial assets amounted to (₱0.26 million) and ₱0.78 million and in 2017 and 2016, respectively.

The movements in reserve for fluctuation in value of available-for-sale financial assets held in trust funds follow:

	2017	2016
Balances at beginning of year	**₱1,266,802**	₱489,137
Changes in fair value during the year	**(594,225)**	777,665
Balances at end of year	**₱672,577**	₱1,266,802

Details of reserves are as follows:

	2017	2016
PNR	**₱31,710,864**	₱31,513,795
Reserve for trust fund deficiency	**8,824,505**	12,611,300
Pension bonus reserve	**651,186**	785,847
Insurance premium reserve	**157,716**	196,570
	41,344,271	45,107,512
Less noncurrent portion	**39,844,243**	43,909,277
	₱1,500,028	₱1,198,235

Net contractual liabilities comprise the PNR and reserve for trust fund deficiency. In the opinion of management and the independent actuary, CPI's net contractual liabilities amounting to ₱40.54 million and ₱44.13 million as of December 31, 2017 and 2016, respectively, which is based on the actuarial reports, closely reflect actual potential plan claims as of those dates.

In accordance with IC Circular Letter No. 23-2012 issued on November 28, 2012, the Group computed for the transitory PNR which amounted to ₱31.71 million and ₱31.51 million as of December 31, 2017 and 2016, respectively. If the resulting pre-need reserve is greater than the actual trust fund balance at the end of the year, the transitory pre-need reserves shall be computed in accordance with the schedule provided in the IC Circular Letter.

Although not required, in 2017 and 2016, the BOD has deemed it prudent and opted to set up the difference in net contractual liabilities and transitory pre-need reserve amounting to ₱8.82 million (to be funded for the next 4 years) and ₱12.61 million (to be funded for the next 5 years) under "Pre-need and other reserves" account as of December 31, 2017 and 2016, respectively.

The trust fund deficiency amounting to ₱2.21 million, ₱2.52 million and ₱2.59 million in 2017, 2016 and 2015, respectively, should be placed in the trust fund within 60 days from April 30 following the valuation date. The trust fund deficiency for the year represents the difference of pre-need reserve and trust fund investment, net of investment in trust funds allocated to pension bonus and unrealized gains.

6. Installment Contracts Receivable

	2017	2016
Installment contracts receivable	**₱1,835,418,984**	₱2,007,757,101
Less noncurrent portion	**1,509,504,341**	1,687,290,041
Current portion	**₱325,914,643**	₱320,467,060

Installment contracts receivable arise from sales of real estate properties and are collectible in monthly installments for periods ranging from one (1) to 10 years which bear monthly interest rates of 0.67% to 2.00% in 2017, 2016 and 2015 computed on the diminishing balance.

Interest income earned from installment contracts receivable amounted to ₱247.47 million, ₱222.55 million and ₱222.81 million in 2017, 2016 and 2015, respectively (see Note 21).

The Parent Company, CLDI and CI entered into a contract of guaranty under Retail Guaranty Line in the amount of ₱2.00 billion in 2015 with Home Guaranty Corporation (HGC). The amount of installment contracts receivable enrolled and renewed by the Group amounted to ₱1.67 billion and ₱0.73 billion in 2017 and 2016, respectively. The Group paid a guarantee premium of 1.00%, based on outstanding principal balance of the receivables enrolled in 2017 and 2016.

7. Notes Receivable

Notes receivable pertains to short-term and long-term investments placed by the Company to different financial institutions which earn interest at the prevailing market interest rates ranging from 3.375% to 4.625%.

	2017	2016
Notes receivable	**₱728,000,000**	₱20,000,000
Less noncurrent portion	**600,000,000**	20,000,000
Current portion	**₱128,000,000**	₱–

There were no properties offered as collaterals for the said notes receivables. Details of notes receivables are as follows:

Date of Placement	Amount	Maturity Date
December 2017	₱100,000,000	2 to 3 months
December 2017	70,000,000	5 years

(Forward)

Date of Placement	Amount	Maturity Date
October 2017	₱70,000,000	1 year and 6 months
October 2017	60,000,000	2 years
April 2017	380,000,000	3 years
March 2017	28,000,000	1 year and 3 months
August 2016	20,000,000	4 years

Interest income earned from notes receivable amounted to ₱12.08 million and ₱0.16 million in 2017 and 2016, respectively (see Note 21).

8. Other Receivables

Other receivables consist of:

	2017	2016
Advances to:		
Customers	**₱21,892,387**	₱29,807,407
Contractors	**7,793,890**	8,674,949
Accrued interest	**11,838,196**	7,762,977
Rent receivable	**11,044,207**	11,177,329
Retention	**2,771,681**	724,766
Due from BIR	**2,673,535**	1,231,682
Due from related parties (Note 26)	**1,017,855**	416,106
Others	**2,822,558**	2,872,916
	61,854,309	62,668,132
Less noncurrent portion	**15,266,489**	12,862,409
Current portion	**₱46,587,820**	₱49,805,723

Advances to customers are receivables of the Group for the real estate property taxes of sold condominium units initially paid by the Group whereas advances to contractors are advances made by the Group for the contractors' supply requirements.

Rent receivable arose from the investment properties rented-out under non-cancellable long-term operating lease contracts (see Note 11). Due from BIR pertains to input VAT refund relating to zero-rated sales in 2017 and 2016.

Other receivables include receivables from customers relating to registration of title and other expenses initially paid by the Group on behalf of the buyers and employees' advances.

9. Real Estate Properties for Sale

Real estate properties for sale consists of costs incurred in the development of condominium units and residential houses. Real estate properties for sale includes deemed cost adjustment amounting to ₱49.82 million and ₱10.23 million as of December 31, 2017 and 2016, respectively (see Note 16). The deemed cost adjustment arose when the Group transitioned to PFRSs in 2005.

The movements in real estate properties for sale follows:

	2017	2016
Balances at beginning of year	**₱1,518,256,209**	₱1,378,393,226
Construction/development costs incurred	**423,212,900**	660,196,952
Disposals (cost of real estate sales)	**(738,985,531)**	(826,197,687)
Transfer from (to) investment properties (Note 11)	**(32,266,351)**	118,355,052
Borrowing costs capitalized (Note 22)	**3,247,060**	503,569
Transfer from real estate properties held for future development (Note 10)	**–**	155,996,523
Other adjustments - net	**3,926,357**	31,008,574
Balances at end of year	**₱1,177,390,644**	₱1,518,256,209

Real estate properties for sale account includes capitalized borrowing costs incurred during each year in connection with the development of the properties. The average capitalization rate used to determine the amount of capitalized borrowing costs eligible for capitalization is 1.24% in 2017 and 2016 and 1.23% in 2015.

Other adjustments include realized deemed cost adjustment and the effect of stating repossessed real estate properties during the year at fair value less cost to sell.

10. Real Estate Properties Held for Future Development

Real estate properties held for future development include land properties reserved by the Group for its future condominium projects.

Movements in real estate properties held for future development are as follows:

	2017	2016
Balances at beginning of year	**₱978,108,206**	₱822,007,622
Additions	**9,489,074**	312,097,107
Transfer to investment properties (Note 11)	**(4,371,873)**	–
Transfer from investment properties (Note 11)	**211,594,974**	–
Transfer to real estate properties for sale (Note 9)	**–**	(155,996,523)
Balances at end of year	**₱1,194,820,381**	₱978,108,206

On various dates in 2016, the Parent Company purchased three parcels of land for future development amounting to ₱294.62 million.

11. Investment Properties

Investment properties represent real estate properties for lease which consist of:

	2017				
	Land	**Building**	**Machinery and Equipment**	**Construction in Progress**	**Total**
Costs					
Balances at beginning of year	**₱1,104,314,985**	**₱340,434,058**	**₱15,730,535**	**₱727,113,016**	**₱2,187,592,594**
Additions	**58,442**	**24,315,568**	**–**	**201,594,034**	**225,968,044**
Transfer from real estate properties for sale (Note 9)	**32,266,351**	**–**	**–**	**–**	**32,266,351**
Transfer from real estate properties held for future development (Note 10)	**4,371,873**	**–**	**–**	**–**	**4,371,873**
Transfer to real estate properties held for future development (Note 10)	**(189,094,365)**	**(22,500,609)**	**–**	**–**	**(211,594,974)**
Capitalized borrowing costs (Note 22)	**–**	**–**	**–**	**7,075,307**	**7,075,307**
Reclassification	**–**	**773,937,663**	**161,005,946**	**(934,943,609)**	**–**
Balances at end of year	**951,917,286**	**1,116,186,680**	**176,736,481**	**838,748**	**2,245,679,195**
Accumulated Depreciation					
Balances at beginning of year	**–**	**98,842,725**	**6,203,255**	**–**	**105,045,980**
Depreciation (Notes 18 and 20)	**–**	**31,220,969**	**2,126,832**	**–**	**33,347,801**
Balances at end of year	**–**	**130,063,694**	**8,330,087**	**–**	**138,393,781**
Net Book Values	**₱951,917,286**	**₱986,122,986**	**₱168,406,394**	**₱838,748**	**₱2,107,285,414**

	2016				
	Land	Building	Machinery and Equipment	Construction in Progress	Total
Costs					
Balances at beginning of year	₱1,219,861,668	₱339,890,150	₱15,730,535	₱373,084,725	₱1,948,567,078
Additions	2,808,369	543,908	–	344,883,842	348,236,119
Transfer to real estate properties for sale (Note 9)	(118,355,052)	–	–	–	(118,355,052)
Capitalized borrowing costs (Note 22)	–	–	–	9,144,449	9,144,449
Balances at end of year	1,104,314,985	340,434,058	15,730,535	727,113,016	2,187,592,594
Accumulated Depreciation					
Balances at beginning of year	–	81,812,838	4,076,423	–	85,889,261
Depreciation (Notes 18 and 20)	–	17,029,887	2,126,832	–	19,156,719
Balances at end of year	–	98,842,725	6,203,255	–	105,045,980
Net Book Values	₱1,104,314,985	₱241,591,333	₱9,527,280	₱727,113,016	₱2,082,546,614

CityNet1 was registered with the Philippine Economic Zone Authority (PEZA) on March 3, 2014 with Registration No. EZ14-04. The Company leases out this property to a business process outsourcing (BPO) company which is also a PEZA-registered entity.

Construction in progress as of December 31, 2017 pertains to the construction of a building which commenced in 2017 and is expected to be completed in the first semester of 2018.

Construction in progress as of December 31, 2016 pertains to the construction costs of CityNet Central, a BPO building, which commenced in 2014 and was completed on August 31, 2017. CityNet Central is also registered with PEZA on February 17, 2015 with Registration No. EZ 15-06.

The net book values of land and building include net deemed cost adjustment amounting to ₱158.67 million and ₱219.83 million as of December 31, 2017 and 2016, respectively (see Note 16). The deemed cost adjustment arose when the Group transitioned to PFRSs in 2005.

Based on the appraisal reports by SEC-accredited and independent firms of appraisers using market data and sales comparison approach at various dates in 2017 and 2016, appraised values of these investment properties amounted to ₱4.17 billion and ₱2.59 billion as of dates of appraisal in 2017 and 2016, respectively (see Note 27).

The Company entered into a non-cancellable operating lease contracts with various third parties as follows:

Year	Lessee (Third Parties)	Term
2017	BPO	3 years
2017	Convenience Store	5 years
2016	Domestic Corporation	5 years
2016	Fast Food	10 years
2015	Domestic Corporation	4 years and 4 months
2014	BPO	6 years
2011	Fast Food	10 years

The lease contracts include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions.

The future minimum lease payments for these lease agreements as of December 31 are as follows:

	2017	2016
Within one year	**₱102,271,503**	₱78,382,646
After one year but not more than five years	**169,925,542**	220,593,884
Later than five years	**32,836,048**	41,030,584
	₱305,033,093	₱340,007,114

Rent income from investment properties amounted to ₱119.68 million, ₱92.76 million and ₱83.26 million in 2017, 2016, and 2015, respectively.

Direct operating expenses on investment properties pertaining to depreciation, real estate taxes and other expenses amounted to ₱59.68 million, ₱33.85 million and ₱23.43 million in 2017, 2016 and 2015, respectively.

Other lease agreements with third parties are generally for a one year term renewable every year.

12. Property and Equipment

Property and equipment consists of:

	2017			
	Office Premises	**Furniture, Fixtures and Office Equipment**	**Transportation and Other Equipment**	**Total**
At Cost				
Balances at beginning of year	**₱–**	**₱34,700,959**	**₱6,380,142**	**₱41,081,101**
Additions	**–**	**5,407,500**	**–**	**5,407,500**
Balances at end of year	**–**	**40,108,459**	**6,380,142**	**46,488,601**
Accumulated Depreciation				
Balances at beginning of year	**–**	**32,304,511**	**5,000,269**	**37,304,780**
Depreciation (Notes 18 and 20)	**–**	**1,834,549**	**301,607**	**2,136,156**
Balances at end of year	**–**	**34,139,060**	**5,301,876**	**39,440,936**
Net Book Value	**–**	**5,969,399**	**1,078,266**	**7,047,665**
At Deemed Cost	**253,365,628**	**–**	**–**	**253,365,628**
Accumulated Depreciation				
Balances at beginning of year	**246,803,015**	**–**	**–**	**246,803,015**
Depreciation (Notes 18 and 20)	**3,076,651**	**–**	**–**	**3,076,651**
Balances at end of year	**249,879,666**	**–**	**–**	**249,879,666**
Net Deemed Cost	**3,485,962**	**–**	**–**	**3,485,962**
Total	**₱3,485,962**	**₱5,969,399**	**₱1,078,266**	**₱10,533,627**

	2016			
	Office Premises	Furniture, Fixtures and Office Equipment	Transportation and Other Equipment	Total
At Cost				
Balances at beginning of year	₱–	₱34,700,959	₱5,970,856	₱40,671,815
Additions	–	–	876,786	876,786
Disposals	–	–	(467,500)	(467,500)
Balances at end of year	–	34,700,959	6,380,142	41,081,101
Accumulated Depreciation				
Balances at beginning of year	–	31,100,837	5,166,162	36,266,999
Depreciation (Notes 18 and 20)	–	1,203,674	301,607	1,505,281
Disposals	–	–	(467,500)	(467,500)
Balances at end of year	–	32,304,511	5,000,269	37,304,780
Net Book Value	–	2,396,448	1,379,873	3,776,321
At Deemed Cost	253,365,628	–	–	253,365,628
Accumulated Depreciation				
Balances at beginning of year	243,726,364	–	–	243,726,364
Depreciation (Notes 18 and 20)	3,076,651	–	–	3,076,651
Balances at end of year	246,803,015	–	–	246,803,015
Net Deemed Cost	6,562,613	–	–	6,562,613
Total	₱6,562,613	₱2,396,448	₱1,379,873	₱10,338,934

For the office premises, the Group elected to apply the optional exemption under PFRS 1, *First-Time Adoption of PFRS*, to use the revalued amount as deemed cost as at January 1, 2005, the date of transition to PFRSs. As of December 31, 2017 and 2016, the balances at pre-PFRS cost of the office premises are as follows:

	2017	2016
Office premises	**₱55,775,746**	₱55,775,746
Less accumulated depreciation	**55,036,250**	54,382,454
Net book values	**₱739,496**	₱1,393,292

Difference between the net deemed cost and the net pre-PFRSs cost amounting to ₱2.75 million and ₱5.17 million as of December 31, 2017 and 2016, respectively, represents the remaining balance of the deemed cost adjustment (see Note 16).

The cost of fully depreciated property and equipment still used in operations amounted to ₱33.40 million as of December 31, 2017 and 2016.

13. Other Assets

Other current assets amounting to ₱60.54 million and ₱53.53 million as of December 31, 2017 and 2016, respectively, represent unused input VAT and prepaid real estate taxes.

Other noncurrent assets consist of:

	2017	2016
Unused input VAT	**₱57,187,022**	₱56,746,092
Available-for-sale financial assets	**1,629,078**	1,468,347
Deposits and others	**19,101,461**	20,757,794
	₱77,917,561	₱78,972,233

The unused input VAT arose from the purchase of parcels of land recorded as part of "Real estate properties held for future development" and "Investment properties" accounts in 2017 and 2016, respectively (see Notes 10 and 11).

Available-for-sale financial assets consist of investments in quoted equity securities. The fair values of available-for-sale financial assets were determined based on published prices in an active market.

The movement in "Net changes in fair values of available-for-sale financial assets" account presented in the equity section of the consolidated balance sheets is as follows:

	2017	2016
Balances at beginning of year	**₱1,706,728**	₱1,102,540
Mark-to-market gain (loss) attributable to equity holders of the Parent Company	**(455,173)**	604,188
Balances at end of year	**₱1,251,555**	₱1,706,728

Mark-to-market gain on available-for-sale financial assets pertaining to the non-controlling interests amounted to ₱0.02 million and ₱0.06 million in 2017 and 2016, respectively.

Dividend income from available-for-sale financial assets amounted to ₱22,824, ₱24,746 and ₱29,133 in 2017, 2016 and 2015, respectively (see Note 21).

Deposits and others represent payments made by the Group to various utility companies for the installation of electric and water meters for unsold condominium units.

14. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of:

	2017	2016
Trade payables	**₱137,980,436**	₱97,276,169
Customers' deposits	**37,816,462**	170,626,671
Accrued expenses:		
Development costs	**97,195,128**	333,967,559
Sick leave (Note 24)	**24,020,922**	23,074,846
Directors' fee (Note 26)	**20,660,349**	13,083,295
Interest payable	**2,398,253**	2,526,374
Taxes, premiums, others	**5,248,552**	1,777,316
Dividends payable	**11,050,680**	9,229,007
Withholding taxes payable	**4,644,064**	7,771,084
Deferred rent income	**5,177,513**	6,976,210
Others	**9,326,956**	8,344,919
	355,519,315	674,653,450
Less noncurrent portion	**103,764,222**	337,136,893
Current portion	**₱251,755,093**	₱337,516,557

Trade payables consist of payables to suppliers, contractors and other counterparties. Customers' deposits in 2016 consist of collections from the pre-selling of Pines Peak Tower II and One Taft Residences condominium units, which were realized in 2017 upon reaching 10% of preliminary construction activities. This account also consists of rental deposits and collected deposits for water and electric meters of the sold units. Accrued development costs represent the corresponding accrued expenses for the completed condominium units of the Group. Deferred rent income pertains to rent received from long-term operating lease. Other payables consist substantially of commissions payable, unclaimed checks of pension holders, and payables due to government agencies.

The movements in dividends payable and accrued interest are as follows:

			Payments		
	January 1, 2017	Additions	Expensed	Capitalized	**December 31, 2017**
Dividends payable (Note 16)	₱9,229,007	₱142,883,989	(₱141,062,316)	₱–	**₱11,050,680**
Accrued interest (Note 15)	2,526,374	19,053,838	(8,859,592)	(10,322,367)	**2,398,253**
	₱11,755,381	₱161,937,827	(₱149,921,908)	(₱10,322,367)	**₱13,448,933**

15. Notes Payable

Notes payable pertain to commercial papers with varying maturities and annual interest rates ranging from 1.06% to 1.25% and 1.06% to 1.31% as of December 31, 2017 and 2016, respectively.

On various dates in 2017 and 2016, the SEC authorized the Parent Company and CLDI to issue total aggregated amount of ₱1.75 billion and ₱1.60 billion, respectively, worth of commercial papers registered with the SEC in accordance with the provision of the Securities Regulation Code and its implementing rules and regulations and other applicable laws and orders. Outstanding commercial papers issued by the Parent Company and CLDI as of December 31, 2017 and 2016 aggregated to ₱1.45 billion and ₱1.67 billion, respectively.

The movements in notes payable are as follows:

	2017	2016
Beginning balance	**₱1,673,000,000**	₱1,135,200,000
Availment	**6,106,350,000**	5,581,503,287
Payment	**(6,325,900,000)**	(5,043,703,287)
Ending balance	**₱1,453,450,000**	₱1,673,000,000

Interest expense related to notes payable amounted to ₱18.50 million, ₱14.52 million and ₱13.32 million in 2017, 2016 and 2015, respectively (see Note 22). Capitalized borrowing costs amounted to ₱10.32 million, ₱9.65 million and ₱7.68 million in 2017, 2016 and 2015, respectively (see Notes 9, 11 and 22). Total interest paid amounted to ₱19.18 million, ₱14.95 million and ₱14.32 million in 2017, 2016 and 2015, respectively.

The Group and CI have credit lines with financial institutions aggregating to about ₱2.45 billion as of December 31, 2017 and 2016, which are available for drawing by any of the companies in the Group. No loans were availed by the Group from the credit line in 2017 and 2016.

The Parent Company has specific credit lines amounting to ₱500.00 million in 2017 and 2016.

The carrying values of the Parent Company's investment properties that will be used as collaterals as of December 31, 2017 and 2016 amounted to ₱191.87 million and ₱291.64 million, respectively.

16. Equity

a. The Parent Company registered 10,000,000 shares with the SEC on June 15, 1978 with an initial offer price of ₱10.00. On July 27, 2012, the SEC approved the Amended Articles of Incorporation on the application for increase in authorized capital stock from ₱3.00 billion to ₱4.00 billion with a par value of ₱1.00 each. As of December 31, 2017 and 2016, the Parent Company has 3,940,001,648 shares held by 669 equity holders and 3,752,475,115 shares held by 684 equity holders, respectively.

The following table summarizes the reconciliation of the issued and outstanding shares of capital stock for each of the following:

	2017		2016		2015	
	Shares	**Amount**	Shares	Amount	Shares	Amount
Authorized shares- ₱1 par value	**4,000,000,000**	**₱4,000,000,000**	4,000,000,000	₱4,000,000,000	4,000,000,000	₱4,000,000,000
Issued, beginning of year	**3,752,475,115**	**₱3,752,475,115**	3,573,878,400	₱3,573,878,400	3,573,878,400	₱3,573,878,400
Treasury stock	**(4,234,588)**	**(4,234,588)**	(4,125,225)	(4,125,225)	(4,021,067)	(4,021,067)
Outstanding	**3,748,240,527**	**3,748,240,527**	3,569,753,175	3,569,753,175	3,569,857,333	3,569,857,333
Stock dividends	**187,526,533**	**187,526,533**	178,596,715	178,596,715	–	–
	3,935,767,060	**3,935,767,060**	3,748,349,890	3,748,349,890	3,569,857,333	3,569,857,333
Treasury stock	**4,234,588**	**4,234,588**	4,125,225	4,125,225	4,021,067	4,021,067
Issued, end of year	**3,940,001,648**	**₱3,940,001,648**	3,752,475,115	₱3,752,475,115	3,573,878,400	₱3,573,878,400

Treasury stock includes 2,296,641 shares and 2,187,278 shares in 2017 and 2016, respectively, held by CPI.

b. Dividends declared and issued/paid by the Parent Company in 2017, 2016 and 2015 are as follows:

Dividends	BOD Approval Date	Stockholders' Approval Date	Per Share	Stockholders of Record Date	Date Issued/Paid
Cash	May 23, 2017		₱0.036	June 6, 2017	June 22, 2017
	June 3, 2016		0.066	June 17, 2016	July 1, 2016
	May 28, 2015		0.027	June 26, 2015	July 22, 2015
Stock	April 27, 2017	June 6, 2017	5%	July 6, 2017	August 1, 2017
	April 25, 2016	June 7, 2016	5%	July 7, 2016	August 2, 2016

Fractional shares of stock dividends were paid in cash based on the par value.

In 2017 and 2016, the SEC approved the issuance of 5% stock dividends declared by the BOD and ratified by the stockholders during the Annual Stockholders' Meeting.

c. As of December 31, 2017 and 2016, the retained earnings attributable to equity holders of the Parent Company and the non-controlling interest include the remaining balance of deemed cost adjustment which arose when the Group transitioned to PFRSs in 2005.

The components of the deemed cost adjustment, net of deferred income tax liabilities included in equity, as of December 31 are as follows:

	2017	2016
Real estate properties for sale (Note 9)	**₱49,824,290**	₱10,232,819
Investment properties (Note 11)	**158,666,020**	219,825,103
Property and equipment (Note 12)	**2,746,466**	5,169,321
Deemed cost adjustment	**211,236,776**	235,227,243
Deferred income tax liability (Note 25)	**(63,371,033)**	(70,568,173)
Net deemed cost adjustment	**₱147,865,743**	₱164,659,070

In 2017, ₱61.16 million of deemed cost adjustment on investment properties was transferred to real estate properties for sale of which ₱16.28 million was realized through sale.

The net deemed cost adjustment is allocated in the consolidated statements of changes in equity as follows:

	2017	2016
Attributable to:		
Equity holders of the Parent Company	**₱141,921,126**	₱158,714,453
Non-controlling interest	**5,944,617**	5,944,617
	₱147,865,743	₱164,659,070

The balance of retained earnings is restricted for the payment of dividends to the extent of the following:

	2017	2016
Undistributed earnings of subsidiaries	**₱998,775,299**	₱934,074,626
Net deemed cost adjustment in properties	**147,865,743**	164,659,070
Cost of treasury shares	**31,429,574**	31,429,574
Deferred income tax assets	**26,045,164**	16,275,995
Fair value adjustment arising from repossessed inventories	**25,768,060**	23,565,123
	₱1,229,883,840	₱1,170,004,388

17. Material Partly-owned Subsidiary

Below are the summarized financial information of the subsidiaries that have non-controlling interests that are material to the Group. The amounts disclosed are based on those financial information included in the consolidated financial statements before intercompany eliminations.

Proportion of equity interest held by non-controlling interests as of December 31, 2017 and 2016:

CLDI	50.27%
CPI	9.19%

As of December 31, the summarized balance sheets of subsidiaries are as follows:

	CLDI		CPI	
	2017	2016	**2017**	2016
Total assets	**₱2,198,958,218**	₱2,239,978,349	**₱323,152,286**	₱315,217,355
Total liabilities	**269,180,666**	425,662,865	**51,355,558**	53,950,285
Equity	**1,929,777,552**	1,814,315,484	**271,796,728**	261,267,070
Attributable to non-controlling interests	**967,184,840**	909,141,919	**27,673,576**	26,643,440

Summarized statements of income for the years ended December 31 are as follows:

	CLDI		CPI	
	2017	2016	**2017**	2016
Revenue	**₱526,333,428**	₱321,744,555	**₱37,848,547**	₱21,264,864
Expenses	**373,542,516**	243,472,422	**26,392,045**	17,742,690
Provision for (benefit from) income tax	**21,741,259**	12,913,943	**1,193,956**	(127,082)
Net income	**131,049,653**	65,358,190	**10,262,546**	3,649,256
Attributable to non-controlling interests	**65,878,660**	32,855,562	**943,128**	335,367
Cash dividends paid to non-controlling interest	**7,864,325**	10,336,379	**–**	–

Summarized statements of comprehensive income for the years ended December 31 are as follows:

	CLDI		CPI	
	2017	2016	**2017**	2016
Net income	**₱131,049,653**	₱65,358,190	**₱10,262,546**	₱3,649,256
Other comprehensive income (loss)	**491,575**	(1,277,794)	**267,112**	2,831,752
Total comprehensive income	**131,541,228**	64,080,396	**10,529,658**	6,481,008
Attributable to non-controlling interests	**66,125,776**	32,213,216	**890,347**	394,712

Summarized statements of cash flows for the years ended December 31 are as follows:

	CLDI		CPI	
	2017	2016	**2017**	2016
Cash flows from operating activities	**₱103,894,191**	₱38,708,968	**₱20,969,876**	₱11,506,205
Cash flows from (used in) investing activities	**(270,985,338)**	210,067,838	**(20,309,907)**	(7,989,266)
Cash flows from (used in) financing activities	**(2,637,421)**	30,644,921	**–**	–

18. Operating Expenses

Operating expenses consist of:

	2017	2016	2015
Personnel (Note 19)	**₱160,270,199**	₱200,210,464	₱162,173,610
Taxes and licenses	**42,439,179**	43,990,167	31,548,305
Depreciation (Note 20)	**38,560,608**	23,738,651	25,111,714
Professional fees	**34,691,331**	42,874,410	41,090,490
Insurance (Note 6)	**18,329,482**	16,865,456	9,106,085
Outside services	**16,940,127**	18,387,608	13,350,710
Light, power and water	**16,342,968**	12,374,444	13,143,583
Membership dues	**8,238,928**	14,850,692	9,121,455
Advertising and promotions	**7,040,061**	8,488,064	7,212,462
Brokers' commission	**6,392,024**	7,525,831	4,785,840
Repairs and maintenance	**6,319,031**	6,792,703	4,819,660
Rent expense	**4,825,052**	6,551,991	5,132,041
Donations	**2,555,000**	2,975,000	594,000
Postage, telephone and telegraph	**2,108,232**	2,737,546	2,328,192
Stationery and office supplies	**1,797,568**	1,815,010	1,351,044
Others	**14,439,857**	19,368,738	9,682,223
	₱381,289,647	₱429,546,775	₱340,551,414

Others include transportation and miscellaneous expenses.

19. Personnel Expenses

Personnel expenses consist of:

	2017	2016	2015
Salaries and wages	**₱67,192,578**	₱86,762,925	₱70,348,958
Bonuses and other employee benefits	**53,309,428**	73,505,128	58,359,689
Commissions	**37,457,346**	38,534,067	31,950,064
Retirement benefits cost (Note 24)	**2,310,847**	1,408,344	1,514,899
	₱160,270,199	₱200,210,464	₱162,173,610

20. Depreciation

Depreciation consists of:

	2017	2016	2015
Investment properties (Note 11)	**₱33,347,801**	₱19,156,719	₱20,516,597
Property and equipment (Note 12)	**5,212,807**	4,581,932	4,595,117
	₱38,560,608	₱23,738,651	₱25,111,714

21. Financial Income

Financial income consists of:

	2017	2016	2015
Interest income from:			
Installment contracts receivable (Note 6)	**₱247,470,820**	₱222,554,260	₱222,813,451
Cash equivalents and short-term cash investments (Note 4)	**67,267,529**	63,781,166	60,184,782
Notes receivable (Note 7)	**12,077,708**	163,556	–
Cash in banks (Note 4)	**70,942**	77,020	96,935
Others	**1,290,520**	1,433,926	1,391,177
Dividend income (Note 13)	**22,824**	24,746	29,133
	₱328,200,343	₱288,034,674	₱284,515,478

22. Financial Expenses

Financial expenses consist of:

	2017	2016	2015
Interest expense on:			
Notes payable (Note 15)	**₱18,500,444**	₱14,518,815	₱13,320,460
Less capitalized borrowing costs (Notes 9, 11 and 15)	**(10,322,367)**	(9,648,018)	(7,681,640)
	8,178,077	4,870,797	5,638,820
Others	**553,394**	1,120,008	1,280,439
	8,731,471	5,990,805	6,919,259
Finance charges	**1,229,650**	1,481,312	1,079,002
	₱9,961,121	₱7,472,117	₱7,998,261

23. Other Income/Expenses

Other income
Other income amounting to ₱84.78 million, ₱65.37 million and ₱98.00 million in 2017, 2016 and 2015, respectively, pertains to trust fund income, penalties for customers' late payments, sale of scraps and forfeiture of reservations/downpayments received on sales which were not consummated.

Other expenses
Other expenses amounting to ₱26.98 million, ₱33.10 million and ₱30.39 million in 2017, 2016 and 2015, respectively, pertain to loss due to forfeiture/cancellation of sales.

24. Employee Benefits

Under the existing regulatory framework, Republic Act 7641, *The Philippine Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employees retirement benefit under the collective bargaining and other agreements shall not be less than provided under the law. The law does not require minimum funding of the plan.

Retirement benefits cost
The Group, jointly with affiliated companies, has a funded, noncontributory defined benefit retirement plan, covering all of its permanent employees. This provides for payment of benefits to covered employees upon retirement subject to certain condition which is based on a certain percentage of the employee's final monthly salary and the number of years of service.

The fund is administered by a third-party trustee bank under the supervision of the Retirement Committee of the plan who is responsible for the investment strategy of the plan.

The details of net retirement benefits cost, which is included in "Personnel expense" account (see Note 19), are as follows:

	2017	2016	2015
Current service cost	**₱2,618,861**	₱2,037,975	₱2,194,482
Net interest income on net defined benefit obligation	**(308,014)**	(629,631)	(679,583)
Net retirement benefits cost	**₱2,310,847**	₱1,408,344	₱1,514,899

Re-measurement loss (gain) recognized in the consolidated statements of comprehensive income comprises the following:

	2017	2016	2015
Actuarial loss (gain) on defined benefit obligation:			
Due to experience adjustments	**₱1,057,054**	₱2,002,482	₱3,197,545
Due to change in financial assumption	**(3,247,966)**	6,021,576	(3,144,659)
Due to change in demographic assumption	**–**	–	166,479
Loss on plan assets excluding amounts included in net interest cost	**871,082**	271,848	4,453,571
Re-measurement loss (gain)	**(₱1,319,830)**	₱8,295,906	₱4,672,936

The details of the net retirement plan assets are as follows:

	2017	2016
Present value of defined benefit obligation	**₱56,483,069**	₱55,087,221
Fair value of plan assets	**65,133,581**	61,033,580
Net retirement plan assets	**₱8,650,512**	₱5,946,359

The breakdown of net retirement plan assets as of December 31 per entity follows:

	2017	2016
Net retirement plan assets:		
Parent Company	**₱13,725,742**	₱12,001,854
CPI	**413,629**	376,621
	14,139,371	12,378,475
Net retirement benefits liability - CLDI	**(5,488,859)**	(6,432,116)
Net retirement plan assets	**₱8,650,512**	₱5,946,359

Changes in net retirement plan assets are as follows:

	2017	2016
Beginning balances	**₱5,946,359**	₱11,955,439
Retirement benefits cost	**(2,310,847)**	(1,408,344)
Re-measurement gain (loss)	**1,319,830**	(8,295,906)
Contributions	**3,695,170**	3,695,170
Ending balances	**₱8,650,512**	₱5,946,359

Changes in present value of defined benefit obligation are as follows:

	2017	2016
Defined benefit obligation, January 1	**₱55,087,221**	₱43,465,586
Current service cost	**2,618,861**	2,037,975
Interest cost on benefit obligation	**2,856,572**	2,233,427
Benefits paid	**(1,888,673)**	(673,825)
Actuarial losses (gains)	**(2,190,912)**	8,024,058
Defined benefit obligation, December 31	**₱56,483,069**	₱55,087,221

Changes in fair value of plan assets are as follows:

	2017	2016
Fair value of plan assets, January 1	**₱61,033,580**	₱55,421,025
Actual return including amount recognized in net interest cost	**2,293,504**	2,591,210
Contributions to the plan	**3,695,170**	3,695,170
Benefits paid	**(1,888,673)**	(673,825)
Fair value of plan assets, December 31	**₱65,133,581**	₱61,033,580

The major categories of plan assets of the Group with its affiliated companies as a percentage of the fair value of net plan assets are as follows:

	2017	2016
Cash and cash equivalents	**50.66%**	48.30%
Investment properties	**42.72%**	43.97%
Investments in equity securities	**6.93%**	7.89%
Receivables	**0.23%**	0.36%
Payables	**(0.54%)**	(0.52%)
	100.00%	100.00%

Cash and cash equivalents consist of savings deposits and short-term time deposits with maturities of less than 3 months. Investments in equity securities consist of investment in shares of stock of listed companies. Investments in equity securities have quoted market prices in an active market. Loans and receivables include loans to individuals and accrued interest income. Investment properties pertain to condominium units which are held for lease and are stated at fair value.

The Group expects to contribute ₱6.23 million to the retirement fund in 2018.

The Group does not currently employ any asset-liability matching strategy.

The latest actuarial valuation report is as of December 31, 2017. The principal assumptions used in determining retirement benefits cost for the Group's plan as of January 1 are as follows:

	2017	2016
Number of employees	**218**	206
Discount rate per annum	**5.03%-5.19%**	4.78%-5.20%
Future annual increase in salary	**4.00%**	3.00%
Mortality rate	**1994 GAM***	1994 GAM*
Disability rate	**1952 Disability Study**	1952 Disability Study

**Group Annuity Mortality Table*

As of December 31, 2017, the discount rate is 5.62% - 5.64% and the future increase in salary is 4.00%.

The defined benefit obligation is subject to several key assumptions. The sensitivity analysis has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of December 31, 2017 and 2016, assuming all other assumptions were held constant.

	Increase (decrease) in basis points (bps)	Increase (decrease) in defined benefit obligation	
		2017	2016
Discount rate	+0.50%	**(₱3,294,772)**	(₱3,334,359)
	-0.50%	**3,602,932**	3,661,765
Salary increase rate	+1.00%	**7,360,920**	7,477,341
	-1.00%	**(6,278,749)**	(6,329,561)

Shown below is the maturity analysis of the undiscounted expected benefit payments:

Plan year	No. of Retirees	Total Benefit
One year and less	–	₱–
More than one year to five years	3	4,704,048
More than five years to 10 years	20	54,911,819
More than 10 years to 15 years	23	56,715,404
More than 15 years to 20 years	16	52,973,265
More than 20 years	156	518,542,869
	218	₱687,847,405

The average duration of the defined benefit obligation as of December 31, 2017 is 20.33 years.

Accrued sick leave

Employees are entitled to paid sick leave of 15 days per year of service after issuance of regular appointment, computed at 1.25 days per month of service, enjoyable only after one year of regular service. Unused sick leaves are cumulative and convertible to cash based on the employee's salary at the time that the employee is leaving the Group. Accrued sick leave, presented under "Accounts payable and accrued expenses - noncurrent portion" account, amounted to ₱24.02 million and ₱23.07 million as of December 31, 2017 and 2016, respectively (see Note 14).

25. Income Taxes

a. Provision for (benefit from) income tax consists of:

	2017	2016	2015
Current	**₱135,423,923**	₱179,538,287	₱250,794,430
Deferred	**(17,078,412)**	(38,416,091)	(2,540,241)
	118,345,511	141,122,196	248,254,189
Final tax on interest income	**15,883,236**	12,867,015	12,056,343
	₱134,228,747	₱153,989,211	₱260,310,532

b. The components of net deferred income tax assets (liabilities) are as follows:

	2017	2016
Deferred income taxes recognized in profit or loss:		
Deferred income tax assets on:		
Accrued expenses and others	**₱14,761,084**	₱12,154,452
Difference between tax basis and book basis of accounting for real estate transactions	**11,284,080**	4,121,543
	26,045,164	16,275,995
Deferred income tax liabilities on:		
Deemed cost adjustment in properties (Note 16)	**(61,270,043)**	(62,963,657)
Unrealized gain on real estate transactions	**(47,535,409)**	(56,362,763)
Net retirement plan assets	**(13,165,454)**	(12,750,156)
Capitalized borrowing costs	**(8,764,667)**	(6,304,341)
Unearned rent revenue	**(2,100,761)**	(1,764,660)
	(132,836,334)	(140,145,577)
	(106,791,170)	(123,869,582)
Deferred income tax asset recognized in other comprehensive income - actuarial loss on defined benefit plan	**10,571,149**	10,967,098
Deferred income tax liability recognized in retained earnings upon realization - deemed cost adjustment (Note 16)	**(2,100,990)**	(7,604,516)
Net deferred income tax liabilities	**(₱98,421,011)**	(₱120,507,000)

The breakdown of net deferred income tax liabilities as of December 31 per entity follows:

	2017	2016
Deferred income tax assets - net: CLDI	**₱11,425,848**	₱3,860,457
Deferred income tax liabilities - net:		
Parent Company	**(108,898,216)**	(123,470,146)
CPI	**(848,643)**	(897,311)
	(109,746,859)	(124,367,457)
	(₱98,421,011)	(₱120,507,000)

c. The reconciliation of income tax computed at statutory tax rate to provision for income tax follows:

	2017	2016	2015
Income tax at statutory tax rate	**₱205,847,599**	₱189,107,080	₱310,824,290
Adjustments to income tax resulting from:			
Tax-exempt interest income	**(37,770,939)**	(33,433,013)	(29,725,171)
Net loss (income) under income tax holiday (Note 31)	**(29,683,340)**	1,264,878	(19,957,462)
Interest income subjected to final tax	**(23,824,854)**	(19,300,523)	(18,084,516)
Final tax on interest income	**15,883,236**	12,867,015	12,056,343
Nondeductible interest expense	**5,550,433**	5,718,222	4,050,341
Trust fund income already subjected to final tax	**(685,512)**	(464,515)	(143,121)
Nontaxable dividend income	**(6,847)**	(7,424)	(8,740)
Others - net	**(1,081,029)**	(1,762,509)	1,298,568
Provision for income tax	**₱134,228,747**	₱153,989,211	₱260,310,532

d. Republic Act (RA) No.10963 or the Tax Reform for Acceleration and Inclusion Act (TRAIN) was signed into law on December 19, 2017 and took effect January 1, 2018, making the new tax law enacted as of the reporting date. Although the TRAIN changes existing tax law and includes several provisions that will generally affect businesses on a prospective basis, the management assessed that the same will not have any significant impact on the consolidated financial statement balances as of the reporting date.

26. Related Party Transactions

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

The Group discloses the nature of the related party relationship and information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the consolidated financial statements, including, as a minimum, the amount of outstanding balances and its terms and conditions including whether they are secured, and the nature of the consideration to be provided in settlement.

The Group, in the normal course of business, has transactions and account balances with related parties consisting mainly of the following:

	Amount of Transactions			Outstanding Balances				
				Receivable (Note 8)		Payable (Note 14)		Terms and
Nature of Transaction	**2017**	2016	2015	**2017**	2016	**2017**	2016	Conditions
Ultimate parent (CI)								
Sharing of expenses charged by the Parent Company* (Note 26b)	**₱1,017,855**	₱1,005,062	₱400,955	**₱1,017,855**	₱416,106	**₱–**	₱–	30-day, unsecured, non-interest bearing; to be settled in cash
Retirement Plan (Note 26c)								
Contribution to the plan	**3,695,170**	3,695,170	3,695,170	**–**	–	**–**	–	Settled in cash
Key management personnel								
Salaries and other compensation (Note 26e)	**19,561,041**	33,190,752	22,700,465	**–**	–	**20,660,349**	13,083,295	Settled in cash
BOD								
Shares of stock held by BOD (Note 26d)	**9,733,427**	23,749,220	(3,737,771)	**–**	–	**–**	–	Pertains to 872,141,674 and 881,875,101 common shares at ₱1 par value in 2017 and 2016, respectively
Total				**₱1,017,855**	₱416,106	**₱20,660,349**	₱13,083,295	

**Outstanding balances are included under "Accounts payable and accrued expenses" account in the consolidated balance sheets.*

The transactions of the Parent Company with CLDI and CPI are eliminated in the consolidated balance sheets and consolidated statements of income.

a. The Group has an existing management contract with CI wherein the latter provides management services to the Group. The agreement is for a period of five years renewable automatically for another five years unless either party notifies the other party six months prior to expiration. Management fee is based on a certain percentage of net income as mutually agreed upon by both parties. Management fees for 2017, 2016 and 2015 were waived by CI. There are no conditions attached to the waiver of these management fees.

b. The Group has various shared expenses with other affiliates pertaining to general and administrative expenses such as salaries, transportation, association dues, professional fees and rent.

c. The Group, jointly with affiliated companies under common control, has a trust fund for the retirement plan of their employees. The trust fund is being maintained by a third party trustee bank under the supervision of the Retirement Committee of the plan who is responsible for the investment strategy of the plan. The Group's share on the fair value of plan assets amounted to ₱65.13 million and ₱61.03 million as of December 31, 2017 and 2016, respectively. The Group's share on the carrying value of plan assets is equivalent to its share on the fair value.

   The major categories of plan assets are cash and cash equivalents, investments in equity securities, loans and receivables and investment properties (see Note 24). Investments in equity securities of plan assets include investment in shares of the Parent Company. The third-party trustee bank exercises the voting rights over the shares. The fair value of the investment in the Parent Company amounted to ₱5.96 million and ₱6.60 million as of December 31, 2017 and 2016, respectively, with original cost of ₱3.31 million. Unrealized gain on changes of fair value of these investments amounted to ₱2.65 million and ₱3.45 million as of December 31, 2017 and 2016, respectively. Loans and receivables of plan assets include installment contracts receivable purchased in prior years on a non-recourse basis from the Parent Company amounting to

₱0.11 million and ₱0.26 million as of December 31, 2017 and 2016, respectively. The retirement plan assets as of December 31, 2017 and 2016 include investment properties held for lease amounting to ₱36.79 million which was purchased from CDC in 2013. The sale was conducted in the normal course of business and was measured at current selling price and settled in cash.

Contributions to the fund amounted to ₱3.70 million in 2017 and 2016 (see Note 24).

d. The Parent Company's shares held by members of the BOD aggregated to ₱872.14 million and ₱881.88 million as of December 31, 2017 and 2016, respectively. On the other hand, shares held by the ultimate parent and affiliate totaled ₱2.01 billion and ₱1.91 billion as of December 31, 2017 and 2016.

e. Compensation of key management personnel are as follows:

	2017	2016	2015
Short-term benefits:			
Salaries	**₱6,058,838**	₱8,509,445	₱6,890,719
Bonuses	**1,547,799**	2,135,549	1,806,125
Other benefits	**11,032,704**	21,611,801	13,226,879
Long-term benefits	**921,700**	933,957	776,742
	₱19,561,041	₱33,190,752	₱22,700,465

Other benefits consist of incentives and performance bonuses.

The Group has no standard arrangements with regard to the remuneration of its directors. In 2017, 2016 and 2015, the BOD received a total of ₱20.43 million, ₱29.44 million and ₱20.28 million, respectively. Moreover, the Group has no standard arrangement with regard to the remuneration of its existing officers aside from the compensation received or any other arrangements in the employment contracts and compensatory plan. The Group does not have any arrangements for stock warrants or options offered to its employees.

f. The following are the balances and transactions among related parties which are eliminated during consolidation:

Amounts owed by	Amounts owed to	Nature	**2017**	2016
Parent Company	CLDI	Sharing of expenses	**₱–**	₱–
CPI	Parent Company	Sharing of expenses	**199,567**	30,751
CLDI	Parent Company	Sharing of expenses	**120,296**	2,486,108
CPI	CLDI	Sharing of expenses	**14,304**	–
CPI	CLDI	Sale of real estate properties	**150,000**	150,000

Revenue and income by	Capitalizable cost and expense by	Nature	**2017**	2016	2015
CLDI	Parent Company	Interest charges on advances	**₱–**	₱–	₱103,920
Parent Company	CLDI	Interest charges on advances	**–**	–	16,949

Dividend declared to	Dividend declared by	**2017**	2016	2015
Parent Company	CLDI	**₱7,996,028**	₱10,544,212	₱10,118,140
CPI	Parent Company	**78,740**	137,486	56,244

27. Financial Instruments

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents, short-term cash investments, notes receivable and notes payable. The main purpose of these financial instruments is to finance the Group's operations. The Group's other financial instruments consist of financial assets at fair value through profit or loss and available-for-sale financial assets, which are held for investing purposes and investments in trust funds to cover pre-need reserves obligation. The Group has various other financial instruments such as installment contracts receivable, other receivables and accounts payable and accrued expenses which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are market risk (i.e., cash flow interest rate risk and equity price risk), credit risk and liquidity risk. The BOD reviews and approves policies for managing these risks and they are summarized as follows:

Market risk

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk for changes in market interest rates relates primarily to the Group's short-term notes payable, all with repriced interest rates.

The Group's policy in addressing volatility in interest rates includes maximizing the use of operating cash flows to be able to fulfill principal and interest obligations even in periods of rising interest rates.

The following table demonstrates the sensitivity of the Group's income before income tax to a reasonably possible change in interest rates based on forecasted and average movements of interest rates (with all other variables held constant):

	Change in bps	**Effect on Income before Income Tax**
December 31, 2017	**-/+1 bps**	**+/-₱922,941**
December 31, 2016	-/+2 bps	+/-₱4,167,443

There is no impact on the Group's equity other than those already affecting income before income tax.

Equity price risk

Equity price risk is the risk that the fair values of investments in equity securities will decrease as a result of changes in the market values of individual shares of stock. The Group is exposed to equity price risk because of investments held by the Group classified as available-for-sale financial assets included under "Other noncurrent asset account" in the consolidated balance sheets. The Group employs the service of a third-party stock broker to manage its investments in shares of stock.

The following table demonstrates the sensitivity analysis of the Group's equity to a reasonably possible change in equity price based on forecasted and average movements of equity prices (with all other variables held constant):

	Change in equity price	Effect on equity
2017	**+/-₱0.01**	**+/-₱22,691**
2016	+/-₱0.09	+/-₱127,729

Credit risk

Credit risk arises when the Group will incur a loss because its customers, clients or counterparties fail to discharge their obligations. The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the objective that the Group's exposure to bad debts is not significant. The risk is further mitigated because the Group holds the title to the real estate properties with outstanding installment contracts receivable balance and the Group can repossess such real estate properties upon default of the customer in paying the outstanding balance. The Group's policy is to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. There are no significant concentrations of credit risk within the Group.

The tables below show the Group's exposure to credit risk for the components of the consolidated balance sheets. The exposure as of December 31, 2017 and 2016 is shown at gross, before taking the effect of mitigation through the use of collateral agreements and other credit enhancements, and at net, after taking the effect of mitigation through the use of collateral agreements and other credit enhancements.

December 31, 2017:

	Gross maximum exposure	Fair value of collaterals	Net exposure	Financial effect of collateral/credit enhancements
Financial assets at fair value through profit or loss:				
Investments in trust funds	**₱34,606,350**	**₱–**	**₱34,606,350**	**₱–**
Loans and receivables:				
Cash and cash equivalents, excluding cash on hand	**860,610,775**	**–**	**860,610,775**	**–**
Short-term cash investments	**1,523,000,000**	**–**	**1,523,000,000**	**–**
Installment contracts receivable	**1,835,418,984**	**4,157,780,897**	**–**	**1,835,418,984**
Notes receivable	**728,000,000**	**–**	**728,000,000**	**–**
Refundable deposits	**37,517,102**	**–**	**37,517,102**	**–**
Other receivables*:				
Advances to customers	**21,892,387**	**–**	**21,892,387**	**–**
Rent receivable	**11,044,207**	**–**	**11,044,207**	**–**
Accrued interest	**11,838,196**	**–**	**11,838,196**	**–**
Due from BIR	**2,673,535**	**–**	**2,673,535**	**–**
Retention	**2,771,681**	**–**	**2,771,681**	**–**
Due from related parties	**1,017,855**	**–**	**1,017,855**	**–**
Others	**2,822,558**	**–**	**2,822,558**	**–**
Total credit risk exposure	**₱5,073,213,630**	**₱4,157,780,897**	**₱3,237,794,646**	**₱1,835,418,984**

**Excludes advances to contractors amounting to ₱7,793,890.*

December 31, 2016:

	Gross maximum exposure	Fair value of collaterals	Net exposure	Financial effect of collateral/credit enhancements
Financial assets at fair value through profit or loss:				
Investments in trust funds	₱35,297,089	₱–	₱35,297,089	₱–
Loans and receivables:				
Cash and cash equivalents, excluding cash on hand	1,788,740,775	–	1,788,740,775	–
Short-term cash investments	1,218,272,353	–	1,218,272,353	–
Installment contracts receivable	2,007,757,101	3,716,809,348	–	2,007,757,101
Notes receivable	20,000,000	–	20,000,000	–
Refundable deposits	19,663,376	–	19,663,376	–
Other receivables*:				
Advances to customers	29,807,407	–	29,807,407	–
Rent receivable	11,177,329	–	11,177,329	–
Accrued interest	7,762,977	–	7,762,977	–
Due from BIR	1,231,682	–	1,231,682	–
Retention	724,766	–	724,766	–
Due from related parties	416,106	–	416,106	–
Others	2,872,916	–	2,872,916	–
Total credit risk exposure	₱5,143,723,877	₱3,716,809,348	₱3,135,966,776	₱2,007,757,101

**Excludes advances to contractors amounting to ₱8,674,949.*

The following tables summarize the aging analysis of receivables:

December 31, 2017:

	Neither Past Due Nor Impaired		**Past due But Not Impaired**				
	Current	**> One year**	**< 30 days**	**30-60 days**	**61-90 days**	**Over 90 days**	**Total**
Installment contracts receivable	**₱319,390,173**	**₱1,509,504,341**	**₱2,177,055**	**₱896,281**	**₱626,734**	**₱2,824,400**	**₱1,835,418,984**
Notes receivable	**128,000,000**	**600,000,000**	–	–	–	–	**728,000,000**
Refundable deposits	–	**37,517,102**	–	–	–	–	**37,517,102**
Other receivables*:							
Advances to customers	**12,079,757**	**5,693,291**	–	**334,441**	**153,826**	**3,631,072**	**21,892,387**
Rent receivable	**11,044,207**	–	–	–	–	–	**11,044,207**
Accrued interest	**11,838,196**	–	–	–	–	–	**11,838,196**
Due from BIR	**2,673,535**	–	–	–	–	–	**2,673,535**
Retention	**1,711,681**	**1,060,000**	–	–	–	–	**2,771,681**
Due from related parties	**1,017,855**	–	–	–	–	–	**1,017,855**
Others	**2,103,250**	**719,308**	–	–	–	–	**2,822,558**
	₱489,858,654	**₱2,154,494,042**	**₱2,177,055**	**₱1,230,722**	**₱780,560**	**₱6,455,472**	**₱2,654,996,505**

**Excludes advances to contractors amounting to ₱7,793,890.*

December 31, 2016:

	Neither Past Due Nor Impaired		Past due But Not Impaired				
	Current	> One year	< 30 days	30-60 days	61-90 days	Over 90 days	Total
Installment contracts receivable	₱310,407,130	₱1,687,290,041	₱3,201,714	₱2,077,326	₱853,133	₱3,927,757	₱2,007,757,101
Notes receivable	–	20,000,000	–	–	–	–	20,000,000
Refundable deposits	–	19,663,376	–	–	–	–	19,663,376
Other receivables*:							
Advances to customers	20,924,326	3,353,304	–	407,496	239,222	4,883,059	29,807,407
Rent receivable	11,177,329	–	–	–	–	–	11,177,329
Accrued interest	7,762,977	–	–	–	–	–	7,762,977
Due from BIR	1,231,682	–	–	–	–	–	1,231,682
Retention	112,366	612,400	–	–	–	–	724,766
Due from related parties	416,106	–	–	–	–	–	416,106
Others	2,651,160	221,756	–	–	–	–	2,872,916
	₱354,683,076	₱1,731,140,877	₱3,201,714	₱2,484,822	₱1,092,355	₱8,810,816	₱2,101,413,660

**Excludes advances to contractors amounting to ₱8,674,949.*

The tables below show the credit quality by class of asset for loan-related balance sheet lines based on the Group's credit rating system:

December 31, 2017:

	Neither past due nor impaired			
	High Grade*	**Medium Grade****	**Past Due but not Impaired**	**Total**
Financial asset at fair value through profit or loss - investments in trust funds	**₱34,606,350**	**₱–**	**₱–**	**₱34,606,350**
Loans and receivables:				
Cash and cash equivalents, excluding cash on hand	**860,610,775**	**–**	**–**	**860,610,775**
Short-term cash investments	**1,523,000,000**	**–**	**–**	**1,523,000,000**
Installment contracts receivable	**1,828,894,514**	**–**	**6,524,470**	**1,835,418,984**
Notes receivable	**728,000,000**	**–**	**–**	**728,000,000**
Refundable deposits	**37,517,102**	**–**	**–**	**37,517,102**
Other receivables***:				
Advances to customers	**17,773,048**	**–**	**4,119,339**	**21,892,387**
Rent receivable	**11,044,207**	**–**	**–**	**11,044,207**
Accrued interest	**11,838,196**	**–**	**–**	**11,838,196**
Due from BIR	**2,673,535**	**–**	**–**	**2,673,535**
Retention	**2,771,681**	**–**	**–**	**2,771,681**
Due from related parties	**1,017,855**	**–**	**–**	**1,017,855**
Others	**1,890,980**	**931,578**	**–**	**2,822,558**
Total	**₱5,061,638,243**	**₱931,578**	**₱10,643,809**	**₱5,073,213,630**

** High Grade - financial assets with reputable counterparties and which management believes to be reasonably assured to be recoverable.*
*** Medium Grade - financial assets for which there is low risk of default of counterparties.*
****Excluding advances to contractors amounting to ₱7,793,890.*

December 31, 2016:

	Neither past due nor impaired			
	High Grade*	Medium Grade**	Past Due but not Impaired	Total
Financial asset at fair value through profit or loss - investments in trust funds	₱35,297,089	₱–	₱–	₱35,297,089
Loans and receivables:				
Cash and cash equivalents, excluding cash on hand	1,788,740,775	–	–	1,788,740,775
Short-term cash investments	1,218,272,353	–	–	1,218,272,353
Installment contracts receivable	1,997,697,171	–	10,059,930	2,007,757,101
Notes receivable	20,000,000	–	–	20,000,000
Refundable deposits	19,663,376	–	–	19,663,376
Other receivables***:				
Advances to customers	24,277,630	–	5,529,777	29,807,407
Rent receivable	11,177,329	–	–	11,177,329
Accrued interest	7,762,977	–	–	7,762,977
Due from BIR	1,231,682	–	–	1,231,682
Retention	724,766	–	–	724,766
Due from related parties	416,106	–	–	416,106
Others	2,574,161	298,755	–	2,872,916
Total	₱5,127,835,415	₱298,755	₱15,589,707	₱5,143,723,877

** High Grade - financial assets with reputable counterparties and which management believes to be reasonably assured to be recoverable.*
*** Medium Grade - financial assets for which there is low risk of default of counterparties.*
****Excluding advances to contractors amounting to ₱8,674,949.*

The main considerations for impairment assessment include whether any payments are overdue or if there are any known difficulties in the cash flows of the counterparties. The Group assesses impairment into two areas: individually assessed allowances and collectively assessed allowances.

The Group determines allowance for each significant receivable on an individual basis. Among the factors that the Group considers in assessing impairment is the inability to collect from the counterparty based on the contractual terms of the receivables. The Group also considers the fair value of the real estate collateralized in computing the impairment of the receivables. Receivables included in the specific assessment are those receivables under the installment contracts receivable accounts.

For collective assessment, allowances are assessed for receivables that are not individually significant and for individually significant receivables where there is no objective evidence of individual impairment. Impairment losses are estimated by taking into consideration the age of the receivables, past collection experience and other factors that may affect collectability.

Liquidity risk

Liquidity risk is defined as the risk that the Group would not be able to settle or meet its obligations on time or at a reasonable price.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of commercial papers.

The tables below summarize the maturity analysis of the Group's financial assets held for managing liquidity and financial liabilities based on contractual undiscounted payments:

December 31, 2017:

	30 days	31-90 days	91-180 days	181-365 days	Above 1 year	Total
Financial Liabilities						
Accounts payable and accrued expenses**	**₱150,410,872**	**₱14,803,608**	**₱26,322,905**	**₱49,937,912**	**₱62,858,290**	**₱304,333,587**
Notes payable***	**702,331,709**	**641,787,618**	**127,415,951**	**–**	**–**	**1,471,535,278**
	852,742,581	**656,591,226**	**153,738,856**	**49,937,912**	**62,858,290**	**1,775,868,865**
Financial Assets						
Cash and cash equivalents	**438,828,317**	**422,000,000**	**–**	**–**	**–**	**860,828,317**
Short-term cash investments	**352,500,000**	**544,000,000**	**626,500,000**	**–**	**–**	**1,523,000,000**
Installment contracts receivable	**38,392,616**	**81,555,362**	**72,877,326**	**133,089,339**	**1,509,504,341**	**1,835,418,984**
Notes receivable	**–**	**100,000,000**	**28,000,000**	**–**	**600,000,000**	**728,000,000**
Refundable deposits	**–**	**–**	**–**	**–**	**37,517,102**	**37,517,102**
Other receivables*	**28,936,218**	**3,791,157**	**3,620,559**	**10,239,886**	**7,472,599**	**54,060,419**
Financial assets at FVPL	**–**	**–**	**–**	**–**	**34,606,350**	**34,606,350**
	858,657,151	**1,151,346,519**	**730,997,885**	**143,329,225**	**2,189,100,392**	**5,073,431,172**
Liquidity position	**₱5,914,570**	**₱494,755,293**	**₱577,259,029**	**₱93,391,313**	**₱2,126,242,102**	**₱3,297,562,307**

**Excludes advances to contractors amounting to ₱7,793,890.*
*** Excludes statutory liabilities amounting to ₱5,793,500, deferred rent income amounting to ₱5,177,513, customers' deposits amounting to ₱37,816,462 and accrued interest amounting to ₱2,398,253.*
**** Includes interest expense amounting to ₱18,085,278.*

December 31, 2016:

	30 days	31-90 days	91-180 days	181-365 days	Above 1 year	Total
Financial Liabilities						
Accounts payable and accrued expenses**	₱114,909,664	₱10,924,403	₱156,859,473	₱38,421,387	₱165,632,137	₱486,747,064
Notes payable***	746,708,896	726,511,157	157,481,620	63,073,641	–	1,693,775,314
	861,618,560	737,435,560	314,341,093	101,495,028	165,632,137	2,180,522,378
Financial Assets						
Cash and cash equivalents	882,970,275	906,000,000	–	–	–	1,788,970,275
Short-term cash investments	413,822,353	691,500,000	55,950,000	57,000,000	–	1,218,272,353
Installment contracts receivable	44,190,484	54,307,237	78,141,935	143,827,404	1,687,290,041	2,007,757,101
Notes receivable	–	–	–	–	20,000,000	20,000,000
Refundable deposits	–	–	–	–	19,663,376	19,663,376
Other receivables*	36,011,587	4,990,838	2,856,151	5,947,147	4,187,460	53,993,183
Financial assets at FVPL	–	–	–	–	35,297,089	35,297,089
	1,376,994,699	1,656,798,075	136,948,086	206,774,551	1,766,437,966	5,143,953,377
Liquidity position (gap)	₱515,376,139	₱919,362,515	(₱177,393,007)	₱105,279,523	₱1,600,805,829	₱2,963,430,999

**Excludes advances to contractors amounting to ₱8,674,949.*
*** Excludes statutory liabilities amounting to ₱7,777,131, deferred rent income amounting to ₱6,976,210, customers' deposits amounting to ₱170,626,671 and accrued interest amounting to ₱2,526,374.*
**** Includes interest expense amounting to ₱20,775,314.*

Fair Values

The following tables provide fair value hierarchy of the Group's financial assets, financial liabilities and investment properties, other than those with carrying amounts which are reasonable approximations of fair values:

Date of valuation: December 31, 2017

	Fair value		
	Level 1	**Level 2**	**Level 3**
Assets measured at fair value:			
Investment in trust fund			
Financial assets at FVPL			
Debt securities	**₱4,445,116**	**₱–**	**₱–**
Available-for-sale financial assets			
Debt securities	**18,646,689**	**–**	**–**
Equity securities - listed	**881,491**	**–**	**–**
Investment properties	**–**	**–**	**4,186,000**
Available-for-sale financial assets	**1,629,078**	**–**	**–**
Assets for which fair values are disclosed:			
Investment properties	**–**	**–**	**4,170,534,400**

Date of valuation: December 31, 2016

	Fair value		
	Level 1	Level 2	Level 3
Assets measured at fair value:			
Investment in trust fund			
Financial assets at FVPL			
Debt securities	₱4,724,931	₱–	₱–
Available-for-sale financial assets			
Debt securities	18,483,180	–	–
Equity securities - listed	1,606,806	–	–
Investment properties	–	–	6,782,000
Available-for-sale financial assets	1,468,347	–	–
Assets for which fair values are disclosed:			
Investment properties	–	–	2,585,058,000

The following method and assumptions were used to estimate the fair value of each class of financial instruments and investment properties, for which it is practicable to estimate such value.

Cash and cash equivalents, short-term cash investments, installment contracts receivable, notes receivable, other receivables, accounts payable and accrued expenses and notes payable

Due to the short-term nature of the transactions, the fair values of cash and cash equivalents, short-term cash investments, notes receivable, other receivables, accounts payable and accrued expenses and notes payable approximate their carrying amounts. The fair values of notes receivable and installment contracts receivable approximate their carrying amounts as they carry interest rates that approximate the interest rates for comparable instruments in the market.

Financial assets at FVPL and available-for-sale financial assets

Financial assets at FVPL and available-for-sale financial assets are stated at fair value based on quoted market prices.

Investment properties

The fair value of certain investment properties is determined using sales comparison. Sales comparison approach considers the sales of similar or substitute properties and other related market

data had the investment properties been transacted in the market. The significant unobservable inputs used in determining the fair value are the sales price per square meter of similar or substitute property, location, size, shape of lot and the highest and best use.

Another method used in determining the fair value of other land properties is based on the market data approach. The value of land is based on sales and listings of comparable property registered within the vicinity. This requires adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator by adjusting the difference between the subject property and those actual sales and listings regarded as comparables. The comparison is premised on the factors of location; size and shape of the lot; time element and others.

The fair values of the investment properties as of December 31, 2017 and 2016 approximate and represent the highest and best use of the said properties.

28. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. It monitors its use of capital using leverage ratios on both gross debt and net debt basis. Debt consists of short-term debt. Net debt includes short-term debt less cash and cash equivalents, short-term cash investments and current portion of notes receivable. The Group considers as capital the equity holders of the parent company excluding net changes in fair values of available-for-sale financial assets and accumulated re-measurement on defined benefit plan.

As of December 31, 2017 and 2016, the Group has the following ratios:

	2017	2016
Notes payable	**₱1,453,450,000**	₱1,673,000,000
Total equity holders of the parent	**6,738,422,492**	6,382,455,710
Add (Less):		
Net changes in fair values of available-for-sale financial assets	**(1,251,555)**	(1,706,728)
Accumulated re-measurement on defined benefit plan	**21,328,742**	22,079,967
Capital	**₱6,758,499,679**	₱6,402,828,949
Debt to capital ratio	**0.22:1**	0.26:1

Notes payable	**₱1,453,450,000**	₱1,673,000,000
Cash and cash equivalents	**(860,828,317)**	(1,788,970,275)
Short-term cash investments	**(1,523,000,000)**	(1,218,272,353)
Current portion of notes receivable	**(128,000,000)**	–
	(1,058,378,317)	(1,334,242,628)

(Forward)

	2017	2016
Total equity holders of the parent	**₱6,738,422,492**	₱6,382,455,710
Add (Less):		
Net changes in fair values of available-for-sale financial assets	**(1,251,555)**	(1,706,728)
Accumulated re-measurement on defined benefit plan	**21,328,742**	22,079,967
Capital	**₱6,758,499,679**	₱6,402,828,949
Net debt to capital ratio	**(0.16):1**	(0.21):1

As of December 31, 2017 and 2016, the Group has no externally imposed capital requirements.

In accordance with the Rule on Minimum Public Ownership issued by the Philippine Stock Exchange requiring listed companies to maintain a 10% public float at all times, the total number of shares owned by the public as of December 31, 2017 and 2016 are 1,038,452,993 and 938,343,353 shares which are approximately 26.37% and 25.02%, respectively, of the total number of issued and outstanding shares of the Parent Company.

29. Basic/Diluted Earnings Per Share

Basic/diluted earnings per share amounts were computed as follows:

	2017	2016	2015
Net income attributable to equity holders of the Parent	**₱485,108,127**	₱443,176,793	₱739,915,065
Weighted average number of outstanding shares	**3,938,063,701**	3,938,063,701*	3,938,063,701*
Basic/diluted earnings per share (a/b)	**₱0.12**	₱0.11	₱0.19

**After retroactive effect of 5% stock dividends in 2017.*

The Group has no potential dilutive common shares as of December 31, 2017, 2016 and 2015. Thus, the basic and diluted earnings per share are the same as of those dates.

30. Business Segments

The Group derives its revenues primarily from the sale and lease of real estate properties and pension plan operations. These are the operating segments classified as business groups which are consistent with the segments reported to the BOD, its Chief Operating Decision Maker (CODM).

In 2015, the Parent Company sold parcels of land in Naic, Cavite to a domestic corporation which represents 33.01% of the Group's sales from real estate properties. Aside from this transaction, the Group does not have any major customers and all sales and leases of real estate properties and sales of pension plans are made to external customers.

Segment Revenue and Expenses

	2017			
	Sales of Real Estate Properties	**Lease of Real Estate Properties**	**Pension Plan Operations**	**Total**
Revenue:				
Sales of real estate	**₱1,310,712,989**	**₱–**	**₱–**	**₱1,310,712,989**
Financial income	**327,919,030**	**–**	**281,313**	**328,200,343**
Rent income	**–**	**119,681,308**	**–**	**119,681,308**
Other income	**83,411,025**	**–**	**1,372,314**	**84,783,339**
Cost of real estate sales	**738,985,531**	**–**	**–**	**738,985,531**
Operating expenses:				
Personnel	**159,380,478**	**–**	**889,721**	**160,270,199**
Taxes and licenses	**34,605,333**	**7,048,462**	**785,384**	**42,439,179**
Depreciation	**6,828,833**	**29,245,752**	**2,486,023**	**38,560,608**
Professional fees	**34,280,920**	**–**	**410,411**	**34,691,331**
Insurance	**18,328,468**	**–**	**1,014**	**18,329,482**
Others	**58,161,018**	**23,384,583**	**5,453,247**	**86,998,848**
Financial expenses	**9,961,121**	**–**	**–**	**9,961,121**
Other expense	**26,983,018**	**–**	**–**	**26,983,018**
Provision for (benefit from) income tax	**120,819,077**	**18,000,753**	**(4,591,083)**	**134,228,747**
Net income (loss)	**₱513,709,247**	**₱42,001,758**	**(₱3,781,090)**	**₱551,929,915**

	2016			
	Sales of Real Estate Properties	Lease of Real Estate Properties	Pension Plan Operations	Total
Revenue:				
Sales of real estate	₱1,480,504,914	₱–	₱–	₱1,480,504,914
Financial income	287,632,337	–	402,337	288,034,674
Rent income	–	92,760,364	–	92,760,364
Other income	63,473,964	–	1,898,411	65,372,375
Cost of real estate sales	826,197,687	–	–	826,197,687
Operating expenses:				
Personnel	199,217,420	–	993,044	200,210,464
Taxes and licenses	34,994,725	8,255,178	740,264	43,990,167
Professional fees	42,594,107	–	280,303	42,874,410
Depreciation	6,197,936	15,024,804	2,515,911	23,738,651
Insurance	16,864,577	–	879	16,865,456
Others	88,557,997	10,565,773	2,743,857	101,867,627
Financial expenses	7,472,117	–	–	7,472,117
Other expense	33,098,815	–	–	33,098,815
Provision for (benefit from) income tax	140,134,292	17,674,383	(3,819,464)	153,989,211
Net income (loss)	₱436,281,542	₱41,240,226	(₱1,154,046)	₱476,367,722

	2015			
	Sales of Real Estate Properties	Lease of Real Estate Properties	Pension Plan Operations	Total
Revenue:				
Sales of real estate	₱2,371,262,489	₱–	₱–	₱2,371,262,489
Financial income	284,118,068	–	397,410	284,515,478
Rent income	3,481,183	79,776,585	–	83,257,768
Other income	97,208,258	–	796,061	98,004,319
Cost of real estate sales	1,422,019,784	–	–	1,422,019,784
Operating expenses:				
Personnel	161,154,739	–	1,018,871	162,173,610
Taxes and licenses	30,772,522	257,775	518,008	31,548,305
Professional fees	41,020,240	–	70,250	41,090,490
Depreciation	6,211,141	15,024,804	3,875,769	25,111,714
Insurance	9,105,206	–	879	9,106,085
Others	63,269,425	8,145,980	105,805	71,521,210

(Forward)

	2015			
	Sales of Real Estate Properties	Lease of Real Estate Properties	Pension Plan Operations	Total
Financial expenses	₱7,989,676	₱–	₱8,585	₱7,998,261
Other expense	30,389,630	–	–	30,389,630
Provision for (benefit from) income tax	245,130,238	16,904,408	(1,724,114)	260,310,532
Net income (loss)	₱739,007,397	₱39,443,618	(₱2,680,582)	₱775,770,433

Segment Assets and Liabilities

December 31, 2017:

	Sales of Real Estate Properties	**Lease of Real Estate Properties**	**Pension Plan Operations**	**Total**
Total assets	**₱7,451,183,841**	**₱2,107,285,414**	**₱140,360,957**	**₱9,698,830,212**
Total liabilities	**1,920,289,141**	**10,897,159**	**34,363,004**	**1,965,549,304**
Additions to:				
Real estate properties held for future development	**9,489,074**	**–**	**–**	**9,489,074**
Investment properties	**–**	**225,968,044**	**–**	**225,968,044**

December 31, 2016:

	Sales of Real Estate Properties	Lease of Real Estate Properties	Pension Plan Operations	Total
Total assets	₱7,636,259,730	₱2,082,546,614	₱152,145,979	₱9,870,952,323
Total liabilities	2,498,726,944	11,422,022	42,562,288	2,552,711,254
Additions to:				
Real estate properties held for future development	312,097,107	–	–	312,097,107
Investment properties	–	348,236,119	–	348,236,119

31. Income Subject to Income Tax Holiday

Registration with the Board of Investments (BOI)

The Group is entitled to ITH for a period of three years from various dates indicated in the registration or actual start of commercial operations, whichever is earlier. The ITH is limited only to revenue generated from the registered project. Revenues from units with selling price exceeding ₱3.00 million shall not be covered by the ITH.

The Group has registered the following Low-Cost Mass Housing Projects with BOI under the Omnibus Investment Code of 1987 (Executive Order No. 226):

Name	Registration No.	ITH Period
CDC		
Pines Peak Tower II	2016-108	June 1, 2016 – May 31, 2019
CLDI		
One Taft Residences	2014-112	January 1, 2016 – December 31, 2018
North Residences	2014-111	September 1, 2014 – August 31, 2017

32. Contingencies

The Group is contingently liable for certain lawsuits or claims filed by third parties which are either pending decisions by the courts or are under negotiation, the outcomes of which are not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements. Hence, no provision was recognized as of December 31, 2017 and 2016.

SGV
Building a better working world

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

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

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

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
Cityland Development Corporation
2/F, Cityland Condominium 10, Tower I
156 H.V. de la Costa Street
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Cityland Development Corporation and its subsidiaries as at December 31, 2017 and 2016 and for each of the three years in the period ended December 31, 2017, included in this Form 17-A, and have issued our report thereon dated March 27, 2018. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Aileen L. Saringan
Partner
CPA Certificate No. 72557
SEC Accreditation No. 0096-AR-4 (Group A),
August 18, 2016, valid until August 18, 2019
Tax Identification No. 102-089-397
BIR Accreditation No. 08-001998-58-2018
February 26, 2018, valid until February 25, 2021
PTR No. 6621327, January 9, 2018, Makati City

March 27, 2018

CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

SCHEDULE I

CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-E

Schedule A. Financial Assets

Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
Cash and Cash Equivalents				
Cash on hand and in banks	–	₱25,328,317	₱25,328,317	₱70,942
Cash equivalents				
Amalgamated Investment Bancorporation	–	16,500,000	16,500,000	32,028
Banco De Oro	–	118,000,000	118,000,000	312,153
China Bank Savings	–	248,439,042	248,439,042	1,076,636
Citysavings Bank	–	83,700,000	83,700,000	103,232
Eastwest Bank	–	16,500,000	16,500,000	33,125
Philippine Bank of Communications	–	40,000,000	40,000,000	8,333
Philippine National Bank	–	49,500,000	49,500,000	104,403
Philippine Savings Bank	–	18,500,000	18,500,000	27,816
Philippine Trust Company	–	149,132,092	149,132,092	496,808
United Coconut Planters Bank	–	33,500,000	33,500,000	66,042
UCPB Savings Bank	–	61,728,866	61,728,866	215,140
	–	**860,828,317**	**860,828,317**	**2,546,658**
Short-term Cash Investments				
Amalgamated Investment Bancorporation	–	55,000,000	55,000,000	3,131,022
Banco De Oro	–	28,000,000	28,000,000	2,062,252

(Forward)

Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
China Bank Savings	–	₱58,500,000	₱58,500,000	₱7,508,400
Citysavings Bank	–	154,900,000	154,900,000	10,142,791
Eastwest Bank	–	206,000,000	206,000,000	9,028,783
Malayan Bank	–	48,000,000	48,000,000	1,203,878
Maybank	–	16,000,000	16,000,000	3,355,983
Philippine Bank of Communications	–	44,000,000	44,000,000	3,007,646
Philippine National Bank	–	22,500,000	22,500,000	2,905,948
Philippine Savings Bank	–	24,500,000	24,500,000	444,618
Philippine Trust Company	–	146,500,000	146,500,000	10,264,387
RCBC Savings Bank	–	39,000,000	39,000,000	241,854
Security Bank Trust Corporation	–	535,500,000	535,500,000	2,250,375
United Coconut Planters Bank	–	3,800,000	3,800,000	2,732,520
UCPB Savings Bank	–	140,800,000	140,800,000	5.169,572
China Banking Corporation	–	–	–	61,924
Union Bank	–	–	–	357,656
Metrobank	–	–	–	204,444
Philippine Business Bank	–	–	–	248,438
Philippine Commercial Capital Inc.	–	–	–	421,694
Philippine Veterans Bank	–	–	–	458
Robinsons Savings Bank	–	–	–	47,170
	–	**₱1,523,000,000**	**₱1,523,000,000**	**₱64,791,813**

(Forward)

Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
Available-for-sale Investments				
PLDT Common	77	₱167,240	₱167,240	₱–
Filinvest	1,445	2,717	2,717	–
Union Bank	684	59,269	59,269	–
Empire East	600,602	390,391	390,391	–
Ayala Corp. "B" Common	676	686,140	686,140	–
Ayala Corp. "B" Preferred	227	227	227	–
Ayala Land "B" Common	75	3,345	3,345	–
Ayala Land "B" Preferred	16,875	1,687	1,687	–
First Holdings B	5,126	317,812	317,812	–
Swift Foods	1,866	250	250	–
	627,653	**1,629,078**	**1,629,078**	**–**
Investments in Trust Funds	–	**34,606,350**	**34,606,350**	**–**
Installment Contracts Receivable	–	**1,835,418,984**	**1,835,418,984**	**247,470,820**
Notes Receivable		**728,000,000**	**728,000,000**	**12,077,708**
Others Receivables	–	**61,854,309**	**61,854,309**	–
	–	**₱5,045,337,038**	**₱5,045,337,038**	**₱326,886,999**

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

Name of Designation or Debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
	Not applicable. No directors, officers, employees, and principal stockholders (other than related parties) from whom an aggregate indebtedness of more than P100,000 or one per cent of total assets, whichever is less, is owed.						

Schedule C. Amounts Receivable from Related Parties which are Eliminated during Consolidation of Financial Statements

Name and Designation of Debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written-off	Current	Non-current	Balance at end of period
CLDI (subsidiary)	₱2,486,108	₱5,590,118	₱7,955,930	₱–	₱120,296	₱–	₱120,296
CPI (subsidiary)	180,751	2,213,083	2,029,963	–	363,871	–	363,871

Parent Company's transactions with CLDI and CPI are eliminated in the consolidated financial statements.

Schedule D. Intangible Assets - Other Assets

Description	Beginning Balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
	Not Applicable. The Group has no intangible assets.					

Schedule E. Long-term Debt

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
	Not applicable. The Group has no long-term debt.		

Schedule F. Indebtedness to Related Parties

Name of related parties	Balance at beginning of period	Balance at end of period
Directors' fee	₱13,083,295	₱20,660,349

Schedule G. Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
Not applicable. The Group has no guarantees of securities of other issuers.				

Schedule H. Capital Stock

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held By		
				Affiliates	Directors, Officers and Employees	Others
Common Stock – P1 par value	4,000,000,000	3,940,001,648	–	2,009,757,664	884,755,881	1,045,488,103

SCHEDULE II

CITYLAND DEVELOPMENT CORPORATION

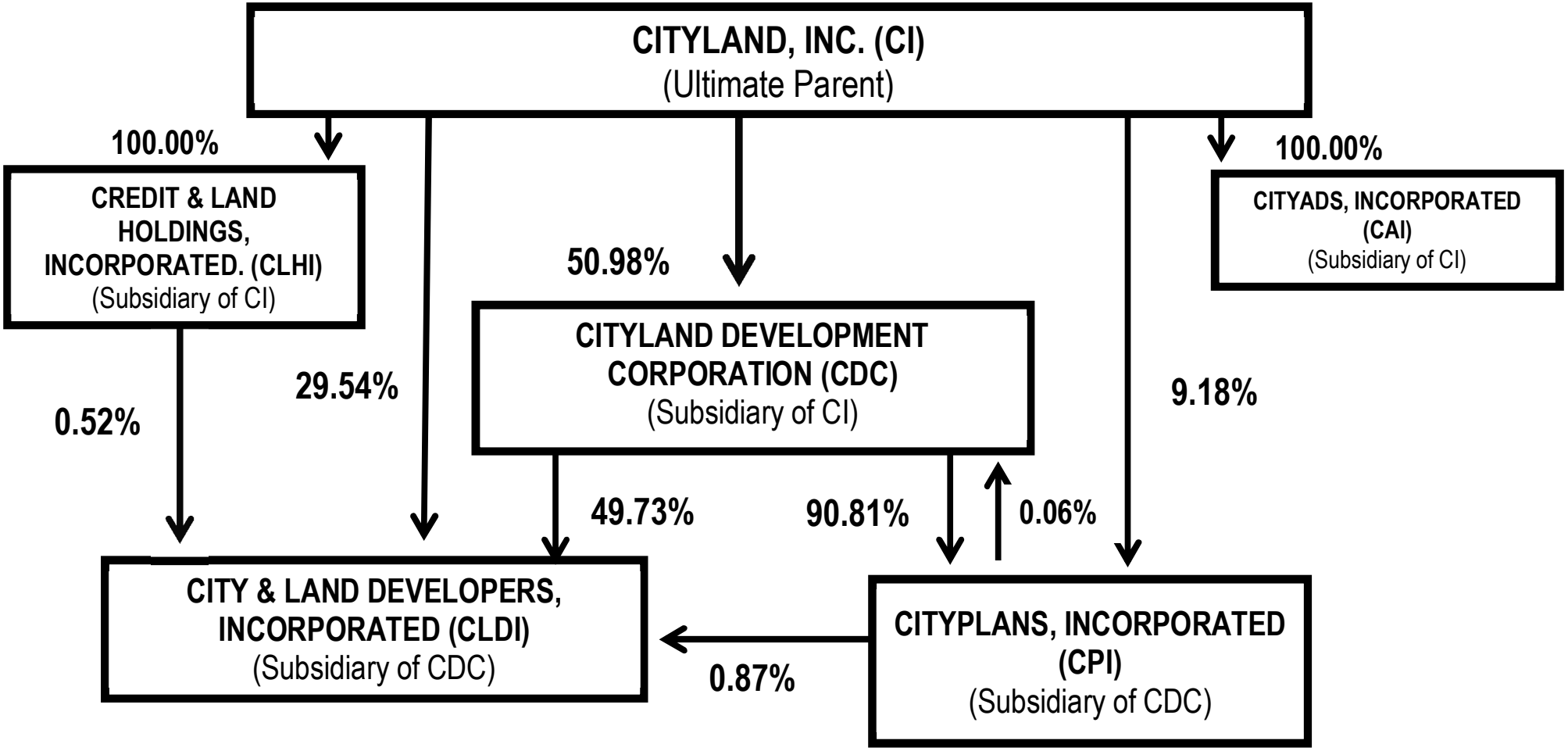
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2017

Unappropriated retained earnings, beginning	₱1,718,215,092
Deemed cost adjustment on real estate properties, net of tax	(152,833,690)
Treasury shares	(28,524,728)
Fair value adjustment arising from repossessed inventories, net of tax	(23,565,123)
Deferred income tax assets, beginning	(8,790,182)
Unappropriated retained earnings, as adjusted to available for dividends declaration, beginning	1,504,501,369
Add: Net income actually earned/realized during the year	
Net income during the year closed to retained earnings	412,019,664
Realized deemed cost adjustments on real estate properties	16,793,327
Fair value adjustment arising from repossessed inventories	(2,202,937)
Movement in deferred income tax assets	(1,302,639)
	425,307,415
Less: Dividends declared during the year	
Cash dividends	135,019,338
Stock dividends	187,526,533
Transfer of deferred tax liability on deemed cost adjustment of properties realized through sale	(4,776,668)
Transfer of deferred tax liability on deemed cost adjustment of property and equipment absorbed through depreciation	(726,858)
Fractional shares	325
	317,042,670
Unappropriated retained earnings available for dividends declaration, end	₱1,612,766,114

SCHEDULE III

CITYLAND DEVELOPMENT CORPORATION

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP



SCHEDULE IV

CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF ALL EFFECTIVE STANDARDS AND INTERPRETATIONS (PART 1, 4J)

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS **Effective as at December 31, 2017**		**Adopted**	**Not Early Adopted**	**Not Applicable**
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRS Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Definition of Vesting Condition			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
	Amendments to PFRS 3 : Accounting for Contingent Consideration in a Business Combination	✓		
	Amendments to PFRS 3 : Scope Exceptions for Joint Arrangements			✓

**These standards, interpretations and amendments to existing standards will become effective subsequent to December 31, 2017. The Company did not early adopt these standards, interpretations and amendments.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2017		Adopted	Not Early Adopted	Not Applicable
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			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	✓		
	Amendments to PFRS 5: Changes in Method of Disposal	✓		
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures		✓	
	Amendments to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements	✓		
	Amendments to PFRS 7: Servicing Contracts		✓	
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8 : Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Asset	✓		
PFRS 9	Financial Instruments*		✓	
	Amendments to PFRS 9: Prepayment Features with Negative Compensation*		✓	

**These standards, interpretations and amendments to existing standards will become effective subsequent to December 31, 2017. The Company did not early adopt these standards, interpretations and amendments.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2017		Adopted	Not Early Adopted	Not Applicable
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Transition Guidance			✓
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28, Investment Entities: Applying the Consolidation Exception			✓
	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: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Transition Guidance			✓
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28, Investment Entities: Applying the Consolidation Exception			✓
	Amendments to PFRS 12: Clarification of the Scope of the Standard*		✓	
PFRS 13	Fair Value Measurement	✓		
	Amendments to PFRS 13 : Portfolio Exception	✓		
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers*		✓	
PFRS 16	Leases*		✓	
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		

**These standards, interpretations and amendments to existing standards will become effective subsequent to December 31, 2017. The Company did not early adopt these standards, interpretations and amendments.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2017		Adopted	Not Early Adopted	Not Applicable
	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 12 : Deferred Tax: Recovery of Underlying Assets	✓		
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses		✓	
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
	Amendments to PAS 16 and 38: Proportionate Restatement of Accumulated Amortization			✓
	Amendments to PAS 16 and PAS 41: Bearer Plants			✓
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			✓
	Regional Market Issue Regarding Discount Rate	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		

**These standards, interpretations and amendments to existing standards will become effective subsequent to December 31, 2017. The Company did not early adopt these standards, interpretations and amendments.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2017		Adopted	Not Early Adopted	Not Applicable
PAS 24 (Revised)	Related Party Disclosures	✓		
	Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✓		
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendment: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28, Investment Entities: Applying the Consolidation Exception		✓	
	Amendments to PAS 28: Measuring an Associate or Joint Venture at Fair Value*		✓	
	Amendments to PAS 28: Long-term Interests in Associates and Joint Ventures*		✓	
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and 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	✓		
	Disclosure of Information 'Elsewhere in the Interim Financial Report'	✓		
PAS 36	Impairment of Assets	✓		
	Amendment to PAS 36: Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets	✓		

**These standards, interpretations and amendments to existing standards will become effective subsequent to December 31, 2017. The Company did not early adopt these standards, interpretations and amendments.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2017		Adopted	Not Early Adopted	Not Applicable
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendments to PAS 16 and PAS 38: Clarification of 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 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property	✓		
	Interrelationship between PFRS 3 and PAS 40	✓		
	Amendments to PAS 40: Transfers of Investment Property		✓	
PAS 41	Agriculture			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		

**These standards, interpretations and amendments to existing standards will become effective subsequent to December 31, 2017. The Company did not early adopt these standards, interpretations and amendments.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2017		Adopted	Not Early Adopted	Not Applicable
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC - 9 and PAS 39: Embedded Derivatives			✓
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 Philippine Interpretations 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	✓		

**These standards, interpretations and amendments to existing standards will become effective subsequent to December 31, 2017. The Company did not early adopt these standards, interpretations and amendments.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2017		Adopted	Not Early Adopted	Not Applicable
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs	✓		

**These standards, interpretations and amendments to existing standards will become effective subsequent to December 31, 2017. The Company did not early adopt these standards, interpretations and amendments.*

SCHEDULE V

CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Financial Ratios	December 31		
	2017	2016	2015
Current	**2.42**	2.43	3.43
Asset-to-equity	**1.44**	1.54	1.42
Debt-to-equity	**0.22**	0.26	0.19
Asset-to-liability	**4.93**	3.87	5.12
Solvency	**0.30**	0.20	0.47
Interest rate coverage	**84.00**	110.18	154.37
Acid-test ratio	**1.69**	1.66	2.45
Return on equity (%)	**7.20%**	6.94%	11.97%
Earnings per share	**₱0.12**	₱0.11	₱0.19

Manner of Calculations:

Earnings per share	=	Net income after Tax / Outstanding shares
Return on equity ratio	=	Net Income after Tax / Stockholder's Equity
Solvency ratio	=	Net Income after Tax + Depreciation Expense / Total Liabilities
Interest rate coverage ratio	=	Net Income Before Tax + Depreciation Expense + Interest Expense / Interest Expense
Asset-to-liability ratio	=	Total Assets / Total Liabilities
Asset-to-equity ratio	=	Total Assets / Total equity (net of net changes in fair value of available-for-sale financial assets and accumulated re-measurement on defined benefit plan)
Debt-to-equity ratio	=	Notes and Contracts Payable / Total equity (net of net changes in fair value of available-for-sale financial assets and accumulated re-measurement on defined benefit plan)
Current ratio	=	Total Current Assets / Total Current Liabilities
Acid-test ratio	=	Cash and Cash Equivalents + Short-term Cash Investments + Installment Contracts Receivable, current + Notes Receivable, current + Other Receivables, current + Available-for-sale Financial Assets / Total Current Liabilities

SCHEDULE VI

CITYLAND DEVELOPMENT CORPORATION

SCHEDULE OF GROSS AND NET PROCEEDS OF COMMERCIAL PAPERS ISSUED
As of December 31, 2017

SEC-MSRD Order No. 35, Series of 2016 dated November 14, 2016

A. As stated in the Final Prospectus (November 2016 to October 2017)

Gross Proceeds		**Php**	**1,300,000,000**
Less: Expenses			
Documentary Stamps Tax	6,500,000		
Registration Fees	896,375		
Printing Costs	65,000		
Legal and Accounting Fees	30,000		
Publication Fees	30,000		7,521,375
Net Proceeds		**Php**	**1,292,478,625**
Use of Proceeds			
Payment of Maturing Notes			720,608,625
Project-related Costs			555,750,000
Interest Expense			16,120,000
Total		**Php**	**1,292,478,625**

B. Use of Proceeds (November 2016 to October 2017)

Gross Proceeds		**Php**	**1,930,150,000**
Less: Expenses			
Documentary Stamps Tax	6,155,179		
Registration Fees	896,375		
Printing Costs	71,250		
Legal and Accounting Fees	30,000		
Publication Fees	30,000		7,182,804
Total Net Proceeds		Php	**1,922,967,196**
Less: Use of Proceeds			
Payment of Maturing Notes	1,405,618,104		
Project-related Costs	509,763,682		
Interest Expense	7,585,410		**1,922,967,196**
Balance of Proceeds as of December 31, 2017		**Php**	**-**

CITYLAND DEVELOPMENT CORPORATION

SCHEDULE OF GROSS AND NET PROCEEDS OF COMMERCIAL PAPERS ISSUED
As of December 31, 2017

SEC-MSRD Order No. 32, Series of 2017 dated November 6, 2017

A. As stated in the Final Prospectus (November 6, 2017 to November 5, 2018)

Gross Proceeds		**Php**	**1,350,000,000**
Less: Expenses			
Documentary Stamps Tax	6,750,000		
Registration Fees	719,625		
Printing Costs	67,500		
Legal and Accounting Fees	30,000		
Publication Fees	30,000		7,597,125
Net Proceeds		**Php**	**1,342,402,875**
Use of Proceeds			
Project-related Costs			671,500,000
Payment of Maturing Notes			654,297,875
Interest Expense			16,605,000
Total		**Php**	**1,342,402,875**

B. Use of Proceeds (November 6, 2017 to December 31, 2017)

Gross Proceeds		**Php**	**566,500,000**
Less: Expenses			
Registration Fess	719,625		
Documentary Stamps tax	679,405		
Publication Fees	30,000		
Legal and Accounting Fees	30,000		
Printing Costs	7,200		1,466,230
Total Net Proceeds		Php	**565,033,770**
Less: Use of Proceeds			
Payment of Maturing Notes	542,644,861		
Project-related Costs	22,388,909		**565,033,770**
Balance of Proceeds as of December 31, 2017		**Php**	**-**

C. Outstanding Commercial Papers as of December 31, 2017:

SEC-MSRD Order No. 35 Series of 2016 dated November 14, 2016	-	734,650,000
SEC-MSRD Order No. 32 Series of 2017 dated November 6, 2017	-	566,500,000
Total	**Php**	**1,301,150,000**

CITY & LAND DEVELOPERS, INCORPORATED

SCHEDULE OF GROSS AND NET PROCEEDS OF COMMERCIAL PAPERS ISSUED
As of December 31, 2017

SEC-MSRD Order No. 12, Series of 2016 dated November 14, 2016 (2nd Tranche)

A. As stated in the Final Prospectus (November 14, 2016 to November 13, 2017)

Gross Proceeds		**Php**	**200,000,000**
Less: Expenses			
Documentary Stamps Tax	1,000,000		
Registration Fees	202,000		
Printing Costs	10,000		1,212,000
Net Proceeds		**Php**	**198,788,000**
Use of Proceeds			
Project-related Costs			149,255,000
Payment of Maturing Notes			47,133,000
Interest Expense			2,400,000
Total		**Php**	**198,788,000**

B. Use of Proceeds (November 2016 to October 2017)

Gross Proceeds		**Php**	**222,850,000**
Less: Expenses			
Documentary Stamps Tax	769,711		
Registration Fees	202,000		
Printing Costs	14,150		985,861
Net Proceeds		**Php**	**221,864,139**
Less: Use of Proceeds			
Project-related Costs	141,037,780		
Payment of Maturing Notes	80,527,997		
Interest Expense	298,362		**221,864,139**
Balance of Proceeds as of December 31, 2017		**Php**	**-**

CITY & LAND DEVELOPERS, INCORPORATED

SCHEDULE OF GROSS AND NET PROCEEDS OF COMMERCIAL PAPERS ISSUED
As of December 31, 2017

SEC-MSRD Order No. 33, Series of 2017 dated November 6, 2017

A. As stated in the Final Prospectus (November 6, 2017 to November 5, 2018)

Gross Proceeds		**Php**	**400,000,000**
Less: Expenses			
Documentary Stamps Tax	2,000,000		
Registration Fees	366,125		
Legal and Accounting Fees	30,000		
Publication Fees	30,000		
Printing Costs	20,000		2,446,125
Net Proceeds		**Php**	**397,553,875**
Use of Proceeds			
Project-related Costs			375,600,000
Payment of Maturing Notes			17,033,875
Interest Expense			4,920,000
Total		**Php**	**397,553,875**

B. Use of Proceeds (November 6, 2017 to December 31, 2017)

Gross Proceeds		**Php**	**55,100,000**
Less: Expenses			
Registration Fees	366,125		
Documentary Stamps Tax	54,146		
Legal and Accounting Fees	30,000		
Publication Fees	30,000		
Printing Costs	1,250		481,521
Net Proceeds		Php	**54,618,479**
Less: Use of Proceeds			
Project-related Costs			**54,618,479**
Balance of Proceeds as of December 31, 2017		**Php**	**-**

C. Outstanding Commercial Papers as of December 31, 2017:

SEC-MSRD Order No. 12, Series of 2016 dated September 15, 2016	-	28,550,000
SEC-MSRD Order No. 12, Series of 2016 dated November 14, 2016	-	68,650,000
SEC-MSRD Order No. 33, Series of 2017 dated November 6, 2017	-	55,100,000
Total	**Php**	**152,300,000**