COVER SHEET

PW-02

SEC Registration Number

A. SORIANO CORPORATION

(Company's Full Name)

7/F PACIFIC STAR BUILDING

GIL J. PUYAT AVENUE COR. MAKATI AVE.

MAKATI CITY

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

ATTY. JOSHUA L. CASTRO

(Contact Person)

819-0251

(Company Telephone Number)

1 2 3 1

Month *Day*

(Fiscal Year)

SEC 20-IS

PRELIMINARY INFORMATION STATEMENT

(Form Type)

3rd Wednesday of April

Month *Day*

(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

A. SORIANO CORPORATION

Notice of Annual Meeting of Stockholders

NOTICE IS HEREBY GIVEN that the regular Annual Meeting of Stockholders of A. Soriano Corporation (“ANSCOR” or the “Company”) will be held on Wednesday, 19 April 2017 at 10:00 a.m. at the Rigodon Ballroom, Manila Peninsula Hotel, Ayala Avenue corner Makati Avenue, 1226 Makati City, Philippines.

The agenda for the meeting is as follows:

1. Approval of the minutes of previous meeting.
2. Presentation of the Chairman and Chief Executive Officer’s Message to Stockholders.
3. Election of members of the Board of Directors.
4. Appointment of external auditors.
5. Ratification of all acts, contracts, investments and resolutions of the Board of Directors and Management since the last annual meeting.
6. Such other business as may properly come before the meeting.

Only stockholders of record in the books of the Company at the close of business on 20 March 2017 will be entitled to vote at the meeting. The list of stockholders entitled to vote will be available for inspection at the office of A. Soriano Corporation, 7th Floor Pacific Star Building, Makati Avenue corner Gil Puyat Avenue, Makati City, ten (10) days prior to the Annual Meeting.

Stockholders are requested to complete, date, sign and return the enclosed proxy form to reach the Company as promptly as possible not less than ten (10) working days prior to the Annual Meeting or not later than 3 April 2017. The giving of such proxy will not affect your right to vote in person should you decide to attend the Annual Meeting.

Proxy validation will be held at A. Soriano Corporation, 7th Floor Pacific Star Bldg., Makati Avenue corner Gil Puyat Avenue, Makati City on 10 April 2017 from 11:00 a.m. to 12:00 noon.

Makati City, Philippines, 27 March 2017.

THE BOARD OF DIRECTORS
By:

LORNA PATAJO-KAPUNAN
Corporate Secretary

REGISTRATION OF STOCKHOLDERS WILL START AT 9:00 a.m.
Please bring identification, such as valid passport, driver’s license or Company I. D.

A. SORIANO CORPORATION

P R O X Y

THIS PROXY IS BEING SOLICITED IN BEHALF OF ANDRES SORIANO III

____
Date

KNOW ALL MEN BY THESE PRESENTS:

I, the undersigned stockholder of A. Soriano Corporation, do hereby appoint, name and constitute ANDRES SORIANO III, or in his absence, the Vice Chairman of the Board, the Chief Financial Officer or the Corporate Secretary, in the order as enumerated, as my true and lawful proxy for me and in my name and stead, to attend the Annual Meeting of the Stockholders of the Corporation on 19 April 2017 and at any adjournment(s) thereof, to vote all my shares of stock in the Corporation in all matters set forth in the agenda as I have expressly indicated by marking the same with an "X" or a "✓ ".

If no specific instruction is given, the shares will be voted FOR the election of the nominees for directorship whose names appear in this proxy form and FOR the approval of all matters listed in the proxy statement the stockholders' approval of which is sought in the meeting. Moreover, this proxy shall confer discretionary authority to vote with respect to the election of any person to any office for which a bona fide nominee is named in the proxy statement and such nominee is unable to serve or for good cause will not serve; and to all matters incident to the conduct of the meeting.

I T E M	A C T I O N		
	FOR	**AGAINST**	**ABSTAIN**
1. To approve the minutes of the 20 April 2016 Annual Meeting of Stockholders			
2. To approve the 2016 Annual Report of the Corporation			
3. To elect the following nominees as directors of the Corporation			
a. Andres Soriano III			
b. Eduardo J. Soriano			
c. Ernest K. Cuyegkeng			
d. John L. Gokongwei, Jr.			
e. Oscar J. Hilado			
f. Jose C. Ibazeta			
g. Roberto R. Romulo			
4. To re-appoint SGV & Co. as external auditors of the Corporation			
5. To ratify all acts, contracts and resolutions of Management and the Board of Directors since the last annual meeting of the Corporation			
6. Other Matters			

Please refer to the Notice of Meeting for the agenda items of the stockholders' meeting on 19 April 2017.
Please see reverse side for voting, revocability, validation, submission deadline and authentication of proxies.

____
Printed Name of Stockholder

____
Signature of Stockholder
or Authorized Signatory*

[*N.B.: Corporations, Partnerships and Associations must attach certified resolutions or extracts thereof designating the authorized signatory/ies for the purpose of this Proxy.]

<u>PLEASE DATE, SIGN and RETURN PROXY</u>

Voting, Revocability of Proxies, Validation/ Submission Deadline, Authentication

When proxies are properly dated, executed and returned on or before 3 April 2017, the shares they represent will be voted at the Annual Meeting in accordance with the instructions of the stockholder. If no specific instructions are given, the shares will be voted FOR the election of the nominees for directorship whose names appear in the proxy form and FOR the approval of all matters the stockholders' approval of which is sought in the meeting. A stockholder giving a proxy has the power to revoke it at any time prior to its exercise by voting in person at the Annual Meeting, by giving written notice to the Corporate Secretary prior to the Annual Meeting or by giving a subsequent proxy which must be received by the office of the Corporate Secretary not later than 3 April 2017.

Each share of Common Stock outstanding as of record date will be entitled to one vote on all matters. The candidates for election as directors at the Annual Meeting who receive the highest number of affirmative votes will be elected. The appointment of the independent auditors for the Company for the current year as well as other items presented to the Stockholders during the Annual Meeting will require the affirmative vote of a majority of the votes cast on the matter. Pursuant to Article III Section 6 of the By-Laws of the Corporation, written proxy shall be filed with the Corporate Secretary not less than ten (10) working days prior to the date of such meeting or not later than 3 April 2017.

Pursuant to the provisions of the By-Laws, the Board of Directors has set the date of validation of proxies to 10 April 2017. For this purpose, the Corporate Secretary shall act as the inspector at the election of directors and other voting by stockholders.

Under SEC Memo Circular No. 5 Series of 1996, all proxies executed abroad must be duly authenticated by the Philippine Embassy or Consular Office.

Person Making the Solicitation

The solicitation of proxies in the form accompanying this Statement is made in behalf of Management through Atty. Lorna Patajo-Kapunan and the proxy given will be voted in accordance with the authority contained therein. The solicitation of proxies in the accompanying form will be primarily by mail. However, personal solicitation may be made by officers, directors and regular employees of the Company whose number is not expected to exceed fifteen (15), and who will receive no additional compensation therefor. The Company will bear the cost, amounting to One Million Three Hundred Twenty Thousand Pesos (P1,320,000.00), of preparing and mailing the annual reports, information statement and other materials furnished to the stockholders in connection with proxy solicitation.

None of the Directors has informed the Company that he intends to oppose any action intended to be taken by the Company.

Interest of Certain Persons in Matters to be Acted Upon

No Director or Executive Officer, nominated for re-election as Director or his associate has, at any time, any substantial interest, direct or indirect, by security holdings or otherwise, on any of the matters to be acted upon in the meeting, other than the approval of the Annual Report, election to office and ratification of acts of Management.

INFORMATION STATEMENT

Wednesday, 19 April 2017 at 10:00 a.m.
Rigodon Ballroom, Manila Peninsula Hotel,
Ayala Avenue corner Makati Avenue,
1226 Makati City, Philippines

A. SORIANO CORPORATION

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

1. Check the appropriate box:
   / x / Preliminary Information Statement / / Definitive Information Statement

2. Name of the registrant as specified in its charter : A. SORIANO CORPORATION

3. Province, or country or other jurisdiction of incorporation organization : Makati City, Philippines

4. SEC Identification Number : PW - 02

5. BIR Tax Identification Code : 000-103-216-000

6. Address of principal office : 7th Floor, Pacific Star Building
   Makati Avenue corner Gil Puyat Avenue
   1209 Makati City, Philippines

7. Registrant's telephone number, including area code : (632) 819-0251 to 60

8. Date, Time and Place of the meeting : 19 April 2017, Wednesday at 10:00 A.M.
   Rigodon Ballroom
   Manila Peninsula Hotel
   Ayala Avenue corner Makati Avenue
   1226 Makati City, Philippines

9. Approximate date on which the Information Statement is first to be sent or given to security holders : On or before 27 March 2017

10. In case of Proxy Solicitations
    Name of Person Filing the Statement/Solicitor : Atty. Lorna Patajo-Kapunan, Corporate Secretary

    Address : 7th Floor, Pacific Star Bldg., Makati Avenue corner Gil Puyat Avenue, 1209 Makati City, Philippines

    Telephone Nos. : (632) 819-0251 to 60

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

    Title of Each Class : Common Shares

    Number of shares of Common Stock Outstanding or Amount of Debt Outstanding As of February 28, 2017 : 2,500,000,000

12. Are any or all of registrant's securities listed on the Philippine Stock Exchange? : Yes

    If so, disclose name of the Exchange : Philippine Stock Exchange

INFORMATION STATEMENT

GENERAL INFORMATION

Date, Time and Place of Meeting of Security Holders

Date	:	Wednesday, 19 April 2017
Time	:	10:00 A.M.
Place	:	Rigodon Ballroom Manila Peninsula Hotel Ayala Avenue corner Makati Avenue 1226 Makati City, Philippines
Principal Office:		7th Floor, Pacific Star Bldg. Makati Avenue corner Gil Puyat Avenue 1209 Makati City, Philippines

This information statement and the enclosed proxy form will be mailed or delivered by messengerial service to stockholders entitled to notice of and to vote at the Annual Meeting on or before 27 March 2017.

Voting, Revocability, Validation, Submission Deadline and Authentication of Proxies

When proxies are properly dated, executed and returned on or before 3 April 2017, the shares they represent will be voted at the Annual Meeting in accordance with the instructions of the stockholder. If no specific instructions are given, the shares will be voted FOR the election of the nominees for directorship whose names appear in the proxy form and FOR the approval of all matters the stockholders' approval of which is sought in the meeting. A stockholder giving a proxy has the power to revoke it at any time prior to its exercise by voting in person at the Annual Meeting, by giving written notice to the Corporate Secretary prior to the Annual Meeting or by giving a subsequent proxy which must be received by the office of the Corporate Secretary not later than 3 April 2017.

Each share of common stock outstanding as of record date will be entitled to one vote on all matters. The candidates for election as directors at the Annual Meeting who receive the highest number of affirmative votes will be elected. The appointment of the independent auditors for the Company for the current year as well as other items presented to the Stockholders during the Annual Meeting will require the affirmative vote of a majority of the votes cast on the matter. Pursuant to Article III, Section 6 of the By-Laws of the Corporation, written proxy shall be filed with the Corporate Secretary not less than ten (10) working days prior to the date of such meeting or not later than 3 April 2017.

Pursuant to the provisions of the By-Laws, the Board of Directors has set the date of validation of proxies on 10 April 2017. For this purpose, the Corporate Secretary shall act as the inspector at the election of directors and other voting by stockholders.

Under SEC Memo Circular No. 5 Series of 1996, all proxies executed abroad must be duly authenticated by the Philippine Embassy or Consular Office.

SOLICITATION INFORMATION

Person Making the Solicitation

The solicitation of proxies in the form accompanying this statement is made on behalf of Management through Atty. Lorna Patajo-Kapunan and the proxy given will be voted in accordance with the authority contained therein. The solicitation of proxies in the accompanying form will be primarily by mail. However, personal solicitation may be made by officers, directors and regular employees of the Company whose number is not expected to exceed fifteen (15) and who will receive no additional compensation therefor. The Company will bear the cost, amounting to One Million Three Hundred Twenty Thousand Pesos (P1,320,000.00) of preparing and mailing the annual reports, information statement and other materials furnished to the stockholders in connection with proxy solicitation.

None of the Directors has informed the Company of any intention to oppose an action intended to be taken by the Company.

Dissenter's Right of Appraisal

There are no corporate matters or action that will trigger the exercise by the stockholders of their Right of Appraisal under the Corporation Code. However, if at any time after the information statement has been sent out, an action which may give rise to the Right of Appraisal is proposed at the meeting, any stockholder who wishes to exercise such right and who voted against the proposed action must make a written demand within thirty (30) days after the meeting.

The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares. Provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder, upon surrender of the certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made. Provided, that no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment; and provided, further, that upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation.

Interest of Certain Persons in Opposition to Matters to be Acted Upon

No Director or Executive Officer, nominated for re-election as Director, or his Associate has, at any time, any substantial interest, direct or indirect, by security holdings or otherwise, on any of the matters to be acted upon in the meeting, other than the approval of the Annual Report, election to office and ratification of acts of Management.

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

Only stockholders of record on the books of the Company at the close of business on 20 March 2017 will be entitled to vote at the Annual Meeting. Presence in person or by proxy of a majority of the shares of common stock outstanding on the record date is required for a quorum.

There are 2,500,000,000 shares of common stocks outstanding and issued as of 20 March 2017. All the issued shares are entitled to vote on a one (1) share - one (1) vote basis. The Company has only one class of shares.

Pursuant to the Corporation Code and as provided under Article III, Section 8 of the By-Laws, every stockholder is entitled to vote such number of shares for as many persons as there are directors or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit. Provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected. The proxy being solicited includes the authority to cumulate votes.

Except as indicated in section (a) below on Security Ownership of Certain Record and Beneficial Owners, there are no other persons holding 5% or more of the common stock of the Company.

As of February 28, 2017 the foreign ownership level of total outstanding shares is 20.26%.

The Company does not own any other equity securities beneficially owned by its directors and other nominees.

Change in Control

No change in control of the Company occurred since the beginning of the last calendar year. Management is not aware of any arrangement which may result in a change in control of the Company.

a. Security Ownership of Certain Record and Beneficial Owners

As of 28 February 2017, the following are the Security Ownership of Certain Record and Beneficial Owners of the Company:

Title of Class	Name /Address of Record Owner & Relationship w/ Issuer	Name of Beneficial Ownership & Relationship with Record Owner	Citizenship	Number Of Shares	Percentage Held
Common	Anscor Consolidated Corporation 7th Flr. Pacific Star Bldg., Makati Avenue Makati City (Subsidiary)	Anscor Consolidated Corporation (Subsidiary)	Filipino	1,278,192,746*	51.128%
Common	PCD Nominee Corp. (Non-Filipino) 37th Flr. The Enterprise Center, Inc. Ayala Avenue corner Paseo de Roxas, Makati City (Depository Account)	PCD Nominee Corp. (Non-Filipino) (Depository Account)	Non-Filipino	506,401,252	20.256%
Common	A-Z Asia Limited Philippines, Inc. Barrio Mabacan Calauan, Laguna (Stockholder)	A-Z Asia Limited Philippines, Inc. (Stockholder)	Filipino	169,646,329	6.786%
Common	PCD Nominee Corp. (Filipino) 37th Flr. The Enterprise Center, Inc. Ayala Avenue corner Paseo de Roxas, Makati City (Depository Account)	PCD Nominee Corp. (Filipino) (Depository Account)	Filipino	132,864,985	5.315%

***** Includes 375,940,443 shares lodged with PCD Nominee Corp. (Filipino)

Anscor Consolidated Corporation is wholly owned by A. Soriano Corporation, the registrant Company, represented by Mr. Ernest K. Cuyegkeng as Treasurer.

PCD Nominee Corporation, a wholly owned subsidiary of Philippine Central Depository, Inc. ("PCD"), is the registered owner of the shares in the books of the Company's transfer agent in the Philippines. The beneficial owners of such shares are PCD's participants, who hold the shares on their behalf or in behalf of their clients of which Maybank ATR KimEng Securities, Inc., is the sole owner of more than 5%, specifically 33.176%, the bulk of which or 17.558% is owned by Deerhaven, LLC, a company registered in Delaware, USA. Shares owned by Deerhaven, LLC are indirectly owned by Andres Soriano III. PCD is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines.

A-Z Asia Limited Philippines, Inc. is a holding company incorporated in the Philippines on 25 April 2003. Shares owned by A-Z Asia Limited Philippines, Inc. are indirectly owned by Eduardo J. Soriano.

Other than the above, there are no Stockholders owning more than 5% of the Company's outstanding shares of stock.

The Company is not aware of any material pending legal proceedings to which the Company or any of its subsidiaries is a party.

b. Securities Ownership of Certain Beneficial Owners and Management

As of 28 February 2017**,** the following are the security ownership of the Directors and Officers of the Company:

Title of Class	Name of Beneficial Owner	Amount and Nature Of Beneficial Ownership		Citizenship	Percent
Common	Andres Soriano III	489,428,270	Direct/Indirect	American	19.577%
Common	Eduardo J. Soriano	188,515,944	Direct/Indirect	Filipino	7.541%
Common	Ernest K. Cuyegkeng	20,000	Direct	Filipino	0.001%
Common	John L. Gokongwei, Jr.	205,737	Direct/Indirect	Filipino	0.008%
Common	Oscar J. Hilado	20,000	Direct/Indirect	Filipino	0.001%
Common	Jose C. Ibazeta	32,951	Direct	Filipino	0.001%
Common	Roberto R. Romulo	20,000	Direct	Filipino	0.001%
	Total	678,242,902			27.130%

William H. Ottiger, Narcisa M. Villaflor, Lorenzo D. Lasco, Atty. Lorna Patajo-Kapunan and Atty. Joshua L. Castro do not own shares of the Company.

c. Voting Trust Agreement

The Company does not have any voting trust agreement with any stockholder.

Directors and Executive Officers

Pursuant to the Corporation's By-Laws, in addition to the right of the Board of Directors to make nominations for the election of Directors including independent Directors, nominations for Directors including independent Directors may be made by any shareholder entitled to vote for the election of Directors.

Nominations shall be received by the Chairman of the Board of Directors (which nominations may be sent through the Corporate Secretary), on the 1st of March of every year or at such earlier or later date as the Board of Directors may fix.

Each nomination under the preceding paragraph shall set forth the name, age, business address and, if known, residence address of each nominee, the principal occupation or employment of each such nominee, the number of shares of stock of the Corporation which are beneficially owned by each such nominee, and the interests and positions held by each nominee in other corporations. In addition, the shareholder making such nomination shall promptly provide any other information reasonably requested by the Corporation.

The Board, by a majority vote unless a greater majority is required under these By-Laws, may, in its discretion, determine and declare that a nomination was not made in accordance with the foregoing procedures, and/or that a nominee is disqualified for election as Director and if the Board should so determine, the defective nomination and the nomination of the disqualified person shall be disregarded.

Mr. Eduardo J. Soriano, the Vice Chairman and Treasurer, nominated all the nominees for Directors including independent Directors contained in the information statement. Mr. Soriano is not related to any of the independent Directors nominated. No other nomination was submitted as of 01 March 2017.

Unless marked otherwise, the proxies received will be voted FOR the election of the nominees named below who have signified their acceptance of their respective nominations. The Board of Directors has no reason to believe that any of such nominees will be unwilling or unable to serve if elected as a Director. Each Director shall serve until the next annual meeting of stockholders or until his successor is elected or appointed in case of vacancy due to death, resignation or removal. Management recommends a vote FOR the election of each of the nominees listed below who are incumbent directors of the Company.

The nominations for independent Directors complies with SRC Rule 38, which requires that a corporation with a class of equity securities listed for trading on the Philippine Stock Exchange or with assets in excess of Fifty Million Pesos (P50,000,000.00) and having two hundred (200) or more holders, at least two hundred (200) of which are holding at least one hundred (100) shares of a class of its equity securities shall have at least two (2) independent Directors or such independent Directors shall constitute at least twenty percent (20%) of the members of such Board.

The two nominated independent Directors of the Company are Mr. Oscar J. Hilado and Mr. Roberto R. Romulo. They are neither officers nor employees of the Company or of any of its subsidiaries. They do not have any relationship with the Company which would interfere with the exercise of independent judgment in carrying out their responsibilities. Further, the nominated independent Directors possess all the qualifications and none of the disqualifications to serve as independent Directors of the Company. The independent Directors are nominated and elected in the same manner as regular directors in accordance with the nomination and election procedures provided in the By-Laws. The Company amended its By-Laws on 10 June 2009 to incorporate the requirements of SRC Rule 38 with respect to the nomination and election of independent Directors.

ANDRES SORIANO III, age 65, American, Director of the Company since 19 May 1982; Chairman and Chief Executive of the Company (1983 to present); Chairman and President of Anscor Consolidated Corporation (1987 to present); Chairman of The Andres Soriano Foundation, Inc. (1985 to present), Phelps Dodge International Philippines, Inc. (1983 to present), Phelps Dodge Philippines Energy Products Corporation (1997 to present), Seven Seas Resorts and Leisure, Inc. (1998 to present) and Pamalican Resort, Inc. (May 2011 to present); Director of Cirrus Medical Staffing, Inc. (2007 to present), International Container Terminal Services, Inc. (ICTSI) (July 1992 to present), and Manila Peninsula Hotel, Inc. (1986 to present). Mr. Soriano was formerly the President and Chief Operating Officer of San Miguel Corporation and was subsequently the Chairman and Chief Executive Officer of San Miguel Corporation. He was Chairman of Coca-Cola (Philippines), Coca-Cola Amatil (Australia) and Nestle (Philippines). He was a Director of SPI Technologies and eTelecare Global Solutions, Inc. until 2006. He was also a Member of the G.E. Asian Advisory and the Wharton East Asia

Executive Board. He holds a Bachelor of Science Degree in Economics, Major in Finance and International Business, Wharton School of Finance and Commerce, University of Pennsylvania, (1972).

EDUARDO J. SORIANO, age 62, Filipino, Director of the Company since 21 May 1980; Vice Chairman-Treasurer of the Company (1990 to present); Chairman of Cirrus Global, Inc. (formerly International Quality Manpower Services, Inc.) (2004 to present); Chairman of Anscor Holdings, Inc. (2012 to present); Director of Phelps Dodge Philippines Energy Products Corporation (1997 to present), Phelps Dodge International Phils., Inc. (1997 to present); Graduate of Bachelor of Science Degree in Economics, Major in History, University of Pennsylvania, (1977).

ERNEST K. CUYEGKENG, age 70, Filipino, Director of the Company since 22 April 2009; Executive Vice President and Chief Financial Officer of the Company (1990 to present); President and Director of Phelps Dodge Philippines Energy Products Corporation (1999 to present), and Anscor Holdings, Inc. (2012 to present); Director of Seven Seas Resorts and Leisure, Inc. (2008 to present), Cirrus Global, Inc. (formerly International Quality Manpower Services, Inc.) (2004 to present), KSA Realty Corporation (2001 to present), T-O Insurance (2008 to present), and Sumifru, Singapore (2003 to present); Chairman and Director of ArthaLand Corporation (2007 to present); Trustee of The Andres Soriano Foundation, Inc. (1990 to present); Member of the Management Association of the Philippines, Makati Business Club and Financial Executive Institute of the Philippines (FINEX); Graduate of De La Salle University, B.A. Economics and B.S. Business Administration, (1968). Masters Degree in Business Administration, Columbia Graduate School of Business, New York, (1970).

JOHN L. GOKONGWEI, JR., age 90, Filipino, Director of the Company since 21 May 1980; Director and Chairman Emeritus of JG Summit Holdings, Inc.; Chairman and CEO of JG Summit Holdings, Inc. (from 1990 to 2001); Director of Universal Robina Corporation, Robinsons Land Corporation, Cebu Air, Inc., Robinsons Retail Holdings, Inc., JG Summit Petrochemical Corporation, JG Summit Olefins Corporation, Oriental Petroleum and Minerals Corporation, Manila Electric Company (March 31, 2014 to present); Chairman of the Gokongwei Brothers Foundation, Inc., Deputy Chairman and Director of United Industrial Corporation Limited; Graduate of De La Salle University, Masters Degree in Business Administration, (1977) Advance Management Program, Harvard University, (1972-1973).

OSCAR J. HILADO, age 79, Filipino, an independent Director of the Company since 13 April 1998; Chairman of Philippine Investment Management (PHINMA), Inc. (January 1994 to present); Chairman of the Board & Chairman of the Executive Committee of Phinma Corporation; Chairman of the Board of Phinma Property Holdings Corporation; Vice Chairman of Trans Asia Power Generation Corporation (1996 to present); Chairman of Phinma Energy Corporation (April 2008 to present); Vice Chairman of Trans Asia Petroleum Corporation (April 2013 to present); Director of Manila Cordage Corporation (1986 to present); Independent Director of Seven Seas Resorts & Leisure, Inc., and Pamalican Resort, Inc. (May 2011 to present), Independent Director of First Philippine Holdings Corporation (November 1996 to present), Philex Mining Corporation (December 2009 to present); Digital Telecommunications Philippines, Inc. (DIGITEL) (May 2013 to present), Smart Communications, Inc., (May 2013 to present); Rockwell Land Corporation (May 2015 to present) and Roxas Holdings, Inc. (March 2016 to present). Graduate of De La Salle College (Bacolod), Bachelor of Science in Commerce (1958), Masters Degree in Business Administration, Harvard Graduate School of Business, (1962). Mr. Hilado also serves as Chairman of the Audit Committee of the Company.

JOSE C. IBAZETA, age 74, Filipino, Director of the Company from 1981 to 1998, 2004 to present; Director of International Container Terminal Services, Inc. (January 1988 to present), Anscor Consolidated Corporation (1980 to present), Anscor Holdings, Inc. (2012 to present), Island Aviation, Inc., Minuet Realty Corporation (1995 to present), Phelps Dodge Philippines Energy Products Corporation (1997 to present), AG&P International Holdings, Ltd. (December 2014 to present), ICTSI Ltd, and ICTHI. President of Seven Seas Resorts & Leisure, Inc. (2008 to present) and Pamalican Resort, Inc. (May 2011 to present); Member, Finance Committee of Ateneo de Manila University (1997 to present); Board of Trustees of Radio Veritas (1991 to present). Mr. Ibazeta was President and CEO of Power Sector Assets & Liabilities Management Corporation (PSALM) (February 2007 to March 2010) and Acting Secretary of Energy (April-June 2010); Graduate of Bachelor of Science in Economics, Ateneo de Manila University, (1963), Masters Degree in Business Administration, University of San Francisco, (1968), MBA in Banking and Finance, New York University (1972).

ROBERTO R. ROMULO, age 78, Filipino, an independent Director of the Company since 13 April 1998; Chairman of AIG Philippines Insurance, Inc. (June 2000 to present), PETNET, Inc. (February 2006 to present), MediLink Network, Inc. (September 1999 to present), Nationwide Development Corporation (NADECOR), Carlos P. Romulo Foundation for Peace and Development, Philippine Foundation for Global Concerns, Inc. (PFGC) (1996 to present), Zuellig Family Foundation (June 2008 to present), Romulo Asia Pacific Advisory, Inc. (December 1997 to present) and Asia-Europe Foundation of the Philippines; Advisory Board Member of Philippine Long Distance Telephone Co. (PLDT) (March 2001 to present) and Independent Director of Equicom Savings Bank (January 2008 to present), Robinson Retail Holdings, Inc. (2013 to present) and Maxicare Healthcare Corporation (2014 to present); 25-year career at IBM Corporation holding CEO positions in the Philippines, Thailand, Burma and Bangladesh; Graduate of Georgetown University, (A.B.) and Ateneo de Manila University (LLB); Former Ambassador to Belgium, Luxembourg and the European Commission and Secretary of Foreign Affairs.

The following are the members of the Audit Committee, Compensation Committee, Executive Committee and Nomination Committee:

Audit Committee:

Mr. Oscar J. Hilado	Chairman
Mr. Eduardo J. Soriano	Member
Mr. Jose C. Ibazeta	Member

Compensation Committee:

Mr. Oscar J. Hilado	Chairman
Mr. Andres Soriano III	Member
Mr. Eduardo J. Soriano	Member

Executive Committee:

Mr. Andres Soriano III	Chairman
Mr. Eduardo J. Soriano	Vice Chairman
Mr. Oscar J. Hilado	Member
Mr. Ernest K. Cuyegkeng	Member
Mr. Jose C. Ibazeta	Member

Nomination Committee:

Mr. Eduardo J. Soriano	Chairman
Mr. Oscar J. Hilado	Member
Mr. Roberto R. Romulo	Member

The following are not nominees but incumbent officers of the Company:

WILLIAM H. OTTIGER, age 49, Swiss, Senior Vice President and Corporate Development Officer of the Company; President and CEO of Cirrus Medical Staffing; Director of AG&P International, Executive Committee Member of Enderun Colleges, Inc.; Director of Cirrus Global, Inc., AG&P Manila and Prople, Inc.; Formerly spent 9 years with San Miguel Brewing Group and 3 years with UBS Investment Bank; Graduate of Washington & Lee University, B.A. History, (1990). London Business School, Masters of Business Administration, (2001).

NARCISA M. VILLAFLOR, age 54, Filipino, Vice President and Comptroller of the Company since 19 April 2000; Treasurer of Seven Seas Resorts and Leisure, Inc., Pamalican Resort, Inc., The Andres Soriano Foundation, Inc., Cirrus Global, Inc. (formerly International Quality Manpower Services, Inc.), Pamalican Island Holdings, Inc., and Sutton Place Holdings, Inc.; Director of Anscor Consolidated Corporation and Cirrus Global, Inc.; Trustee of The Andres Soriano Foundation, Inc. Joined SGV (January 1985 to November 1989) and joined Anscor in December 1989; Graduate of University of the Philippines, Bachelor of Science in Business Administration and Accountancy (1984). Attended AIM Management Program (November 1996).

LORENZO D. LASCO, age 54, Filipino, Vice President (joined the group in 1997); Director and General Manager of Anscor Holdings, Inc. (2012 to present); Director and President of Cirrus Global, Inc. (formerly International Quality Manpower Services, Inc.); Director of AFC Agribusiness Corp.; Project Manager at Seven Seas Resorts and Leisure, Inc. (Amanpulo); used to be connected with Ayala Land, Inc. (ALI) for nine years; Graduate of the Asian Institute of Management, Masters in Business Administration (1989).

LORNA PATAJO-KAPUNAN, age 64, Filipino, Corporate Secretary of A. Soriano Corporation (1998 to present); Senior Partner of Kapunan Garcia & Castillo Law Offices; Corporate Secretary, Roxas Holdings, Inc. (1995 to 2014), Central Azucarera de Don Pedro (February 1995), Central Azucarera de la Carlota (March 1996), Beverage Industry Association of the Philippines (February 1991 to present), Seven Seas Resorts & Leisure, Inc. (November 1990 to present), Pamalican Island Holdings, Inc. (1995 to present), iAcademy (2002 to 2011), Uni-President Phils., Inc. (2002 to present), Huntly Corporation (February 1992 to present), Palomino Resources, Inc. and Malate Pensionne, Inc. (2001 to 2014), Cuisine Exchange, Inc. and Culinary Innovators, Inc. (2001 to 2014), Jose M. Velero Corporation (2001 to 2014), Creative Concoctions, Inc. (2001 to 2014), Hotel Concepts, Inc. (September 2001 to present), Creative Hotel Concepts, Inc. (September 2001 to 2014), Culinary Events, Inc. (2001 to 2014), AH Distribution Corporation, Hotel & Resorts Trench, Inc. (2002 to 2014), It's About Taste (I'ATE), Inc. (2002 to 2014), Kitchen Alley, Inc. (2001 to 2014), Les Maitres Gourmands, Inc. (July 2001 to 2014); Traditional Financial Services Philippines, Inc. (2008 to present); Avaya Philippines, Inc. (2006 to present), Elixir Gaming Technologies Philippines, Inc. (2007-2008), Elixir Group Philippines, Inc. (2006-2008); Director of AMAX Holdings Limited (2008 to 2014), Corporate Secretary, Blessed Mary Mother of the Poor Foundation, Inc.(2014), Montemar Beach Club, Inc. (2013 to present), Philcomsat Communications Satellite Corporation (Philcomsat) (2013 to present), UNLAD Foundation (2015). Graduate of University of the Philippines College of Law, (1978); Seminar Courses: Japan Institute of Invention and Innovation (JIII) Tokyo (1997); National

Institute on Humanitarian Law, San Remo, Italy (September 2005); Summer Course International Humanitarian Law, Magdalene College, Cambridge University, London UK (July 2010). Bar Examiner, Mercantile Law (1988). The Outstanding Women in The Nations Service (TOWNS) Awardee – Corporate Law (1995) Filipinas Women Network (FWN) Influential Women Award (2016).

JOSHUA L. CASTRO, age 42, Filipino, Assistant Vice President (April 2013 to present) and Assistant Corporate Secretary (2006 to present) of the Company; Assistant Corporate Secretary of Seven Seas Resorts and Leisure, Inc. (2006 to present) and Island Aviation, Inc. (2006 to present); Corporate Secretary of Phelps Dodge Philippines Energy Products Corporation (2006 to present), Cirrus Global, Inc. (formerly International Quality Manpower Services, Inc.) (2006 to present), Anscor Holdings, Inc. (2012 to present), and The Andres Soriano Foundation, Inc. (2006 to present). Tax Lawyer, SyCip Gorres Velayo & Co. (1999 to 2005); Graduate of San Beda College of Law (1999).

Ownership Structure and Parent Company

The registrant has no parent company.

Family Relationship

Andres Soriano III and Eduardo J. Soriano are brothers. There are no other family relationships known to the Company.

Executive Officers and Significant Employees

There are no significant employees.

Legal Proceedings

For the last five years and as of 28 February 2017, Management is not aware of any pending material legal proceeding i.e. bankruptcy petitions, convictions by final judgment, being subject to any order, judgment or decree or violation of a Securities or Commodities Law involving its nominees for directorship, executive officers and incumbent officers and directors.

Certain Relationship and Related Transactions

There are no Management transactions during the year or proposed transactions to which the Company was or is to be a party, in which any of its Directors, nominees for election as Directors, Executive Officers, security holders owning more than 5% of the outstanding shares of the Company, or any member of the immediate family of any of the foregoing persons, have or is to have material interest.

Resignation of Directors

No incumbent Director has resigned or declined to stand for re-election to the Board of Directors due to disagreement with Management since the date of the last annual meeting.

Compensation of Directors and Executive Officers

As approved in 2004, Directors are paid a per diem of P20,000.00 per meeting attended and are given directors bonus representing no more than 1% of previous year's net income. Similarly, annual bonus, of no more than 3% of the preceding year's net income as well as salary increase of Executive Officers are approved by the Compensation Committee and the Board of Directors.

Name	Principal Position	Compensation		
		2015 Actual	2016 Actual	2017 (Estimate)
Andres Soriano III	Chairman & Chief Executive Officer			
Eduardo J. Soriano	Vice Chairman & Treasurer			
Ernest K. Cuyegkeng	Executive Vice President & Chief Financial Officer			
William H. Ottiger	Senior Vice President & Corporate Development Officer			
Narcisa M. Villaflor	Vice President & Comptroller			
Joshua L. Castro	Assistant Vice President & Assistant Corporate Secretary			
Salaries		P 56,394,233	P 56,414,233	P 56,879,469
Benefits		1,446,769	2,127,602	2,127,602
Bonus		63,300,000	39,300,000	46,125,000
Sub-Total Top Executive		**121,141,002**	**97,841,835**	**105,132,071**
Other Directors		**18,495,714**	**14,122,857**	**15,522,857**
Total		**P 139,636,716**	**P111,964,692**	**P120,654,928**

Employment Contracts and Termination of Employment and Change-in Control Arrangements

All the Executive Officers are not subject of any employment contract. Neither are there any compensatory plans or arrangements with respect to the named executive officers that will result from their resignation, retirement or any other termination or from change in control in the Company or change in the named executive officers' responsibilities following a change in control.

Warrants and Options Outstanding

There are no warrants or options granted to the Directors, Chief Executive Officer, and other named Executive Officers.

Compliance with Leading Practice on Corporate Governance

As part of the Company's continuing efforts to comply with leading practice on corporate governance, on 10 March 2010, the Company submitted to the SEC and PSE its revised Manual on Corporate Governance in conformity with SEC Memorandum Circular No. 6, Series of 2009. The Manual on Corporate Governance was further revised on 18 February 2011 to comply with additional requirements of the SEC. On 02 July 2014, the Company submitted to the SEC and PSE its Amended Manual on Corporate Governance in conformity with SEC Memorandum Circular No. 9, Series of 2014. All the revisions to the Manual on Corporate Governance are discussed and deliberated upon by the Board of Directors prior to its approval and subsequent submission to the SEC.

The Board of Directors and Management evaluates on an annual basis, the Company's compliance with the Manual on Corporate Governance. The different Board Committees also evaluate the level of compliance with the Manual on Corporate Governance.

The Company continues to improve its systems and processes to enhance adherence and fully comply with leading practices on good corporate governance. These improvements are contained in the Company's Annual Corporate Governance Report and updates thereto submitted to the SEC. Further, Directors of the Company are required, before assuming office and annually thereafter, to attend a seminar on Corporate Governance conducted by a duly recognized private or government institution.

Likewise, following SEC's thrust to promote a better corporate governance environment, the Company complied with SEC Memorandum Circular No. 11, Series of 2014, which provides for template for publicly-listed companies' websites. The Company's website contains all the items indicated in said Circular.

As of 28 February 2017, there were no deviations from the Company's Manual on Corporate Governance.

Appointment of Independent Auditors

SyCip Gorres Velayo & Co. (SGV) has been the Company's independent auditors since its establishment in 1946. They will again be nominated for reappointment and presented for approval by the stockholders during the stockholders' meeting as external auditors for the ensuing calendar year. Unless marked to the contrary, proxies received will be voted FOR the appointment of SGV as the independent auditors for the ensuing year. The Management recommends a vote FOR the appointment of SGV as independent auditors of the Company for the ensuing year.

A representative of SGV is expected to be present at the Annual Meeting to respond to appropriate questions from the stockholders and to make a statement if so desired.

The Company has no disagreements with its independent auditors on Accounting and Financial Disclosure and changes in Accounting and Financial Disclosures are included in the attached Notes to Financial Statements, if applicable.

In compliance with SRC Rule 68 paragraph 3(b) (iv) (Rotation of External Auditors), the SGV audit partner, as of December 2016, is Ms. Julie Christine C. Ong-Mateo who is on her third year of audit engagement.

Audit and Audit Related Fees

The Company paid to its external auditors the following fees in the past two years:

Year	Audit Fees
2016	**P 1,155,000**
2015	P 1,155,000

The audit fees were evaluated and approved by the Audit Committee based on the scope of work of external auditors and the complexity of accounting and audit issues identified. There are no other fees paid to the external auditors for other assurance and related services.

Tax Consultancy and Other Fees

No tax consultancy fees were paid by the Company to SGV for the year 2016.

FINANCIAL AND OTHER INFORMATION

Management's Discussion and Analysis of Operation

Description of General Nature and Scope of Business

A. Soriano Corporation ("Anscor") was incorporated on February 13, 1930.

Anscor is a Philippine holding company with diverse investments. Anscor's major investments are in Phelps Dodge Philippines Energy Products Corporation ("PDP Energy") which manufactures wire and cable products and Seven Seas Resorts and Leisure, Inc., owner of Amanpulo Resort. It has investments in US-based nurse and physical therapists staffing company and steel modular engineering and constructions. It has other investments in companies engaged in a wide range of activities in the Philippines including aviation, nurse deployment, business process outsourcing, education and real estate. As a holding company, the principal sources of income for Anscor are: the share in net earnings of the companies in which it has investments, management fees, interest income, dividends and gains from the sale of investments mainly the trading gain on marketable securities and bonds.

In December 2014, taking most promising opportunities, Anscor raised its stake in Phelps Dodge International Philippines, Inc. (PDIPI) by acquiring the 60% stake of General Cable Corporation, making PDIPI a 100%-owned subsidiary of Anscor.

Growing the businesses is vital to Anscor's long-term success. The Company keeps a tight watch on the existing portfolio of businesses and new opportunities as they emerge.

In 2016, Anscor was able to increase revenue, manage expenses, and improve business margins and profitability of most of its operating units.

As of 31st December 2016, the Company's consolidated total assets stood at P21.5 billion. For the year ended 31st December 2016, consolidated revenues of the Company amounted to P11.7 billion.

A. Soriano Corporation has the following direct/indirect subsidiaries/associates as of December 31, 2016:

Company	Ownership	Business	Jurisdiction
A. Soriano Air Corporation	100%	Service/Rental	Philippines
Pamalican Island Holdings, Inc.	62%	Holding Company	Philippines
Island Aviation, Inc.	62%	Air Transport	Philippines
Anscor Consolidated Corporation	100%	Holding Company	Philippines
Anscor International, Inc.	100%	Holding Company	British Virgin Island
IQ Healthcare Investments Limited	100%	Manpower Services	British Virgin Island
Cirrus Medical Staffing, Inc.	94%	Manpower Services	USA
Cirrus Holdings USA, LLC	94%	Manpower Services	USA
Cirrus Allied, LLC (formerly MDI Medicals, LLC)	94%	Manpower Services	USA
NurseTogether, LLC	94%	Online Community	USA
AG&P International Holdings, Ltd.	27%	Modular Steel Engineering / Construction	British Virgin Island
Anscor Holdings, Inc.	100%	Real Estate Holding	Philippines
Akapulko Holdings, Inc.	100%	Real Estate Holding	Philippines
Lakeroad Corporation	100%	Real Estate Holding	Philippines
Mainroad Corporation	100%	Real Estate Holding	Philippines
Makatwiran Holdings, Inc.	100%	Real Estate Holding	Philippines
Makisig Holdings, Inc.	100%	Real Estate Holding	Philippines
Malikhain Holdings, Inc.	100%	Real Estate Holding	Philippines
Mountainridge Corporation	100%	Real Estate Holding	Philippines
Rollingview Corporation	100%	Real Estate Holding	Philippines
Timbercast Corporation	100%	Real Estate Holding	Philippines
Summerside Corporation	100%	Real Estate Holding	Philippines
Sutton Place Holdings, Inc.	100%	Holding Company	Philippines
Cirrus Global, Inc.	93%	Manpower Services	Philippines
IQ Healthcare Professional Connection, LLC	93%	Manpower Services	Houston, Texas, United States
Phelps Dodge International Philippines, Inc.	100%	Holding Company	Philippines
Minuet Realty Corporation	100%	Landholding	Philippines
Phelps Dodge Philippines Energy Products Corporation	100%	Wire Manufacturing	Philippines
PD Energy International Corporation	100%	Wire Manufacturing	Philippines

Company	Ownership	Business	Jurisdiction
AFC Agribusiness Corporation	81%	Agricultural Land Holding	Philippines
Seven Seas Resorts and Leisure, Inc.	62%	Villa Project Development	Philippines
Pamalican Resort, Inc.	62%	Resort Operations	Philippines
Vicinetum Holdings, Inc.	32%	Holding Company	Philippines
Prople Limited, Inc.	32%	Business Processing & Outsourcing	Hongkong
Prople, Inc.	32%	Business Processing & Outsourcing	Philippines
Behavior Matrix, LLC	21%	Behavior Analytics Services	USA
Enderun Colleges, Inc.	20%	Culinary School	Philippines
Direct WithHotels	15%	Online Reservation	Philippines
KSA Realty Corporation	14%	Realty	Philippines

Below are the Key Performance Indicators of the Group:

Over the last years, consolidated revenues and net income from operations are as follows (in thousand pesos except earnings per share):

	Years Ended December 31		
	2016	2015*	2014*
REVENUES			
Sale of goods - net of discount and allowances of ₱74.83 million in 2015	**₱6,407,010**	₱6,102,269	₱-
Services	**3,481,845**	2,747,521	1,983,853
Sale of real estate	**635,549**	293,036	–
Dividend income	**218,798**	209,652	260,862
Interest income	**95,312**	83,315	96,439
Management fee	**–**	–	78,344
Equity in net earnings	**(72,774)**	153,954	147,141
	10,765,740	9,589,747	2,566,639
INVESTMENT GAINS (LOSSES)			
Gain on sale of:			
AFS investments	**545,619**	1,091,214	1,661,986
Long-term Investments	**343,158**	–	56,059
Loss on decrease in market values of FVPL investments	**20,589**	(25,654)	(9,487)
	909,366	1,065,559	1,708,558
TOTAL	**11,675,106**	10,655,307	4,275,197

	Years Ended December 31		
	2016	2015*	2014*
INCOME BEFORE INCOME TAX	**2,113,987**	1,672,659	2,064,102
PROVISION FOR INCOME TAX	**423,696**	309,398	29,360
NET INCOME	**₱1,690,291**	₱1,363,262	₱2,034,742
Attributable to:			
Equity holdings of the Parent	**₱1,522,797**	₱1,282,783	₱2,041,142
Noncontrolling interests	**167,494**	80,479	(6,400)
	₱1,690,291	₱1,363,262	₱2,034,742
Earnings Per Share			
Basic/diluted, for net income attributable to equity holdings of the Parent	**₱1.24**	₱1.03	₱1.08

∗ *PDP Group's revenues, costs and expenses were not included in 2014 since PDP Group was still an associate. In 2016 and 2015, management fees for PDP Group was eliminated as PDP is now a subsidiary.*

Year 2016 Financial Performance

Anscor's consolidated net income of P1.5 billion was an improvement over the P1.3 billion net profit achieved in the previous year. Consolidated revenues were P11.7 billion against P10.6 billion in 2015.

The slowdown in the stock market in the second half of 2016 contributed to the lower gain on the sale of traded shares, from P1.09 billion in 2015 to P0.55 billion in 2016. Similarly, the significant decline in market price of ICTSI as compared to our cost resulted in the take-up of the impairment provision in 2016 amounting to P590.9 million which was mandated by the accounting rules.

On the other hand, the value of Anscor's unsold investments in other traded shares, bonds and equity funds increased by P1.2 billion which was reflected in the balance sheet and comprehensive income. The gains will be recognized upon the sale of these investments.

Anscor core investments in traded shares generated a dividend income of P 82.7 million, lower than the P125.4 million dividends in 2015, due to the reduced size of the equity portfolio. These investments include International Container Terminal Services, Inc., Aboitiz Power Corporation, Megawide Construction Corporation, and iPeople (which operates the Mapua Institute of Technology).

Interest income of P 95.3 million was higher than the results of the previous year. The loss reported in 2015 on our FVPL investments reversed to a gain of P 20.6 million in 2016.

With the depreciation of the Philippine peso against the US dollar, the value of Anscor's foreign currency-denominated investments improved and net of a foreign exchange loss on its dollar loans, the Company posted a consolidated foreign exchange gain of P5.4 million in 2016 against a loss of P28.9 million last year.

In December 2016, after extensive review, Anscor took advantage of the buoyant property market in the Cebu Business District and sold its long-held lot in the Cebu Business Park, for a gain of P343.2 million.

On April 20, 2016, Anscor paid a cash dividend of P0.20 per share or a total of P500.0 million.

In June 2016, Anscor increased from 11.3% to 14.28%, its existing shareholdings in KSA, owner of The Enterprise Center located in Ayala Avenue, Makati City

The Company paid down P340.0 million of principal to end the year with P1.57 billion of debt against P1.91 billion at the end of 2015.

Anscor's book value per share increased from P11.94 to P13.17 as of December 31, 2016, due mainly to a recovery in value of its traded equities.

The Soriano Group Operations

PHELPS DODGE INTERNATIONAL PHILIPPINES, INC. (PDP)

The continued buoyant construction activity pushed PDP's performance to new highs, leading to a 13% increase in sales tonnage and a 30% increase in profits over last year. Despite lower copper prices, PDP revenues increased to P6.4 billion from P6.1 billion and generated a record profit of P750.0 million.

During the year, PDP paid Anscor a cash dividend and management fees of P250.0 million and P82.0 million, respectively.

The robust performance was due to a multitude of factors that included: value engineering studies to reduce product costs, increased operating efficiencies through lean manufacturing systems, strong partnership with our dealers, management of market price, efficient sales coverage and cost controls. Recent investments in expanded plant capacity have been justified by this year's strong demand.

PDP's continued focus on customer solutions helped it make significant inroads with new customers. New products and services secured for the company significantly large projects.

Highlights included supplying cables to large projects such as the Manila Bay Resort, Kinpo Electronics, Balfour Nlex Project, Solar Philippines Calatagan Solar Farm and Epson Precision; and new products like the space aerial cable for Meralco and the metal clad cable for Lancaster Estates.

A solid partnership with dealers significantly increased volume from PDP's dealer network in the mature Greater Manila area market and in the provinces.

A major accomplishment is PDP's safety record of no incident for the year.

PDP will continue to seek opportunities to offer improved services and products and to explore new markets and product lines.

CIRRUS MEDICAL STAFFING, INC.

Demand for temporary health-care staffing in the United States grew by 13% in 2016, driven by a steady decline in the US national jobless rate and continued increase in hospital admissions. Increased patient volumes drove robust demand across all areas of health-care staffing and demand for nurses continued to outpace supply.

The national unemployment rate for registered nurses remains below 2%. In the medium term, demand will be underpinned by an ageing US and clinical population.

In 2016, Cirrus' consolidated revenue exceeded the growth of the industry and reached an all-time high of P2.6 billion, a 39% increase over 2015. The Travel Nursing and Travel Allied business units grew by 44% and 42%, respectively. With the increased demand, Cirrus selectively added throughout the year to its sales, finance and back office capabilities.

Consolidated operating income was P293.4 million, a 67% increase over that of 2015. Improved profitability was driven by top line growth, steady gross margins and the control of sales and general administration expenses.

For the year 2016, Cirrus paid Anscor P315.5 million through the redemption of preferred stock and cash dividends.

Cirrus also joined the ranks of the Top 50 Largest Travel Nursing Companies and the Top 100 Fastest Growing Staffing companies. Both citations testify to the hard work and dedication of teams in the US and in the Philippines.

SEVEN SEAS RESORTS AND LEISURE, INC. (OWNER OF AMANPULO RESORT)

Amanpulo generated 6,503 room nights and total revenue of P678.7 million, a 5.3% improvement over last year. Lower occupancy was offset by an increase in the average room rate due to the depreciation of the Peso against the US dollar. Room nights from local tourists continued to increase while bookings from foreign visitors fell.

The number of villas in the rental pool increased as new villas became operational last December and total villa nights sold increased by 29%. The Resort's share in the villa revenue increased by 25.6% to P94.3 million.

Higher revenues from the casitas and villas raised gross operating profit from 30.6% to 35.5%, an increase of P43.7 million. Two villas sold in 2016 generated a one-time gain of P331.0 million. Total consolidated net income of the Group rose from P166.0 million in 2015 to P379.5 million in 2016, of which P236.4 million accrued to Anscor.

Capital improvements have focused on enhancing the cost structure and environment preservation. A new desalination plant is operating, all golf carts are solar-powered and an energy-efficient new power-generating unit will be installed in the second quarter of 2017.

AG&P INTERNATIONAL HOLDINGS, LTD.

In 2016, as a result of the recovery of all costs accrued in the preceding years, AG&P delivered US$148.5 million of revenue and a net income of US$30.5 million. Further accomplishments included a significant reduction of corporate overhead from US$40.0 million in 2015 to US$19.3 million in 2016, paying down approximately one-third of outstanding debt and extending the term of the remaining loans.

AG&P had its first major win in the Philippine power space in the last two decades and was awarded the site erection work for the boiler, the most critical package of the Masinloc power plant expansion. This emphasizes its re-emergence as an important contractor in the domestic market.

Other project awards for AG&P were a signed contract with Fluor for the first package of the Tesoro Refinery Upgrade in Washington State, USA, and the structural steel fabrication for Lycopodium Minerals.

AG&P also acquired a stake in Gas Entec, giving the company a strong LNG design capability and full EPC credentials across the LNG supply chain, including case studies. AG&P also entered into a joint venture with Risco Energy to develop the LNG supply chain across Indonesia.

Old equipment in its Bauan Yard were replaced with state-of-the-art automated manufacturing systems, increasing theoretical module assembly to 125,000 tons per year.

While modularization will remain a key pillar, AG&P will focus on being a full integrator of LNG supply chains, aiming to become a leading tolled gas company.

ENDERUN COLLEGES, INC.

For the fiscal year June 1, 2015 to May 31, 2016, Enderun Colleges posted a consolidated income before tax of P109.4 million. Enderun's adjusted EBITDA for the fiscal year was P160.9 million, 15.6% higher than the previous year.

Enderun's student population has grown close to 1,200 full-time college and certificate students, spread evenly across the school's three main degree offerings, Hospitality Management, Business Administration and Entrepreneurship.

School years 2016-17 and 2017-18 are expected to be challenging with the implementation of the government's K-12 program which added two years of senior high school, delaying typical university enrolment patterns for those years. Enderun has partially mitigated the impact by growing its ancillary educational offerings outside the College.

One such offering, Enderun Extension, its continuing education unit, saw its revenues rise 27.5% year-on-year to P89.5 million. A key driver has been the College's language training and tutorial business, as well as its language training camps offered to Korean and Japanese students. The College now hosts several yearly conferences with topics ranging from data analytics to restaurant entrepreneurship.

Another area of growth is the College's hotel management and consultancy arm, Enderun Hospitality Management (EHM), which operates over a dozen boutique hotel properties. EHM grew by 155.9% year-on-year and is expected to deliver double-digit growth rates in the years to come.

Enderun continues to strengthen its brand across the education, hospitality management, and food and beverage sectors as well.

During the year, Enderun paid cash dividends of P76.1 million, of which P15.6 million accrued to Anscor.

KSA REALTY CORPORATION

Despite new office spaces opening up in the Makati Central Business District and the nearby Bonifacio Global City, KSA continues to enjoy positive occupancy and rental rates.

KSA began 2016 with more than 34,000 sq.m. or 40% of its leasable spaces up for renewal. However, 89% of existing tenants eventually committed to stay in the building and most of the remaining vacant spaces were leased to new tenants. Occupancy at end of 2016 was at 97%.

Average rental yields are among the highest in Makati and by the end of the year, stood at P1,190 per sq.m. compared with P1,110 at the end of the previous year.

The higher occupancy and rental yield translated into a 10% increase in rental income of P1.1 billion and a net income of P877 million, 11% higher than last year's net income, before gain on revaluation. KSA declared and remitted cash dividends of P800 million, of which P114.2 million was paid to Anscor.

STARTUP VENTURES

A small portion of Anscor's assets are dedicated to early stage opportunities with the potential for large upside.

In 2015 and 2016, Anscor, through its wholly-owned subsidiary, invested in YmAbs Therapeutics Inc. YmAbs is a US-based clinical stage biopharmaceutical company focused on developing new cancer treatments through immunotherapies. Its treatments could potentially reduce longer-term toxicities associated with current chemotherapeutics and provide the potential for curative therapy even for patients with widespread disease.

YmAbs' goal is to drive multiple product candidates to US Food and Drug Administration licensure. Each candidate has the potential to treat a variety of high-risk cancers.

Behavior Matrix is a US-based data analytics firm focused on developing and bringing to market its first commercial product called "Active Insight," which will analyze consumer emotion towards specific consumer segment and brands, based on predefined analytics.

In 2014, Anscor entered into a convertible loan to explore multiple geothermal concessions owned by the Red Core Group. To date, potential geothermal energy resources have been identified within the Tiaong-Dolores, Tayabas-Lucban and San Juan, Batangas contract areas. The group is currently seeking financing for production well drilling and eventually engineering, procurement and construction.

Other Information

Except as discussed above, disclosures of the following information are not applicable for the registrant and its subsidiaries:

Business Development

- Bankruptcy, receivership or similar proceedings
- Material reclassification, merger, consolidation or purchase or sale of a significant amount of asset

Business of the Issuer

- Distribution methods of the products or services
- Status of any publicly-announced new product and services
- Competition
- Transaction with and/or related parties (except those disclosed in the notes to financial statements)
- Patents, trademarks, copyrights, licenses, franchises, royalty, etc.
- Need for any government approval of principal products and services
- Effect of existing or probable governmental regulations on the business
- The amount spent on development activities and its percentage to revenues during each of the last three years.

Anscor and its subsidiaries are not aware of any major risks involved in their businesses.

The following are the key performance indicators for the Parent Company (In thousand pesos except earnings per share and market price per share):

	Periods ended December 31	
	2016	*2015*
Revenues (excluding investment gains or losses) (Note 1)	***1,939,550***	*2,818,056*
Investment Gains	***815,206***	*1,066,719*
Net Income	***1,005,126***	*2,725,823*
Earnings Per Share	***0.40***	*11.1*
Market Price Per Share (PSE)	***6.00***	*6.38*

Note 1: 2015 included special dividend of P1.5 billion paid by PDP to the Parent Company.

Significant financial indicators of the Group are the following:

	12/31/2016	12/31/2015	12/31/2014
Book Value Per Share (Note 1)	**13.17**	10.99	11.94
Current Ratio (Note 2)	**3.01**	2.14	1.28
Interest Rate Coverage Ratio (Note 3)	**20.39**	15.35	34.64
Debt to Equity Ratio (Note 4)	**0.29**	0.41	0.41
Asset to Equity Ratio (Note 5)	**1.32**	1.44	1.44
Profit Ratio (Net Income Attributable to Equity Holdings of the Parent/Total Revenues)	**13.02%**	12.10%	47.9%
Return on Equity (Net Income/Equity Attributable to Equity Holdings of the Parent)	**9.4%**	9.46%	13.8%

Note 1 – Equity Attributable to Equity Holdings of the Parent/Outstanding Shares
Note 2 – Current Assets/Current Liabilities
Note 3 – EBIT (earnings before interest and taxes)/ total interest expense
Note 4 – Total Liabilities/Equity Attributable to Equity Holdings of the Parent
Note 5 – Total Assets/Equity Attributable to Equity Holdings of the Parent

The Key Financial Indicators of our Major Subsidiaries are the following:

PDP Energy and PDIPI

In Million Pesos

	12/31/2016	12/31/2015	12/31/2014
1. Net sales	**6,407**	6,102	6,552
2. Gross profit	**1,358**	1,126	1,123
3. Net income	**751**	574	536

Cirrus Group

1. Submission to lock ratio (operating statistic to evaluate recruitment)
2. Nurse/therapist retention ratio (Operating statistic to evaluate retention of nurse and therapist in the pool for staffing business.

In Thousand Pesos

	12/31/2016	12/31/2015	12/31/2014
3. Service income	**2,572,502**	1,850,445	1,250,017
4. Cost of services rendered	**2,026,219**	1,468,253	1,018,339
5. Net income (loss)	**184,916**	108,864	32,367

Seven Seas Group

In Thousand Pesos

	12/31/2016	12/31/2015	12/31/2014
1. Occupancy rate	**44.4%**	47.2%	34.4%
2. Hotel revenue	**678,705**	644,509	527,137
3. Gross operating profit (GOP)	**240,417**	196,728	56,877
4. GOP ratio	**35.4%**	30.5%	11.8%
5. Resort net income	**36,677**	6,261	(41,700)
6. Villa development/lease net income	**342,867**	159,694	9,406
7. Consolidated net income	**379,544**	165,955	(32,294)

Occupancy rate is based on actual room nights sold over room nights on a 12-month period. Hotel revenues include rooms, food and beverage and other ancillary services. GOP is total revenues less direct costs and GOP ratio is GOP over total hotel revenues. Villa development operation's net income in 2016 and 2015 amounted to P342.9 million (from sale of 2 villas) and P159.7 million (from sale of villa), respectively.

<u>Outlook and Investment Strategy</u>

The healthy economy and the new administration's ambitious economic agenda to increase infrastructure spending and boost tourism offer opportunities for Anscor's investment in Phelps Dodge International Philippines, Inc., Seven Seas Resorts and Leisure, Inc., KSA Realty Corporation and AG&P International Holdings, Ltd.

Furthermore, Anscor core investments in Philippine Stock Exchange (PSE)-traded shares are concentrated in power, construction, education, food and beverage, and retail; all sectors that stand to benefit from the economic expansion.

Having a balanced mix of financial and operating assets has traditionally worked well for the Company, so while gains from sale of equities have moderated in recent years, many of the operating holdings experienced record profitability in 2016. Anscor will continue to actively manage the operating and financial asset portfolio with prudence to maximize shareholder value.

Diversification through the years, has strengthened the Company's risk tolerance and has enabled the Company to withstand difficulties in the business climate. It protects the Company from extreme market swings, limits negative impact on the portfolio and allows exposure to different assets. This approach helps shield the Company from some of the impact of volatility and is a solid foundation for an investment strategy over time.

Employees

The Company and the Group as of December 31, 2016, has 23 and 739 employees, respectively. Breakdowns are as follows:

	Parent	Subsidiaries	Group
Management	9	204	213
Rank and file	14	512	526
TOTAL	**23**	**716**	**739**

- The Company and the Group were not subjected to any employees' strike in the past three years nor were there any threatening strike for the ensuing year.

- Employees of the Group are not subject to Collective Bargaining Agreement (CBA).

- The Group provides various employee benefits including health care and retirement benefits and has enjoyed good labor relations in the past.

Properties

Anscor owns and maintains its office at 7/F, Pacific Star Building in Makati City with approximately 2,000 square meters. It also owns the following:

Shipping Centre Bldg., Intramuros, Manila	1 office condo unit/509 sq. meters

Information regarding properties of major subsidiaries and affiliates are:

- PDP Energy plants are situated on an 18.4 hectare property owned by Phelps Dodge's wholly owned subsidiary, Minuet Realty Corporation in the Luisita Industrial Park in San Miguel, Tarlac.

- Seven Seas owns a 40-room resort in Pamalican Island, called Amanpulo. This covers about 75 hectares of land, with 40 room casitas of about 65 sq. meter each and back of house facilities to service its power and water and staff house requirements. Additional 64 villa rooms are available for rent under the management agreement executed by PRI and the villa owners as of December 31, 2016.

- AHI has interests in land covering an area of approximately 830.12 hectares in Berong, Palawan, 24.1 hectares in San Vicente, Palawan and parcels of land with a total area of 40.41 hectares in Cebu. Also, AHI owns 1.27 hectare properties in Puerto Princesa.

Other Information:

- The registrant is not involved in lease contracts requiring it to pay substantial amount of rental fees.

- There were no commitments for major capital expenditures or acquisitions of properties in the next twelve months.

Financial Condition

There was no significant change in the Company's Balance Sheet as of December 31, 2016 versus December 31, 2015.

The discussions below were based on the consolidated balance sheet of the Company and its subsidiaries as of December 31, 2016 and 2015.

Cash and Cash Equivalents
The increase in cash and cash equivalents can be attributed to net cash flows from operating and investing activities amounting to P1.8 billion offset by cash used in financing activities of P1.1 billion.

(Please see attached consolidated cash flow statements for detailed analysis of cash movements.)

Fair Value Through Profit and Loss (FVPL) Investments
The increase in the account can be attributed to the net addition for the period of about P202.8 million. The market value of foreign denominated investment in bonds, stocks and funds increased by P20.6 million vs. December 31, 2015 values. Unrealized foreign exchange gain related to foreign denominated investments amounted to P37.3 million.

Receivables
The increase in receivables was mainly due to improved revenues of the US-based staffing and the wire manufacturing businesses.

Inventories
The decrease is traced to inventories sold by the wire manufacturing subsidiary and the spare parts and supplies utilized by the aviation and resort subsidiaries.

Property development in progress
The decrease in property development in progress pertained to cost related to villas sold in 2016 of about P285.5 million offset, by additional cost incurred for various development projects.

Prepayments

Increase in this account can be attributed mainly to prepaid expenses related to wire manufacturing and resort operations.

Available for Sale (AFS) Investments

Net increase in this account amounted to P945.4 million. There was an increase in market value of AFS investments of about P1.2 billion, net addition of P 292.3 million and unrealized foreign exchange gain of P44.0 million, reduced by set up of impairment provision of P590.9 million.

Investments and Advances

The increase in investments and advances was mainly due to unrealized foreign exchange gain related to foreign equity investment amounting to P53.9 million.

Goodwill

The goodwill from US-based staffing business increased by P37.1 million due to foreign exchange gain from the translation of net assets of the medical staffing company.

Property, Plant and Equipment - net

Depreciation charged to operations amounted to P233.5 million while net additions to property and equipment amounted to P180.3 million, mainly attributable to capital expenditures of the manufacturing, resort and aviation subsidiaries.

Investment Properties

The decrease in this account was due to disposal of the lot in Cebu Business Park to a third-party buyer through the sale of 100% outstanding shares of stock of Uptown Kamputhaw Holdings, Inc., formerly APHI.

Other Noncurrent Assets

Change in the account balance can be attributed to the increase in refundable deposits for future maintenance requirements of the aviation and resort subsidiaries.

Notes Payable

The increase in the account was due to availment of short term loan by the medical staffing subsidiary.

Accounts Payable and Accrued Expenses

The increase was mainly attributable to the recorded liabilities for completed projects of the Seven Seas Group. Also, included are payables to the suppliers of the wire manufacturing subsidiary.

Dividends Payable

Increase in the dividends payable was due to dividend checks that were returned by the post office and which remained outstanding as of December 31, 2016 due to problematic addresses of some of the Company’s stockholders.

Customer's Deposit for Property Development

The zero balance of the account was due to recognition of revenue/gain related to sale of 2 villas of Seven Seas.

Income Tax Payable

Movement in the account was attributable to higher tax provision of PDP and the Resort Group for 2016.

Long-term Debt (current and noncurrent)

The decrease in the account can be attributed to P635.6 million loan paid by the Parent Company and PDP and unrealized foreign exchange loss of P83.3 million from the translation of the foreign denominated loan as of December 31, 2016.

Deferred Income Tax Liabilities

Increase in the account was mainly due to the deferred tax effect on the increase in value of AFS & FVPL investments, accrued management fees and unrealized foreign exchange gain.

Other noncurrent liabilities

Increase in the account balance was mainly due to the payment of villa owners for future back of house facilities improvement of the resort subsidiary.

Cumulative Translation Adjustment (CTA)

This account includes translation adjustments of Anscor International, Inc., Cirrus Medical Staffing, Inc. and Cirrus Global, Inc.'s subsidiary, IQHPC. Due to lower value of Philippine peso vis-à-vis US$, CTA balance increased by P192.3 million.

Unrealized valuation gains on AFS investments (equity portion)

The increase in the account is attributable to the improved market values of AFS investments, mainly traded equities, amounting to P1.2 billion from January 1 to December 31, 2016.

Others

There were no commitments for major capital expenditures in 2016.

Results of Operation

Management is not aware of any known trends, events or uncertainties except for political and market uncertainties that may have material impact on the Company's recurring revenues and profits.

The discussions below were based on the consolidated results of the Company and its subsidiaries for the year ended December 31, 2016 as compared to consolidated results for the year ended December 31, 2015:

Management is not aware of any known trends, events or uncertainties except for political and market uncertainties that may have material impact on the Company's recurring revenues and profits.

Revenues
This year's consolidated gross revenues of P11.7 billion was higher by P1.0 billion from last year revenue of P10.7 billion. Service revenue, mainly of Cirrus Medical Staffing, was higher by P734.3 million or 26.7%, offset by lower investment gains by P156.2 million due mainly to lower gain on sale of traded shares. Also, the Group recognized a revenue from the sale of two (2) villas by Seven Seas amounting to P635.5 million in 2016.

Cost of Goods Sold/Services Rendered
Increase in cost of services rendered was mainly attributable to higher cost of services of nurse staffing business due to improvement in its revenues while the increase in cost of goods sold can be attributed to the manufacturing subsidiary.

Operating Expenses
The group reported higher operating expenses for 2016 mainly due to increased expenses of PDP, the staffing business and the resort group for the period ended December 31, 2016.

Cost of Real Estate
This pertains to project cost of villas sold in 2016 by Seven Seas.

Foreign Exchange (Gain) Loss
Due to the appreciation of dollar and euro vis-à-vis peso, the parent company reported higher foreign exchange gain on its foreign currency denominated investment in financial assets offset by its foreign exchange loss on its dollar denominated loan.

Interest Expense
Amount in 2016 was slightly lower than 2015 due to payment of long-term loan by the parent company.

Others income (charges) – net
For 2016, the Parent Company provided valuation allowances for AFS investments amounting to P590.9 million. Valuation allowances in 2015 were higher at P805.2 million.

Provision for Income Tax - net
The current provision for income tax of the group increased due to higher income of PDP, the staffing business and the resort group for the period ended December 31, 2016.

Minority Interests (statements of income)
Increase in minority interest was mainly due to share of minority shareholders in net income of resort, aviation subsidiary, Cirrus Global, Inc. and Cirrus Medical Staffing, Inc. for 2016.

Year Ended December 31, 2015 Compared with Year Ended December 31, 2014 (as reported in 2015 SEC 17-A)

Revenues
This year's consolidated gross revenues of P10.6 billion was 148.9% higher than last year's revenue of P4.3 billion. This was mainly due to the inclusion of PDP's P6.1 billion revenues for the period January 1 to December 31, 2015 which was zero for the year 2014. Higher revenues were registered by the Resort and staffing subsidiaries.

Cost of Goods Sold/Services Rendered
Increase in cost services rendered was mainly attributable to higher cost of services of nurse staffing business and resort operation while cost of goods sold was higher due to the consolidation of PDP's cost for the period January 1 to December 31, 2015 which was zero for the year 2014.

Operating Expenses
Operating expenses increased as a result of consolidation of PDP operating expenses for the period January 1 to December 31, 2015 which was zero for the year 2014.

Interest Expense
The Group reported higher interest charges mainly due to the PDP and parent company's long-term loans.

Foreign Exchange Loss
Due to the appreciation of dollar and euro vis-à-vis peso, the parent company reported higher foreign exchange loss on its dollar denominated loan, partially offset by foreign exchange gain on foreign currency denominated investment holdings of the Parent Company.

Other Income (Charges) – net
Change in the account was mainly due to valuation allowances of P802.8 million recorded by the parent company for its investments.

Provision for Income Tax - net
The current provision for income tax of the group increased due to consolidation of PDP's income tax expense for the period January 1 to December 31, 2015.

Noncontrolling interest (statements of income)
Increase in minority interest was mainly due to share of minority shareholders in net income of resort, aviation subsidiary, Cirrus Medical Staffing, Inc. and Cirrus Global, Inc. for the period ended December 31, 2015.

Year Ended December 31, 2014 Compared with Year Ended December 31, 2013 (as reported in 2014 SEC 17-A)

Revenues
This year's consolidated gross revenues of P4.2 billion was 20.3% higher than last year's revenue of P3.5 billion. Anscor posted higher investment gain due to higher number of traded shares sold in the stock market during the period. Also, the group posted revenue from services and dividend income amounting to P2.0 billion and P260.9 million, respectively, higher than the revenue reported in 2013.

Cost of Services Rendered
Increase in cost of services rendered was mainly attributable to higher cost of services of the resort and nurse staffing business.

Operating Expenses
Increase can be attributed to the higher operating expenses of the parent company, resort and nurse staffing business, mainly caused by higher revenues.

Interest Expense
The Group reported higher charges mainly due to the parent company's long-term loan. 2014 included four (4) quarters of interest expense of the parent company while 2013 only had two (2) quarters of charges.

Foreign Exchange Gain (Loss)
Due to the appreciation of dollar and euro vis-à-vis peso, the parent company reported higher foreign exchange loss on its dollar denominated loan partially offset by foreign exchange gain on its foreign currency denominated investment in financial assets.

Provision for Income Tax - net
The provision for income tax current is slightly due to the parent company minimum corporate income tax and higher income tax reported of the resort subsidiary. Also, there was a significant increase in deferred tax liability recognized by Cirrus Group.

Other Income (Charges)

Other income in 2014 includes recovery of allowances for impairment losses by the Parent Company and insurance claim for business interruption loss by the resort subsidiary.

Noncontrolling Interests (statements of income)

Decrease in minority interest was mainly due to share of minority shareholders on higher losses reported by the resort subsidiary and Cirrus Global, Inc. for the year 2014.

<u>Changes in Accounting Policies</u>

The Group applied for the first time certain pronouncements, which are effective for annual periods beginning on or after January 1, 2016. Adoption of these pronouncements did not have a significant impact on the Group's financial position or performance unless otherwise indicated.

- Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and Philippine Account Standards (PAS) 28, *Investments in Associates and Joint Ventures*, *Investment Entities: Applying the Consolidation Exception*
  These amendments clarify that the exemption in PFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity that measures all of its subsidiaries at fair value. They also clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity parent is consolidated. The amendments also allow an investor (that is not an investment entity and has an investment entity associate or joint venture) to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries when applying the equity method. These amendments are not applicable to the Group since none of the entities within the Group is an investment entity nor does the Group have investment entity associates or joint ventures.

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

  The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation.

  These amendments do not have any impact on the Group as there has been no interest acquired in a joint operation during the period.

- PFRS 14, *Regulatory Deferral Accounts*
  PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral

account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of income and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. Since the Group is an existing PFRS preparer, this standard would not apply.

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

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

  These amendments do not have any impact to the Group.

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

  These amendments are applied prospectively and do not have any impact to the Group, given that the Group has not used a revenue-based method to depreciate or amortize its property, plant and equipment and intangible assets.

- Amendments to PAS 16 and PAS 41, Agriculture*: Bearer Plants*
  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply.

The amendments are applied retrospectively and do not have any impact on the Group as the Group does not have any bearer plants.

- Amendments to PAS 27, *Separate Financial Statements*, *Equity Method in Separate Financial Statements*
  The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.

  These amendments do not have any impact on the Group's consolidated financial statements.

Annual Improvements to PFRSs (2012-2014 cycle)
The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and do not have a material impact on the consolidated financial statements. These include:

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

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

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

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

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

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

Effective beginning on or after January 1, 2017

- Amendment to PFRS 12, *Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)
  The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. The amendments do not have any impact on the Group's financial position and results of operation. The Group will include the required disclosures in its 2017 consolidated financial statements.

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

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

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

Effective beginning on or after January 1, 2018

- Amendments to PFRS 2, *Share-based Payment*, *Classification and Measurement of Share-based Payment Transactions*
  The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

  The Group is assessing the potential effect of the amendments on its consolidated financial statements.

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

  The overlay approach and the deferral approach will only be available to an entity if it has not previously applied PFRS 9.

  The amendments are not applicable to the Group since none of the entities within the Group have activities that are predominantly connected with insurance or issue insurance contracts.

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

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

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

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

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

- 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. The Group is currently assessing the impact of adopting this standard.

- 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. The interpretation may be applied on a fully retrospective basis. Entities may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation. The Group is currently assessing the impact of adopting this standard.

Effective beginning on or after January 1, 2019

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

  The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value. Entities may early adopt PFRS 16 but only if they have also adopted PFRS 15. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs. The Group is currently assessing the impact of adopting PFRS 16.

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.

Other Financial information

- There are no material events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

- There are no off-balance sheet transactions, arrangements, obligations including contingent obligations, and other relationships of the Company with unconsolidated entities or other persons created during the year.

- There were no commitments for major capital expenditures in 2016 and onwards.

- The management has no knowledge of known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenue or income from continuing operations.

- There are no seasonality or cyclicality trends in the business that would have material effect on the Company's result of operations and financial condition.

- There is no other change in composition of the registrant, no restructuring, except the business combination mentioned above.

- There is no other material event subsequent to the reporting period that has not been reflected in the financial statements.

Legal Proceedings

a. ASAC is a founding member of the Federation of Aviation Organizations of the Philippines (FEDAVOR) since 1986. In 2005, FEDAVOR won a Supreme Court case against MIAA involving its imposition of higher rates for rental and other services without a public hearing. ASAC accrued its share in FEDAVOR's legal expenses in 2006. In 2009, MIAA filed and subsequently won their motion for reconsideration with the Court of Appeals ruling that all refunds have to be coursed through the Commission on Audit. As of December 31, 2016, the refund process has remained pending.

   With no quick resolution in sight and in view of the change in the MIAA administration, ASAC had planned to enter into a new lease contract with the MIAA, with ASAC as the lessor and IAI as sublessor. However, due to the MIAA's denial of its request to modify and/or delete the onerous provisions contained in the contract, ASAC decided to withdraw its lease application in late 2013 and is now back to sub lessee status. ASAC recognized accruals amounting to 1.14 million as of December 31, 2016 and 2015 for the Concessionaire's Privilege Fees which covers the subleasing that the MIAA is set to bill ASAC.

b. ASAC is a defendant in labor lawsuits and claims. As of December 31, 2016 and 2015 management has recognized provisions for losses amounting to 72 million (see Note 17) that may be incurred from these lawsuits.

c. SSRLI has commitments, litigations and contingent liabilities that arise in the normal course of the SSRLI's operations which are not reflected in the consolidated financial statements. Management is of the opinion that as of December 31, 2016 and 2015, losses, if any, from these commitments and contingencies will not have a material effect on the consolidated financial statements.

Financial Statements

1. The financial statements were presented using the classified balance sheet format in accordance with the Philippines Financial Reporting Standards (PFRS).

2. The financial statements were prepared in accordance with the disclosures required by SRC Rules 68 and 68.1, current PFRS/IAS.

3. The consolidated financial statements included disclosures with regards to new accounting standards that the Company and its subsidiaries adopted.

Audited Financial Statements

The audited Financial Statements as of 31 December 2016 is attached herewith as Annex "E".

Action with Respect to Reports

The following reports/minutes shall be submitted for approval/ratification:

Approval of Minutes of Annual Meeting of Stockholders on 20 April 2016

The Minutes of Annual Meeting of Stockholders of the Company held on 20 April 2016 ("Minutes") will be presented for approval of the stockholders. Such action on the part of the stockholders will not constitute approval or disapproval of the matters referred to in said Minutes since Stockholders' approval and action on those items had already been obtained in that meeting and subsequently carried out.

The Minutes and related records are available for inspection at the office of the Company during business hours. In addition, copies of the Minutes shall be posted at the meeting site.

Summary of the Minutes of 20 April 2016:

In the Annual Stockholders' Meeting the following were taken up:

1. Approval of the Annual Report and Audited Financial Statements as of 31 December 2016 and ratification of all acts, contracts, investments and resolutions of the Board as set forth in the minutes of the Board of Directors.
2. Election of the members of the Board of Directors.
3. Appointment of external auditors.

In the organizational meeting that followed after the Stockholders' Meeting, the Executive Officers were re-elected and the members of the Audit Committee, Executive Committee, Compensation and Nomination Committees were re-appointed.

Approval of 2016 Audited Financial Statements

The Audited Financial Statements of the Company for the period ended 31 December 2016 will be submitted for approval of the stockholders at the Annual Meeting.

SGV had examined the Financial Statements in accordance with generally accepted auditing standards and have expressed their opinion on the fairness of the presentation in their report to the Board of Directors and Stockholders of the Company. The information and representation in the Financial Statements are the responsibility of Company's Management.

Ratification of All Acts, Contracts, Investments and Resolutions of the Board of Directors and Management since March 2, 2016 Meeting.

As a matter of corporate policy, Management seeks the approval and ratification by the stockholders of all acts, contracts, investments and resolutions of the Board of Directors and Management since 2 March 2016. These are reflected in the Minutes of the meetings of the Board of Directors in their regular reports and disclosure to the Securities and Exchange Commission, and the Philippine Stock Exchange, and in the 2016 Annual Report of the Company. For reference, attached herewith **(Annex A)** is a list of all the resolutions approved by the Board of Directors since 2 March 2016 which are the subject of ratification by the stockholders.

Voting Procedures

SyCip Gorres Velayo & Co., the Independent Auditors elected as Board of Election Inspectors in the last Annual Meeting, has signified no changes in the voting procedures, which will be the same as in the previous years.

Stockholders as of 20 March 2017 may vote at the scheduled Stockholders Meeting.

Registration of stockholders and proxies attending the meeting will open at 9:00 a.m. on 19 April 2017.

As in previous meetings of stockholders, considering that only seven (7) were nominated to fill the seven (7) seats of the Board of Directors, there was no balloting.

In case of balloting, only stockholders and proxies who have previously registered will be given ballots. The ballots will be distributed at the registration booths. Upon being given a ballot, a stockholder/proxy should sign the stockholder/proxy registration list beside his/her signature placed earlier during registration.

After casting his/her vote, the stockholder/proxy may place his/her ballot inside any of the ballot boxes clearly marked as such and located at designated areas at the place of the meeting. Stockholders/proxies will be given a sufficient period of time to vote. Thereafter, SyCip Gorres Velayo & Co. will proceed to collect the ballot boxes and canvass the votes.

All questions and elections shall be decided by majority vote of stockholders present and in proxy and entitled to vote thereat.

Other Matters

As of the date hereof, there are no other matters which the Board of Directors intends to present or has reason to believe others will present at the meeting. If other matters come before the meeting, the proxy holders will vote in accordance with his best judgment with respect to such matters that are not known to the solicitors at a reasonable time before the solicitation is made.

The Company shall provide to the stockholders, without charge, on written request the Annual Report of the Company on SEC Form 17-A. All such requests for a copy of the Annual Report shall be directed to the Corporate Secretary, 7th Floor Pacific Star Building, Makati Avenue corner Gil Puyat Avenue, Makati City, Philippines.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on 27 March 2017.

LORNA PATAJO-KAPUNAN
Corporate Secretary

Market Information

The Principal Market where the registrant's Common equity is traded:

Philippine Stock Exchange
Latest Market Price – 28 February 2017

Previous close	High	Low	Close
6.41	6.46	6.30	6.43

The following are the high and low sales prices of the shares of the Company for each quarter within the last two fiscal years:

	2016		2015	
Quarter	**High**	**Low**	High	Low
First	**6.30**	**5.81**	7.25	6.62
Second	**6.28**	**5.95**	7.25	6.66
Third	**6.50**	**6.00**	7.09	6.01
Fourth	**6.20**	**5.71**	6.78	6.01

Source: PSE Report

The total number of stockholders/accounts as of 28 February 2017 is 11,223 holding 2,500,000,000 shares of common stock.

Dividends

In 2016, the Board of Directors declared the following cash dividends:

Classification	Peso Rate Per Share	Declaration Date	Record Date	Payable Date
Regular	**0.20**	**2-Mar-16**	**23-Mar-16**	**20-Apr-16**

The cash dividends declared by the Board of Directors in 2015 was:

Classification	Peso Rate Per Share	Declaration Date	Record Date	Payable Date
Regular	0.10	15-Apr-15	06-May-15	29-May-15

There is no restriction on payment of dividends other than the availability of retained earnings following the SEC rule on calculation of available retained earnings for dividend declaration. As of 31 December 2016, the Company has sufficient retained earnings available for dividend declaration.

Security Holders

The top 20 stockholders as of 28 February 2017 are as follows:

	Stockholder Name	Number of Common Shares	% of Ownership
1.	Anscor Consolidated Corporation	902,172,303	36.087
2.	PCD Nominee Corp. (Filipino)	508,805,428	20.352
3.	PCD Nominee Corp. (Non-Filipino)	506,401,252	20.256
4.	A-Z Asia Limited Philippines, Inc.	169,646,329	6.786
5.	Universal Robina Corporation	64,605,739	2.584
6.	Philippines International Life Insurance Co., Inc.	55,002,875	2.200
7.	Andres Soriano III	50,490,265	2.010
8.	C & E Holdings, Inc.	28,011,922	1.120
9.	Edmen Property Holdings, Inc.	27,511,925	1.100
10.	MCMS Property Holdings, Inc.	26,513,928	1.061
11.	Express Holdings, Inc.	23,210,457	0.928
12.	EJS Holdings, Inc.	15,518,782	0.621
13.	Intelli Searchrev Corporation	8,785,600	0.351
14.	DAO Investment & Management Corporation	8,628,406	0.345
15.	Philippines Remnants Co., Inc.	7,554,760	0.302
16.	Astrea Bizzara Corporation	3,292,615	0.132
17.	Balangingi Shipping Corporation	2,767,187	0.111
18.	Northpaw Incorporated	2,705,000	0.108
19.	Jocelyn C. Lee	2,000,000	0.080
20.	Lennie C. Lee	2,000,000	0.080
	Total	2,415,624,773	96.614

There are no recent sales of unregistered or exempt securities including recent issuance of securities constituting an exempt transaction.

ANNEX A

Resolutions Approved During the Meetings of the Board of Directors of A. Soriano Corporation for the Period March 2, 2016 to February 22, 2017

1. Board Meeting held on March 2, 2016

1.1 RESOLVED, as it is hereby resolved, that the audited Financial Statements of A. Soriano Corporation for the year ended December 31, 2015 is hereby approved.

1.2 The Board proceeded to approve the record date, proxy validation date and the date of the Annual Stockholders' Meeting as follows:

Record Date – March 21, 2016
Proxy Validation Date – April 12, 2016
Date of Stockholders' Meeting – April 20, 2016

1.3. RESOLVED, as it is hereby resolved, that there is hereby declared out of the surplus profits of the Corporation, a cash dividend of Twenty Centavos (P0.20) per share on the common stock of the Corporation, payable on April 20, 2016, to all stockholders of record as of the close of business on March 23, 2016, and Mr. Ernest K. Cuyegkeng, the Corporation's Executive Vice President and Chief Financial Officer, is hereby directed and authorized to cause the payment of the said cash dividend on the specified date.

1.4 RESOLVED, as it is hereby resolved, that the Corporation is hereby authorized to appropriate the amount of P100 million from the Corporation's unrestricted retained earnings, which appropriation shall be used for the Company's investment program within the next three years on business activities related to the service sector, tourism and manufacturing, whether based in the Philippines or offshore.

1.5 RESOLVED, as it is hereby resolved, that the Board of Directors of A. Soriano Corporation, through its subsidiary, Anscor International, Inc. (the "Corporation") empowers and authorizes the Corporation to enter into, sign, execute and deliver the Memorandum of Agreement with Prople Limited (the "Issuer"), whereby the Corporation agrees to the issuance of new Common Shares, conversion of Convertible Notes into Common Shares and subscription of Preferred Shares in the amount of US Dollars 212,388.00 under such terms and conditions as may be for the best interest of the Corporation.

RESOLVED, FURTHER, that ERNEST K. CUYEGKENG, is hereby empowered and authorized to represent and act for and on behalf of the Corporation, and to sign, execute and deliver the aforesaid Memorandum of Agreement and such other documents required under the said agreement.

1.6 RESOLVED, as it is hereby resolved, that the Corporation be authorized to open and maintain a Current Account with CHINA BANKING CORPORATION, Makati Head Office, hereby authorizing the following signatories to sign jointly, execute and deliver any and all documents, including but not limited to application for letters of credit, promissory note, draft, surety agreement, trust receipt, mortgages, pledge, assignment, and the like, including renewals/extensions/rollover/restructuring thereof, and to sign, execute and deliver any check, deposit slips, withdrawal slips, application to purchase manager's checks, stop payment order, application for telegraphic transfer, demand draft, specimen cards or any and all documents or papers necessary in order to effectuate the foregoing matters:

Name	Position
Eduardo J. Soriano	Vice Chairman and Treasurer
Ernest K. Cuyegkeng	Executive Vice President & Chief Financial Officer
Jose C. Ibazeta	Director
Atty. Joshua L. Castro	Asst. Vice President & Asst. Corporate Secretary

1.7 RESOLVED, as it is hereby resolved, that the Corporation be authorized to open and maintain a Current Account with UNION BANK OF THE PHILIPPINES, Valero Branch, hereby authorizing the following signatories to sign jointly, execute and deliver any and all documents, including but not limited to application for letters of credit, promissory note, draft, surety agreement, trust receipt, mortgages, pledge, assignment, and the like, including renewals/extensions/rollover/restructuring thereof, and to sign, execute and deliver any check, deposit slips, withdrawal slips, application to purchase manager's checks, stop payment order, application for telegraphic transfer, demand draft, specimen cards or any and all documents or papers necessary in order to effectuate the foregoing matters:

Name	Position
Eduardo J. Soriano	Vice Chairman and Treasurer
Ernest K. Cuyegkeng	Executive Vice President & Chief Financial Officer
Jose C. Ibazeta	Director
Atty. Joshua L. Castro	Asst. Vice President & Asst. Corporate Secretary

1.8 RESOLVED, as it is hereby resolved, that ATTY. JOSHUA L. CASTRO, who is the Company's Corporate Information/Compliance Officer, is authorized to transact for and in behalf of the Company with the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE) and for this purpose is hereby authorized to sign and file any and all documents pertaining to all the disclosures/filings of the Company with the SEC and PSE.

2. Board Meeting held on April 20, 2016

2.1 RESOLVED, that the Board of Directors of A. Soriano Corporation by unanimous concurrence, submits herewith the Statement and Annual Report of the Chairman of the Board of Directors and President of the Corporation as its own Report to the Stockholders for the year ended December 31, 2015.

2.2 RESOLVED, that A. Soriano Corporation (the "Corporation") is hereby authorized to acquire Ocmador Philippines, BV's 34,498 common shares (the "Shares") in KSA Realty Corporation under such terms and conditions that may be for the best interest of the Corporation;

RESOLVED, FURTHER, that Mr. Ernest K. Cuyegkeng, the Corporation's Executive Vice President and Chief Financial Officer, is hereby authorized to sign, execute and deliver, for and on behalf of the Corporation, the Share Purchase Agreement, Escrow Agreement, Deed of Absolute Sale of Shares, Waiver and Release in favor of the Seller, Ocmador Philippines, BV and its Nominees and such other agreements, documents, or instruments that are required or necessary to give full force and effect to this resolution.

The Board likewise passed the following resolutions in connection with the Company's opening of an escrow account in Bank of the Philippine Islands for the above additional shares in KSA:

RESOLVED, as it is hereby resolved, that the corporation be as it is hereby authorized to appoint the BANK OF THE PHILIPPINE ISLANDS acting through its Asset Management and Trust Group ("the Bank") as Escrow Agent in relation to the Share Purchase Agreement that is proposed to be executed between and among Shang Properties, Inc., and A. Soriano Corporation as the Buyers, and Ocmador Philippines B.V. as the Seller, for the sale and purchase of Ocmador's twenty per cent (20%) equity in KSA Realty Corporation, and to invest in any of the savings, time deposit, trust and investment products being offered by the Bank, or any of its subsidiaries and affiliates, such as but not limited to Special Deposit Account, Unit Investment Trust Funds, Mutual Funds, etc.;

RESOLVED, that Mr. Ernest K. Cuyegkeng, the Corporation's Executive Vice President and Chief Financial Officer, ("authorized signatory"), is hereby authorized to make, execute, sign, acknowledge and deliver the Escrow Agreement and all subsequent documents, agreements, deeds or contracts, instructions and requests, including waivers, releases, or other instruments in writing, relative to and in connection with the opening, management and closing/termination of an Escrow Account with the Bank including the right to receive the printed copies of the reports from the Bank through its Asset Management & Trust Group. The authorized signatory shall also have the discretion to dispense with the printed copies of the financial statements and instead issue a written instruction/application acceptable to the Bank that they will avail of the Bank's financial reporting online at the following website, www.bpiassetmanagement.bpi.com.ph and/or www.bpiexpressonline.com;

RESOLVED, FINALLY, that the authorized signatory above shall be authorized to constitute and delegate another person through the execution of a letter of instruction or Special Power of Attorney acceptable to the Bank as they may deem fit and proper, for the purpose of receiving any or all of the AMTG Reports.

2.3 RESOLVED, as it is hereby resolved, that the Corporation is hereby authorized to enter into a Revised Listing Agreement with the Philippine Stock Exchange under such terms and conditions as may be for the best interest of the Corporation.

RESOLVED, FURTHER, that Mr. Ernest K. Cuyegkeng, Executive Vice President and Chief Financial Officer, is hereby authorized to sign the Revised Listing Agreement and/or such other documents that may be required to give full force and effect to this resolution

3. Board Meeting held on August 25, 2016

3.1 RESOLVED, as it is hereby resolved, that due to the intended spin-off by Maybank ATR KimEng Capital Partners, Inc. (“MAKE Capital”) of its trust operations into a newly established stand-alone trust corporation named, ATRAM Trust Corporation (“ATRAM Trust”) and the eventual revocation of MAKE Capital’s trust license as a result thereof, the Corporation be authorized and empowered to novate its Investment Management Agreement dated January 15, 2010 with MAKE Capital;

RESOLVED, FURTHER, that any two (2) of the following officers of the Corporation, signing jointly, be hereby authorized to execute any and all documents as may be necessary to migrate its account from MAKE Capital to ATRAM Trust, such as but not limited to account opening documents, written instructions for investment/withdrawal of funds, certifications, amendments or modifications to Agreements, directives, orders, communications, as well as subsequent closure of the Account, with ATRAM Trust Corporation:

Name	Position
Eduardo J. Soriano	Vice Chairman and Treasurer
Ernest K. Cuyegkeng	Executive Vice President & Chief Financial Officer
Jose C. Ibazeta	Director
Atty. Joshua L. Castro	Asst. Vice President & Asst. Corporate Secretary

RESOLVED, FURTHER, to approve the release and transfer of the Corporation’s files and records with MAKE Capital to ATRAM Trust;

RESOLVED, FINALLY, that the foregoing resolutions shall continue and remain in full force and effect until repealed and/or amended by subsequent resolutions of the Board of Directors and appropriate copies thereof served upon and received by ATRAM Trust.

3.2 RESOLVED, as it is hereby resolved, that A. Soriano Corporation (the “Corporation”) is empowered and authorized to renew its working capital facilities with Banco de Oro (BDO) as follows:

FACILITY	AMOUNT
Credit Line	P400,000,000.00
Domestic Bills Purchase Line	P100,000,000.00
Foreign Exchange Settlement Line	P100,000,000.00

RESOLVED, FURTHER, that any two (2) of the following officers of the Corporation, namely:

NAME	POSITION
Mr. Eduardo J. Soriano	Vice Chairman and Treasurer
Mr. Ernest K. Cuyegkeng	Executive Vice President and Chief Financial Officer
Mr. Jose C. Ibazeta	Director
Atty. Joshua L. Castro	Asst. Vice President and Asst. Corporate Secretary

be authorized, as they are hereby authorized, directed and empowered, in the name and for the account of the Corporation, to negotiate for and enter into the foregoing transactions with BDO under such terms and conditions as may be acceptable to the aforementioned officers, and to execute, sign and deliver any and all promissory notes, instruments, agreements, contracts and documents that may be necessary and/or required for the implementation of the foregoing transaction;

RESOLVED, FINALLY, that all transactions, warranties, representations, covenants, dealings and agreements by the aforementioned officers of the Corporation with BDO prior to the approval of this Resolution are all hereby approved, confirmed and ratified to be the valid and binding acts, representations, warranties and covenants of the Corporation.

4. Board Meeting held on December 1, 2016

4.1 RESOLVED, as it is hereby resolved, that A. Soriano Corporation (the "Company"), is hereby authorized to sell its Cebu Business Park lot through the sale of shares of Uptown Kamputhaw Holdings, Inc. (formerly Anscor Property Holdings, Inc.), to Skyrise Realty and Development Corporation under such terms and conditions that may be for the best interest of the Company.

RESOLVED, FURTHER, that the Company's Executive Vice President and Chief Financial Officer, Mr. Ernest K. Cuyegkeng, is hereby authorized to sign any and all documents necessary to give full force and effect to the foregoing resolution.

4.2 RESOLVED, as it is hereby resolved, that the Corporation is authorized to invest in Sierra Madre PE Fund under such terms and conditions as may be for the best interest of the Corporation.

RESOLVED, FURTHER, that MR. ERNEST K. CUYEGKENG, Director, is hereby authorized to sign, execute and deliver for and in behalf of the Corporation, the Subscription Agreement and such other documents/instruments necessary to give full force and effect to the foregoing resolution.

4.3 RESOLVED, as it is hereby resolved, that the Corporation is hereby authorized to appropriate the amount of P750 million from the Corporation's unrestricted retained earnings, which appropriation shall be used for the Company's investment program within the next three years on business activities related to the service sector, tourism and manufacturing, whether based in the Philippines or offshore.

4.4 RESOLVED, as it is hereby resolved, that the Corporation be authorized to open and maintain a Peso Current Account (for dividend payments) with BANK OF THE PHILIPPINE ISLANDS, Pacific Star Branch, hereby authorizing the following signatories to sign jointly, execute and deliver any and all documents and to sign, execute and deliver any check, deposit slips, stop payment order, specimen cards or any and all documents or papers that may be necessary and/or required for the implementation of the foregoing transactions;

NAME	POSITION
Mr. Eduardo J. Soriano	Vice Chairman and Treasurer
Mr. Ernest K. Cuyegkeng	Executive Vice President and Chief Financial Officer
Mr. Jose C. Ibazeta	Director
Atty. Joshua L. Castro	Asst. Vice President and Asst. Corporate Secretary

5. Board Meeting held on February 22, 2017

5.1 RESOLVED, as it is hereby resolved, that the audited Financial Statements of A. Soriano Corporation for the year ended December 31, 2016 is hereby approved.

5.2 The Board proceeded to approve the record date, proxy validation date and the date of the Annual Stockholders' Meeting as follows:

Record Date – March 20, 2017
Proxy Validation Date – April 10, 2017
Date of Stockholders' Meeting – April 19, 2017

5.3 RESOLVED, as it is hereby resolved, that there is hereby declared out of the surplus profits of the Corporation, a cash dividend of Twenty Centavos (P0.20) per share on the common stock of the Corporation, payable on April 4, 2017, to all stockholders of record as of the close of business on March 9, 2017, and Mr. Ernest K. Cuyegkeng, the Corporation's Executive Vice President and Chief Financial Officer, is hereby directed and authorized to cause the payment of the said cash dividend on the specified date.

5.4 RESOLVED, as it is hereby resolved, that the Board of Directors of the Company approves the updates to its 2016 Annual Corporate Governance Report (ACGR) as follows:

- Date of election and the number of years served of the members of the Board of Directors;
- Directors' Directorship in the Company's Group;
- Shareholdings of Directors in the Company;
- Voting Result of the last Annual General Meeting;
- Programs and seminars attended by the Directors during the year;
- Number of Board meetings during the year and attendance of Directors;
- Aggregate remuneration of Executive Directors, Non-Executive Directors and Independent Directors;
- Remuneration of the Officers of the Company;

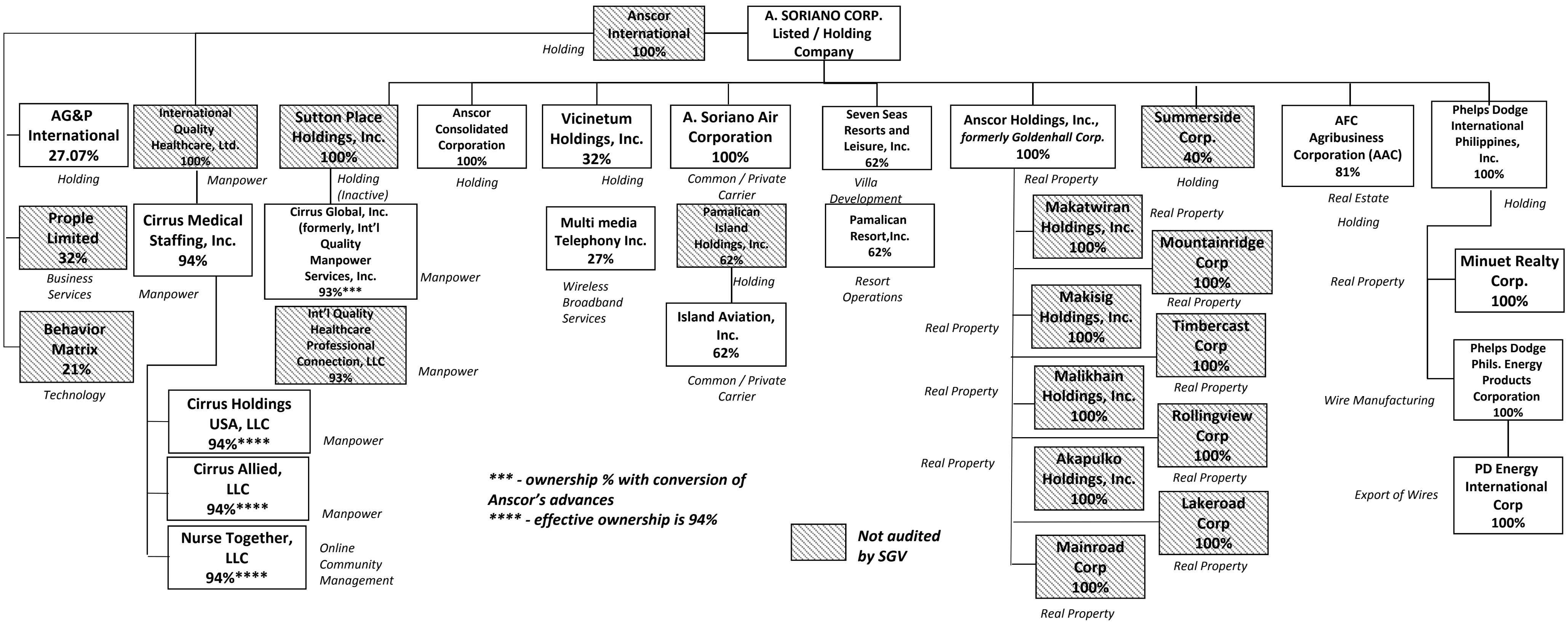
- Number of meetings of the Board Committees held during the year and the length of service of its members in their respective Committees;
- Updated profile or qualifications of the Audit Committee members
- Ownership structure of:
  a. Shareholders/Beneficial Owners
  b. Senior Management of the Company;
- External Auditor's Fee for the year 2015
- Date of release of 2015 audited financial report;
- Dividend declared by the Company for the year 2015;
- Details of attendance in the 2015 stockholders meeting of the Company; and
- Definitive information statements and management report for 2015

A. SORIANO CORPORATION (PARENT)
ANNEX - B
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
December 31, 2016

Unappropriated retained earnings, beginning	3,058,392,462
Net deferred tax assets recognized directly to income	(28,404,137)
Unappropriated Retained Earnings, as adjusted to available for dividend distribution, January 1, 2016	3,029,988,325
Less: Net income during the period	1,005,126,081
Net decrease in deferred tax assets	6,699,752
Appropriation of retained earnings	(850,000,000)
Cash dividends declared and paid in 2016	(500,000,000)
Total retained earnings available for dividend declaration, December 31, 2016 (Note 1)	2,691,814,158

Note 1: On February 22, 2017, the Company declared a cash dividend of P500.0 million (P0.20 per share) to stockholders of record as of March 9, 2017 payable on April 4, 2017.

A. SORIANO CORPORATION AND SUBSIDIARIES
ANNEX – C
GROUP STRUCTURE
DECEMBER 31, 2016



A. SORIANO CORPORATION AND SUBSIDIARIES
ANNEX D
SCHEDULE OF ALL THE EFFECTIVE STANDARDS AND INTERPRETATIONS
DECEMBER 31, 2016

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS **Effective as of December 31, 2016**		**Adopted**	**Not Early Adopted**	**Not Applicable**
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transaction*		✓	
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9, Financial Instruments, with PFRS 4*		✓	
PFRS 5	Noncurrent Assets Held for Sale and Discontinued Operations			✓
	Amendments to PFRS 5: Changes in Methods of Disposal	✓		

**Standards and interpretations which will become effective subsequent to December 31, 2016.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Early Adopted	Not Applicable
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 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: Disclosures - Servicing Contracts			✓
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments*		✓	
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures*		✓	
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Investment Entities			✓
	Amendments to PFRS 10, *Consolidated Financial Statements* - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**		✓	
	Amendments to PFRS 10, *Consolidated Financial Statements* - Applying the Consolidation Exception	✓		
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓

**Standards and interpretations which will become effective subsequent to December 31, 2016.*
**Deferred effectivity*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Early Adopted	Not Applicable
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Investment Entities			✓
	Amendments to PFRS 12: Applying the Consolidation Exception	✓		
	Amendments to PFRS 12: Clarification of the Scope of the Standard*		✓	
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts			✓
IFRS 15	Revenue from Contracts with Customers*		✓	
IFRS 16	Leases*		✓	
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Statement of Cash Flows, 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	✓		
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		

**Standards and interpretations which will become effective subsequent to December 31, 2016.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Early Adopted	Not Applicable
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions			✓
	Amendments to PAS 19: Regional Market Issue Regarding Discount Rate	✓		
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	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PAS 27: Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements	✓		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
	Amendments to PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**		✓	
	Amendments to PAS 28:Applying the Consolidation Exception	✓		
	Amendments to PAS 28: Measuring an Associate or Joint Venture at Fair Value*		✓	
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	✓		

**Standards and interpretations which will become effective subsequent to December 31, 2016.*
***Deferred effectivity*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Early Adopted	Not Applicable
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
	Amendments to PAS 34: Disclosure of Information 'elsewhere in the interim financial report'			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendments to 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	✓		
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property	✓		
	Amendments to PAS 40: Transfers of Investment Property*		✓	
PAS 41	Agriculture			✓
	Amendments to PAS 41: Bearer Plants			✓

**Standards and interpretations which will become effective subsequent to December 31, 2016.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS **Effective as of December 31, 2016**		**Adopted**	**Not Early Adopted**	**Not Applicable**
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✓
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 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 & 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			✓
SIC-7	Introduction of the Euro			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Early Adopted	Not Applicable
Philippine Interpretations				
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures	✓		
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

**Standards and interpretations which will become effective subsequent to December 31, 2016.*

A. Soriano Corporation
and Subsidiaries

Consolidated Financial Statements
As of December 31, 2016 and 2015
and for the Years Ended December 31, 2016, 2015 and
2014

and

Independent Auditors' Report

C O V E R S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P	W	2								

COMPANY NAME

A. SORIANO CORPORATION AND SUBSIDIARIES

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

7th Floor, Pacific Star Building, Makati Avenue corner Gil Puyat Avenue Extension, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	SEC	NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
info@anscor.ph	**819-0251**	**N/A**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
11,225	**Third Wednesday of April**	**12/31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Narcisa M. Villaflor	**nancie.villaflor@anscor.com.ph**	**819-0251**	**N/A**

CONTACT PERSON's ADDRESS

7th Floor, Pacific Star Building, Makati Avenue corner Gil Puyat Avenue Extension, 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.

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A. SORIANO CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31	
	2016	2015
ASSETS		
Current Assets		
Cash and cash equivalents (Note 7)	**₱2,403,739,518**	₱1,774,319,172
Fair value through profit or loss (FVPL) investments (Note 8)	**769,680,131**	508,976,634
Receivables (Note 9)	**2,167,501,893**	1,958,668,503
Inventories (Note 10)	**683,916,919**	700,984,189
Property development in progress (Note 12)	**3,177,197**	175,812,028
Available-for-sale (AFS) investments - current (Note 11)	**47,728,517**	56,786,078
Prepayments	**18,676,972**	75,181,852
Other current assets (Note 29)	**151,400,689**	81,897,555
Total Current Assets	**6,245,821,836**	5,332,626,011
Noncurrent Assets		
AFS investments - net of current portion (Note 11)	**8,313,497,196**	7,358,993,331
Investments and advances (Note 12)	**1,943,573,979**	1,824,260,087
Goodwill (Note 6)	**1,889,496,064**	1,852,422,215
Property and equipment (Notes 13 and 18)	**2,648,731,039**	2,701,877,014
Investment properties (Notes 14 and 29)	**234,877,835**	260,569,744
Retirement plan asset - net (Note 23)	**60,191,266**	59,482,997
Deferred income tax asset-net (Note 24)	**62,304,841**	59,195,709
Other noncurrent assets (Notes 12, 15 and 29)	**129,006,778**	102,953,618
Total Noncurrent Assets	**15,281,678,998**	14,219,754,715
TOTAL ASSETS	**₱21,527,500,834**	₱19,552,380,726
LIABILITIES AND EQUITY		
Current Liabilities		
Notes payable (Note 16)	**₱91,948,200**	₱26,197,832
Accounts payable and accrued expenses (Notes 17 and 30)	**961,798,809**	916,122,968
Dividends payable (Note 19)	**250,208,406**	229,648,921
Customers' deposits for property development (Note 12)	**–**	597,268,360
Income tax payable	**141,744,752**	85,381,137
Current portion of long-term debt (Note 18)	**629,350,200**	638,070,546
Total Current Liabilities	**2,075,050,367**	2,492,689,764

(Forward)

	December 31	
	2016	2015
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 18)	**₱1,916,231,143**	₱2,459,835,814
Deferred revenues (Note 29)	**8,601,560**	10,117,900
Deferred income tax liabilities-net (Note 24)	**600,160,058**	502,874,235
Retirement benefits payable - net (Note 23)	**4,211,769**	6,666,773
Other noncurrent liabilities (Notes 15 and 29)	**175,746,074**	145,275,611
Total Noncurrent Liabilities	**2,704,950,604**	3,124,770,333
Total Liabilities	**4,780,000,971**	5,617,460,097
Equity Attributable to Equity Holdings of the Parent (Note 19)		
Capital stock - ₱1 par value	**2,500,000,000**	2,500,000,000
Additional paid-in capital	**1,605,613,566**	1,605,613,566
Equity reserve on acquisition of noncontrolling interest (Note 3)	**(26,356,543)**	(26,356,543)
Cumulative translation adjustment	**380,244,251**	187,917,388
Unrealized valuation gains on AFS investments (Note 11)	**1,899,776,724**	686,254,240
Remeasurement on retirement benefits (Note 23)	**37,608,665**	34,992,585
Retained earnings:		
Appropriated (Note 19)	**7,150,000,000**	6,300,000,000
Unappropriated (Note 19)	**4,914,057,124**	4,487,779,074
Cost of shares held by a subsidiary (1,267,406,746 and 1,266,300,646 shares in 2016 and 2015, respectively) (Note 19)	**(2,226,272,975)**	(2,219,505,295)
	16,234,670,812	13,556,695,015
Noncontrolling Interests (Note 3)	**512,829,051**	378,225,614
Total Equity	**16,747,499,863**	13,934,920,629
TOTAL LIABILITIES AND EQUITY	**₱21,527,500,834**	₱19,552,380,726

See accompanying Notes to Consolidated Financial Statements.

A. SORIANO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2016	2015	2014*
REVENUES			
Sale of goods - net of discount and allowances of ₱93.40 million and ₱74.83 million in 2016 and 2015, respectively	**₱6,608,154,597**	₱6,102,268,950	₱–
Services (Note 29)	**3,481,844,503**	2,747,521,027	1,983,852,999
Sale of real estate (Note 14)	**635,549,087**	293,036,415	–
Dividend income (Note 11)	**218,797,811**	209,651,661	260,862,079
Interest income (Notes 7, 8, 11 and 22)	**95,311,627**	83,315,419	96,438,999
Management fee (Notes 9, 26 and 29)	**–**	–	78,344,162
Equity in net earnings (losses) - net (Note 12)	**(72,773,871)**	153,953,858	147,141,103
	10,966,883,754	9,589,747,330	2,566,639,342
INVESTMENT GAINS (LOSSES)			
Gain on sale of:			
AFS investments (Note 11)	**555,619,230**	1,091,213,611	1,661,985,514
Long-term investments (Notes 12 and 14)	**343,158,019**	–	56,059,176
Gain on increase in market values of FVPL investments (Note 8)	**20,589,122**	(25,654,441)	(9,487,014)
	919,366,371	1,065,559,170	1,708,557,676
TOTAL	**11,886,250,125**	10,655,306,500	4,275,197,018
Cost of goods sold (Note 20)	**(5,188,332,297)**	(4,931,773,630)	–
Costs of services rendered (Note 20)	**(2,312,578,606)**	(1,809,102,441)	(1,361,515,068)
Cost of real estate sold (Note 14)	**(285,522,793)**	(174,139,992)	–
Operating expenses (Note 20)	**(1,347,769,652)**	(1,168,575,073)	(864,121,022)
Interest expense (Note 22)	**(109,007,134)**	(116,599,234)	(61,361,043)
Foreign exchange gain (loss) - net	**5,431,706**	(28,856,549)	(9,962,427)
Other income (charges) - net (Notes 22 and 29)	**(534,484,598)**	(753,600,117)	85,864,045
INCOME BEFORE INCOME TAX	**2,113,986,751**	1,672,659,464	2,064,101,503
PROVISION FOR INCOME TAX (Note 24)	**423,696,067**	309,397,655	29,359,944
NET INCOME	**₱1,690,290,684**	₱1,363,261,809	₱2,034,741,559
Attributable to:			
Equity holdings of the Parent	**₱1,522,796,705**	₱1,282,782,660	₱2,041,141,959
Noncontrolling interests	**167,493,979**	80,479,149	(6,400,400)
	₱1,690,290,684	₱1,363,261,809	₱2,034,741,559
Earnings Per Share			
Basic/diluted, for net income attributable to equity holdings of the Parent (Note 25)	**₱1.24**	₱1.03	₱1.08

See accompanying Notes to Consolidated Financial Statements.

**PDP Group's revenues, costs and expenses were not included in 2014 since PDP Group was still an associate. In 2016 and 2015, management fees for PDP Group was eliminated as PDP is now a subsidiary.*

A. SORIANO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2016	2015	2014*
NET INCOME	**₱1,690,290,684**	₱1,363,261,809	₱2,034,741,559
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:			
Unrealized valuation gains (losses) on AFS investments (Note 11)	**1,256,708,503**	(2,246,929,467)	1,349,350,540
Income tax effect	**(10,935,308)**	(24,996,268)	(15,918,015)
	1,245,773,195	(2,271,925,735)	1,333,432,525
Realized gain (loss) on sale of AFS investments, net of impairment losses, recognized in the consolidated statements of income (Note 11)	**(35,279,977)**	(285,974,884)	(1,794,468,827)
Income tax effect	**3,029,266**	5,335,427	23,913,736
	(32,250,711)	(280,639,457)	(1,770,555,091)
	1,213,522,484	(2,552,565,192)	(437,122,566)
Cumulative translation adjustment	**192,326,863**	177,214,950	31,120,016
	1,405,849,347	(2,375,350,242)	(406,002,550)
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain (loss) (Note 23)	**3,451,388**	(8,358,212)	6,403,863
Income tax effect	**(835,308)**	2,507,464	(1,921,158)
	2,616,080	(5,850,748)	4,482,705
OTHER COMPREHENSIVE INCOME (LOSS)	**1,408,465,427**	(2,381,200,990)	(401,519,845)
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱3,098,756,111**	(₱1,017,939,181)	₱1,633,221,714
Attributable to:			
Equity holdings of the Parent	**₱2,931,262,132**	(₱1,098,418,330)	₱1,640,262,701
Noncontrolling interests	**167,493,979**	80,479,149	(7,040,987)
	₱3,098,756,111	(₱1,017,939,181)	₱1,633,221,714

See accompanying Notes to Consolidated Financial Statements.

**PDP Group's other comprehensive income (loss) was not included in 2014 since PDP Group was still an associate.*

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014

	Equity Attributable to Equity Holdings of the Parent (Note 19)											
							Retained Earnings					
	Capital Stock	Additional Paid-in Capital	Equity Reserve on Acquisition of Noncontrolling Interest (Note 3)	Cumulative Translation Adjustment	Unrealized Valuation Gains on AFS Investments (Note 11)	Remeasurement on Retirement Benefits (Note 23)	Appropriated	Unappropriated	Cost of Shares Held by a Subsidiary	Total	Noncontrolling Interests	Total
BALANCES AT DECEMBER 31, 2013	₱2,500,000,000	₱1,605,613,566	(₱26,356,543)	(₱20,417,578)	₱3,675,941,998	₱35,720,041	₱3,000,000,000	₱4,898,587,228	(₱2,031,222,641)	₱13,637,866,071	₱370,038,530	₱14,007,904,601
Total comprehensive income (loss) for the year	–	–	–	31,120,016	(437,122,566)	5,123,292	–	2,041,141,959	–	1,640,262,701	(7,040,987)	1,633,221,714
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱314.5 million (Note 19)	–	–	–	–	–	–	–	(310,524,838)	–	(310,524,838)	–	(310,524,838)
Shares repurchased during the year (Note 19)	–	–	–	–	–	–	–	–	(132,426,129)	(132,426,129)	–	(132,426,129)
Movement in noncontrolling interests (Notes 3 and 6)	–	–	–	–	–	–	–	–	–	–	11,263,881	11,263,881
Appropriation during the year (Note 19)	–	–	–	–	–	–	1,600,000,000	(1,600,000,000)	–	–	–	–
BALANCES AT DECEMBER 31, 2014	**2,500,000,000**	**1,605,613,566**	**(26,356,543)**	**10,702,438**	**3,238,819,432**	**40,843,333**	**4,600,000,000**	**5,029,204,349**	**(2,163,648,770)**	**14,835,177,805**	**374,261,424**	**15,209,439,229**
Total comprehensive income (loss) for the year	–	–	–	177,214,950	(2,552,565,192)	(5,850,748)	–	1,282,782,660	–	(1,098,418,330)	80,479,149	(1,017,939,181)
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱125.8 million (Note 19)	–	–	–	–	–	–	–	(124,207,935)	–	(124,207,935)	–	(124,207,935)
Shares repurchased during the year (Note 19)	–	–	–	–	–	–	–	–	(55,856,525)	(55,856,525)	–	(55,856,525)
Movement in noncontrolling interests (Notes 3 and 29)	–	–	–	–	–	–	–	–	–	–	(76,514,959)	(76,514,959)
Appropriation during the year (Note 19)	–	–	–	–	–	–	1,700,000,000	(1,700,000,000)	–	–	–	–
BALANCES AT DECEMBER 31, 2015	**2,500,000,000**	**1,605,613,566**	**(26,356,543)**	**187,917,388**	**686,254,240**	**34,992,585**	**6,300,000,000**	**4,487,779,074**	**(2,219,505,295)**	**13,556,695,015**	**378,225,614**	**13,934,920,629**
Total comprehensive income for the year	–	–	–	192,326,863	1,213,522,484	2,616,080	–	1,522,796,705	–	2,931,262,132	167,493,979	3,098,756,111
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱253.5 million (Note 19)	–	–	–	–	–	–	–	(246,518,655)	–	(246,518,655)	–	(246,518,655)
Shares repurchased during the year (Note 19)	–	–	–	–	–	–	–	–	(6,767,680)	(6,767,680)	–	(6,767,680)
Movement in noncontrolling interests (Notes 3 and 29)	–	–	–	–	–	–	–	–	–	–	(32,890,542)	(32,890,542)
Appropriation during the year (Note 19)	–	–	–	–	–	–	850,000,000	(850,000,000)	–	–	–	–
BALANCES AT DECEMBER 31, 2016	**₱2,500,000,000**	**₱1,605,613,566**	**(₱26,356,543)**	**₱380,244,251**	**₱1,899,776,724**	**₱37,608,665**	**₱7,150,000,000**	**₱4,914,057,124**	**(₱2,226,272,975)**	**₱16,234,670,812**	**₱512,829,051**	**₱16,747,499,863**

See accompanying Notes to Consolidated Financial Statements.

A. SORIANO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2016	2015	2014*
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱2,113,986,751**	₱1,672,659,464	₱2,064,101,503
Adjustments for:			
Loss (gain) on sale of:			
AFS investments (Note 11)	**(555,619,230)**	(1,091,213,611)	(1,661,985,514)
Long-term investment	**(343,158,019)**	–	(56,059,176)
Property and equipment (Note 13)	**–**	–	28,151
Valuation allowances - net (Note 22)	**618,566,254**	841,123,370	683,780,320
Dividend income (Note 11)	**(218,797,811)**	(209,651,661)	(260,862,079)
Depreciation and amortization (Note 13)	**234,068,755**	236,767,900	132,907,136
Equity in net earnings (losses) of associates - net (Note 12)	**72,773,871**	(153,953,858)	(147,141,103)
Interest expense (Note 22)	**109,007,134**	116,599,234	61,361,043
Interest income (Note 22)	**(95,311,627)**	(83,315,419)	(96,438,999)
Unrealized foreign exchange losses (gains) - net	**70,758,808**	62,227,101	32,420,744
Loss (gain) on decrease (increase) in market values of FVPL investments (Note 8)	**(20,589,122)**	25,654,441	9,487,014
Retirement benefit costs (Note 23)	**15,698,052**	16,230,854	11,722,183
Gain on remeasurement of previously held interest (Note 22)	**–**	–	(699,011,094)
Operating income before working capital changes	**2,001,383,816**	1,433,127,815	74,310,129
Decrease (increase) in:			
FVPL investments	**(204,721,295)**	40,316,999	(124,275,601)
Receivables	**(234,915,651)**	(44,016,071)	(17,241,769)
Inventories	**15,482,484**	199,230,246	(39,327,133)
Property development in progress	**172,634,831**	(19,169,531)	–
Prepayments and other current assets	**(12,998,254)**	(55,563,541)	(39,349,178)
Increase (decrease) in:			
Accounts payable and accrued expenses	**53,675,841**	(66,274,258)	282,359,937
Customers' deposit for property development	**(597,268,360)**	215,424,010	224,986,350
Deferred revenues	**(1,516,340)**	(19,597,403)	1,266,987
Net cash provided by operations	**1,191,757,072**	1,683,478,266	362,729,722
Dividends received	**215,498,739**	209,651,661	356,062,079
Interest received	**80,082,655**	83,315,419	98,046,778
Interest paid	**(94,220,605)**	(148,698,157)	(61,361,043)
Retirement benefit contribution (Note 23)	**(17,949,668)**	(20,926,478)	(13,923,949)
Income taxes paid	**(400,069,454)**	(253,933,598)	(12,094,161)
Net cash flows from operating activities	**975,098,739**	1,552,887,113	729,459,426

(Forward)

**PDP Group's cash flows were not included in 2014 since PDP Group was still an associate.*

	Years Ended December 31		
	2016	2015	2014*
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of:			
AFS investments (Note 11)	**₱1,473,209,534**	₱3,294,238,365	₱5,650,606,104
Long-term investment	**397,120,000**	–	56,059,176
Property and equipment (Note 13)	**1,780,000**	–	–
Additions to:			
AFS investments (Note 11)	**(1,019,866,822)**	(3,426,157,700)	(4,435,277,618)
Property and equipment (Note 13)	**(179,885,426)**	(237,320,248)	(196,878,710)
Acquisition of subsidiary, net of cash acquired (Note 6)	**–**	–	(2,369,366,713)
Advances from (to) affiliates (Note 12)	**(386,108)**	(2,655,735)	5,914,823
Movement in other noncurrent assets	**(26,053,160)**	(10,108,172)	–
Acquisition of an associate (Note 12)	**–**	(2,100,000)	–
Net cash flows from (used) in investing activities	**645,918,018**	(384,103,490)	(1,288,942,938)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from notes payable (Note 16)	**554,000,000**	557,000,000	1,529,461,840
Payments of:			
Notes payable (Note 16)	**(554,000,000)**	(2,072,225,829)	(78,139,466)
Long-term debt (Note 18)	**(635,755,735)**	(219,884,036)	(30,419,980)
Dividends (Note 19)	**(487,734,748)**	(414,223,047)	(54,875,431)
Company shares purchased by a subsidiary (Note 19)	**(6,767,680)**	(55,856,525)	(132,426,129)
Increase (decrease) in noncontrolling interests	**134,603,437**	(76,514,959)	504,714
Proceeds from long-term debt (Note 18)	**–**	1,500,000,000	–
Net cash flows from (used in) financing activities	**(995,654,726)**	(781,704,396)	1,234,105,548
NET INCREASE IN CASH AND CASH EQUIVALENTS	**625,362,031**	387,079,227	674,622,036
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**4,058,315**	(13,793,714)	(17,480,886)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,774,319,172**	1,401,033,659	743,892,509
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱2,403,739,518**	₱1,774,319,172	₱1,401,033,659

See accompanying Notes to Consolidated Financial Statements.

**PDP Group's cash flows were not included in 2014 since PDP Group was still an associate.*

A. SORIANO CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

A. Soriano Corporation (Anscor or the Company) was registered with the Philippine Securities and Exchange Commission (SEC) on February 13, 1930 to, among others, act as agent or representative of corporations, partnerships or individuals whether residing here or abroad; to buy, retain, possess shares of stock, franchises, patents of any person or entity and to issue shares of stock, bonds or other obligations for the payment of articles or properties acquired by the Company; and to buy or acquire all or part of the property, assets, business and clientele of any person, corporation or partnership, managing the properties or businesses so purchased or acquired and exercising all the powers necessary and convenient for the management and development of the said properties or businesses. On July 17, 1979, the Philippine SEC approved the Company's amended articles of incorporation extending the term of its existence for another fifty years up to February 12, 2030. The Company is a corporation incorporated and domiciled in the Philippines whose shares are publicly traded. The registered office address of the Company is at 7th Floor, Pacific Star Building, Makati Avenue corner Gil Puyat Avenue Extension, Makati City, Philippines.

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") as of December 31, 2016 and 2015 and for each of the three years in the period ended December 31, 2016 were authorized for issue by the Board of Directors (BOD) on February 22, 2017.

2. Basis of Preparation and Changes in Accounting Policies and Disclosures

Basis of Preparation
The consolidated financial statements have been prepared on a historical cost basis, except for securities at fair value through profit or loss (FVPL) and available-for-sale (AFS) investments that have been measured at fair value. The consolidated financial statements are presented in Philippine pesos (Peso), which is the Company's functional and presentation currency. Amounts are presented to the nearest Peso unless otherwise stated.

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

Changes in Accounting Policies
The Group applied for the first time certain pronouncements, which are effective for annual periods beginning on or after January 1, 2016. Adoption of these pronouncements did not have a significant impact on the Group's financial position or performance unless otherwise indicated.

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

subsidiaries when applying the equity method. These amendments are not applicable to the Group since none of the entities within the Group is an investment entity nor does the Group have investment entity associates or joint ventures.

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

  The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation.

  These amendments do not have any impact on the Group as there has been no interest acquired in a joint operation during the period.

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

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

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

These amendments do not have any impact to the Group.

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

  These amendments are applied prospectively and do not have any impact to the Group, given that the Group has not used a revenue-based method to depreciate or amortize its property, plant and equipment and intangible assets.

- Amendments to PAS 16 and PAS 41, Agriculture*: Bearer Plants*
  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply.

  The amendments are applied retrospectively and do not have any impact on the Group as the Group does not have any bearer plants.

- Amendments to PAS 27, *Separate Financial Statements*, *Equity Method in Separate Financial Statements*
  The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.

  These amendments do not have any impact on the Group's consolidated financial statements.

<u>Annual Improvements to PFRSs (2012-2014 cycle)</u>
The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and do not have a material impact on the consolidated financial statements. These include:

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

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

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

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

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

New Accounting Standards, Interpretations and Amendments to
Existing Standards Effective Subsequent to December 31, 2016

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

Effective beginning on or after January 1, 2017

- Amendment to PFRS 12, *Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)
  The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. The amendments do not have any impact on the Group's financial position and results of operation. The Group will include the required disclosures in its 2017 consolidated financial statements.

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

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

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

Effective beginning on or after January 1, 2018

- Amendments to PFRS 2, *Share-based Payment*, *Classification and Measurement of Share-based Payment Transactions*
  The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

  The amendments are not applicable to the Group since it has no share-based payment transactions.

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

The overlay approach and the deferral approach will only be available to an entity if it has not previously applied PFRS 9.

The amendments are not applicable to the Group since none of the entities within the Group have activities that are predominantly connected with insurance or issue insurance contracts.

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

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

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

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

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

- 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. The Group is currently assessing the impact of adopting this standard.

- 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. The interpretation may be applied on a fully retrospective basis. Entities may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation. The Group is currently assessing the impact of adopting this standard.

Effective beginning on or after January 1, 2019

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

  The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value. Entities may early adopt PFRS 16 but only if they have also adopted PFRS 15. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs. The Group is currently assessing the impact of adopting PFRS 16.

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. Summary of Significant Accounting and Financial Reporting Policies

Basis of Consolidation

The consolidated financial statements of the Group comprise the financial statements of the Company and the following wholly-owned and majority-owned subsidiaries as of December 31:

		Percentage of Ownership		
	Nature of Business	**2016**	2015	2014
A. Soriano Air Corporation (Note 29)	Services/Rental	**100**	100	100
Pamalican Island Holdings, Inc. (PIHI)	Holding	**62**	62	62
Island Aviation, Inc. (IAI, Notes 18 and 29)	Air Transport	**62**	62	62
Anscor Consolidated Corporation (Anscorcon)	Holding	**100**	100	100
Anscor International, Inc. (AI, Note 12)	Holding	**100**	100	100
IQ Healthcare Investments Limited (IQHIL, Note 12)	Manpower Services	**100**	100	100
Cirrus Medical Staffing, Inc. (Cirrus, Notes 6, 12 and 29)	Manpower Services	**94**	94	94
Cirrus Holdings USA, LLC (Cirrus LLC, Notes 6 and 29)	Manpower Services	**94**	94	94
Cirrus Allied, LLC (Cirrus Allied, Notes 6 and 29)	Manpower Services	**94**	94	94
NurseTogether, LLC (NT, Note 6)	Online Community Management	**94**	94	94
Anscor Property Holdings, Inc. (APHI, Note 14)	Real Estate Holding	**–**	100	100
Anscor Holdings, Inc. (AHI, formerly Goldenhall Corp., Notes 29)	Real Estate Holding	**100**	100	100
Akapulko Holdings, Inc. (Akapulko)	Real Estate Holding	**100**	100	100
Lakeroad Corp.	Real Estate Holding	**100**	100	100
Mainroad Corp.	Real Estate Holding	**100**	100	100
Makatwiran Holdings, Inc. (Makatwiran)	Real Estate Holding	**100**	100	100
Makisig Holdings, Inc. (Makisig)	Real Estate Holding	**100**	100	100
Malikhain Holdings, Inc. (Malikhain)	Real Estate Holding	**100**	100	100
Mountainridge Corp.	Real Estate Holding	**100**	100	100
Rollingview Corp.	Real Estate Holding	**100**	100	100
Timbercrest Corp.	Real Estate Holding	**100**	100	100
Summerside Corp. (Summerside)	Investment Holding	**40**	100	100
Phelps Dodge International Philippines, Inc. (PDIPI, Notes 6, 12 and 29)	Holding	**100**	100	100
Minuet Realty Corporation (Minuet)	Landholding	**100**	100	100
Phelps Dodge Philippines Energy Products Corporation (PDP Energy, Notes 6, 12 and 29)	Wire Manufacturing	**100**	100	100
PD Energy International Corporation (PDEIC)	Wire Manufacturing	**100**	100	100

(Forward)

		Percentage of Ownership		
	Nature of Business	**2016**	2015	2014
Sutton Place Holdings, Inc. (Sutton)	Holding	**100**	100	100
Cirrus Global, Inc. (CGI, Note 29)	Manpower Services	**93**	93	93
IQ Healthcare Professional Connection, LLC (IQHPC, Notes 15 and 29)	Manpower Services	**93**	93	93
AFC Agribusiness Corporation (AAC) (Note 12)	Real Estate Holding	**81**	81	81
Seven Seas Resorts and Leisure, Inc. (SSRLI, Notes 12 and 29)	Villa Project Development	**62**	62	62
Pamalican Resort, Inc. (PRI, Notes 12 and 29)	Resort Operations	**62**	62	62

Except for AI, IQHIL, Cirrus and its subsidiaries and IQHPC, the above companies are all based in the Philippines. The principal business location of AI and IQHIL is in the British Virgin Islands (BVI), while Cirrus and its subsidiaries and IQHPC are based in the United States of America (USA).

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

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

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

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

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

Noncontrolling interests represent a portion of profit or loss and net assets of subsidiaries not held by the Group, directly or indirectly, and are presented separately in the consolidated statement of comprehensive income and within the equity section in the consolidated balance sheet and consolidated statement of changes in equity, separately from Company's equity.

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 noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. 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. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

In 2008, Sutton acquired an additional 32% interest in CGI, increasing its ownership to 93%. The excess of the consideration over the book value of the interest acquired was taken to "Equity Reserve on Acquisition of Noncontrolling Interest" in the consolidated balance sheet.

Current Versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification.

An asset is current when it is:
- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:
- It is expected to be settled in the 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 twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Investments in Associates
Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in associates are accounted for under the equity method of accounting in the consolidated financial statements and are initially recognized at cost. On acquisition of investment in an associate, any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as goodwill. Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the

associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment. After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in associates. At each reporting date, the Group determines whether there is objective evidence that the investment in associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value. The loss is recognized under “Equity in net earnings (losses) - net” in the consolidated statement of income.

The Group’s share of its associates’ post-acquisition profits or losses is recognized in the consolidated statement of income, and its share of post-acquisition movements in the associates’ equity reserves is recognized directly in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Any change in OCI of those investees is presented as part of the Group’s OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity.

Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group’s interest in the associate. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the assets transferred. The reporting dates of the associates of the Group are identical and the associates’ accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in consolidated profit or loss.

The following are the Group’s associates:

		Percentage of Ownership		
	Nature of Business	**2016**	2015	2014
Associates				
Vicinetum Holdings, Inc. (VHI)	Holding	**32**	32	32
AGP International Holdings Ltd. (AGPI, Note 12)	Holding	**27**	27	27
Behavior Matrix, LLC (BM, Note 12)	Behavior Analytics Services	**21**	–	–
Prople Limited (Note 12)	Business Process Outsourcing	**32**	–	–

In 2013, Minuet was excluded in the consolidated financial statements as special voting requirements adopted by its shareholders manifested that the Company’s 60% holdings in Minuet is not sufficient to carry major business decisions. With the acquisition of PDIPI as discussed in Note 6, Minuet became a wholly-owned subsidiary of the Company and is included in the consolidated financial statements as of December 31, 2014.

In 2016, AI converted its notes receivable from Prople Limited and BM to equity. The conversion and additional investment increased the Company's shareholdings, making Prople Limited and BM associates of the Group (see Note 12).

VHI is based in the Philippines. The principal location of AGPI is in the British Virgin Islands. Prople Limited and BM are based in the United States of America.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any noncontrolling interests in the acquiree. For each business combination, the Group elects whether to measure the noncontrolling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS 39 is measured at fair value with changes in fair value recognized either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of PAS 39, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for noncontrolling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit or a group of cash-generating units and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Asset Acquisitions

If the assets acquired and liabilities assumed in an acquisition transaction do not constitute a business, the transaction is accounted for as an asset acquisition. The Group identifies and recognizes the individual identifiable assets acquired and liabilities assumed. The acquisition cost is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill. Where the Group acquires a controlling interest in an entity that is not a business, but obtains less than 100% of the entity, after it has allocated the cost to the individual assets acquired, it notionally grosses up those assets and recognizes the difference as noncontrolling interests.

Foreign Currency Translation

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in Peso based on the exchange rate recorded at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing exchange rate at the end of reporting period. All differences are taken to the consolidated statement of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the closing exchange rates at the date when the fair value was determined. Foreign exchange gains and losses relating to AFS equity instruments are presented under other comprehensive income.

Financial statements of consolidated foreign subsidiaries which are considered foreign entities are translated into the presentation currency of the Group (Peso) at the closing exchange rate at end of reporting period and their statements of income are translated using the monthly weighted average exchange rates for the year. The exchange differences arising from the translation are taken directly to a separate component of equity (under cumulative translation adjustment). On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the consolidated statement of income.

Fair Value Measurement

The Group measures financial assets (such as FVPL and AFS investments) at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortized cost and of investment properties are disclosed.

Fair value is the estimated 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 participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial 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 input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by reassessing 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.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted AFS financial assets, and for non-recurring fair value measurement.

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

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

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

Financial Instruments

Date of recognition

The Group recognizes a financial asset or a financial liability in the consolidated balance sheet when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date. Derivatives are recognized on trade date basis.

Initial recognition of financial instruments
All financial assets are initially recognized at fair value. Except for securities at FVPL, the initial measurement of financial assets includes transaction costs. The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, AFS investments, and loans and receivables. Financial liabilities are classified as financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired and whether they are in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

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

As of December 31, 2016 and 2015, the Group has the following categories of financial assets and financial liabilities:

(a) Financial assets and financial liabilities at FVPL

This category includes financial assets and financial liabilities held for trading and financial assets and financial liabilities designated upon initial recognition as at FVPL. Financial assets and financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

Financial assets or financial liabilities classified in this category may be designated by management on initial recognition when 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 and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance 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.

Derivatives recorded at FVPL
The Group enters into derivative contracts such as currency forwards. These derivative financial instruments are initially recorded at fair value and are subsequently remeasured at fair value at each reporting date. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as accounting hedges) are taken directly to the consolidated statement of income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. There are no outstanding freestanding derivative contracts as of December 31, 2016 and 2015.

The Group has certain derivatives that are embedded in host financial contracts, such as structured notes and debt investments and conversion. These embedded derivatives include calls and puts in debt investments and interest rate and conversion options among others.

An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met: (a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and (c) the hybrid or combined instrument is not recognized at FVPL.

Embedded derivatives are measured at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Financial assets and financial liabilities at FVPL are recorded in the consolidated balance sheet at fair value. Changes in fair value are recorded in "Gain (loss) on increase (decrease) in market values of FVPL investments". Interest earned or incurred is recorded in interest income or expense, respectively, while dividend income is recorded as such according to the terms of the contract, or when the right of payment has been established.

As of December 31, 2016 and 2015 the Group has designated as FVPL all investments in bonds that have callable and other features, managed/hedged funds, and derivatives amounting to ₱769.7 million and ₱509.0 million, respectively. No financial liability at FVPL is outstanding as of December 31, 2016 and 2015 (see Note 8).

(b) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not in an active market. They are not entered into with the intention of immediate or short-term resale. After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included in the interest income in the consolidated statement of income. The losses arising from impairment of such loans and receivables are recognized as "Recoveries (valuation allowances) - net" account under "Other income (charges) - net" in the consolidated statement of income.

Included under loans and receivables are cash in banks, short-term investments, trade receivables, notes receivable, interest receivable, receivables from villa owners, advances to employees and other receivables.

(c) AFS investments

AFS investments are those which are designated as such or do not qualify to be classified as FVPL, HTM or loans and receivables. They are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions. They include equity investments, money market papers, investments in managed funds and other debt instruments.

After initial measurement, AFS investments are subsequently measured at fair value. However, AFS instruments in unquoted equity shares whose fair values cannot be reliably measured are carried at cost, less any impairment loss. The effective yield component of AFS debt securities, as well as the impact of restatement on foreign currency-denominated AFS debt securities, is reported in the consolidated statement of income. The unrealized gains and losses arising from the fair valuation of AFS investments and the impact of restatement on foreign currency-denominated AFS equity securities are reported as part of other comprehensive income.

When the security is disposed of, the cumulative gain or loss previously recognized under other comprehensive income is transferred to profit or loss as “Gain on sale of AFS investments”. Where the Group holds more than one investment in the same security, cost of the disposed investment is determined on a weighted average cost basis. Interest earned on holding AFS investments are reported as interest income using the effective interest rate. Dividends earned on holding AFS investments are recognized as such in the consolidated statement of income when the right of payment has been established.

The Group classifies bonds held as AFS investments as current assets when the investments are expected to mature within twelve months after the reporting period.

As of December 31, 2016 and 2015, the Group’s AFS investments include investment in equity securities and bonds and convertible notes.

(d) Other financial liabilities

All loans and borrowings are initially recognized at the fair value of the consideration received, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated statement of income when the liabilities are derecognized as well as through the amortization process.

Borrowings are classified as current liabilities unless these are expected to be settled within 12 months after the reporting date or the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

As of December 31, 2016 and 2015, included in other financial liabilities are the Group’s notes payable, accounts payable and accrued expenses, long-term debt and dividends payable.

As of December 31, 2016 and 2015, there were no financial instruments classified as HTM.

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 or removed from the consolidated balance sheet where:

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

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group’s continuing involvement in the asset.

Financial liabilities
A financial liability is removed from the consolidated balance sheet when the obligation under the liability is discharged or 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 will result into the removal 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 end of reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

Assets carried at amortized cost
For loans and receivables carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

For individually significant financial assets, if there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as industry, collateral type, past-due status and term.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with changes in related observable data from period to period (such changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the Group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate, adjusted for the original credit risk premium. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable. The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to the consolidated statement of income. Interest income, if any, continues to be recognized based on the original effective interest rate of the asset. Loans, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. If a future write-off is later recovered, any amounts formerly charged are credited to "valuation allowances" account under "Other income (charges) - net" in the consolidated statement of income.

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 unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

AFS investments
In case of equity investments classified as AFS, objective evidence of impairment 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. The losses arising from impairment of such investments are recognized as "valuation allowances" account under "Other income (charges) - net" in the consolidated statement of income. Impairment losses on equity investments are not reversed through the consolidated statement of income. Increases in fair value after impairment are recognized in the consolidated statement of comprehensive income.

In the case of debt instruments classified as AFS investments, 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 "Interest income" in the consolidated statement of income. If, in the 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.

"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 use is made of data which is not observable, the difference between the transaction price and model value is recognized in the consolidated statement of income only when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

Offsetting 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. This is not generally the case with master netting agreements and the related assets and liabilities are presented gross in the consolidated balance sheet. 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.

Revenue
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received excluding discounts, rebates, and other sales taxes or duties.

The following specific recognition criteria must be met before revenue is recognized:

Sale of goods
Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Sale of real estate
Sale of villa lots is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Revenue on villa development project
Revenue on Villa Development Project of a subsidiary is recognized under the completed contract method.

Rendering of services
Handling fee, service fee, management fees, air transport services, and other aviation-related activities are recognized when the services have been performed.

Revenue on nurse placements is recognized upon the nurses' arrival and employment in the U.S. and UAE hospitals.

All deposits on contracts with U.S. hospitals are recorded under "Deferred revenues" until the contracted nurses' arrival and employment in the U.S. and UAE hospitals.

Revenue from temporary staffing is recognized when services are rendered.

Revenue on permanent placements is recognized when the candidate starts with the contracting facility. If a candidate leaves a permanent placement within a relatively short period of time, it is customary for the Group to provide a replacement at no additional cost to the hospital.

Revenue from contractual services consists of jobs filled by subcontractors. The Group contracts with other staffing companies to provide the travelers to fill the jobs for the Group. These staffing companies are called subcontractors. Subcontractors are paid based on agreed terms at a percentage of the invoice.

Revenue from rooms is recognized based on actual occupancy. Other ancillary services are recognized when the related services are rendered and/or facilities/amenities are used.

Interest
Interest income from bank deposits and investments in bonds are recognized as interest accrues based on the effective interest rate method.

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

Rental
Rental income is accounted for on a straight-line basis over the lease term.

Costs and Expenses
Costs and expenses are recognized in profit or loss when there is a decrease in future economic benefit related to a decrease in an asset, or an increase of a liability, that can be measured reliably. Costs and expenses include the cost of administering the business, and are expensed as incurred.

Cost of goods sold
The cost of goods sold is recognized as expense when the related goods are sold.

Cost of real estate sold
The cost of real estate sold includes the acquisition cost of the land determined based on average method.

Costs of services rendered
All direct nurse costs incurred in deployment of nurses are deferred and included in "Other noncurrent assets" in the consolidated balance sheet, until the nurses' arrival and employment in the U.S. and UAE hospitals. Upon the nurses' arrival and employment in the U.S. and UAE hospitals, deferred costs are reversed to "Costs of services rendered".

Cost and expenses related to room services are charged to operations when incurred.

Selling, general and administrative expenses
All selling and general and administrative expenses are expensed as incurred.

Other Comprehensive Income
Other comprehensive income comprises of items of income and expense that are not recognized in consolidated profit or loss for the year in accordance with PFRS. Other comprehensive income of the Group pertains to gains and losses on remeasuring AFS investments, exchange differences on translating foreign operations and remeasurements comprising actuarial gains and losses on retirement plan assets and liabilities. In computing for the earnings available for dividend declaration and earnings per share, other comprehensive income is not considered.

Cash and Cash Equivalents
Cash includes cash on hand and with 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 and that are subject to an insignificant risk of change in value.

Restricted cash funds are recorded as other noncurrent assets unless the restriction is expected to be released at least 12 months after the reporting period.

Inventories
Inventories are valued at the lower of cost and net realizable value (NRV). Cost of aircraft spare parts and supplies is determined at purchase price using the first-in, first-out method while NRV is the estimated current replacement cost of such spare parts and supplies.

Cost of food and beverage inventories and operating supplies is determined using the moving average method. NRV of food and beverage inventories is the estimated selling price in the ordinary course of business, less the estimated cost of preparation and the estimated cost necessary to make the sale. NRV of operating supplies is the estimated current replacement cost.

Residential units held for sale include those costs incurred for the development and improvement of the properties. Its NRV is based on the available net selling price of similar residential units sold during the year.

For cable and wire manufacturing, finished goods and work in process is determined at standard cost adjusted to actual cost, which includes direct materials, direct labor and applicable allocation of fixed and variable costs, determined using weighted average method. Raw materials, other materials, reels inventory and spare parts and supplies are determined at purchase price using weighted average method.

Prepayments
Prepayments include advance payments of various goods and services that are yet to be delivered and from which future economic benefits are expected to flow to the Group within the normal operating cycle or, within 12 months from the reporting date.

They are initially measured at the amount paid in advance by the Group for the purchase of goods and services and are subsequently decreased by the amount of expense incurred.

Property and Equipment
Depreciable properties, including buildings and improvements, leasehold improvements, machinery and other equipment, flight and ground equipment, furniture, fixtures and office equipment, and transportation equipment are stated at cost less accumulated depreciation and amortization, and any impairment in value. Land is stated at cost less any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance, are normally charged to income in the period when 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 additional costs of property and equipment.

Property and equipment are written-off when either these are disposed of or when these are permanently withdrawn from use and there is no more future economic benefit expected from its use or disposal.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment in value are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Depreciation is computed on a straight-line method over the following estimated useful lives of the properties, except for aircraft engine which is computed based on flying hours.

Category	Number of Years
Buildings and improvements	10 - 30
Land improvements	25
Leasehold improvements*	5 - 20
Flight, ground, machinery and other equipment	2 - 25
Furniture, fixtures and office equipment	3 - 5
Transportation equipment	3 - 5

** or lease term, whichever is shorter*

The useful lives, depreciation and amortization method, and residual values are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the use of property and equipment.

Construction in progress (CIP) is stated at cost. This includes cost of construction and other direct costs. CIP is not depreciated until such time the relevant assets are completed and put into operational use.

Property Development in Progress

Property development in progress includes the development costs incurred.

Property development in progress is carried at the lower of cost incurred and net realizable value. Net realizable value is the selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

Investment Properties

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, the Group's investment properties are stated at cost, less accumulated depreciation and any accumulated impairment losses. Land is subsequently carried at cost less any impairment in value.

Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred. 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. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

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

Impairment of Nonfinancial Assets
At each reporting date, the Group assesses whether there is any indication that its nonfinancial assets (namely, property and equipment and investment properties) may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

An impairment loss is charged to operations in the year in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Goodwill
Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statement of income.

Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill as of December 31 of each year.

Customers' Deposit for Property Development
Customers' deposit for property development, which pertain to advance payment by a villa buyer that is required to start and complete the villa development, is recognized at the fair value of the deposit received. Upon completion of the sale, the deposit will be applied against the total selling price of the villa.

Other Noncurrent Assets and Other Noncurrent Liabilities
Other noncurrent assets generally represent restricted cash funds for future acquisition of specific property and equipment and for future villa operating requirements. A corresponding liability is recognized for these funds under other noncurrent liabilities.

Capital Stock
Capital stock represents the total par value of the shares issued.

Additional Paid-in Capital
Additional paid-in capital pertains to the amount paid in excess of the par value of the shares issued.

Retained Earnings
Retained earnings represent the cumulative balance of net income or loss, net of any dividend declared.

Unappropriated retained earnings represent that portion which is free and 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 which has been restricted and therefore is not available for any dividend declaration.

Cost of Shares Held by a Subsidiary
The Company's shares which are acquired and held by a subsidiary (treasury shares) are deducted from equity and accounted for at weighted average cost. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Company's shares. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital.

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and 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 that term of the renewal or extension was initially included in the lease term;
c. There is a change in the determination of whether fulfillment is dependent on a specified asset; or
d. There is a substantial change to the asset.

Where 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 above, and at the date of renewal or extension period for scenario b.

The Group as Lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term.

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

Borrowing Costs
Borrowing costs are generally expensed as incurred. Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use.

Pension Benefits
The Group has non-contributory defined benefit retirement plans.

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.

Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

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

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

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

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. 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.

Provisions and Contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and 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. Where 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 any 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 expected future cash flows at a pre-tax rate that reflects current market assessments 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 but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized but are 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 tax laws used to compute the amounts are those that have been enacted or substantively enacted as of end of the reporting period.

Deferred income tax

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

Deferred income tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred income tax assets are recognized for deductible temporary differences, carryforward benefits of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax, and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from excess MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized on temporary differences that arise 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 income nor taxable income.

Deferred income tax liabilities are not provided on taxable temporary differences associated with investments in domestic subsidiaries. With respect to investments in foreign subsidiaries, deferred income tax liabilities are recognized except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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 profit 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 income will allow the deferred income tax assets to be recovered.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are applicable 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.

Current income tax and deferred income tax relating to items recognized directly in equity are also recognized in equity 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 set off current income tax assets against current income tax liabilities and deferred income taxes relate to the same taxable entity and the same taxation authority.

Value-added Tax (VAT)
Input VAT is the 12% indirect tax paid by the Group in the course of the Group's trade or business on local purchase of goods or services, including lease or use of property, from a VAT-registered person. VAT on capital goods are spread evenly over the useful life or 60 months, whichever is shorter.

Output VAT pertains to the 12% tax due on the lease or exchange of taxable goods or properties or services by the Group.

If at the end of any taxable month the output VAT exceeds the input VAT, the excess shall be paid by the Group. If the input VAT exceeds the output VAT, the excess shall be carried over to the succeeding month or months. Input VAT on capital goods may, at the option of the Group, be refunded or credited against other internal revenue taxes, subject to certain tax laws.

Expenses and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Earnings Per Share
Basic earnings per share (EPS) is computed by dividing net income for the year by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any. The Company does not have potentially dilutive common shares as of December 31, 2016, 2015 and 2014.

Dividends on Common Shares
Dividends on common shares are recognized as a liability and deducted from equity when approved by the respective shareholders of the Company and subsidiaries. Dividends for the year that are approved after the end of reporting period are dealt with as an event after the end of reporting period.

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 consolidated financial statements when material.

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 5.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires the Group to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, other comprehensive income (loss) and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

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

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 amounts recognized in the consolidated financial statements.

Determination of functional currency
The Company's functional currency was determined to be the Peso. It is the currency of the primary economic environment in which the Company operates.

Classification of financial instruments
The Group classifies a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definition of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated balance sheets (see Note 28).

Operating lease commitments - the Group as Lessee
The Group has entered into leases of office and commercial spaces. The Group has determined that all significant risks and rewards of ownership of these spaces remain with the lessors.

Operating lease commitments - the Group as Lessor
The Group has entered into a commercial property lease on its investment property. The Group has determined that it retains all the significant risks and rewards of ownership of this property and so accounts for it as an operating lease.

Determination of absence of significant influence over Enderun
The Company determined that it has no significant influence over Enderun. Management assessed that it does not exercise significant influence over the financial and operating policy decisions of the investee. Accordingly, Enderun is considered an AFS investment (see Note 11).

Assessment of control over the entities for consolidation
The Group has wholly-owned and majority-owned subsidiaries discussed in Note 3. Management concluded that the Group controls these majority-owned subsidiaries arising from voting rights and, therefore, consolidates the entity in its consolidated financial statements. In addition, the Group accounts for its investments in Summerside as a subsidiary although the Group holds less than 50.0% of Summerside's issued share capital. Management concluded that the Group has the ability to control the relevant activities and to affect its returns in Summerside.

<u>Estimates and Assumptions</u>
The key assumptions concerning the future and other key sources of estimation and uncertainty at the balance sheet date, 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.

Impairment losses on loans and receivables
The Group reviews its loans and receivables at each reporting date to assess whether an impairment loss should be recorded in the consolidated statement of income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

For the advances to related parties, the Group uses judgment, based on the best available facts and circumstances, including but not limited to, assessment of the related parties' operating activities (active or dormant), business viability and overall capacity to pay, in providing reserve allowance against recorded receivable amounts. For the receivables, the Group evaluates specific accounts where the Group has information that certain customers or third parties are unable to meet their financial obligations. Facts, such as the Group's length of relationship with the customers or other parties and their current credit status, are considered to ascertain the amount of reserves that will be recognized. These reserves are re-evaluated and adjusted as additional information is received. Allowance for doubtful accounts as of December 31, 2016 and 2015 amounted to ₱630.2 million and ₱637.3 million, respectively. Receivables and advances, net of valuation allowance, amounted to ₱2,110.1 million and ₱1,961.4 million as of December 31, 2016 and 2015, respectively (see Notes 9 and 12).

Valuation of unquoted equity investments
Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's-length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for terms with similar terms and risk characteristics; or,
- other valuation models.

However, if the range of reasonable fair value measurements is significant and the probabilities of the various estimates cannot be reasonably assessed, the Group measures the investment at cost.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. The Group performs periodic reassessment by reference to prices from observable current market transactions in the same instrument or from other available observable market data (see Note 28).

Unquoted equity investments amounted to ₱1,403.0 million and ₱1,127.5 million as at December 31, 2016 and 2015, respectively (see Note 11).

Impairment of AFS equity investments
The Group recognizes impairment losses on AFS equity investments when there has been a significant or prolonged decline in the fair value below its cost or when other objective evidence of impairment exists. The determination of what is significant or prolonged decline requires judgment. The Group generally treats significant decline as 30% or more and prolonged decline as greater than 12 months. In addition, the Group evaluates other factors, including normal volatility in share price for equities and the future cash flows and the discount factors for unquoted equities.

In 2016, 2015 and 2014, total impairment loss recognized amounted to ₱590.9 million, ₱607.3 million and ₱161.5 million, respectively, on its equity instruments. AFS equity investments amounted to ₱7,513.4 million and ₱6,508.3 million as at December 31, 2016 and 2015, respectively (see Note 11).

Impairment of AFS debt investments
For AFS debt investments, the Group assesses the counterparty's ability to comply with the contractual obligations to pay out principal and interest. Further, the Group assesses whether the market prices of these bonds indicate objective evidence of impairment. In 2016, 2015 and 2014, total impairment loss recognized amounted to nil, ₱197.9 million, and ₱98.4 million, respectively. The carrying value of AFS debt investments amounted to ₱847.8 million and ₱907.5 million as at December 31, 2016 and 2015, respectively (see Note 11).

Estimation of allowance for inventory and impairment losses
The Group estimates the allowance for inventory obsolescence and impairment losses related to inventories based on specifically identified inventory items. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for inventory and impairment losses would increase recorded expenses and decrease current assets.

As of December 31, 2016 and 2015, allowance for inventory losses and obsolescence amounted to ₱108.5 million and ₱74.7 million, respectively. The carrying amount of the inventories amounted to ₱683.9 million and ₱701.0 million as of December 31, 2016 and 2015, respectively (see Note 10).

Estimation of useful lives of the Group's property and equipment
The Group estimates the useful lives of property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the assets. In addition, the estimation of the useful lives of these assets is based on collective assessment of internal technical evaluation and experience with similar assets. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

As of December 31, 2016 and 2015, the carrying value of property and equipment amounted to ₱2,648.7 million and ₱2,701.9 million, respectively (see Note 13).

Investments carried at equity method
Investments carried at equity method are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group's impairment test on investments carried at equity is based on value in use calculations that use a discounted cash flow model. The cash flows are derived from the budget for the next five years as well as the terminal value at the end of five years. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The carrying amounts of the investments amounted to ₱1,941.3 million and ₱1,821.6 million as of December 31, 2016 and 2015, respectively (see Note 12).

Impairment of non-financial assets
(a) Property and equipment and investment properties

The Group assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

As of December 31, 2016 and 2015, the carrying value of property and equipment and investment properties amounted to ₱2,883.6 million and ₱2,962.5 million, respectively (see Notes 13 and 14).

There is no impairment loss on property and equipment and investment properties for each of the three years in the period ended December 31, 2016 (see Notes 13 and 14).

(b) Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Considering the U.S. crisis and the unemployment rate, the Group recognized an impairment provision of ₱100.0 million since December 31, 2009 on its investment in Cirrus.

As of December 31, 2016 and 2015, the carrying value of goodwill amounted to ₱1,889.5 million and ₱1,852.4 million, respectively (see Note 6).

Recognition of deferred income tax assets
The Group reviews the carrying amounts of the deferred income tax assets at each end of reporting period and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. However, there is no assurance that the Group will

utilize all or part of the deferred income tax assets. As of December 31, 2016 and 2015, the Group recognized deferred income tax assets amounting to ₱62.3 million and ₱59.2 million, respectively (see Note 24).

Determination of pension and other retirement benefits
The cost of defined benefit pension plans as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Net retirement plan asset as at December 31, 2016 and 2015 amounted to ₱56.0 and ₱59.5 million, respectively. Net retirement benefits payable as of December 31, 2016 and 2015 amounted to ₱3.8 and ₱6.7 million, respectively. Further details are provided in Note 23.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country. Further details about the assumptions used are provided in Note 23.

Provisions and contingencies
Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provision and disclosure of contingencies are discussed in the preceding notes and in Note 30.

Purchase price allocation in business combinations and goodwill
The Company accounts for the acquired businesses using the acquisition method which require extensive use of accounting judgments and estimates to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities and contingent liabilities, if any, at the acquisition date. Any difference in the purchase price and the fair values of the net assets acquired is recorded as either goodwill in the consolidated statement of financial position or gain on bargain purchase in profit or loss. Thus, the numerous judgments made in estimating the fair value to be assigned to the acquiree's assets and liabilities can materially affect the Company's financial position and performance.

The Company's acquisitions of certain subsidiaries have resulted in recognition of goodwill. In 2014, the acquisition of PDIPI and its subsidiary, PDP Energy, has resulted in recognition of goodwill which amounted to ₱1,452.5 million based on provisional purchase price allocation. In 2015, the valuation was completed and final goodwill amounted to ₱1,202.9 million.

The total carrying value of goodwill amounted to ₱1,889.5 million and ₱1,852.4 million as of December 31, 2016 and 2015, respectively (see Note 6).

5. Segment Information

The Company and its subsidiaries' operating businesses are organized and managed separately according to the nature of the products or services offered. Majority of the companies within the Group were incorporated and operating within the Philippines, except for the Nurse/Physical Therapist (PT) Staffing business. The Group has no inter-segment sales and transfers. The amounts disclosed were determined consistent with the measurement basis under PFRS.

Holding company segment pertains to the operations of the Company.

Nurse/PT staffing companies segment pertains to the subsidiaries providing healthcare and allied services operating in the United States.

Resort Operations and Villa Development segment pertains to the Company's subsidiary providing hotel and resort accommodation, relaxation and entertainment, among others (see Note 3).

Cable and Wire Manufacturing segment pertains to the Company's subsidiaries engaged in manufacturing, importing, exporting, buying, selling or otherwise dealing in, at wholesale, goods such as building wires, power cables, aluminum wires and cables, copper rods, automotive wires and other energy-related goods of electrical nature, including all equipment, materials, supplies used or employed in or related to the manufacture of its finished products.

Amounts for the investments in associates comprise the Group's equity in net earnings of the associates.

Other operations include air transportation, hangarage, real estate holding and management, and recruitment services.

The following tables present the financial information of the business segments as of and for the years ended December 31, 2016, 2015 and 2014 (in thousands):

	Before Eliminations							
	US	Philippines						
	Nurse/PT Staffing Company	Holding Company (Parent)	Resort Operations and Villa Development	Cable and Wire Manufacturing	*Other Operations	Total	Eliminations	Consolidated
As of and for the year ended December 31, 2016								
Revenues, excluding interest income	₱2,572,772	₱856,376	₱1,314,254	₱6,407,017	₱539,107	₱11,689,526	(₱817,954)	₱10,871,572
Interest income	1,764	83,174	2,921	2,147	219	90,225	5,087	95,312
Investment gains	(8,503)	815,206	-	-	-	806,703	112,663	919,366
Interest expense	494	57,309	403	45,737	3,308	107,251	1,756	109,007
Income tax expense	108,724	21,050	35,226	255,450	11,241	431,691	(7,995)	423,696
Net income	481,259	1,005,126	380,525	750,604	326,303	2,943,817	(1,253,526)	1,690,291
Total assets	4,349,889	17,754,581	1,624,041	3,905,133	8,210,950	35,844,594	(14,317,093)	21,527,501
Investments and advances	2,835,554	7,872,221	83,259,562	-	2,100	93,969,437	(92,025,863)	1,943,574
Property and equipment	3,897	23,922	809,384	568,299	108,568	1,514,070	1,134,661	2,648,731
Total liabilities	3,925,918	1,911,194	510,613	1,525,781	456,188	8,329,694	(3,549,693)	4,780,001
Depreciation and amortization	4,356	8,095	97,312	18,159	2,819	130,741	105,908	236,649
Impairment loss	8,332	653,673	-	-	2,794	664,799	(73,900)	590,899
Cash flows from (used in):								
Operating activities	321,770	593,426	90,277	809,980	11,818	1,827,271	(852,173)	975,098
Investing activities	(1,441)	711,084	(83,242)	(62,793)	42,435	606,042	39,875	645,918
Financing activities	(329,610)	(918,317)	(10,869)	(421,429)	(47,316)	(1,727,541)	731,886	(995,655)

**"Other Operations" include ASAC, AAC, Anscorcon, AI, AHI, CGI, IAI and the Group's equity in net earnings of associates.*

	Before Eliminations							
	US	Philippines						
	Nurse/PT Staffing Company	Holding Company (Parent)	Resort Operations and Villa Development	Cable and Wire Manufacturing	*Other Operations	Total	Eliminations	Consolidated
As of and for the year ended December 31, 2015								
Revenues, excluding interest income	₱1,850,730	₱2,742,914	₱937,545	₱6,102,341	₱382,875	₱12,016,405	(₱2,565,243)	₱9,451,162
Interest income	–	75,395	758	1,083	6,079	83,315	–	83,315
Investment gains	–	1,061,719	–	–	(1,160)	1,060,559	5,000	1,065,559
Interest expense	340	74,240	1,155	39,134	1,730	116,599	–	116,599
Income tax expense (benefit)	66,883	(15,815)	29,167	221,657	15,500	317,392	(7,994)	309,398
Net income	108,864	2,759,487	166,854	574,356	364,558	3,969,119	(2,606,327)	1,363,262
Total assets	1,041,115	16,382,877	1,799,068	3,488,824	3,745,714	26,457,598	(6,905,218)	19,552,380
Investments and advances	–	8,132,207	74,091	–	2,253,691	10,459,989	(8,635,729)	1,824,260
Property and equipment	4,743	29,727	837,454	573,253	95,388	1,540,565	1,161,312	2,701,877
Total liabilities	129,598	2,252,921	1,067,586	1,616,524	4,695,279	9,761,908	(4,144,448)	5,617,460
Depreciation and amortization	4,914	7,369	97,984	70,967	29,435	210,669	26,099	236,768
Impairment loss	–	550,091	4,266	14,940	271,826	841,123	–	841,123
Cash flows from (used in):								
Operating activities	927,193	1,435,669	430,416	773,270	48,197	3,614,745	(2,061,858)	1,552,887
Investing activities	(38,281)	786,261	(64,949)	(101,420)	(5,368)	576,243	(960,346)	(384,103)
Financing activities	(909,597)	(2,125,914)	(280,715)	(492,814)	(21,151)	(3,830,191)	3,048,487	(781,704)

**"Other Operations" include ASAC, AAC, Anscorcon, AI, APHI, CGI, IAI and the Group's equity in net earnings of associates.*

	Before Eliminations							
	US	Philippines						
	Nurse/PT Staffing Company	Holding Company (Parent)	Resort Operations	*Other Operations	Investments in Associates	Total	Eliminations	Consolidated
As of and for the year ended December 31, 2014								
Revenues, excluding interest income	₱1,250,017	₱760,785	₱494,071	₱–	₱545,505	₱3,050,378	(₱597,009)	₱2,453,369
Interest income	9,349	80,214	3,353	–	3,523	96,439	–	96,439
Investment gains	–	1,708,776	–	–	(218)	1,708,558	–	1,708,558
Interest expense	1,981	53,840	1,912	–	3,628	61,361	–	61,361
Income tax expense (benefit)	19,511	(3,777)	6,754	–	6,872	29,360	–	29,360
Net income (loss)	30,352	1,602,622	(27,280)	–	474,120	2,079,814	(45,072)	2,034,742
Total assets	3,631,986	18,534,609	1,646,336	3,326,645	693,273	27,832,849	(6,513,391)	21,319,458
Investments and advances	2,012,400	7,743,783	–	–	35,827	9,792,010	(8,250,019)	1,541,991
Property and equipment	4,275	32,974	860,177	543,922	72,652	1,514,000	831,505	2,345,505
Total liabilities	3,452,932	4,356,736	881,577	421,764	343,102	9,456,111	(3,346,093)	6,110,018
Depreciation and amortization	7,101	2,235	92,390	–	31,181	132,907	–	132,907
Impairment loss	2,599	700,348	352	–	5,034	708,333	–	708,333
Cash flows from (used in):								
Operating activities	42,297	568,772	218,641	–	18,432	848,142	(118,683)	729,459
Investing activities	(1,269)	(2,041,432)	(151,145)	–	(38,976)	(2,232,822)	943,879	(1,288,943)
Financing activities	40,425	1,445,125	5,106	–	(12,397)	1,478,259	(244,153)	1,234,106

**"Other Operations" include ASAC, AAC, Anscorcon, AI, APHI, CGI, IAI and the Group's equity in net earnings of associates.*

6. Business Combinations

a. Step-acquisition

On December 19, 2014, the Company acquired 60% shares and voting interest in PDIPI, and its subsidiary, PDP Energy (collectively referred to as "PDP Group"). As a result, the Company's equity interest in PDP Group increased from 40% to 100%, obtaining control of PDP Group. The primary reason for the additional investment is that the Company believes in the continuing success of PDP Group and in its ability to give an attractive rate of return.

The final fair values of identifiable assets and liabilities of PDP Group at the date of acquisition were (in millions):

	Final Fair Values Recognized on Acquisition
Cash and cash equivalents	₱661.0
Receivables	1,241.5
Inventories	778.2
Property, plant and equipment	1,608.0
Other assets	102.7
Total assets	4,391.4
Accounts payable and accrued expenses	(358.5)
Other payables	(63.9)
Deferred income tax liability	(319.2)
Total identifiable net assets acquired	3,649.8
Goodwill arising from the acquisition	1,202.9
Total consideration	₱4,852.7
Cash paid (presented as investing activities)	₱2,995.7
Fair value of previously held interest	1,857.0
Total consideration	₱4,852.7

The fair values of trade receivables amounted to ₱1,241.5 million. The gross amount of trade receivables is ₱1,307.5 million, of which ₱66.0 million is expected to be uncollectible.

The deferred tax liability mainly comprises the tax effect of the excess of fair value over cost of property, plant and equipment.

Goodwill is allocated entirely to PDP Energy, the cash generating unit. There are no specific values assigned to the customer and staff base. These are not separate and quantifiable and therefore, do not meet the criteria for recognition as an intangible asset under PAS 38, *Intangible Assets*.

Acquisition-related costs of ₱6.5 million have been charged to operations in 2014.

Since the change in ownership occurred towards the end of the year, for purposes of consolidation of balance sheet, the Company treated PDP Group as a consolidated subsidiary at the end of 2014. As such, no revenue and cost and expenses of PDP Group were included in the consolidated statement of comprehensive income in 2014. Had PDP Group been consolidated from January 1, 2014, the consolidated statement of income would show an increase in pro-forma revenue of ₱6,552.4 million and increase in net income of ₱321.3 million in 2014.

The Company recognized a gain of ₱699.0 million as a result of measuring at fair value its 40% equity interest in PDP Group held before the business combination. The gain is included in "Other income (charges) - net" account in the 2014 consolidated statement of income (see Note 22).

b. Goodwill represents the excess of acquisition cost of the following subsidiaries over Anscor's share in the fair value of their net assets. The carrying amount of goodwill allocated to each cash-generating unit (subsidiaries) follows (in millions):

	2016	2015
PDP (see Note 6a)	**₱1,202.9**	₱1,202.9
Cirrus	**587.2**	550.2
SSRLI (Note 12)	**99.3**	99.3
	₱1,889.4	₱1,852.4

The goodwill allocated to Cirrus of ₱577.9 million, before accumulated exchange differences amounting to ₱115.1 million and ₱78.1 million as of December 31, 2016 and 2015, respectively, and valuation allowance amounting to ₱105.8 million as of December 31, 2016 and 2015, comprises the value of the acquired companies' customer and staff base and existing market share in the healthcare staffing industry. There are no specific values assigned to the customer and staff base. These are not separate and quantifiable and therefore, do not meet the criteria for recognition as an intangible asset under PAS 38, *Intangible Assets*. The goodwill from Cirrus increased by ₱37.0 million and ₱32.7 million in 2016 and 2015, respectively, due to foreign exchange differences.

c. Impairment Testing of Goodwill

i. PDP Group

The recoverable amount of the investments in PDP Group has been determined based on the value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five year period. The key assumptions used to determine the recoverable amount as of December 31, 2016 are discussed below:

Discount rate
Discount rate is consistent with the risk-free industry interest rate. The pre-tax discount rates applied to cash flow projections in 2016 and 2015 are 12.2% and 11%, respectively.

Terminal value
Terminal value is computed based on Gordon Growth model, which is the quotient of the normalized value of free cash flows assuming a growth rate of 5%, and the difference of the discount rate and growth rate.

Growth rate
PDP Group assumed a growth rate of 5% in 2016 and 2015. Management has used the average industry growth rate for the forecast.

Sensitivity to changes in assumptions
Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of the cash-generating unit to materially exceed its recoverable amount.

ii. Cirrus

The recoverable amount of the investments in Cirrus has been determined based on the value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The key assumptions used to determine the recoverable amount as of December 31, 2016 and 2015 are discussed below:

Discount rate
Discount rate is consistent with the risk-free industry interest rate. The pre-tax discount rates applied to cash flow projections in 2016 and 2015 are 11% and 12%, respectively.

Terminal value
Terminal value is computed based on Gordon Growth model, which is the quotient of the normalized value of free cash flows assuming a growth rate of 4%, and the difference of the discount rate and growth rate.

Growth rate
Cirrus assumed a growth rate of 9% and 10% in 2016 and 2015, respectively. Growth rate assumptions for the five-year cash flow projections are supported by the different initiatives of Cirrus which started in 2010.

Sensitivity to changes in assumptions
Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of the cash-generating unit to materially exceed its recoverable amount.

iii. SSRLI

The recoverable amount of the investments in SSRLI has been determined based on the value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The key assumptions used to determine the recoverable amount as of December 31, 2016 and 2015 are discussed below:

Discount rate
Discount rate is consistent with the risk-free industry interest rate. The pre-tax discount rate applied to cash flow projections in 2016 and 2015 are 11.2% and 12.5%, respectively.

Growth rate
Growth rate assumptions for the five year cash flow projections in 2016 and 2015 are supported by the different initiatives of SSRLI. The Company used 5% to 13% and to 9% to 24% growth rate in revenue for its cash flow projection in 2016 and 2015, respectively.

Terminal value
Terminal value is computed based on Gordon Growth model, which is the quotient of the normalized value of free cash flows assuming a growth rate of 4%, and the difference of the discount rate and growth rate.

Sensitivity to changes in assumptions
Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of the cash-generating unit to materially exceed its recoverable amount.

7. Cash and Cash Equivalents

	2016	2015
Cash on hand and with banks	**₱1,803,257,745**	₱1,296,692,431
Short-term investments	**600,481,773**	477,626,741
	₱2,403,739,518	₱1,774,319,172

Cash with banks earn interest at the respective bank deposit rates ranging from 0.25% to 1.25% and 0.125% to 0.25% in 2016 and 2015, respectively. Short-term investments with interest rates ranging from 0.16% to 0.55% in 2016 and 2015 are made for varying periods of up to three months depending on the immediate cash requirements of the Group (see Note 22).

8. Fair Value Through Profit or Loss (FVPL) Investments

	2016	2015
Bonds	**₱744,616,051**	₱481,184,519
Funds and equities	**3,345,600**	6,352,114
Others	**21,718,480**	21,440,001
	₱769,680,131	₱508,976,634

This account consists of investments that are designated as FVPL and held-for-trading investments. Designated FVPL investments consist of foreign currency-denominated fixed income securities with embedded derivatives (e.g. call and put options) that significantly modify the security's cash flow. These investments are classified under bonds and others.

Held-for-trading investments include foreign currency-denominated mutual/hedge funds, and equity investments that are managed together on a fair value basis. These investments are classified under funds and equities.

FVPL investments in bonds represent foreign currency-denominated bond securities with variable and fixed interest rates. The FVPL coupon interest rate per annum ranges from 3.50% to 13.13% in 2016, 4.24% to 13.13% in 2015, and 5.25% to 13.13% in 2014.

Net gains (losses) on increase (decrease) in market value of FVPL investments as of December 31 are as follows (in millions):

	Unrealized valuation gains (losses) in market values as of December 31		**Gain (loss) on increase (decrease) in market value of FVPL Investments**
	2016	2015	**In 2016**
Bonds	**(₱22.2)**	**(₱43.8)**	**₱21.6**
Funds and equities	**(0.4)**	**(1.7)**	**1.3**
Others	**1.9**	**1.9**	**–**
Total	**(20.7)**	**(43.6)**	**22.9**
Add realized loss on sale of FVPL investments			**(2.3)**
Net gain on increase in market value of FVPL investments			**₱20.6**

	Unrealized valuation gains (losses) in market values as of December 31		Gain (loss) on increase (decrease) in market value of FVPL Investments
	2015	2014	in 2015
Bonds	(₱43.8)	(₱22.7)	(₱21.1)
Funds and equities	(1.7)	0.3	(2.0)
Others	1.9	1.2	0.7
Total	(43.6)	(21.2)	(22.4)
Add realized loss on sale of FVPL investments			(3.3)
Net loss on decrease in market value of FVPL investments			(₱25.7)

	Unrealized valuation gains (losses) in market values as of December 31		Gain (loss) on increase (decrease) in market value of FVPL Investments
	2014	2013	in 2014
Bonds	(₱22.7)	(₱16.3)	(₱6.4)
Funds and equities	0.3	(2.3)	2.6
Others	1.2	1.1	0.1
Total	(21.2)	(17.5)	(3.7)
Add realized loss on sale of FVPL investments			(5.8)
Net loss on decrease in market value of FVPL investments			(₱9.5)

There were no outstanding forward transaction as of December 31, 2016 and 2015.

9. Receivables

	2016	2015
Trade	**₱2,001,480,123**	₱1,860,418,462
Tax credits/refunds	**139,743,453**	69,087,707
Notes receivable	**32,000,000**	40,000,000
Interest receivable	**21,850,380**	16,498,411
Advances to employees	**14,567,248**	12,374,133
Receivables from villa owners	**11,069,973**	15,960,585
Dividend receivable	**3,299,072**	–
Advances to suppliers	**268,488**	2,117,084
Others	**8,672,669**	14,709,562
	2,232,951,406	2,031,165,944
Less allowance for doubtful accounts	**65,449,513**	72,497,441
	₱2,167,501,893	₱1,958,668,503

Trade receivables are non-interest bearing and are normally settled on 30 days' term.

As at December 31, 2016 and 2015, the Group has notes receivable amounting to ₱32.0 million from ATR Holdings, Inc. and ₱40.0 million from Maybank ATR Kim Eng, respectively. The notes bear 7% interest rate per annum, unsecured and currently due and demandable.

Interest receivable pertains to accrued interest income from cash and cash equivalents, FVPL and AFS investments in debt instruments.

Receivables from villa owners pertain to SSRLI's net rental share and handling fees from reimbursable expenses such as guest supplies and other amenities, operating supplies, utilities, manpower, laundry services and other expenses for villa maintenance.

Others include advances to suppliers related to the total cost of fuel tanks and pipelines funded initially by the subsidiary but will be recovered from the supplier over the supply contract period agreed upon by the parties.

Movement in the allowance for doubtful trade and other receivable accounts are as follows:

	2016		
	Trade	**Others**	**Total**
At January 1	**₱70,664,283**	**₱1,833,158**	**₱72,497,441**
Provision for the year (Note 22)	**26,082,261**	**–**	**26,082,261**
Write-off and translation adjustment	**(33,130,189)**	**–**	**(33,130,189)**
At December 31	**₱63,616,355**	**₱1,833,158**	**₱65,449,513**

	2015		
	Trade	Others	Total
At January 1	₱39,693,797	₱1,833,158	₱41,526,955
Provision for the year (Note 22)	32,110,190	–	32,110,190
Write-off and translation adjustment	(1,139,704)	–	(1,139,704)
At December 31	₱70,664,283	₱1,833,158	₱72,497,441

10. Inventories

	2016	2015
At cost:		
Raw Materials	**₱109,764,434**	₱75,782,695
Food and beverage	**18,747,134**	15,355,783
Aircraft parts in transit	**7,378,912**	10,033,989
Materials in transit	**5,277,159**	7,200,152
Reel inventory	**3,645,904**	4,043,109
	144,813,543	112,415,728
At net realizable value:		
Finished goods - net of allowance for inventory obsolescence of ₱26.9 million in 2016 and ₱19.0 million in 2015	**₱233,969,537**	₱262,455,851
Work in process - net of allowance for inventory obsolescence of ₱7.0 million in 2016 and 2015	**102,095,274**	116,874,466
Raw materials - net of allowance for inventory obsolescence of ₱12.2 million in 2016 and ₱6.8 million in 2015	**89,312,869**	81,757,647
Spare parts and operating supplies - net of allowance for inventory obsolescence of ₱36.1 million in 2016 and ₱35.3 million in 2015	**76,943,164**	104,184,985

(Forward)

	2016	2015
Aircraft spare parts and supplies - net of allowance for inventory losses of ₱5.1 million in 2016 and 2015	**₱25,240,149**	₱21,159,618
Construction-related materials - net of allowance for inventory obsolescence of ₱1.5 million in 2016 and 2015	**11,542,383**	2,135,894
	539,103,376	588,568,461
	₱683,916,919	₱700,984,189

Provision for inventory losses recognized in 2016, 2015 and 2014 amounted to ₱14.1 million, ₱7.1 million and ₱1.5 million, respectively.

Aircraft parts in transit are purchased from suppliers abroad under Freight on Board Shipping Point. These items are in the custody of either the Bureau of Customs or freight forwarder as of December 31, 2016.

Operating supplies pertain to inventory items used in providing services such as printing, cleaning and office and guest supplies.

Construction-related materials are excess materials and supplies from Villa Development Project. These are held for use in other construction of villa.

11. Available for Sale (AFS) Investments

	2016	2015
Quoted equity shares	**₱5,671,746,053**	₱5,082,198,801
Unquoted equity shares	**1,402,973,236**	1,127,466,140
Bonds and convertible note	**847,825,052**	907,451,753
Funds and equities	**254,471,051**	108,212,393
Proprietary shares	**184,210,321**	190,450,322
	8,361,225,713	7,415,779,409
Less current portion of AFS bonds	**47,728,517**	56,786,078
	₱8,313,497,196	₱7,358,993,331

Quoted equity shares consist of marketable equity securities that are listed and traded on the Philippine Stock Exchange (PSE). The fair market values of these listed shares are based on their quoted market prices as of December 31, 2016 and 2015 which are assessed to be the exit prices.

AFS investments in bonds represent foreign currency-denominated bond securities with variable and fixed coupon interest rate per annum ranging from 3.50% to 7.38% in 2016, 3.88% to 8.35% in 2015 and 4.22% to 9.88% in 2014. Maturity dates range from August 8, 2017 to October 15, 2025 for bonds held as of December 31, 2016 and April 22, 2016 to May 3, 2042 for bonds held as of December 31, 2015.

In 2016, 2015, and 2014, gain on sale of AFS investments amounted to ₱555.6 million, ₱1,091.2 million and ₱1,662.0 million, respectively.

The Group's AFS unquoted equity investments, bonds, and convertible note include the following:

a. Enderun College, Inc. (Enderun)

In 2008, the Company entered into a subscription agreement for the acquisition of 16,216,217 shares of stock equivalent to 20% equity stake in Enderun, a college that offers a full range of bachelor's degree and non-degree courses in the fields of hotel administration, culinary arts and business administration. The total cost of the investment in Enderun amounting to ₱286.2 million approximates its fair value as of December 31, 2014.

In 2015, the Company recognized ₱58.6 million gain on fair value adjustment in its investment in Enderun presented in other comprehensive income. The carrying value of the investment in Enderun amounted to ₱344.8 million as at December 31, 2016 and 2015, respectively.

Investment in Enderun is classified as AFS investments because the Company does not exercise significant influence and its holding in Enderun is not sufficient to carry major business decisions (see Note 4).

b. YmAbs Therapeutics, Inc. (YmAbs)

In December 2015, IQHPC invested US$1.0 million (₱47.1 million) in YmAbs, a clinical stage biotechnology company specializing in developing novel antibody therapeutics to treat cancer. This was classified as an AFS equity investment.

In November 10, 2016, IQHPC made additional investments to YmAbs amounting to US$0.75 million (₱37.3 million). In November 2016, IQHPC transferred its investment of 399,544 shares of common stock in YmABs to AI.

As of December 31, 2016 and 2015, the total investment of the Group in YmAbs amounted to ₱87.0 million and ₱47.1 million, respectively.

c. Leopard Cambodia Investments (BVI) Ltd. (Leopard)

In 2012, AI purchased 525 shares of Leopard. Leopard is a limited company established in the British Virgin Islands (BVI). The objective is to achieve capital appreciation through investments primarily in businesses with significant operations in Cambodia and in real estate located in Cambodia.

In 2016, AI sold its shares in Leopard for ₱12.5 million which resulted to a gain of ₱1.5 million.

d. KSA Realty Corporation (KSA)

The Company has an equity stake in KSA, the owner of The Enterprise Center, an office building. In 2015, the Company recognized ₱99.2 million gain on fair value adjustment in its investment in KSA which is presented in other comprehensive income (see Note 24).

On June 15, 2016, the Company acquired additional shares in KSA amounting to ₱236.5 million. This increased the Company's stake in KSA from 11% in 2015 to 14.28% in 2016. As at December 31, 2016 and 2015, the Company's investment in KSA amounted to ₱752.9 million and ₱516.4 million, respectively.

The Company received cash dividends from KSA amounting to ₱144.2 million and ₱68.5 million in 2016 and 2015, respectively.

e. Maybank ATR KimEng Capital Partners, Inc. (Maybank ATR)

On October 21, 2013, the Company entered into a Memorandum of Agreement with Maybank ATR and other parties to incorporate an entity that shall serve as the holding company of the parties for their investments in a stand-alone trust company. In 2013, the Company invested ₱18.75 million in 15,000,000 common shares and ₱18.75 million in 18,750,000 cumulative, non-voting, redeemable and non-convertible preferred shares of the new entity. These investments give the Company a total of 10% interest in the new entity. As of December 31, 2016 and 2015, the cost of the Company's investment amounted to ₱37.5 million.

f. Geothermal Project

On January 10, 2014, the Company entered into a loan and investment agreement with SKI Construction Company, Inc. (SKI), Red Core Investment Corp. (Red Core), Tayabas Power, Tiaong Geothermal Power, Inc. (Tiaong Power), and San Juan Geothermal Power, Inc. (San Juan Power) to jointly survey and explore the geothermal energy potential in the areas defined by the Tayabas, Tiaong and San Juan Geothermal Renewable Energy Service Contract (GRESC). Under this agreement, the Company committed to lend up to ₱172.0 million for exploration phase of the three sites. As at December 31, 2016 and 2015, total amount of investment amounted to ₱82.9 million, net of allowance for impairment amounting to ₱58.0 million.

The Company may choose to convert each Note into common shares of the three operating companies: Tayabas Power, Tiaong Power and San Juan Power to achieve 9.1% stake in each of these entities. If the Company opts not convert the note within the agreed time frame, these notes will accrue interest until they mature 62 months from the initial drawdown date.

Below is the rollforward of the unrealized valuation gains (losses) on AFS investments recognized in equity:

	2016	2015
Beginning balance	**₱686,254,240**	₱3,238,819,432
Gain (loss) recognized directly in equity - net of tax	**1,245,773,195**	(2,271,925,735)
Amount removed from equity and recognized in profit and loss - net of tax	**(32,250,711)**	(280,639,457)
Ending balance	**₱1,899,776,724**	₱686,254,240

In 2016, 2015 and 2014, the Group recognized impairment losses on its quoted and unquoted AFS debt and equity investments amounting to ₱590.9 million, ₱805.2 million, and ₱259.9 million, respectively (see Note 22).

12. Investments and Advances

	2016	2015
Investments at equity - net	**₱1,941,304,352**	₱1,821,604,352
Advances - net of allowance for doubtful accounts of ₱564.8 million in 2016 and 2015 (Note 26)	**2,269,627**	2,655,735
	₱1,943,573,979	₱1,824,260,087

Investments at equity consist of:

	2016	2015
Acquisition cost:		
Common shares	**₱199,199,033**	₱188,638,207
Preferred shares	**2,059,988,045**	1,997,775,000
Total	**2,259,187,078**	2,186,413,207
Accumulated equity in net earnings - net of valuation allowance	**(557,507,726)**	(484,733,855)
Effect of foreign exchange differences	**239,625,000**	119,925,000
	₱1,941,304,352	₱1,821,604,352

The significant transactions involving the Group's investments in associates for 2016 and 2015 follow:

<u>AGP International Holdings Ltd. (AGPI)</u>
In December 2011, AI entered into a subscription agreement with AGPI for US$5.0 million Convertible Bridge Notes (the "Notes"), with interest rate of 9% compounded annually. The principal, together with the accrued interest, is payable on the one year anniversary of the issuance of each Note. The Notes are convertible at the option of the holder into: (a) Series B preferred shares at the per share price paid to buy out existing Series A preferred shares (US$0.345/share or the "conversion price"); or (b) the equity security issued by AGPI in its next round of equity financing at the per share price paid in such next round of financing.

AGPI is a British Virgin Islands business company formed in 2010 in connection with the acquisition of equity of Atlantic, Gulf and Pacific Company of Manila, Incorporated (AG&P). AGPI, through its subsidiary and associates, is focused on providing modular engineering and construction and general engineering design services, including, fabrication, assembly and manpower services, particularly in the oil, gas, petrochemical, power generation and mining industries.

On June 28, 2013, AI converted the US$5.0 million Convertible Bridge Notes to 16.4 million Series B, voting preferred shares. On June 29, 2013, AI signed a definitive agreement with AGPI amounting to US$40.0 million for the subscription of 83.9 million Series C, voting preferred shares in AGPI. Series B and Series C preferred shares are convertible, at the option of the holder into Class A common shares. The subscription increased AI's holdings to 27% giving the Group significant influence over AGPI.

The principal place of business of AGPI is Vantepool Plaza, 2nd Floor, Wickhams Cay 1, Road Town, Tortola British Virgin Island.

The total cost of the investment in AGPI amounted to ₱2.0 billion. As of December 31, 2016 and 2015, the carrying value of the investment amounted to ₱1,941.3 million and ₱1,821.6 million, respectively.

Significant details of the balance sheets as of December 31, 2016 and 2015 and statements of comprehensive income for the years ended December 31, 2016 and 2015 (in millions):

	2016	2015
Balance Sheets:		
Current assets	**₱3,205.2**	₱6,466.3
Noncurrent assets	**11,109.7**	10,651.7
Current liabilities	**3,052.7**	8,097.8
Noncurrent liabilities	**3,873.0**	2,852.4
Equity	**7,385.2**	6,167.7
Statements of Comprehensive Income:		
Revenue	**7,052.1**	16,657.1
Income from continuing operations, before tax	**1573.1**	614.1
Net income	**1,447.7**	568.7
Other comprehensive loss	**(98.5)**	–
Total comprehensive income	**1,349.3**	568.7

Behavior Matrix, LLC (BM)

In October 2011, AI entered into a subscription agreement with Predictive Edge Media Holdings, LLC (PEMH) for the acquisition of 1,000,000 Series A preferred units at US$3 per unit, which constituted 10% of the total Series A preferred units outstanding. In the first quarter of 2012, all of AI's holdings in PEMH, first acquired in October 2011, were exchanged for an interest in Predictive Edge Technologies, LLC ("Predictive"), PEMH's parent company. Predictive is a US-based early-staged technology company, which provides products and services that make practical and effective use of its patented behavioral science, based on psychological principles and state-of-the art mathematics that allow it to measure and quantify emotions associated with digital content.

In July 2015, AI made an additional investment of US$0.5 million (₱22.5 million).

In March 2016, AI invested an additional US$0.437 million (₱20.3 million) through a convertible note. In October 2016, Predictive merged with Behavior Matrix, LLC (BM), its subsidiary, with the latter being the surviving company. As part of the restructuring of BM, the convertible notes and accrued interest were converted to equity on the same date and AI invested an additional US$0.814 million (₱39.2 million) for a 20.5% shareholding in BM. The increased ownership allows the AI to exercise significant influence over BM.

In 2016 and 2015, AI provided impairment loss on its investment in BM amounting to ₱62.2 million and ₱57.2 million, respectively (see Note 22).

As of December 31, 2016 and 2015, the net carrying value of AI's investment in BM presented under investments in equity and AFS investments, respectively, amounted to nil.

Prople Limited

In November 2013, AI invested US$4.0 million (₱175.9 million) convertible notes in Prople Limited. In August 2015 and February 2016, AI purchased Tranche C notes of Prople Limited amounting to US$0.5 million (₱22.6 million) and US$0.2 million (₱10.6 million), respectively. These notes are convertible at the option of the holder into common shares of Prople Limited. The interest is 5% for the first three years and if not converted on the third anniversary of closing date (i.e., November 18, 2016, the conversion date), the interest will be the prevailing five year US Dollar Republic of the Philippine (ROP) plus 400 basis points or 7%, whichever is higher for the next two years.

In Feburary 2016, AI converted the notes to equity, giving AI a 32% equity stake and a significant influence over Prople Limited.

In 2016 and 2015, AI provided impairment loss on its investment in Prople amounting to ₱10.6 million and ₱197.9 million, respectively (see Note 22).

As of December 31, 2016 and 2015, the net carrying value of AI's investment in Prople presented under investments in equity and AFS investments, respectively, amounted to nil.

The associates as of December 31, 2016 and 2015 have no contingent liabilities or capital commitments.

PDIPI and Subsidiaries

a. PDP Energy established PDEIC, a PEZA-registered company engaged in manufacturing wires, mainly for export.

b. Cash dividends received by the Company amounted to ₱250.0 million at ₱2.91 per share in 2016, ₱1.6 billion at ₱272.4 per share in 2015 and ₱95.2 million at ₱40.3 per share in 2014.

As discussed in Note 6, PDP Group became subsidiaries of the Company towards the end of December 2014. Prior to that, PDP Group is accounted for as an associate.

Anscor-Casto Travel Corporation

In 2014, the Company sold its 44% interest in Anscor-Casto Travel Corporation for ₱9.5 million which resulted in a gain for the same amount since the carrying value of the investment is nil.

Newco

In 2014, the Company sold its 45% interest in Newco for ₱46.6 million which resulted in a gain for the same amount since the carrying value of the investment is nil.

SSRLI and PRI

a. On January 9, 2007, SSRLI and the Philippine Economic Zone Authority (PEZA) signed a Registration Agreement declaring SSRLI as an Ecozone Developer/Operator, entitling SSRLI to establish, develop and construct the villas and to operate the Ecozone. SSRLI is entitled to four-year income tax holiday and tax-free importation on PEZA-covered registered activities under the Registration Agreement.

b. On December 18, 2009, SSRLI's resort operations have been registered with PEZA to engage in the renovation and expansion of Amanpulo Resort at the Pamalican Island Tourism Ecozone. SSRLI's resort operations are entitled to 5% gross income tax on revenues generated from foreign clients and regular income tax on non-foreign clients under the Registration Agreement.

c. On February 18, 2011, the BOD of the Company approved the Company's acquisition of additional shares from the minority shareholders of SSRLI. The acquisition increased the ownership of the Company from 46.79% to 62.30% of the total outstanding common and preferred shares of SSRLI. Total acquisition price for the additional shares is US$5.89 million (₱255.9 million) cash consideration plus the fair value of the 46.79% investment amounting to ₱302.7 million. Goodwill recognized from the acquisition amounted to ₱99.3 million.

d. On July 1, 2011, PRI took over the resort operations of SSRLI. On the same date, PEZA approved PRI's application for registration as an Ecozone Tourism Enterprise. SSRLI also transferred in the name of PRI all resort operation-related contracts entered into with related parties and third parties, including its long-term loans with a bank (see Note 18).

e. On October 3, 2012, PRI entered into an operating lease agreement with SSRLI covering all rights and interests in resort-related assets, which include land, land improvements and buildings for a period of 20 years beginning July 1, 2011.

f. As of December 31, 2013, all contracts with related parties that are related to resort operations were transferred to PRI except for the foreshore lease contract with the Department of Environment and Natural Resources (DENR) which is non-transferrable.

g. On February 20, 2013, the BOD and stockholders authorized the increase in PRI's authorized capital stock from ₱1.0 million, divided into 10,000 common shares with par value of ₱100 per share, to ₱200.0 million, divided into 1,500,000 preferred shares and 500,000 common shares, both with par value of ₱100 per share. On August 28, 2013, Philippine SEC approved the increase in the authorized capital stock. On the same date, SSRLI has subscribed to 850,000 preferred shares.

h. On October 10, 2013, SSRLI subscribed to additional 150,000 preferred shares of PRI at an issue price of ₱666.67 and assigned its outstanding receivable amounting to ₱100 million as payment for such subscription. The excess of the assigned receivables of ₱85.0 million over the par value of shares subscribed of ₱15.0 million was recorded as additional paid in capital.

i. In December 2013, the remaining 53,366,400 Class A preferred shares and 35,577,600 Class B preferred shares of SSRLI were subscribed at ₱1.22 per share for a total amount of ₱108.8 million by its existing stockholders via conversion of the SSRLI's shareholders' advances into preferred stock equity based on their proportionate shareholdings in SSRLI. The excess of the consideration received over par value amounting to ₱19.9 million was recorded as additional paid in capital.

j. On November 8, 2013, the Amanpulo Resort sustained property damages brought by Typhoon Yolanda. Because of these damages, its operations was temporarily suspended and resumed only on December 15, 2013. In 2013, PRI applied for insurance claims for property damages, business interruption and cost of debris clearing.

   In August and September 2014, PRI received from its insurance a total amount of ₱46.23 million for business interruption (see Note 22).

k. SSRLI entered into a memorandum of agreement with the buyers of villa who made a total deposit of ₱36.64 million and ₱597.3 million as of December 31, 2016 and 2015, respectively. This is presented as "Customers' deposit for property development" in the consolidated balance sheets.

l. Starting 2013, SSRLI has property development in progress, which pertains to the costs related to the development of various projects. As at December 31, 2016 and 2015, total property development in progress amounted to ₱3.2 million and ₱175.8 million. These pertain to projects that are to be completed within one year and are, thus, presented as current assets.

Material Partly-Owned Subsidiaries (SSRLI and PRI)
Set out below are the summarized financial information of entities that has noncontrolling interest (NCI) that is material to the Group. The amounts disclosed are based on those included in the consolidated financial statements before intercompany eliminations.

Significant details of the balance sheets and statements of comprehensive income of SSRLI and PRI are enumerated below as of December 31 (in millions):

	2016	2015
Balance Sheets:		
Current assets	**₱730.1**	₱690.9
Noncurrent assets	**901.0**	1,108.2
Current liabilities	**356.3**	919.3
Noncurrent liabilities	**161.3**	148.2
Equity	**1,113.5**	731.5
Attributable to NCI	**419.8**	270.6

	2016	2015
Statements of Comprehensive Income:		
Revenue	**₱1,325.0**	₱825.3
Income (loss) from continuing operations, before tax	**415.8**	196.0
Net income (loss)	**380.5**	166.9
Other comprehensive loss	**1.4**	(0.1)
Total comprehensive income	**381.9**	166.8
Allocated income (loss) to NCI during the year	**144.0**	62.9

	2016	2015
Statements of Cash Flows:		
Cash flows from operations	**₱90.3**	₱430.4
Cash flows used in investing activities	**(83.2)**	(64.9)
Cash flows from (used in) financing activities	**109**	(280.7)

13. Property and Equipment

	2016					
	Land, Buildings and Improvements	**Flight Ground, Machinery and Other Equipment**	**Furniture, Fixtures and Office Equipment**	**Transportation Equipment**	**Construction in Progress**	**Total**
Cost						
January 1	**₱2,624,262,278**	**₱803,726,553**	**₱381,796,968**	**₱160,482,455**	**₱38,280,634**	**₱4,008,548,888**
Additions	**13,014,678**	**30,118,847**	**54,366,982**	**35,153,068**	**47,231,851**	**179,885,426**
Reclassification	**28,600,967**	**19,394,355**	**–**	**–**	**(47,995,322)**	**–**
Retirement/disposals	**–**	**–**	**(566,551)**	**(11,769,257)**	**–**	**(12,335,808)**
Foreign exchange adjustment	**427,647**	**–**	**2,603,627**	**–**	**–**	**3,031,274**
December 31	**2,666,305,570**	**853,239,755**	**438,201,026**	**183,866,266**	**37,517,163**	**4,179,129,780**
Accumulated Depreciation and Amortization						
January 1	**598,359,494**	**325,983,683**	**266,016,152**	**116,312,545**	**–**	**1,306,671,874**
Depreciation and amortization	**97,540,270**	**77,899,620**	**41,275,895**	**17,352,970**	**–**	**234,068,755**
Retirement/disposals	**–**	**–**	**(364,947)**	**(11,397,233)**	**–**	**(11,762,180)**
Foreign exchange adjustment	**(375,479)**	**–**	**1,795,771**	**–**	**–**	**1,420,292**
December 31	**695,524,285**	**403,883,303**	**308,722,871**	**122,268,282**	**–**	**1,530,398,741**
Net Book Value	**₱1,970,781,285**	**₱449,356,452**	**₱129,478,155**	**₱61,597,984**	**₱37,517,163**	**₱2,648,731,039**

	2015					
	Land, Buildings and Improvements	Flight, Ground,` Machinery and Other Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Construction in Progress	Total
Cost						
January 1	₱2,588,972,115	₱762,499,675	₱295,345,186	₱147,146,569	₱40,941,659	₱3,834,905,204
Additions	19,585,661	53,432,485	28,292,544	15,313,172	120,696,386	237,320,248
Reclassification	15,566,895	46,858,945	60,931,571	–	(123,357,411)	–
Retirement/disposals	–	(59,064,552)	(3,672,319)	(1,977,286)	–	(64,714,157)
Foreign exchange adjustment	137,607	–	899,986	–	–	1,037,593
December 31	2,624,262,278	803,726,553	381,796,968	160,482,455	38,280,634	4,008,548,888
Accumulated Depreciation and Amortization						
January 1	508,141,758	289,726,339	232,415,175	102,658,200	–	1,132,941,472
Depreciation and amortization	90,263,073	95,321,896	36,425,705	14,757,226	–	236,767,900
Retirement/disposals	–	(59,064,552)	(3,605,736)	(1,102,881)	–	(63,773,169)
Foreign exchange adjustment	(45,337)	–	781,008	–	–	735,671
December 31	598,359,494	325,983,683	266,016,152	116,312,545	–	1,306,671,874
Net Book Value	₱2,025,902,784	₱477,742,870	₱115,780,816	₱44,169,910	₱38,280,634	₱2,701,877,014

As of December 31, 2016 and 2015, land with improvements and structures of SSRLI with appraised value of ₱2,923.0 million were used as collateral for the loan obtained in 2005 by a subsidiary (see Note 18). As of December 31, 2016 and 2015, the mortgage participating certificates or "MPC" issued to the creditor bank represents 3% and 5%, respectively, of the appraised value of the properties that were used as collateral. The carrying value of the related property amounted to ₱269.2 million and ₱301.9 million as of December 31, 2016 and 2015, respectively.

Construction in progress includes cost of the on-going construction of the land and building improvements and cost of constructing and assembling machineries and equipment.

Depreciation charged to operations amounted to ₱236.1 million, ₱236.8 million, and ₱132.9 million in 2016, 2015 and 2014, respectively.

14. Investment Properties

	2016	2015
January 1	**₱260,569,744**	₱260,569,744
Additions	**640,000**	–
Disposals	**(26,331,909)**	–
December 31	**₱234,877,835**	₱260,569,744

The Group's investment properties include 144.0 hectares of land in Palawan, 875.0 hectares of land in Cebu, and 97.4 hectares in Guimaras.

In 2016, the Group sold its investment property in Cebu to a third-party buyer through the sale of 100% outstanding shares of stock of Uptown Kamputhaw Holdings, Inc., formerly APHI. Gain on sale of the investments amounted to ₱343.2 million, net of commission expense of ₱17.7 million.

Based on the valuation performed by professionally qualified, accredited and independent appraisers as of November and December 2016, the aggregate fair market values of these properties amounted to ₱357.0 million. The fair value was determined using the sales comparison approach which considers the sale of similar or substitute properties, related market data and the assets' highest and best use. The fair value of the investment properties is categorized as Level 3 which used adjusted inputs for valuation that are unobservable as of the date of valuation.

The inputs used were offer prices of similar land. Significant increases or decreases in offer price would result in higher or lower fair value of the asset.

The appraisers determined that the highest and best use of these properties are for residential, agricultural, commercial and recreational utility. For strategic reasons, the properties are not being used in this manner. These properties are currently held by the Group for capital appreciation.

The Group has no restrictions on the realizability of the investment properties and no contractual obligation to either purchase, construct or develop investment properties.

In 2016 and 2015, the Group derived no income from these investment properties.

The aggregate direct expenses pertaining to real property taxes amounted to ₱0.3 million in 2016, 2015 and 2014.

15. Other Noncurrent Assets and Other Noncurrent Liabilities

Other noncurrent assets as of December 31 include:

	2016	2015
Fund for villa operations and capital expenditures	**₱70,877,606**	₱71,866,837
Deposit to supplier	**35,191,266**	9,910,525
Deferred nurse cost	**3,242,209**	7,225,350
Refundable deposits	**2,096,322**	2,051,851
Others	**17,599,375**	11,899,055
	₱129,006,778	₱102,953,618

Fund for villa operations and capital expenditures is a restricted cash fund of PRI held as a source of future maintenance requirements and for future replacement of power generating units and desalination plant. Interest income on this fund shall accrue to the villa owners. A liability related to the fund was recognized and is presented as "Other noncurrent liabilities" in the consolidated balance sheets (see Note 29).

Other noncurrent liabilities also include ₱70.9 million and ₱73.0 million fund for future infrastructure and utility development of villas as of December 31, 2016 and 2015, respectively, which is an allocated charge to the villa owners. The fund is intended to be used for putting up new infrastructure or utilities such as power generating units, roads, potable water, and sewer and irrigation lines, electrical and auxiliary lines essential for a villa to be operable. The fund also includes the villa's share in the future expansion of the existing back-of-house facilities (power generation, potable water production, sewage treatment plant, etc.) of PRI so that the resort's utilities' capacity can accommodate the additional demand that arises from the proposed new villa.

16. Notes Payable

Notes payable represent unsecured (unless otherwise stated), short-term, interest-bearing liabilities of Cirrus amounting to ₱91.9 million and ₱26.1 million as at December 31, 2016 and 2015, respectively.

a. Cirrus has obtained a loan with Branch Banking and Trust Company, a foreign bank domiciled in the U.S., with interest payable monthly at LIBOR plus 2.5%. Cirrus has to abide by certain loan covenants on eligible accounts receivable and minimum net income requirements. Loans payable outstanding as of December 31, 2016 and 2015 amounted to US$1.8 million

(₱91.9 million) and US$0.6 million (₱26.1 million), respectively. As of December 31, 2016 and 2015, Cirrus has an available credit line which amounted to US$3.2 million (₱156.7 million) and US$1.9 million (₱89.4 million), respectively. As of December 31, 2016 and 2015, Cirrus is in compliance with the debt covenants.

b. The Company availed of loans from local banks totaling to ₱554.0 million and ₱257.0 million in 2016 and 2015, respectively. Terms of the loans is 11 to 30 days with rates ranging from 2.6% to 7%. As at December 31, 2016 and 2015, the loans were fully paid. The Company's unavailed loan credit line from banks amounted to ₱0.9 billion and ₱1.9 billion as at December 31, 2016 and 2015, respectively.

c. In 2015, PDP Energy availed a short-term loan from a local bank amounting to ₱300.0 million which bears annual interest rates ranging from 2.75% to 3.00%, repriced monthly based on market conditions. As of December 31, 2015, the loan was fully paid. As of December 31, 2016 and 2015, PDP has an available credit line which amounted to ₱1,875.0 million.

Total interest expense from these loans recognized in the consolidated statements of income amounted to ₱2.3 million in 2016, ₱21.7 million in 2015, and ₱17.7 million in 2014 (see Note 22).

17. Accounts Payable and Accrued Expenses

	2016	2015
Trade payables	**₱451,701,048**	₱346,260,502
Accrued expenses (Note 30)	**214,192,989**	274,104,750
Refundable deposits	**118,305,176**	87,929,132
Advances from customers	**63,214,408**	101,331,461
Payable to contractors	**34,627,981**	19,613,461
Payable to government agencies	**41,795,677**	29,643,000
Payable to villa owners	**4,162,545**	21,389,213
Other payables	**33,798,985**	35,851,449
	₱961,798,809	₱916,122,968

Trade payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

Accrued expenses include unpaid operating costs of the Group.

Advances from customers pertain mainly to payment of PDP's customers for future delivery of goods.

Refundable deposits pertain to the advance payments made by resorts' guests.

Payable to contractors are amount due to suppliers for ongoing construction projects.

18. **Long-term Debt**

The Group's outstanding long-term debt pertains to the following:

	2016	2015
Anscor	**₱1,566,180,000**	₱1,905,930,000
PDP	**942,857,143**	1,114,285,714
IAI	**36,544,200**	44,471,700
PRI	–	33,218,946
	2,545,581,343	3,097,906,360
Less current portion	**629,350,200**	638,070,546
	₱1,916,231,143	₱2,459,835,814

a. On June 24, 2013, the Company obtained a loan from a local bank amounting to US$45.0 million or ₱1,997.8 million to finance the additional investments in shares of stock of AG&P. The loan is payable quarterly in seven years, inclusive of a two-year grace period and bears interest equal to outstanding three month LIBOR rate plus 2.0% spread per annum. The loan is secured by pledge to the Company's investments in listed shares with market value amounting to ₱2,273.7 million and ₱2,169.1 million as of December 31, 2016 and 2015, respectively. This loan provides for certain affirmative and negative covenants, such as the use of the proceeds of the loan, maintenance at all times of the required collateral value of no less than 100% of the outstanding loan balance, not allow the Company's debt-to-equity ratio to exceed 1.75:1 and the Company's current ratio to fall below 1.25:1, among others. The loan agreement further provides that in the event that these ratios are violated specifically by reason of any additional indebtedness with maturity exceeding one year, the Company shall notify the bank in writing of such indebtedness.

b. In 2015, PDP Energy obtained a long-term loan with a local bank to partially refinance the short-term loan of Anscor for the acquisition of 60% ownership of GCC in PDIPI. Principal amount of the loan amounted to ₱1.2 billion payable in seven years with annual interest of 4.5%, subject to repricing at the end of the fifth year.

   PDP Energy is subject to the following negative covenants for as long as the long-term loan remains outstanding, which include, but are not limited to: (a) permitting any material change in its business or in the ownership or control of its business or in the composition of its top management; (b) incurring any indebtedness (long-term loan or borrowings) with other banks; (c) allowing declaration or payment of cash dividends to its stockholders if the debt service covenant ratio is below 1.25 times or in the event of default; (d) selling, leasing, transferring or otherwise disposing all or substantially all of PDP Energy's properties and assets; (e) extending loans, advances or subsidies to any corporation it owned other than for working capital requirements or with prior consent of the Bank; and (f) undertaking any capital expenditures or purchase additional capital equipment outside of the ordinary course of business. The long-term loan also provides that PDP Energy has to maintain a ratio of current assets to current liabilities of at least 1.0 times and debt-to-equity ratio should not be more than 2.0 times until final payment date. As at December 31, 2016, PDP Energy is in compliance with the debt covenants.

   In addition, the long-term loan is secured by the following collaterals, among others:

   - Real estate mortgage over the land owned by Minuet;
   - Chattel mortgage over machineries and equipment of PDP Energy and PDEI located in PDP Energy and PDEI's premises;
   - Pledge over the shares of stock for 1,121,000 shares of PDIPI held by Anscor; and

- Assignment of leasehold rentals of the properties located in PDP Energy's premises.

The long-term loan also provides for pretermination without penalty.

Movements and details of long-term loan as at December 31 are as follows:

	2016	2015
Beginning balance	**₱1,114,285,714**	₱–
Availment	**–**	1,200,000,000
Payments	**(171,428,571)**	(85,714,286)
Ending balance	**942,857,143**	1,114,285,714
Less current portion	**171,429,000**	171,429,000
Noncurrent portion	**₱771,428,143**	₱942,856,714

Interest expense from long-term loan of PDP Energy amounted to ₱45.74 million and ₱36.18 million in 2016 and 2015, respectively. Accrued interest payable amounted to ₱8.83 million and ₱9.93 million as at December 31, 2016 and 2015, respectively.

c. In 2014, IAI converted the short-term loan amounting to US$1.05 million (₱46.96 million) to long-term loan (see Note 16). The term of the loan is six years, inclusive of one year grace period on principal payments. The loan is payable in 20 equal quarterly installments on principal repayment date commencing at the end of the first quarter of the grace period.

   The loan is subject to Mortgage Trust Indenture or "MTI" dated November 29, 2005 between SSRLI and the MTI trustee (AB Capital and Investment Corporation), covering a portion of the assets of SSRLI.

   The interest rate shall be equivalent to the base interest rate plus margin. The interest shall be payable quarterly in arrears computed based on the outstanding balance of the loan.

d. Loans payable of PRI amounting to US$2.0 million (₱108.0 million) and US$1.0 million (₱53.0 million) were obtained from local banks on November 29, 2005 and December 22, 2011, respectively. The US$2.0 million loan, which was transferred from SSRLI through an execution of Deed of Assumption of Loan and Mortgage dated June 2, 2011, is subject to Mortgage Trust Indenture (MTI), covering the assets of SSRLI (see Note 13). Both loans have a floating interest rate per quarter equivalent to the average quarterly LIBOR plus 2% spread. The US$2.0 million loan has a maximum term of seven years, including three years grace period while the US$1.0 million loan has a maximum term of five years. Both loans are payable in 17 equal quarterly installments starting October 2012 to 2016. Current portion of loans payable amounted to nil and ₱33.2 million as of December 31, 2016 and 2015, respectively.

   On October 3, 2012, PRI obtained a loan from its stockholder amounting to ₱30.0 million. The loan has a grace period of five years and is payable in seven equal annual installments commencing in the year 2018 up to 2024. In lieu of the interest, PRI waives the landing and take-off charges on the said stockholder's use of PRI's runway in Amanpulo. In 2013, PRI obtained an additional loan from the stockholder amounting to ₱19.1 million with the same terms from the previous loan. In May 2015, the loan to stockholder amounting to ₱49.2 million was fully settled by SSRLI on behalf of PRI.

Total interest expense recognized in the consolidated statements of income amounted to ₱105.0 million, ₱94.9 million, and ₱43.4 million in 2016, 2015 and 2014, respectively (see Note 22).

19. Equity

Equity holdings of the Parent

Capital stock consists of the following common shares:

	Number of Shares	Amount
Authorized	3,464,310,958	₱3,464,310,958
Issued	2,500,000,000	₱2,500,000,000

Outstanding shares, net of shares held by a subsidiary, as of December 31, 2016 and 2015 totaled 1,232,593,254 and 1,233,699,354, respectively. The Company's number of equity holders as of December 31, 2016 and 2015 is 11,225 and 11,302, respectively.

The Philippine SEC authorized the offering/sale to the public of the Company's 10.0 million and 140.0 million common shares with par value of ₱1.0 each on December 29, 1948 and January 17, 1973, respectively. On August 30, 1996, the Philippine SEC authorized the licensing of 910,476,302 common shares at the subscription price of ₱2.50 per share.

In 2016, 2015 and 2014, the Company declared the following cash dividends:

	2016	2015	2014
Cash dividends per share	**₱0.20**	₱0.10	₱0.25
Month of declaration	**March**	May	November
Total cash dividends	**₱500 million**	₱250 million	₱625 million
Share of a subsidiary	**₱253.5 million**	₱125.8 million	₱314.5 million

As of December 31, 2016 and 2015, the Company's dividends payable amounted to ₱250.2 million and ₱229.6 million, respectively. Dividends payable represents mainly dividend checks that were returned by the post office and which remained outstanding as of December 31, 2016 and 2015 due to problematic addresses of some of the Company's stockholders.

The Company's BOD approved the following appropriation of the Company's unrestricted retained earnings:

Date of Appropriation	Amount
December 6, 2011	₱2,100,000,000
February 21, 2013	900,000,000
September 15, 2014	1,100,000,000
November 20, 2014	500,000,000
February 18, 2015	500,000,000
November 27, 2015	1,200,000,000
	6,300,000,000
March 2, 2016	100,000,000
December 1, 2016	750,000,000
	7,150,000,000

The appropriation will be used for the Company's investment program within the next three years on business activities related to tourism, business process outsourcing, manpower services, education and manufacturing, whether based in the Philippines or offshore. Appropriations which were due for expirations were extended for additional three years.

The unappropriated retained earnings is restricted for the dividend declaration by the following:

- Balance of gross deferred income tax assets amounting ₱62.2 million and ₱152.2 million as of December 31, 2016 and 2015, respectively.
- Shares in the undistributed retained earnings of subsidiaries and associates amounting to ₱2.6 billion and ₱1.6 billion as of December 31, 2016 and 2015, respectively, which are included in retained earnings, are not available for declaration as dividends until declared by the subsidiaries.

Shares held by a subsidiary
As of December 31, 2016 and 2015, Anscorcon holds 1,267,406,746 shares and 1,266,300,646 shares, respectively, of the Company. The total shares of the Company purchased by the subsidiary was 1,106,100 and 8,400,000 amounting to ₱6.7 million and ₱55.9 million in 2016 and 2015, respectively.

20. Cost of Goods Sold and Services Rendered and Operating Expenses

Cost of goods sold for the year ended December 31, 2016 consists of:

	2016	2015
Materials used and changes in inventories (Note 10)	**₱4,780,202,671**	₱4,547,877,135
Repairs and maintenance	**126,373,261**	102,892,525,
Salaries, wages and employee benefits (Note 21)	**100,910,214**	90,045,965
Utilities	**82,975,821**	88,514,624
Depreciation and amortization (Note 13)	**78,018,330**	80,706,067
Transportation and travel	**5,128,643**	5,191,943
Insurance	**1,968,394**	2,489,433
Dues and subscriptions	**1,676,767**	1,680,190
Fuel cost	**331,399**	398,488
Others	**10,746,797**	11,977,260
	₱5,188,332,297	₱4,931,773,630

Cost of services rendered consists of:

	2016	2015	2014
Salaries, wages and employee benefits (Note 21)	**₱1,587,150,307**	₱1,177,618,229	₱821,596,656
Insurance	**123,475,477**	90,683,928	66,864,333
Recruitment services (Note 29)	**123,367,404**	89,437,777	70,470,909
Dues and subscriptions	**106,726,263**	65,420,731	40,091,648
Other operating costs - resort	**101,640,624**	105,012,101	73,385,305
Transportation and travel	**50,954,088**	36,144,655	25,025,021
Outside services	**36,347,026**	43,162,954	60,019,196
Housing cost	**30,138,144**	31,219,222	30,794,148
Materials and supplies - resort operations	**29,936,594**	30,502,161	24,656,357
Depreciation and amortization (Note 13)	**27,405,992**	28,409,146	27,154,445
Fuel cost	**26,581,852**	33,328,482	55,147,646
Repairs and maintenance	**24,344,528**	22,173,010	22,207,388

(Forward)

	2016	2015	2014
Commissions	**₱12,422,708**	₱15,260,469	₱13,154,514
Variable nurse costs (Note 29)	**7,748,434**	7,461,184	3,388,812
Others	**24,339,165**	33,268,392	27,558,690
	₱2,312,578,606	₱1,809,102,441	₱1,361,515,068

Operating expenses consist of:

	2016	2015	2014
Salaries, wages and employee benefits (Note 21)	**₱370,375,345**	₱340,945,122	₱276,776,685
Taxes and licenses	**140,391,738**	67,625,106	43,522,272
Depreciation and amortization (Note 13)	**128,644,433**	127,652,687	105,752,691
Professional and directors' fees	**124,630,473**	94,483,322	76,167,744
Insurance	**95,415,211**	26,148,572	13,094,357
Shipping and delivery expenses	**84,507,245**	79,891,698	977,353
Utilities	**55,643,818**	68,855,836	92,803,138
Transportation and travel	**52,910,938**	21,025,407	29,395,090
Advertising	**44,160,341**	116,267,925	58,940,372
Commissions	**41,995,138**	40,094,155	22,151,535
Repairs and maintenance	**36,002,550**	41,432,321	41,723,110
Rental (Note 29)	**21,633,810**	18,756,512	13,052,306
Communications	**19,187,297**	19,212,844	9,645,650
Security services	**18,152,937**	18,307,777	14,258,848
International processing cost	**14,422,025**	7,356,938	4,195,032
Entertainment, amusement and recreation	**12,757,890**	18,550,777	12,779,121
Meetings and conferences	**10,414,427**	3,783,380	3,174,816
Donation and contribution	**8,162,186**	7,632,540	5,480,051
Association dues	**7,714,913**	7,690,415	5,867,816
Computer programming	**6,537,040**	3,209,205	3,303,519
Office supplies	**6,482,155**	7,263,853	4,295,975
Medical expenses	**3,889,441**	3,632,848	–
Contract maintenance	–	330,075	239,196
Others	**43,738,301**	28,425,758	26,524,345
	₱1,347,769,652	₱1,168,575,073	₱864,121,022

In 2016, 2015 and 2014, the Company paid bonus to its non-executive directors amounting to ₱9.0 million, ₱13.4 million, and ₱6.4 million, respectively.

21. Personnel Expenses

	2016	2015	2014
Salaries and wages	**₱1,987,758,372**	₱1,479,276,277	₱1,059,316,132
Pension costs (Note 23)	**15,698,052**	16,230,854	11,722,183
Social security premiums, meals and other employees' benefits	**54,979,442**	113,102,185	27,335,026
	₱2,058,435,866	₱1,608,609,316	₱1,098,373,341

In 2016, 2015 and 2014, the Company declared and paid bonuses to its executive officers amounting to ₱39.3 million, ₱63.3 million, and ₱29.3 million, respectively.

22. Interest Income, Interest Expense and Other Income (Charges)

Interest income consists of:

	2016	2015	2014
Debt instruments (Notes 8 and 11)	**₱79,517,862**	₱73,314,316	₱75,149,914
Cash and cash equivalents (Note 7)	**5,512,222**	4,679,094	17,439,665
Funds and equities	**3,326,334**	5,309,052	3,406,469
Others	**6,955,209**	12,957	442,951
	₱95,311,627	₱83,315,419	₱96,438,999

Interest income on debt instruments is net of bond discount amortization amounting to ₱0.5 million in 2016, ₱0.4 million in 2015, and ₱2.8 million in 2014.

Interest expense consists of:

	2016	2015	2014
Long-term debt (Note 18)	**₱104,959,908**	₱94,940,763	43,408,333
Notes payable (Note 16)	**2,259,110**	21,652,492	₱17,722,053
Others	**1,788,116**	5,979	230,657
	₱109,007,134	₱116,599,234	₱61,361,043

Other income (charges) consists of:

	2016	2015	2014
Valuation allowances on:			
AFS investments (Note 11)	**(₱590,899,207)**	(₱805,238,727)	(₱259,940,637)
Receivables (Note 9)	**(26,082,261)**	(32,110,190)	(6,174,132)
Other current and noncurrent assets	**(1,584,786)**	(3,774,453)	(1,811,227)
Investment in associate (Note 12)	**–**	–	(440,407,829)
Recovery of allowances for impairment losses (Notes 9, 10 and 11)	**16,509,318**	–	24,553,505
Rental income	**7,542,788**	3,771,910	–
Gain on remeasurement of previously held interest (Note 6)	**–**	–	699,011,094
Handling fees	**–**	59,050,000	17,713,044
Insurance claims (Note 12)	**–**	–	46,228,744
Others	**60,029,550**	24,701,343	(165,036,607)
	(₱534,484,598)	(₱753,600,117)	₱85,864,045

In 2015, a subsidiary entered into a contract and received a fee of ₱59.0 million for various services rendered.

Others included ASAI's reimbursement from lessees and costs of PRI charged to villa owners.

23. Pension and Other Post-employment Benefit Plans

The Group has funded defined benefit pension plans covering substantially all of its officers and employees. The benefits to be received by the officers and employees under the pension plans shall not be less than the minimum mandated retirement benefit plan under Republic Act (RA) No. 7641. The funds are administered by trustee banks under the control and supervision of the Board of Trustees (BOT) of the pension plans, who is composed of the executive officers of the Company.

The Company contributes to the funds as required under accepted actuarial principles to maintain the plan in sound condition and reserves the right to discontinue, suspend or change the rate and amount of its contribution to the funds at any time.

Funding Policy

The Company contributes to the plans amounts (estimated by an actuary on the basis of reasonable actuarial assumptions) which are necessary to provide the defined benefits. No member is required to make any contribution to the plans. Contributions to the plans are determined using the projected unit credit method. Under this method, the current service cost is the present value of retirement benefits payable in the future in respect of services in the current period. The past service cost (PSC) is the present value of the units of benefits payable in the future in respect of services rendered prior to valuation date.

The Group's management performs an Asset-Liability Matching Study annually. The overall investment policy and strategy of the Group's defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risks of the plans. The Group's current strategic investment strategy consists of 40% of equity instruments and 60% of debt instruments.

The Group's plan assets and investments as of December 31, 2016 and 2015 consist of the following:

a. Cash and cash equivalents, which include regular savings and time deposits;

b. Investments in government securities, which include retail treasury bonds and fixed rate treasury notes that bear interest ranging from 2.13% to 9.13% in 2016 and 2015 and have maturities from September 4, 2016 to October 24, 2037 in 2016 and 2015;

c. Investments in corporate debt instruments, consisting of both short-term and long-term corporate notes and land bonds, which bear interest ranging from 2.13% to 8.5% in 2016 and 4.41% to 8.5% in 2016 and have maturities from May 22, 2017 to April 20, 2025 in 2016 and from August 27, 2019 to April 25, 2025 in 2015; and

d. Investments in equity securities, which consist of actively traded securities of holding firms, banks and companies engaged in energy, oil and gas, telecommunications, transportation, real estate, construction, food and beverage, mining and other services among others.

As of December 31, 2016 and 2015, the Company's defined benefit retirement fund has investments in shares of stock of the Company with a cost of ₱39.9 million and ₱41.0 million, respectively. All of the fund's investing decisions are made by the BOT of the pension plans. The retirement benefit fund's total gains arising from the changes in market prices amounted to ₱3.2 million and ₱2.1 million in 2016 and 2015, respectively.

As of December 31, 2016 and 2015, the fund's carrying value and fair value amounted to ₱449.7 million and ₱426.7 million, respectively.

The following tables summarize the components of net benefit expense recognized in the consolidated statements of income and the funded status and amounts recognized in the consolidated balance sheets.

	2016	2015	2014
Retirement benefit cost:			
Current service cost	**₱18,559,744**	₱19,132,392	₱13,730,445
Net interest	**(2,861,692)**	(2,901,538)	(2,008,262)
Net benefit expense	**15,698,052**	16,230,854	11,722,183
Actual return on plan assets	**₱5,905,194**	₱1,730,655	₱23,535,342

Changes in net retirement plan asset are as follows:

	2016	2015	2014
Net retirement plan asset, beginning	**₱59,482,997**	₱65,533,724	₱53,846,435
Current service cost	**(13,968,281)**	(13,310,014)	(10,316,336)
Net interest	**3,015,453**	3,221,383	2,383,337
	(10,952,828)	(10,088,631)	(7,932,999)
Actuarial changes arising from:			
Remeasurement of plan assets	**(13,230,751)**	(17,100,815)	9,836,624
Experience adjustments	**8,514,257**	7,386,456	1,357,122
Changes in financial assumptions	**–**	99,446	657,490
Changes in the effect of asset ceiling	**5,045,756**	2,473,743	(2,982,175)
	329,262	(7,141,170)	8,869,061
Contribution	**10,917,120**	11,179,074	7,723,131
Transfer to retirement plan asset	**414,715**	–	–
Net plan assets of acquired subsidiary (Note 6)	**–**	–	3,028,096
Net retirement plan asset, end	**₱60,191,266**	₱59,482,997	₱65,533,724

Changes in net retirement benefits payable are as follows:

	2016	2015	2014
Retirement benefits payable, beginning	**(₱6,666,773)**	(₱9,054,911)	(₱10,965,263)
Current service cost	**(4,591,463)**	(5,822,378)	(3,414,109)
Net interest	**(153,761)**	(319,845)	(375,075)
	(4,745,224)	(6,142,223)	(3,789,184)
Actuarial changes arising from:			
Experience adjustments	**(52,784)**	(4,826,719)	(795,535)
Remeasurement of plan assets	**(1,593,549)**	(581,257)	190,861
Changes in financial assumptions	**2,184,750**	4,190,933	(922,028)
Changes in the effect of asset ceiling	**43,978**	–	-
	582,395	(1,217,043)	(1,526,702)
Contribution	**7,032,548**	9,747,404	6,200,818
Transfer to retirement plan asset	**(414,715)**	–	-
Benefits paid directly by the Group	**–**	–	1,025,420
Net retirement benefits payable, end	**(₱4,211,769)**	(₱6,666,773)	(₱9,054,911)

Computation of net retirement plan assets (liabilities):

2016

	Retirement plan assets	Retirement liabilities	Total
Present value of defined benefit obligation	(₱346,015,862)	(₱41,890,705)	(₱387,906,567)
Fair value of plan assets	410,514,332	38,093,651	448,607,983
Surplus (deficit)	64,498,470	(3,797,054)	60,701,416
Effect of the asset ceiling	(4,721,919)	–	(4,721,919)
Transfer to retirement plan asset	414,715	(414,715)	–
Retirement plan assets (liabilities)	₱60,191,266	(₱4,211,769)	₱55,979,497

2015

	Retirement plan assets	Retirement liabilities	Total
Present value of defined benefit obligation	(₱325,294,428)	(₱39,236,445)	(₱364,530,873)
Fair value of plan assets	394,111,065	32,613,650	426,724,715
Surplus (deficit)	68,816,637	(6,622,795)	62,193,842
Effect of the asset ceiling	(9,333,640)	(43,978)	(9,377,618)
Retirement plan assets (liabilities)	₱59,482,997	(₱6,666,773)	₱52,816,224

Changes in the present value of defined benefit obligation:

	2016	2015
Opening defined benefit obligation	**₱364,530,872**	₱341,770,555
Interest cost	**17,433,766**	16,082,344
Current service cost	**18,559,744**	19,132,392
Benefits paid from plan assets	**(1,971,593)**	(5,604,302)
Remeasurement in other comprehensive income:		
Actuarial (gain) loss - changes in financial assumptions	**(2,184,750)**	(4,290,379)
Actuarial (gain) loss - change in demographic assumptions	**1,763,688**	–
Actuarial gain - experience adjustments	**(10,225,161)**	(2,559,737)
Benefit obligation of acquired subsidiary (Note 6)	**–**	–
	₱387,906,566	₱364,530,873

Changes in the fair value of plan assets:

	2016	2015
Opening fair value of plan assets	**₱426,724,715**	₱409,578,151
Interest income	**20,729,493**	19,506,460
Contributions	**17,949,668**	20,926,478
Remeasurement gain (loss)	**(14,824,300)**	(17,682,072)
Benefits paid from plan assets	**(1,971,593)**	(5,604,302)
	₱448,607,983	₱426,724,715

Changes in the effect of asset ceiling:

	2016	2015
Beginning balance	**₱9,377,618**	₱11,328,783
Changes in the effect of asset ceiling	**(5,089,734)**	(2,473,743)
Interest on the effect of asset ceiling	**434,035**	522,578
	₱4,721,919	₱9,377,618

The fair value of plan assets as of December 31 are as follows:

	2016	2015
Debt instruments	**₱185,013,512**	₱151,923,113
Unit investment trust funds	**109,446,594**	97,074,293
Equity instruments	**92,751,984**	120,684,378
Cash and cash equivalents	**45,425,257**	40,742,739
Others	**15,970,636**	16,300,192
	₱448,607,983	₱426,724,715

The financial instruments with quoted prices in active market amounted to ₱299.5 million and ₱204.2 million as of December 31, 2016 and 2015, respectively. The remaining plan assets do not have quoted market prices in active market.

The plan assets have diverse investments and do not have any concentration risk.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation of the Company, PDP Group and PRI as of the end of the reporting period, assuming all other assumptions were held constant:

2016	**Increase (decrease)**	**Effect on present value of defined benefit obligation Increase (decrease)**
Discount rates	**-0.7% to -4.0%**	**₱3,566,736**
	+0.6% to +4.4%	**(3,876,060)**
Future salary increases	**+1.1% to +8.4%**	**₱6,874,329**
	-1.0% to -7.2%	**(6,004,623)**

2015	Increase (decrease)	Effect on present value of defined benefit obligation Increase (decrease)
Discount rates	-0.6% to -4.9%	₱4,099,559
	+0.7 to 5.4%	(4,472,116)
Future salary increases	+1.1% to 10.2%	₱7,981,416
	-1.0% to -8.8%	(6,925,561)

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation of the subsidiaries except PDP Group and PRI as of the end of the reporting period, assuming all other assumptions were held constant:

2016	**Increase (decrease)**	**Effect on present value of defined benefit obligation Increase (decrease)**
Discount rates	**-4.1% to -8.1%**	**₱897,356**
	+4.6% to +9.1%	**(712,052)**
Future salary increase	**+4.1% to 8.4%**	**₱1,380,422**
	-3.8% to -7.4%	**(1,240,425)**

2015	Increase (decrease)	Effect on present value of defined benefit obligation Increase (decrease)
Discount rates	-1.0% to -7.8%	(₱496,858)
	+1.0% to 9.1%	580,414
Future salary increase	+1.0% to 8.0%	₱508,937
	-1.0 to -7.0%	(446,728)

The Group expects to make contributions amounting to ₱20.9 million to its defined benefit pension plans in 2016.

The principal assumptions used in determining pension benefit obligations for the Group's plans are shown below:

	2016	2015
Discount rate	**4.64% to 5.86%**	4.30% to 5.64%
Future salary increases	**3.00% to 5.00%**	5.00% to 10.00%

The weighted average duration of the defined benefit obligation as of December 31, 2016 and 2015 ranges from 1.8 to 11.8 years and 1.8 to 16.8 years, respectively.

24. Income Taxes

The provision for income tax consists of:

	2016	2015	2014
Current	**₱338,260,726**	₱272,752,008	₱12,927,935
Deferred	**85,435,341**	36,645,647	16,432,009
	₱423,696,067	₱309,397,655	₱29,359,944

The components of the net deferred income tax assets (liabilities) are as follows:

	2016		2015	
	Net Deferred Income Tax Assets[(1)]	**Net Deferred Income Tax Liabilities[(2)]**	Net Deferred Income Tax Assets[(3)]	Net Deferred Income Tax Liabilities[(2)]
Recognized directly in the consolidated statements of income:				
Deferred income tax assets on:				
Allowance for doubtful accounts	**₱26,498,106**	**₱6,145,889**	₱27,983,703	₱9,615,346
Allowance for inventory losses	**24,772,634**	**–**	28,311,111	–
Accrued expenses	**8,608,406**	**3,972,777**	7,686,498	3,422,768
Unamortized past service cost	**1,630,587**	**1,621,856**	12,907,495	2,085,246
Unrealized foreign exchange loss	**1,309,770**	**6,194,707**	1,255,789	19,694,777
Retirement benefits payable	**1,448,372**	**–**	752,404	–
Market adjustment on FVPL	**–**	**15,097,294**	–	13,053,875
NOLCO on federal and state income tax	**–**	**–**	–	16,873,653
Others	**2,229,187**	**–**	9,619,821	–
	66,497,062	**33,032,523**	88,516,820	64,745,665
Deferred income tax liabilities on:				
Fair value adjustment	**–**	**(356,389,025)**	–	(356,389,025)
Goodwill amortization	**–**	**(185,001,298)**	–	(128,522,084)
Uncollected management fee	**–**	**(8,462,334)**	–	(5,835,042)
Retirement plan assets	**(2,961,335)**	**(3,113,386)**	(1,335,269)	(5,515,109)
Unrealized foreign exchange gains	**(667,578)**	**–**	(26,757,874)	–
Others	**–**	**–**	(538,111)	–
	(3,628,913)	**(552,966,043)**	(28,631,254)	(496,261,260)
Recognized in the consolidated OCI:				
Deferred income tax liabilities on:				
Unrealized valuation gains on AFS investments	**(944,263)**	**(67,470,367)**	(689,857)	(59,818,732)
Cumulative actuarial gains	**380,955**	**(12,756,171)**	–	(11,539,908)
	(563,308)	**(80,226,538)**	(689,857)	(71,358,640)
	62,304,841	**(600,160,058)**	59,195,709	(502,874,235)

(1) Pertain to PDP, SSRLI, ASAC, AHI, ACC and Sutton
(2) Pertain to Anscor and AI
(3) Pertain to PDP, SSRLI, ASAC, APHI and ACC

There are deductible temporary differences for which no deferred income tax assets were recognized as future realizability of these deferred income tax assets is not certain. These deductible temporary differences are as follows:

	2016	2015
Allowances for:		
Doubtful accounts	**₱1,879,077,213**	₱1,028,942,693
Impairment losses	**1,499,630,795**	1,023,578,710
Inventory losses	**4,706,349**	3,955,899
NOLCO	**269,596,289**	249,329,859
Accrued pension benefits and others	**17,027,883**	27,365,371
MCIT	**4,745,193**	4,474,885

The Company and other subsidiaries domiciled in the Philippines are subjected to the Philippine statutory tax rate of 30% in 2016, 2015 and 2014 while a foreign subsidiary is subject to U.S. federal tax rate of 34% in 2016, 2015 and 2014.

The reconciliation of provision for income tax computed at the statutory tax rates to provision for income tax is as follows:

	2016	2015	2014
Provision for income tax at statutory tax rates	**₱634,196,025**	₱501,797,840	₱619,230,451
Additions to (reductions from) income taxes resulting from:			
Movement in unrecognized deferred income tax assets	**401,330,107**	190,331,070	210,724,758
Dividend income not subject to income tax	**(400,381,194)**	(62,895,499)	(78,258,624)
Gain on sale of AFS investments, marketable equity securities and other investments subjected to final tax	**(165,363,218)**	(322,201,613)	(515,638,967)
Income tax at 5% GIT	**(94,108,256)**	–	–
Expired NOLCO and MCIT	**38,252,430**	21,800,602	28,968,902
Nontaxable income	**(9,622,892)**	–	–
Interest income already subjected to final tax	**(1,006,593)**	(335,147)	(2,427,063)
Nondeductible expenses	**797,662**	694,908	1,822,242
Nontaxable change in fair value of investment properties	**(219,331)**	–	–
Gain on remeasurement of previously held interest	**–**	–	(209,703,328)
Equity in net earnings of associates not subject to income tax	**–**	(46,186,157)	(44,142,332)
Others	**19,821,326**	26,391,651	18,783,905
	₱423,696,066	₱309,397,655	₱29,359,944

The Group has available NOLCO and MCIT which can be claimed as deduction from taxable income and as credit against income tax due, respectively, as follows:

NOLCO

The following table summarizes the NOLCO as of December 31, 2016 of the Company and its subsidiaries domiciled in the Philippines:

Period of Recognition	Availment period	Amount	Applied	Expired	Balance
2013	2014-2016	₱143,616,358	(₱23,005,879)	(₱120,610,479)	₱–
2014	2015-2017	107,533,876	–	–	107,533,876
2015	2016-2018	159,561,917	–	–	159,561,917
2016	2017-2019	2,500,496	–		2,500,496
		₱413,212,647	(₱23,005,879)	(₱120,610,479)	₱269,596,289

As at December 31, 2016 and 2015, a foreign subsidiary has NOLCO on federal and state income tax purposes of nil and approximately US$3.8 million (₱178.8 million), respectively. No deferred income tax assets were recognized on this NOLCO as its future realizability is not certain.

MCIT

Period of Recognition	Availment period	Amount	Applied	Expired	Balance
2013	2014-2016	₱2,069,286	₱–	(₱2,069,286)	₱–
2014	2015-2017	1,312,624	–	–	1,312,624
2015	2016-2018	657,686	–	–	657,686
2016	2017-2019	2,774,883	–		2,774,883
		₱6,814,479	₱–	(₱2,069,286)	₱4,745,193

25. Earnings Per Share - Basic / Diluted

Earnings per share - basic / diluted were computed as follows:

	2016	2015	2014
Net income attributable to equity holdings of the parent	**₱1,522,796,705**	₱1,282,782,660	₱2,041,141,959
Weighted average number of shares (Note 19)	**1,232,679,551**	1,244,599,629	1,253,952,678
Earnings per share	**₱1.24**	₱1.03	₱1.63

The Company does not have potentially dilutive common stock equivalents in 2016, 2015 and 2014.

26. Related Party Transactions

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

In the normal course of business and in addition to those disclosed in Notes 12 and 29, the Group grants/receives cash advances to/from its associates and affiliates.

The consolidated balance sheets include the following transactions and account balances as of December 31 with related parties:

Advances to Vicinetum (Note 12)	Amount/ Volume	Outstanding Balance Receivable/ (Payable)	Terms	Conditions
2016	**₱103,026**	**₱1,379,034**	**Non-interest bearing**	**Unsecured, with allowance for doubtful accounts of ₱564.8 million**
2015	191,128	1,276,026	-do-	-do-

Compensation of the Group's key management personnel (in millions):

	2016	2015	2014
Short-term employee benefits (Note 21)	**₱159.8**	₱154.7	₱112.0
Post-employment benefits (Note 23)	**8.1**	7.6	7.1
Total	**₱167.9**	₱162.3	₱119.1

There are no termination benefits, share-based payments or other long-term employee benefits granted to key management personnel.

27. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents, receivables, investments in debt instruments, quoted and unquoted equity securities, investments in mutual and hedge funds, and short-term and long-term bank loans. The Group's other financial instruments include accounts payable and dividends payable and amounts due to affiliates, which arose directly from operations.

The Company's investment objectives consist mainly of:

a) maintaining a bond portfolio that earns adequate cash yields, and

b) maintaining a stable equity portfolio that generates capital gains through a combination of longterm strategic investments and short-term to medium-term hold type investment.

The main risks arising from the use of these financial instruments are credit risk, liquidity risk, interest rate risk, equity price risk, price risk of mutual funds, foreign currency risk, copper price risk and operating and regulatory risk. These risks are monitored by the Company's Investment Committee (the Committee).

The Committee evaluates the performance of all investments and reviews fund allocation to determine the future strategy of the fund. The Committee is formed by the Company's Chairman, Vice Chairman, Chief Finance Officer, and an independent consultant. These meetings occur at least every quarter. The BOD reviews and approves the Company's risk management policies. The Company's policies for managing each of these risks are summarized below.

Credit risk
The Group is exposed to credit risk primarily because of its investing and operating activities. Credit risk losses may occur as a result of either an individual, counterparty or issuer being unable to or unwilling to honor its contractual obligations. The Group is exposed to credit risk arising from default of the counterparties (i.e., foreign and local currency denominated debt instruments and receivables) to its financial assets. The Group does not have a counterparty that accounts for more than 10% of the consolidated revenue.

Credit risk management
In managing credit risk on these investments, capital preservation is paramount. The Group transacts only with recognized and creditworthy counterparties. Investments in bonds are invested in highly recommended, creditworthy debt instruments that provides satisfactory interest yield.

Credit risk exposures
The table below shows the gross maximum exposure for each class of financial assets before the effects of collateral, credit enhancements and other credit risk mitigation techniques:

	2016	2015
Cash in banks	**₱1,803,068,523**	₱1,294,574,992
Short-term investments*	**670,981,773**	477,626,741
FVPL investments - bonds	**744,616,051**	481,184,519
AFS investments - debt instruments	**847,825,052**	907,451,753
	4,066,491,399	3,160,838,005
Loans and receivables:		
Trade	**1,937,863,768**	1,789,754,179
Notes receivable	**32,000,000**	40,000,000
Interest receivable	**21,850,380**	16,498,411
Receivable from villa owners	**11,069,973**	15,960,585
Advances to employees	**14,567,248**	12,374,133
Others	**10,138,581**	12,876,404
	2,027,489,950	1,887,463,712
	₱6,101,981,350	₱5,048,301,717

**includes short term investments amounting to ₱70.5 million under Other current assets*

The Group has no collateral held as security nor credit enhancements as of December 31, 2016 and 2015, except for the notes receivable amounting to ₱20.8 million in 2013 from Tayabas Power guaranteed in full by SKI Construction Group, Inc., its parent company.

Credit quality per class of financial assets
For the Group's financial assets, credit quality is monitored and managed using internal credit ratings. Internal risk ratings are derived in accordance with the Group's rating policy.

The table below shows the credit quality by class of financial asset based on the Group's credit rating system:

2016	Financial Assets that are Neither Past Due nor Impaired: High Grade	Standard Grade	Past Due but Not Impaired	Impaired	Total
Cash in banks	**₱1,803,068,523**	**₱–**	**₱–**	**₱–**	**₱1,803,068,523**
Short-term investments	**670,981,773**	–	**–**	**–**	**670,981,773**
FVPL investments - Bonds	**64,101,510**	**680,514,541**	**–**	**–**	**744,616,051**
AFS investments -					
Debt instruments	**14,654,970**	**833,170,082**	**–**	**58,000,000**	**905,825,052**
Receivables:					
Trade	**–**	**1,429,619,823**	**508,243,945**	**63,616,355**	**2,001,480,123**
Notes receivables	**–**	**32,000,000**	**–**	**–**	**32,000,000**
Interest receivable	**–**	**21,850,380**	**–**	**–**	**21,850,380**
Receivable from villa owners	**–**	**11,069,973**	**–**	**–**	**11,069,973**
Advances to employees	**10,766,272**	**3,800,976**	**–**	**–**	**14,567,248**
Others	**3,039**	**9,369,480**	**766,062**	**1,833,158**	**11,971,759**
	₱2,563,576,087	**₱3,021,395,255**	**₱509,010,007**	**₱123,449,513**	**₱6,217,430,862**

2015	Financial Assets that are Neither Past Due nor Impaired: High Grade	Standard Grade	Past Due but Not Impaired	Impaired	Total
Cash in banks	₱1,294,574,992	₱–	₱–	₱–	₱1,294,574,992
Short-term investments	477,626,741	–	–	–	477,626,741
FVPL investments - Bonds	24,747,254	456,437,265	–	–	481,184,519
AFS investments -					
Debt instruments	165,885,612	741,566,141	–	58,000,000	965,451,753
Receivables:					
Trade	–	1,221,346,395	568,407,784	70,664,283	1,860,418,462
Notes receivables	–	40,000,000	–	–	40,000,000
Interest receivable	–	16,498,411	–	–	16,498,411
Receivables from villa owners	–	15,960,585	–	–	15,960,585
Advances to employees	11,771,382	602,751	–	–	12,374,133
Others	–	12,876,404	–	1,833,158	14,709,562
	₱1,974,605,981	₱2,505,287,952	₱568,407,784	₱130,497,441	₱5,178,799,158

The Group evaluates credit quality on the basis of the credit strength of the security and/or counterparty/issuer. High grade financial assets reflect the investment grade quality of the investments and/or counterparty; realizability is thus assured. Standard grade assets are considered moderately realizable.

Financial assets that are past due but not impaired

The table below shows the aging analysis of past due but not impaired loans/receivables per class that the Group held. Under PFRS 7, a financial asset is past due when a counterparty has failed to make a payment when contractually due.

Trade and Others	Financial Assets that are Past Due but Not Impaired: Less than 30 days	31 to 60 days	61 to 90 days	More than 91 days	Total
December 31, 2016	**₱288,083,008**	**₱130,946,255**	**₱69,093,076**	**₱20,887,668**	**₱509,010,007**
December 31, 2015	323,754,131	148,833,254	68,388,744	27,431,655	568,407,784

Liquidity risk
Liquidity risk is defined as the risk that the Group may not be able to settle or meet its obligations as they fall due. Aside from yielding good returns, the Group ensures investments have ample liquidity to finance operations and capital requirements. Short-term bank loans are secured to fill in temporary mismatch of funds for new investments.

Where applicable, long-term debt or equity are used for financing when the business requirement calls for it to ensure adequate liquidity in the subsidiaries and affiliates' operation.

The Group's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when they are due. This is done by primarily investing in highly liquid investments.

The tables on the next page summarize the maturity profile of the Group's financial liabilities at December 31 based on undiscounted contractual payments as well as the financial assets used for liquidity management.

December 31, 2016	**Within 6 months**	**6 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
Cash on hand and with banks	**₱1,803,257,745**	**₱–**	**₱–**	**₱–**	**₱1,803,257,745**
Short-term investments	**670,981,773**	–	–	–	**670,981,773**
FVPL investments -					
Bonds	**24,300,650**	**9,793,305**	**513,202,670**	**197,319,426**	**744,616,051**
AFS investments -					
Bonds	–	**47,728,517**	**472,588,641**	**327,507,894**	**847,825,052**
Receivables	**1,572,657,608**	**426,575,999**	**24,745,751**	**11,510,593**	**2,035,489,950**
	₱4,071,197,776	**₱484,097,820**	**₱1,010,537,062**	**₱536,337,913**	**₱6,102,170,572**
Notes payable	**₱91,948,200**	**₱–**	**₱–**	**₱–**	**₱91,948,200**
Accounts payable and accrued					
expenses*	**749,426,103**	**125,637,103**	–	–	**875,063,206**
Long-term debt	**223,740,000**	**405,610,200**	**1,916,231,143**	–	**2,545,581,343**
Interest payable	–	**8,825,143**	–	–	**8,825,143**
Dividends payable	**241,914,173**	**8,294,233**	–	–	**250,208,406**
	₱1,307,028,476	**₱548,366,679**	**₱1,916,231,143**	**₱–**	**₱3,771,626,298**

**Excluding non-financial liabilities amounting to ₱86.7 million.*

December 31, 2015	Within 6 months	6 to 12 months	1 to 5 years	Over 5 years	Total
Cash on hand and with banks	₱1,296,692,431	₱–	₱–	₱–	₱1,296,692,431
Short-term investments	477,626,741	–	–	–	477,626,741
FVPL investments -					
Bonds	10,311,599	–	125,731,438	345,141,482	481,184,519
AFS investments -					
Bonds	56,534,651	286,241,765	564,675,337	–	907,451,753
Receivables	1,727,583,282	130,961,652	28,918,778	–	1,887,463,712
	₱3,568,748,704	₱417,203,417	₱719,325,553	₱345,141,482	₱5,050,419,156
Notes payable	₱26,197,832	₱–	₱–	₱–	₱26,197,832
Accounts payable and accrued					
expenses*	785,148,507	–	–	–	785,148,507
Long-term debt		638,070,546	2,459,835,814	–	3,097,906,360
Interest payable	38,869,275	34,559,115	125,037,850	–	198,466,240
Dividends payable	229,648,921	–	–	–	229,648,921
	₱1,079,864,535	₱672,629,661	₱2,584,873,664	₱–	₱4,337,367,860

**Excluding non-financial liabilities amounting to ₱131.0 million.*

The Group's total financial liabilities due to be settled within one year include notes payable that management considers as working capital. Accounts payable and accrued expenses and dividends payable are expected to be settled using cash to be generated from operations and drawing from existing lines of credits or liquidity reserves.

Market risks
Market risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It is the risk coming from adverse movements in factors that affect the market value of financial instruments of the Group. The Group is exposed primarily to the financial risks of changes in interest rates, equity price risk, price risk of mutual funds, foreign currency risk, copper price risk and operating and regulatory risk.

Investments exposed to market risk are foreign and local currency denominated quoted debt instruments, foreign and local currency denominated equity instruments and mutual fund/hedge fund investments.

There has been no change to the Group's manner in managing and measuring the risk.

a. Interest rate risks

Cash flow interest rate risk
Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The following tables demonstrate management's best estimate of the sensitivity to reasonably possible change in interest rates, with all other variables held constant (in millions):

Floating debt instrument	**Change in interest rates [in basis points (bps)]**	**Effect on income before tax increase (decrease)**
2016	**+150**	**[illegible]**
	-150	
2015	+150	[illegible]
	-150	

The sensitivity analysis shows the effect on the consolidated statements of income of assumed changes in interest rates on the net interest income for one year, based on the floating rate of financial assets and financial liabilities held at December 31, 2016 and 2015. There is no other impact on equity other than those affecting profit and loss.

Fair value interest rate risk
Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group accounts for its quoted debt instruments at fair value. Changes in benchmark interest rate will cause changes in the fair value of quoted debt instruments.

The tables below show the impact on income before income tax and equity (in millions) of the estimated future bond yields using a duration based sensitivity approach. Items affecting profit and loss are bonds classified as FVPL and items affecting equity account are bonds classified as AFS.

2016	**Change in interest rates (in bps)**	**Increase (Decrease)**	
		Effect on income before tax	**Effect on equity**
AFS investments	**+100**	**₱–**	**(₱17.89)**
	-100	**–**	**19.11**
FVPL investments	**+100**	**(18.47)**	**–**
	-100	**19.48**	**–**

2015	Change in interest rates (in bps)	Increase (Decrease)	
		Effect on income before tax	Effect on equity
AFS investments	+100	₱–	(₱19.82)
	-100	–	21.02
FVPL investments	+100	(24.25)	–
	-100	28.36	–

b. Equity price risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of the equity indices and the values of individual stock. The equity price risk exposure arises from the Group’s investment in stock listed in the PSE.

The sensitivity analysis assumes that the stock’s standard deviation on its historical returns for the past one year provides the basis for the range of reasonably possible changes in prices of the stock investments. In establishing the relative range of the stock investment returns, the Group also assumes a 99% confidence level.

The tables below show the impact on income (in millions) before income tax and equity of the estimated future return of the stock investments using a Beta-based sensitivity approach.

AFS investments	**Change in PSE price index**	**Increase (Decrease)**	
		Effect on income before tax	**Effect on equity**
2016	**+18.44%**	**₱–**	**₱5[illegible]**
	-18.44%	**–**	**(593.35)**
2015	+34.28%	–	8[illegible]
	-34.28%	–	(822.25)

The annual standard deviation of the PSE price index is approximately 14.73% and 12.04% and with 99% confidence level, the possible change in PSE price index could be +/-18.44% and +/-34.28% in 2016 and 2015, respectively. There are no outstanding stock investments listed in PSE that are classified as FVPL as of December 31, 2016 and 2015.

c. Price risk of mutual funds

The Group is exposed to the risk of changes in the fund's net asset value (NAV) due to its market risk exposures.

The sensitivity analysis demonstrates management's best estimate of the impact of reasonably possible change in NAV, with all other variables held constant.

The tables below show the impact on income before income tax and equity (in millions) of assumed changes in NAV. A negative amount in the table reflects a potential reduction on income before income tax or equity while a positive amount reflects a potential increase on income before income tax or equity.

		Increase (Decrease)	
Mutual funds	**Change in NAV**	**Effect on income before tax**	**Effect on equity**
2016	**+10%**		**18.20**
	-10%		**(18.20)**
2015	+10%		32.51
	-10%		(32.51)

d. Foreign currency risks

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rate. The Group's exposure arises primarily from investments in foreign currency denominated debt investments and equity securities.

The Company and a subsidiary's foreign exchange risk arises primarily from investments in foreign currency denominated debt and equity securities. To minimize income volatility due to exchange rate movements, liquid investments are held in a basket of currencies, including Philippine peso and other major currencies such as U.S. dollar, Australian dollar and Japanese Yen. This also enables the Company and a subsidiary to access investment opportunities in those currencies. The Group occasionally engages in foreign currency forward contracts as a defensive measure against foreign currency volatility.

On borrowings, it is the Company's group-wide policy for its subsidiaries and associates where it has significant influence to minimize any foreign exchange risks. Thus, all borrowings whether short-term or long-term, in general, should be in Philippine peso. Any foreign currency borrowings may be engaged only if matched by the entities' corresponding currency revenue flows or by a foreign currency asset. As such, PRI, SSRLI and CGI can borrow in U.S. dollar as their revenues are dollar-based. It is also the policy of the Group to minimize any foreign exchange exposure in its management of payables. Any substantial exposure is covered by foreign exchange contracts, if necessary.

The analysis discloses management's best estimates of the effect of reasonably possible movement of the currency rate against the Philippine peso on income before tax (in millions). It assumes that all other variables remain constant.

2016	**Change in currency rate**	**Effect on income before tax and equity Increase (decrease)**
US Dollar	**+4.41%**	**(₱7.30)**
	-4.41%	**7.30**
Australian Dollar	**+11.40%**	**(₱0.85)**
	-11.40%	**0.85**

2015	Change in currency rate	Effect on income before tax Increase (decrease)
US Dollar	+3.80%	(₱6.41)
	-3.80%	6.41
Japanese Yen	+8.51%	(0.76)
	-8.51%	0.76

e. Copper price risk

The PDP Group uses copper rods in the manufacturing of its products. Copper rods component represents a significant portion of the cost of each unit produced. Average monthly purchase of copper rods amounted to ₱275.32 million with an average quantity of about 1,318 metric tons in 2016 and ₱316.30 million with an average quantity of about 1,111 metric tons in 2015.

Copper rods are priced based on the London Metal Exchange prices and are affected by the volatility in the price of metal in the world market. The following table represents the effect on income before tax (in millions) of the reasonably possible change in metal prices, as they affect prices of copper rods, with all other variables held constant:

	% Change in copper rod prices	Effect on income before income tax and equity Increase (decrease)
2016	**+10.80%**	**(₱38.00)**
	-10.80%	**38.00**
2015	+11.13%	(31.58)
	-11.13%	31.58

PDP Group's exposure to price risk on copper rod purchases is managed through back-to-back purchase of rods versus sales orders, average pricing on the firm orders like automobile wire products with long-term contracts, and obtaining orders from contractors with a fixed price or locked-in contracts with a specified period.

f. Operating and regulatory risk

CMSIS is accredited by the The Joint Commission, a private sector, U.S.-based, not-for-profit organization. This accreditation significantly influences the CMSIS's credentialing and documentation processes for the traveling healthcare professionals. The Joint Commission accreditation is deemed as the Gold Seal of Standards for healthcare staffing companies and provides license to transact business with hospitals and association requiring The Joint Commission accreditation. Any changes on the accreditation rules and regulations may adversely affect the CMSIS's credentialing and operating procedures and ability to staff qualified healthcare professionals. The CMSIS manages its exposure to such risks by conducting internal audits and monitoring new rules and regulations from The Joint Commission.

With respect to its international business segment, the CMSIS is subject to regulations by the U.S. State Department for the immigration of nurses and temporary work visa of therapists to the U.S. These governmental regulations significantly influence the Group's ability to deploy nurses and therapists in the U.S. The Group manages its exposure to such risks by actively monitoring legal and regulatory pronouncements issued by the U.S. State Department.

Capital Management
Due to the diversity of the operations of each company in the Group, capital risk management processes in place are specific to each company. Below are the capital risk management policies of the Company and its more significant subsidiaries and associate:

a. The primary objective of the Group's capital management is to ensure an adequate return to its shareholders and to maximize its value to its shareholders. In pursuance of this goal, the Group establishes an optimum risk return investment objectives through a sound diversified investment portfolio and in ensuring a fair credit rating, the Group establishes prudent financial policies through appropriate capitalization ratios in its investments and maintain reasonable liquidity.

   The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the consolidated balance sheet.

   No changes were made in the objectives, policies or process for the years ended December 31, 2016 and 2015.

b. Cirrus' and CGI's capital management objectives are:

   - To ensure its ability to continue as a going concern; and
   - To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

   CGI monitors capital on the basis of the carrying amount of equity as presented on the face of its balance sheet.

   CGI sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. It manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying business.

28. Financial Instruments

Categorization of Financial Instruments

December 31, 2016	Loans and Receivables	Financial Assets at FVPL	AFS Investments	Total
Cash and cash equivalents	₱2,474,050,296	₱–	₱–	₱2,474,050,296
FVPL investments	–	769,680,131	–	769,680,131
AFS investments	–	–	8,361,225,713	8,361,225,713
Receivables	2,035,489,950	–	–	2,035,489,950
	₱ 4,509,540,247	₱769,680,131	₱8,361,225,713	₱13,640,446,090

December 31, 2015	Loans and Receivables	Financial Assets at FVPL	AFS Investments	Total
Cash and cash equivalents	₱1,774,319,172	₱–	₱–	₱1,774,319,172
FVPL investments	–	508,976,634	–	508,976,634
AFS investments	–	–	7,415,779,409	7,415,779,409
Receivables	1,887,463,712	–	–	1,887,463,712
	₱3,661,782,884	₱508,976,634	₱ 7,415,779,409	₱11,586,538,927

Other Financial Liabilities	2016	2015
Notes payable	₱91,948,200	₱26,197,832
Accounts payable and accrued expenses*	875,063,206	785,148,507
Dividends payable	250,208,406	229,648,921
Interest payable	8,825,143	198,466,240
Long-term debt, including current portion	2,545,581,343	3,097,906,360
	₱3,771,626,298	₱4,337,367,860

** Excluding non-financial liabilities amounting to ₱86.7 million and ₱131.0 million in 2016 and 2015, respectively.*

Fair Values of Financial Assets and Liabilities

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments:

	December 31, 2016		December 31, 2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
FVPL investments:				
Bonds and convertible note	₱744,616,051	₱744,616,051	₱481,184,519	₱481,184,519
Funds and equities	3,345,600	3,345,600	6,352,114	6,352,114
Others	21,718,480	21,718,480	21,440,001	21,440,001
	769,680,131	769,680,131	508,976,634	508,976,634
AFS investments:				
Quoted equity shares	5,671,746,053	5,671,746,053	5,082,198,801	5,082,198,801
Bonds and convertible note	847,825,052	847,825,052	907,451,753	907,451,753
Funds and equities	254,411,351	254,411,351	108,212,393	108,212,393
Proprietary shares	184,210,323	184,210,323	190,450,322	190,450,322
Unquoted shares	1,097,757,074	1,097,757,074	861,146,084	861,146,084
	8,056,009,553	8,056,009,553	7,149,459,353	7,149,459,353
	₱8,825,689,684	₱8,825,689,684	₱7,658,435,987	₱7,658,435,987

The carrying amounts of cash and cash equivalents, receivables, notes payable, dividends payable and accounts payable and accrued expenses approximate their fair values due to the short-term maturity of these financial instruments. As of December 31, 2016 and 2015, AFS investments amounting to ₱305.2 million and ₱266.4 million, respectively, were carried at cost less impairment since these are investments in unquoted equity shares and the fair values cannot be measured reliably.

The carrying values of long-term debt, which have floating rates with quarterly repricing, approximate their fair values.

The following methods and assumptions were used to estimate the fair values:

- FVPL investments in bonds, funds and equities and others are derived from quoted market prices in active markets.
- AFS investments in bonds, quoted equity shares and funds and equities and proprietary shares are derived from quoted market prices in active markets.
- AFS investments in unquoted equity shares are based on the discounted cash flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, and growth rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

The following table provides the Group's fair value measurement hierarchy of its assets:

As of December 31, 2016:

		Fair value measurement using		
	Total	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
FVPL investments:				
Bonds	**₱744,616,051**	**₱744,616,051**	**₱–**	**₱–**
Funds and equities	**3,345,600**	**3,345,600**	**–**	**–**
Others	**21,718,480**	**21,718,480**	**–**	**–**
	769,680,131	**769,680,131**	**–**	**–**
AFS investments:				
Quoted equity shares	**5,671,746,053**	**5,671,746,053**	**–**	**–**
Bonds and convertible note	**847,825,052**	**847,825,052**	**–**	**–**
Funds and equities	**254,411,351**	**254,411,351**	**–**	**–**
Proprietary shares	**184,210,323**	**184,210,323**	**–**	**–**
Unquoted shares	**1,097,757,074**	**–**	**–**	**1,097,757,074**
	8,056,009,553	**6,958,252,479**	**–**	**1,097,757,074**
	₱8,825,689,684	**₱7,727,932,610**	**₱–**	**₱1,097,757,074**

As of December 31, 2015:

		Fair value measurement using		
	Total	Quoted prices in active Markets (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable Inputs (Level 3)
FVPL investments:				
Bonds	₱481,184,519	₱481,184,519	₱–	₱–
Funds and equities	6,352,114	6,352,114	–	–
Others	21,440,001	21,440,001	–	–
	508,976,634	508,976,634	–	–
AFS investments:				
Quoted equity shares	5,082,198,801	5,082,198,801	–	–
Bonds and convertible note	907,451,753	907,451,753	–	–
Funds and equities	108,212,393	108,212,393	–	–
Proprietary shares	190,450,322	190,450,322	–	–
Unquoted shares	861,146,084	–	–	861,146,084
	7,149,459,353	6,288,313,269	–	861,146,084
	₱7,658,435,987	₱6,797,289,903	₱–	₱861,146,084

Description of significant unobservable inputs to valuation of financial instruments classified under Level 3 (in millions):

2016:

	Valuation technique	**Significant unobservable inputs**	**Range**	**Sensitivity of input to fair value**
Enderun	DCF Model	Student growth rate of 10%	5% to 15%	5%: fair value of ₱346 15%:fair value of ₱348
		Tuition fee increase by 5%	0% to 7%	0%: fair value of ₱329 7%: fair value of ₱374
		Cost of capital of 12%	10% to 14%	10%: fair value of ₱439 13%: fair value of ₱304
KSA	DCF Model	Dividend payout is ₱100.0 million with 5% annual increase	-5% to 10%	-5%: fair value of ₱720 10%: fair value of ₱804
		Liquidity discount of 20%	10% to 30%	10%: fair value of ₱842 30%: fair value of ₱655
		Cost of equity of 14%	13% to 15%	13%: fair value of ₱798 15%: fair value of ₱703

2015:

	Valuation technique	Significant unobservable inputs	Range	Sensitivity of input to fair value
Enderun	DCF Model	Student growth rate of 10%	5% to 15%	5%: fair value of ₱344 15%: fair value of ₱347
		Tuition fee increase by 5%	0% to 5%	0%: fair value of ₱309 5%: fair value of ₱389
		Cost of capital of 14%	12% to 16%	12%: fair value of ₱438 16%: fair value of ₱289
KSA	DCF Model	Dividend payout is ₱60.0 million	-5% to 10%	-5%: fair value of ₱497 10%: fair value of ₱556
		Liquidity discount of 20%	10% to 30%	10%: fair value of ₱524 30%: fair value of ₱508
		Cost of capital of 11.5%	10% to 13%	10%: fair value of ₱571 13%: fair value of ₱469

An increase in the percentage of EBITDA over revenue would increase the fair value of the investment in Enderun.

An increase in the expected lease income of KSA would increase the dividend payout, which would lead to an increase in the fair value of the investment in KSA.

Reconciliation of fair value measurement of AFS assets in unquoted equity shares (in millions):

	Enderun	KSA	Total
As at 1 January 2015	**₱286**	**₱417**	**₱703**
Re-measurement recognized in OCI	59	99	158
Realized gains (losses) in profit or loss	–	–	–
Unrealized gains (losses) in profit or loss	–	–	–
Purchases	–	–	–
Reclassified in discontinued operations	–	–	–
Transfer into/out of Level 3	–	–	–
Sales	–	–	–
As at 31 December 2015	**345**	**516**	**861**
Re-measurement recognized in OCI	–	–	–
Realized gains (losses) in profit or loss	–	–	–
Unrealized gains (losses) in profit or loss	–	–	–
Purchases	–	**237**	**237**
Reclassified in discontinued operations	–	–	–
Transfer into/out of Level 3	–	–	–
Sales	–	–	–
As at 31 December 2016	**₱345**	**₱753**	**₱1,098**

For the years ended December 31, 2016 and 2015, there were no transfers from Level 1, Level 2 and Level 3 fair value measurements.

29. Contracts and Agreements

Sutton

a. On February 26, 2009, CGI's BOD ratified the new Service Agreement with IQHPC with a revised fee equivalent to 3% of all billed expenses effective January 1, 2009.

   In January 2016, CGI and IQHPC entered into a new Service Agreement where IQPHC will pay CGI the agreed specific rate that corresponds the type of medical staff deployed to a facility. The term of the agreement is valid for a period of 36 months from the commencement date. Fees shall be billed upon deployment and are due within 30 days. Interest shall accrue at the rate of 2% per month on any unpaid balance.

   Service income recognized from the service agreement with IQHPC in 2016 and 2015 amounted to ₱11.11 million and ₱3.4 million, respectively.

b. In the ordinary course of business, IQHPC enters into Service Agreements with U.S. hospitals and/ or staffing agencies to provide services in relation to the placement of qualified Filipino nurses for full time employment in the U.S. The Service Agreement sets forth the rights, responsibilities, terms and conditions governing IQHPC's services, which include among others, training and procedural assistance in obtaining all required licensure examinations, obtaining U.S. permanent residence status and eventual placement of the nurses to the U.S. hospitals and/or agency.

As of December 31, 2016 and 2015, IQHPC has outstanding Service Agreements with different U.S. hospitals and one with a staffing agency. Service income recognized in 2016, 2015, and 2014 amounted to ₱11.1 million, ₱3.6 million, and ₱3.4 million, respectively.

c. CGI entered into a non-cancellable operating lease covering certain offices. The lease has terms ranging up to three years, with renewal options and includes annual escalation rates of 5% to 10%. In 2015, the lease agreement was renewed for one-year term ending June 15, 2016. In 2016, the Company decided to terminate the agreement upon end of the lease term on June 15, 2016.

   The future minimum rentals payable under the non-cancellable operating lease within one year from the balance sheet date amounted to ₱1.8 million as of December 31, 2016 and 2015.

   Rent expense in 2016, 2015 and 2014 amounted to ₱3.0 million, ₱2.8 million, and ₱2.8 million, respectively.

d. In May 2010, CGI entered into a sublease agreement with a third party covering its office space. The sublease has a term of one year ending April 30, 2011 renewable upon mutual agreement of both parties. Upon its maturity, the sublease agreement was renewed for several periods. The extended sublease agreement ended last July 31, 2014.

   In October 2014, CGI entered into sublease agreement with another third party covering its office space renewable upon mutual agreement of both parties. The initial sublease agreement was for a period of eight months ended last July 15, 2015. At the end of the lease term, the sublease agreement was renewed and extended until June 15, 2016.

   Rent income from the sublease agreement in 2016, 2015 and 2014 amounted to ₱0.4 million, ₱0.7 million, and ₱0.6 million, respectively.

e. In 2014, advances to CGI amounting to ₱6.0 million were assigned to Sutton in exchange for its 948 common shares, respectively.

f. In April 2012, CGI entered into a Service Agreement with Cleveland Clinic Abu Dhabi (CCAD) for CGI to provide nurses for deployment in Abu Dhabi. In consideration of the services provided by CGI, the Service Agreement provides that CCAD shall pay a lump-sum fee of 17% of the first year salary, exclusive of benefits, of each candidate that satisfactorily completes all legal and regulatory requirements to live and work at CCAD.

   Permitted fees are to be invoiced in the following manner:

   - 25% of fee upon signing the contract offer of employment;
   - 50% of fee upon deployment; and
   - 25% of fee upon completion of the probationary 90-day time period at CCAD.

   CGI records deferred revenue equal to a percentage of service fee invoiced to CCAD. Portion of the deferred revenue were already advanced by CCAD and are refundable once the service agreements are not met.

<u>Cirrus</u>

a. Cirrus Holdings USA, LLC and Cirrus Allied, LLC have various staffing contracts with their U.S. clients concerning certain rates and conditions, among others. Service income amounted to ₱2.55 billion, ₱1.91 billion, and ₱1.25 billion in 2016, 2015 and 2014, respectively.

b. Cirrus has entered into a third party non-cancellable operating lease agreements for the rental of office space and equipment. The leases include options to renew, as well as rent escalation clauses and in certain cases, incentives from the landlord for rent-free months and allowances for tenant improvements.

As of December 31, 2016 and 2015, future minimum lease payments associated with these agreements with terms of one year or more are as follows:

	2016	2015
Within one year	**₱9,141,751**	₱9,377,598
After one year but not more than five years	**11,115,307**	20,559,102
	₱20,257,058	₱29,936,700

Rent expense in 2016, 2015 and 2014 amounted to ₱10.7, ₱10.7 million, and ₱10.9 million, respectively.

c. On December 10, 2010, Cirrus acquired NT, a company maintaining web domains for nurses and physical therapist, and agreed to pay a maximum total consideration amounting to US$1.06 million for the net assets of NT as of purchase date. Of the amount, US$0.51 million will be paid by Cirrus provided certain revenue and earnings target are met. To facilitate the transaction, the Company made advances to AI in the amount of US$840,000 (₱37.09 million).

ASAC

ASAC entered into a lease agreement for ground handling equipment in the conduct of its operations. The lease agreement is in force for a period of not more than one year unless all parties formally extend the said term.

IAI

a. The Company entered into a lease agreement with IAI for the Guest Lounge and Purchasing Office. The lease agreement has duration of two years. The agreement provides that the Company is not allowed to sublease any part of the leased premises. Rent expense amounted to 2.59 million and 2.45 million in 2016 and 2015, respectively (see Note 14).

b. IAI conducts its operations from leased facilities which include the aircraft hangar, parking lots and the administrative office. The lease agreement is for a period of two years commencing on September 1, 2009 and is subsequently renewed for another two years upon its termination in 2011 and 2013. The renewed lease agreement will terminate in August 2017.

The same shall be renewable upon mutual agreement if either party receives no notice of termination. Rent expense recognized in operations amounted to ₱2.9 million in 2016, ₱2.9 million in 2015, and ₱2.8 million in 2014.

SSRLI and PRI

a. Since 1995, the Company charges SSRLI a monthly fee amounting to US$4,000 or its Peso equivalent for the Company's general, administrative, treasury, tax and legal services rendered to SSRLI.

b. PRI executed in the past an Operating and Management Agreement (OMA) with Amanresorts Management, B.V. (AMBV, the Operator of Amanresorts), a company based in Amsterdam, the Netherlands, for a fee of 5% of PRI's gross operating profits, as defined in the

OMA. The OMA provides for, among others, the reimbursements by PRI to Amanresorts of all costs and expenses incurred by the latter in connection with the management and operation of resort and a reserve cash funding equivalent to 4% of gross revenues which will be used to cover the cost of replacements, renewals, and additions to furniture, fixtures and equipment. On June 24, 2013, both parties have mutually entered into a new OMA, effective on the same date, in which PRI will pay a basic fee amounting to 4% of gross revenue and an incentive fee of 10% based on the gross operating profit collectively known as management fee. In addition to the management fees discussed, PRI shall also reimburse AMBV for all costs and expenses incurred by AMBV directly in connection with rendering services under the new OMA.

Likewise, marketing services and license contracts with AMBV were entered into by PRI in the past, providing marketing fee of 3% of the resort's annual gross hotel revenues and US$1,000 monthly fee, respectively. On June 24, 2013, both parties mutually entered into a new marketing services agreement of the same terms and conditions except for a lower marketing fee rate of 1% of gross revenue from 3%.

PRI also executed a Reservation Services Agreement with Hotel Sales Services Ltd. (HSSL) in which PRI will pay the latter a monthly fee of 6.5% of the gross accommodation charges processed through HSSL's central sales and reservation offices, with the exception of bookings made through the global distribution system which cost US$100 per booking. Upon commencement of the service agreement on June 24, 2013, PRI paid an establishment fee of US$1,500. PRI pays annual maintenance fee of US$1,000 to HSSL. The agreement will expire upon the date the hotel is no longer managed by AMBV.

PRI also obtained from Amanresorts I.P.R.B.V. (AIPRBV), a company incorporated in Amsterdam, the Netherlands, the nonexclusive license to use the Amanresorts Marks in connection with the operation of the Resort.

The OMA, marketing and license contracts will expire on June 30, 2018. Further, AMBV has the option to extend the operating term for a period of five years from the date of its expiration. Total fees related to these agreements amounted to ₱57.95 million, ₱51.8 million, and ₱ 34.8 million in 2016, 2015, and 2014, respectively.

c. SSRLI has an agreement with IAI for the latter to provide regular air service. IAI shall charge SSRLI a fixed round trip rate per passenger, subject to an annual review by both parties, with a guarantee that all of IAI's operating costs will be covered.

   As a result of the transfer of resort operations from SSRLI to PRI (see Note 12), the latest renewal of the air service agreement was made between PRI and IAI covering a three-year period from July 1, 2011 to June 30, 2014. The duration of the contract may be extended upon such terms and conditions as may be mutually agreed by both parties.

d. PRI entered into a lease agreement with IAI for the Guest Lounge and Purchasing Office. The lease agreement has duration of two years ending September 2013. In 2015, the lease agreement was renewed for another two years. The agreement provides that PRI is not allowed to sublease any part of the leased premises.

Future minimum annual rentals payable under this lease are as follows:

	2016	2015
Not later than one year	**₱1,727,167**	₱2,590,751
Later than one year but not later than 5 years	**–**	1,727,167
	₱1,727,167	₱4,317,918

Rent relating to the lease amounted to ₱2.81 million in 2016, ₱2.5 million in 2015, and ₱1.9 million in 2014.

e. In January 2007, APHI and SSRLI entered into a consultancy agreement whereby APHI will provide project management, general and specific administration and supervision over pre-construction and post-construction stages of SSRLI's Amanpulo Phase 2 and other capital expenditure projects for a certain fee agreed by the two parties. As of December 31, 2011, the consultancy contract is still in effect but at a reduced fee.

f. On May 31, 2013, APHI and SSRLI entered into a management contract in which APHI will provide technical advice, supervision and management services and general administration for various Phase 3-A villa projects, such as but not limited to other Amanpulo special capital expenditure projects. SSRLI shall pay a fixed monthly fee amounting to ₱615,000 exclusive of VAT, effective June 1, 2013 until the projects have been completed, delivered and accepted by SSRLI.

g. On July 1, 2011, PRI entered into management agreements with the villa owning companies wherein PRI shall provide general maintenance and accounting and administrative services for the villas. PRI shall also be responsible for the marketing and promotion of the villas. In return for these services, PRI shall be entitled to 50% of the net villa rental proceeds. PRI shall also receive reimbursements of costs, with 15% handling fees (except for utilities), incurred in providing services to the villa guests. PRI's total management and handling fees amounted to ₱75.1 million, ₱73.0 million and ₱57.2 million in 2015, 2014, and 2013, respectively, and is presented as part of "Services revenue" in the consolidated statements of income.

   As part of the agreement, PRI will also maintain a fund which shall be used for future maintenance requirements of the villas. As of December 31, 2016 and 2015, the restricted fund amounted to ₱70.9 million and ₱65.3 million, respectively, which is included under "Other noncurrent assets" and "Other noncurrent liabilities" in the consolidated balance sheets (see Note 15).

h. In November 2005, the DENR awarded to SSRLI the exclusive use of the foreshore land surrounding the Pamalican Island, where Amanpulo Resort is situated. The award has a duration of 25 years which may be renewed for another full period at the option of SSRLI. Annual rent shall be paid in advance on or before the 16th day of November every year.

   On October 3, 2012, PRI entered into a lease agreement with SSRLI covering the land where PRI operates and certain resort-related assets for a period of 20 years. Annual lease rental amounted to ₱53.5 million payable within the first five days at the beginning of each quarter. Effective January 1, 2016, the annual rental fee is ₱42.80 million.

Future minimum lease payments under these lease agreements as of December 31 are as follows:

	2016	2015
Within one year	**₱42,800,000**	₱45,390,751
After one year but not more than five years	**171,200,000**	172,927,167
More than five years	**406,600,000**	449,400,000
	₱620,600,000	₱667,717,918

i. In 2014, SSRLI entered into a Construction Service Contract (Service Contract) with the PEZA-registered villa owners in which SSRLI shall provide project management general and specific administration and supervision over the preconstruction and post-construction stages of the Project. The villa owners shall pay SSRLI a handling fee which represents 15% of the actual project cost during the villa construction or renovation. In 2016, 2015 and 2014, SSRLI recognized handling fee, included under "Other income (charges)" account which amounted to ₱7.63 million, ₱56.48 million and ₱17.7 million, respectively.

j. In 2015, SSRLI redeemed Class A preferred stock of 117,080,330 shares and Class B preferred stock 82,919,670 shares amounting to ₱200.00 million.

<u>PDIPI and Subsidiaries</u>

a. The Company has a management contract with PDP Energy which provides, among others, for payment of annual management fees amounting to ₱7.2 million (VAT inclusive) plus certain percentages of audited income before tax and management and technical assistance fees (VAT exclusive). Due from PDP Energy amounted to ₱20.8 million and ₱15.2 million (eliminated in the consolidated financial statements) as of December 31, 2016 and 2015, respectively (see Notes 9 and 26). Management fees amounted to ₱88.3 million (eliminated in the consolidated financial statements), ₱71.0 million and ₱62.2 million in 2016, 2015 and 2014, respectively.

b. Beginning January 2004, PDP Energy entered into a technical assistance contract with Phelps Dodge International Corporation which provides an annual payment of technical fees amounting to a certain percentage of audited income before tax (VAT inclusive). There are no technical fees starting 2015. Technical fees amounted to ₱57.7 million in 2014. These are included in "Management fee" in the Group's consolidated statements of income. On December 19, 2014, PDP Energy entered into a technical assistance and support agreement with General Cable Corporation (GC). The agreement provides that GC shall make available to PDP Energy technical assistance and support services which include, among others the availability of technical and qualified resource persons with expertise in materials, technologies and manufacturing processes to be made available to PDP Energy through periodic consultation meetings with PDP Energy personnel and technical visits to PDP Energy.

c. In 2008, PDP Energy entered into a contract of lease with a third party covering the lease of its office building. The contract is for a two year lease period and renewable at the option of both parties. The contract ended in 2013 and was no longer renewed. In line with this, PDP Energy entered into a contract of lease with another third party for the lease of its office building. The term is for a period of five years and renewable at the option of both parties.

The future aggregate minimum lease payments under the new operating lease are as follows:

	2016	2015
Not later than 1 year	**₱6,577,643**	₱6,533,374
More than 1 year but not later than 5 years	**3,766,386**	10,344,029
	₱10,344,029	₱16,877,403

d. On December 19, 2014, PDIPI entered into a trademark licensing agreement with General Cable Technologies Corporation (GCTC) wherein GC will grant a perpetual and exclusive license to PDIPI to use the Phelps Dodge trademark in the manufacture and sale of wires and cables in the Philippines. On the same date, PDP Energy entered into a distributor and representative agreement with General Cable Industries Inc. (GCI) which provides, among others, the exclusive distributor, reseller and representative for the sale of GC products to customers within the Philippines.

30. Other Matters

a. ASAC is a founding member of the Federation of Aviation Organizations of the Philippines (FEDAVOR) since 1986. In 2005, FEDAVOR won a Supreme Court case against MIAA involving its imposition of higher rates for rental and other services without a public hearing. ASAC accrued its share in FEDAVOR's legal expenses in 2006. In 2009, MIAA filed and subsequently won their motion for reconsideration with the Court of Appeals ruling that all refunds have to be coursed through the Commission on Audit. As of December 31, 2016, the refund process has remained pending.

   With no quick resolution in sight and in view of the change in the MIAA administration, ASAC had planned to enter into a new lease contract with the MIAA, with ASAC as the lessor and IAI as sublessor. However, due to the MIAA's denial of its request to modify and/or delete the onerous provisions contained in the contract, ASAC decided to withdraw its lease application in late 2013 and is now back to sublessee status. ASAC recognized accruals amounting to ₱1.14 million as of December 31, 2016 and 2015 for the Concessionaire's Privilege Fees which covers the subleasing that the MIAA is set to bill ASAC.

b. ASAC is a defendant in labor lawsuits and claims. As of December 31, 2016 and 2015 management has recognized provisions for losses amounting to ₱5.72 million (see Note 17) that may be incurred from these lawsuits.

c. SSRLI has claims, commitments, litigations and contingent liabilities that arise in the normal course of the SSRLI's operations which are not reflected in the consolidated financial statements. Management is of the opinion that as of December 31, 2016 and 2015, losses, if any, from these commitments and contingencies will not have a material effect on the consolidated financial statements.

d. On August 25, 2016, APHI changed its name to Uptown Kamputhaw Holdings, Inc.

e. Valuation allowances for investments at equity were previously presented under "Other income (charges)-net" in the 2015 and 2014 consolidated statement of income.

f. On April 20, 2016, the BOD and stockholders of the CMSIS authorized the re-acquisition of its own 28 common stocks for a total purchase price amounting to US$206,000.

31. **Subsequent Events**

On February 22, 2017, Anscor's BOD approved the declaration of cash dividends amounting to ₱500.0 million (₱0.20 per share) to stockholders of record as of March 9, 2017, which will be paid on April 4, 2017.

A. SORIANO CORPORATION

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

A. SORIANO CORPORATION

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2016

Unappropriated retained earnings, beginning	₱3,058,392,462
Less: Net deferred tax assets recognized directly to income	37,363,493
Unappropriated retained earnings, as adjusted to available for dividend distribution, January 1, 2016	3,021,028,969
Net income during the period:	1,005,126,081
Less: Net increase in deferred tax assets	15,659,108
	4,041,814,158
Appropriation of retained earnings	(850,000,000)
Cash dividends declared and paid in 2016	(500,000,000)
Total retained earnings available for dividend declaration, December 31, 2016	₱2,691,814,158

SCHEDULE II

A. SORIANO CORPORATION AND SUBSIDIARIES

SCHEDULE OF ALL THE EFFECTIVE STANDARDS AND INTERPRETATIONS

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Early Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transaction*		✓	
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9, Financial Instruments, with PFRS 4*		✓	

**Standards and interpretations which will become effective subsequent to December 31, 2016.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Early Adopted	Not Applicable
PFRS 5	Noncurrent Assets Held for Sale and Discontinued Operations			✓
	Amendments to PFRS 5: Changes in Methods of Disposal	✓		
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: 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: Disclosures - Servicing Contracts			✓
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments*		✓	
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures*		✓	
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Investment Entities			✓
	Amendments to PFRS 10, *Consolidated Financial Statements* **-** Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**		✓	
	Amendments to PFRS 10, *Consolidated Financial Statements* - Applying the Consolidation Exception	✓		

**Standards and interpretations which will become effective subsequent to December 31, 2016.*
**Deferred effectivity*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Early Adopted	Not Applicable
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Investment Entities			✓
	Amendments to PFRS 12: Applying the Consolidation Exception	✓		
	Amendments to PFRS 12: Clarification of the Scope of the Standard*		✓	
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts			✓
IFRS 15	Revenue from Contracts with Customers*		✓	
IFRS 16	Leases*		✓	
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Statement of Cash Flows, 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	✓		

**Standards and interpretations which will become effective subsequent to December 31, 2016.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS **Effective as of December 31, 2016**		**Adopted**	**Not Early Adopted**	**Not Applicable**
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions			✓
	Amendments to PAS 19: Regional Market Issue Regarding Discount Rate	✓		
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	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PAS 27: Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements	✓		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
	Amendments to PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**		✓	
	Amendments to PAS 28:Applying the Consolidation Exception	✓		
	Amendments to PAS 28: Measuring an Associate or Joint Venture at Fair Value*		✓	
PAS 29	Financial Reporting in Hyperinflationary Economies			✓

**Standards and interpretations which will become effective subsequent to December 31, 2016.*
***Deferred effectivity*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		**Adopted**	**Not Early Adopted**	**Not Applicable**
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			✓
	Amendments to PAS 34: Disclosure of Information ‘elsewhere in the interim financial report’			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendments to 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	✓		

**Standards and interpretations which will become effective subsequent to December 31, 2016.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Early Adopted	Not Applicable
PAS 39 *(cont'd))*	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives	✓		
	Amendment to PAS 39: Eligible Hedged Items	✓		
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property	✓		
	Amendments to PAS 40: Transfers of Investment Property*		✓	
PAS 41	Agriculture			✓
	Amendments to PAS 41: Bearer Plants			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✓
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 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 & Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓

**Standards and interpretations which will become effective subsequent to December 31, 2016.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Early Adopted	Not Applicable
IFRIC 15	Agreements for the Construction of Real Estate*		✓	
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
IFRIC 22	Foreign Currency Transactions and Advance Consideration			✓
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures	✓		
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

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