May 30, 2017

PHILIPPINE STOCK EXCHANGE
3rd Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Ave., Makati City
Attention: Mr. Jose Valeriano B. Zuño III
OIC – Head, Disclosure Department

PHILIPPINE DEALING AND EXCHANGE CORPORATION
37th Floor, Tower 1, The Enterprise Center
6766 Ayala Ave. cor Paseo de Roxas, Makati City
Attention: Ms. Vina Vanessa S. Salonga
Head, Issuer Compliance and Disclosure Department

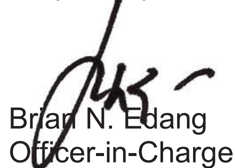
Subject: Vista Land & Lifescapes, Inc.: **SEC 17Q – March 31, 2017 (Amended)**

Gentlemen:

In line with our disclosure yesterday on the approval of the Company's board to offer and sell Philippine Peso-denominated fixed-rate retail bonds attached herewith is the amended SEC Form 17Q for March 31, 2017. Amendments were made to align with the Company's reviewed financial statements that will be filed with the Information Statement for the retail bond. Amendments on the financial statements were reclassifications on the Statement of Financial Condition and Notes to Financial Statements. There were no adjustments made on the Income statements. For your guidance.

Thank you.

Very truly yours,



Brian N. Edang
Officer-in-Charge

COVER SHEET

C	S	2	0	0	7	0	3	1	4	5

S.E.C. Registration Number

VISTA LAND & LIFESCAPES, INC.

(Company's Full Name)

3RD LEVEL STARMALL LAS PIÑAS, CV STARR AVENUE, PHILAMLIFE VILLAGE, PAMPLONA, LAS PIÑAS CITY

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

Brian N. Edang
Contact Person

226-3552 ext. 0088
Company Telephone Number

12 **31**
Month *Day*
Calendar Year

17-Q (Amended)
FORM TYPE

06 **15**
Month *Day*
Annual Meeting

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 I.D.

Cashier

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q (Amended)

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(B) THEREUNDER

1. For the quarter ended **March 31, 2017**

2. SEC Identification Number **CS-200703145**

3. BIR Tax Identification No. **006-652-678**

4. **Vista Land & Lifescapes, Inc.**
   Exact name of the registrant as specified in its charter

5. **Philippines**
   Province, country or other jurisdiction of incorporation

6. Industry Classification Code [ ] (SEC Use Only)

7. **3rd Level Starmall Las Piñas C.V. Starr Avenue, Philamlife Village, Pamplona, Las Piñas City** **1747**
   Address of Principal Office Postal Code

8. **(632) 874-5758 / (632) 872-6947 / (632) 226-3552**
   Registrant's telephone number, including area code

9. N/A
   Former name, former address and former fiscal year, if change since last report.

10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common stock (as of 05/12/2017 net of 287,210,300 treasury shares)	**12,826,926,076**
VLL Homebuilder Bonds (as of 03/31/2017)	**Up to P2,500,000,000.00**
VLL Retail Bonds (as of 03/31/2017)	**Up to P5,000,000,000.00**

11. Are any of the registrant's securities listed on the Philippine Stock Exchange?

    Yes [x] No [ ]

12. Check whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Section 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period of the registrant was required to file such reports.)

    Yes [x] No [ ]

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

    Yes [x] No [ ]

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Vista Land & Lifescapes, Inc.
Consolidated Statements of Financial Position
As of March 31, 2017 and December 31, 2016
(In Million Pesos)

	Unaudited 03/31/2017	Audited 12/31/2016
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 8 and 29)	**9,919**	8,902
Short-term cash investments (Notes 9, 19 and 29)	**102**	100
Available-for-sale financial assets	**1,560**	1,793
Investment in HTM	**2,256**	1,710
Receivables (Notes 10 and 29)	**30,350**	28,329
Receivables from related parties (Notes 27 and 29)	**4,406**	3,917
Real estate inventories (Note 11)	**23,049**	22,955
Other current assets (Note 12)	**4,057**	3,807
Total Current Assets	**75,699**	71,513
Noncurrent Assets		
Noncurrent receivables (Notes 10 and 29)	**9,653**	9,212
Available-for-sale (AFS) financial assets (Notes 9 and 29)	**6,599**	6,452
HTM investments (Notes 9 and 29)	**17,538**	19,142
Land and improvements (Note 13)	**31,659**	30,487
Investment properties (Notes 14 and 29)	**33,135**	32,066
Investments and advances in project development costs (Note 15)	**3,255**	3,232
Property and equipment	**969**	822
Deferred tax assets - net (Note 27)	**776**	437
Other noncurrent assets (Notes 7 and 16)	**1,285**	1,405
Total Noncurrent Assets	**104,869**	103,255
	180,568	174,768
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 17 and 29)	**13,309**	11,400
Customers' advances and deposits (Note 18)	**2,721**	2,672
Income tax payable	**182**	134
Dividends payable	**25**	25
Current portion of:		
Bank loans (Notes 19 and 29)	**4,414**	5,972
Loans payables (Notes 19 and 29)	**1,105**	1,123
Notes payable (Notes 20 and 29)	**254**	475
Total Current Liabilities	**22,010**	21,801

(Forward)

Vista Land & Lifescapes, Inc.
Consolidated Statements of Financial Position
As of March 31, 2017 and December 31, 2016
(In Million Pesos)

	Unaudited 03/31/2017	Audited 12/31/2016
Noncurrent Liabilities		
Bank loans - net of current portion (Notes 19 and 29)	**32,069**	30,115
Loans payable - net of current portion (Notes 19 and 29)	**2,969**	2,765
Notes payable - net of current portion (Notes 20 and 29)	**39,335**	39,050
Pension liabilities (Note 26)	**81**	98
Deferred tax liabilities - net (Note 27)	**2,404**	2,066
Other noncurrent liabilities (Note 21)	**2,989**	2,378
Total Noncurrent Liabilities	**79,847**	76,472
Total Liabilities	**101,857**	98,273
Equity (Note 22)		
Attributable to equity holders of the Parent Company		
Capital stock	**13,147**	13,147
Additional paid-in capital	**30,655**	30,655
Other comprehensive income	**1,078**	1,111
Treasury shares	**(6,980)**	(6,917)
Retained earnings	**39,209**	36,954
	77,109	74,950
Non-controlling interest	**1,602**	1,545
Total Equity	**78,711**	76,495
	180,568	174,768

See accompanying Notes to Consolidated Financial Statements.

Vista Land & Lifescapes, Inc.
Consolidated Statements of Comprehensive Income
For the three months ended March 31, 2017 and 2016
(In Million Pesos)

	Unaudited Jan-Mar Q1-2017	Unaudited Jan-Mar 2017	Unaudited Jan-Mar Q1-2016	Unaudited Jan-Mar 2016
REVENUE				
Real estate	7,117	7,117	6,441	6,441
Rental income	1,298	1,298	892	892
Interest income	372	372	308	308
Miscellaneous income (Note 23)	249	249	269	269
	9,036	9,036	7,910	7,910
COSTS AND EXPENSES				
Costs of real estate sales (Notes 11 and 24)	3,497	3,497	3,200	3,200
Operating expenses (Note 24)	2,222	2,222	1,822	1,822
	5,719	5,719	5,022	5,022
OTHER EXPENSES				
Interest and financing charges	683	683	512	512
Other	(1)	(1)	-	-
	682	682	512	512
INCOME BEFORE INCOME TAX	2,635	2,635	2,376	2,376
PROVISION FOR INCOME TAX (Note 27)	323	323	297	297
NET INCOME	2,312	2,312	2,079	2,079
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company	2,255	2,255	2,038	2,038
Noncontrolling interest	57	57	41	41
	2,312	2,312	2,079	2,079
Weighted average common shares	13,114	13,114	13,114	13,114
Basic/Diluted earnings per share	0.176	0.176	0.159	0.159

Vista Land & Lifescapes, Inc.
Consolidated Statements of Comprehensive Income
For the three months ended March 31, 2017 and 2016
(In Million Pesos)

	Unaudited Jan-Mar Q1-2017	Unaudited Jan-Mar 2017	Unaudited Jan-Mar Q1-2016	Unaudited Jan-Mar 2016
NET INCOME	**2,312**	**2,312**	2,079	2,079
OTHER COMPREHENSIVE INCOME				
Actuarial gains (losses) on AFS	152	152	2	2
Cumulative translation adjustments	(185)	(185)	64	64
TOTAL COMPREHENSIVE INCOME	**2,279**	**2,279**	2,145	2,145
Total comprehensive income attributable to:				
Equity holders of Vista Land & Lifescapes, Inc.	**2,222**	**2,222**	2,104	2,104
Minority interest	**57**	**57**	41	41
	2,279	**2,279**	2,145	2,145
Weighted average common shares	**13,114**	**13,114**	13,114	13,114
Basic/Diluted earnings per share	**0.18**	**0.18**	0.16	0.16

Vista Land & Lifescapes, Inc.
Consolidated Statements of Changes in Equity
For the three months ended March 31, 2017 and 2016
(In Million Pesos)

	Unaudited 03/31/2017	Unaudited 03/31/2016
CAPITAL STOCK		
Common – P1 par value		
Authorized – 4,000,000 shares in February 28, 2007		
12,000,000,000 shares in May 23, 2007 and		
11,000,000,000 shares in November 24, 2010		
11,900,000,000 shares in October 5, 2012		
17,900,000,000 shares in November 11, 2015		
Issued – 1,000,000 shares as of February 28, 2007;		
8,538,740,614 shares as of September 30, 2011;		
10,038,740,614 shares as of November 10, 2015;		
12,654,891,753 shares as of December 22, 2015;		
13,114,136,376 shares as of February 23, 2016;	13,114	13,114
Preferred – P0.01 par value		
Authorized – P10,000,000,000 shares in October 5, 2012		
Issued – P3,300,000,000 shares in March 31, 2013 (Note 18)	33	33
Balance at end of period	**13,147**	**13,147**
ADDITIONAL PAID-IN CAPITAL		
Balance at beginning of period	30,655	29,471
Issuance of additional shares	-	2,824
Acquisition of additional shares	-	(1,883)
Balance at end of period	**30,655**	**30,412**
RETAINED EARNINGS		
Balance at beginning of period	36,954	30,484
Net income	2,255	2,039
Balance at end of period	**39,209**	**32,523**
OTHER COMPREHENSIVE INCOME		
Balance at beginning of period	1,111	743
Other comprehensive income	152	2
Adjustment	(185)	64
Balance at end of period	**1,078**	**809**
TREASURY SHARES		
Balance at beginning of period	(6,917)	(6,298)
Acquisition of treasury shares	(63)	(167)
Balance at end of period	**(6,980)**	**(6,465)**
NON-CONTROLLING INTEREST		
Balance at beginning of period	1,545	2,878
Net income	57	41
Adjustment	-	(1,501)
Balance at end of period	**1,602**	**1,418**
	78,711	**71,844**

Vista Land & Lifescapes, Inc.
Consolidated Statements of Cash Flows
For the three months ended March 31, 2017 and 2016 (In Million Pesos)

	Unaudited Jan-Mar 1Q-2017	Unaudited Jan-Mar 2017	Unaudited Jan-Mar 1Q-2016	Unaudited Jan-Mar 2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	2,635	2,635	2,376	2,376
Adjustments for:				
Interest and other financing charges	683	683	512	512
Depreciation and amortization	332	332	205	205
Unrealized foreign exchange losses (gains)	(1)	(1)	-	-
Interest income	(373)	(373)	(308)	(308)
Operating income before working capital changes	**3,276**	**3,276**	**2,785**	**2,785**
Decrease (increase) in:				
Receivables	(2,456)	(2,456)	(1,628)	(1,628)
Receivables from related parties	(490)	(490)	(676)	(676)
Real estate inventories	668	668	2,672	2,672
Other current assets	(383)	(383)	(386)	(386)
Increase (decrease) in:				
Accounts and other payables	567	567	51	51
Customers' advances and deposits	49	49	23	23
Pension liabilities	(18)	(18)	-	-
Net cash flows provided by operations	**1,213**	**1,213**	**2,841**	**2,841**
Interest received	367	367	302	302
Income tax paid	(140)	(140)	(20)	(20)
Interest paid	(448)	(448)	(512)	(512)
Net cash flows provided by operating activities	**992**	**992**	**2,611**	**2,611**
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in project development costs	(23)	(23)	(5)	(5)
Acquisition of short-term cash investments	(2)	(2)	-	-
Additions to land and improvements	(1,935)	(1,935)	(2,631)	(2,631)
Acquisitions of:		-		
Investment properties and Property and Equipment	(627)	(627)	(1,658)	(1,658)
AFS financial assets	239	239	-	-
Dividend paid	-	-	(20)	(20)
HTM investments	1,058	1,058	(5,466)	(5,466)
Decrease in other noncurrent assets	120	120	1	1
Increase in other noncurrent liabilities	610	610	732	732
Net cash flows used in investing activities	**(560)**	**(560)**	**(9,047)**	**(9,047)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Notes payable - net	64	64	5,152	5,152
Bank loans - net	395	395	1,401	1,401
Loans payable- net	187	187	52	52
Acquisition of treasury shares	(63)	(63)	(167)	(167)
Net cash flows provided by financing activities	**583**	**583**	**6,438**	**6,438**
EFFECT OF CHANGE IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	1	1	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,016	1,016	2	2
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	8,903	8,903	6,043	6,043
CASH AND CASH EQUIVALENTS AT END OF YEAR	**9,919**	**9,919**	**6,045**	**6,045**

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Vista Land & Lifescapes, Inc. (the Parent Company) was incorporated in the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) on February 28, 2007. The Parent Company's registered office address and principal place of business is at 3rd Level Starmall Las Piñas, CV Starr Avenue, Philamlife Village, Pamplona, Las Piñas City. The Parent Company is a publicly-listed investment holding company which is 51.85% owned by Fine Properties, Inc., (ultimate Parent Company) and its subsidiaries, 48.15% owned by PCD Nominee Corporations and the other entities and individuals.

The Parent Company is the holding company of the Vista Group (the Group) which is engaged in real estate business. The Group has six (6) wholly-owned subsidiaries, namely: Brittany Corporation (Brittany), Crown Asia Properties, Inc. (CAPI), Vista Residences, Inc. (VRI), Camella Homes, Inc. (CHI), Communities Philippines, Inc. (CPI) and VLL International Inc. (VII), and an 88.34% owned subsidiary, Starmalls, Inc. The Group is divided to horizontal, vertical and commercial and others segment. The Group caters on the development and sale of residential lots and units and residential high-rise condominium through its horizontal and vertical projects, respectively. Its commercial and other segment focuses on the development, leasing and management of shopping malls and commercial centers all over the Philippines and hotel operations.

On November 10, 2015, the Parent Company acquired Starmalls, Inc. and its subsidiaries (Starmalls Group) namely, Masterpiece Asia Properties, Inc. and Manuela Corporation (Note 7). Starmalls Group is a major developer, owner and operator of retail malls that target mass market retail consumers in the Philippines. It also develops and operates business process outsourcing ("BPO") commercial centers. As of March 31, 2017, Starmalls Group, through its subsidiaries, owned and operated retail malls in key cities and municipalities in the Philippines and BPO commercial centers in Metro Manila.

The Vista Group's commercial assets portfolio have a combined gross floor area of 951,533 sq.m. as of March 31, 2017.

2. Basis of Preparation

The accompanying consolidated financial statements of the Group have been prepared on a historical cost basis, except for the available-for-sale (AFS) financial assets which have been measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱) which is the functional and presentation currency of the Parent Company, and all amounts are rounded to the nearest Philippine Peso unless otherwise indicated.

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

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Group as at March 31, 2017 and December 31, 2016 and for the three months ended March 31, 2017 and 2016.

The financial statements of the subsidiaries are prepared for the same reporting year as the Group, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Specifically, the financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not wholly-owned and are presented separately in the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of financial position, separately from the Parent Company's equity.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

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, the carrying amount of any non-controlling interest, and the cumulative translation differences recorded in equity.
- Recognizes the fair value of the consideration received, fair value of any investment retained, and any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

This policy is in accordance with PFRS 10, Consolidated Financial Statements.

The Group's consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries:

- Brittany
- CAPI
- VRI
    - Vista Leisure Club Corporation
    - Malay Resorts Holdings, Inc.
- CHI
    - Household Development Corporation
    - Mandalay Resources Corp.
    - C&P International Limited
    - Brittany Estates Corporation
- Prima Casa Land & Houses, Inc. (PCLHI)
- CPI
    - Communities Batangas, Inc.
    - Communities Bulacan, Inc.
    - Communities Cebu, Inc.
    - Communities Cagayan, Inc.
    - Communities Davao, Inc.
    - Communities General Santos, Inc.
    - Communities Isabela, Inc.
    - Communities Leyte, Inc.
    - Communities Naga, Inc.
    - Communities Iloilo, Inc.
    - Communities Negros Occidental, Inc.
    - Communities Pampanga, Inc.
    - Communities Pangasinan, Inc.
    - Communities Tarlac, Inc.
    - Communities Zamboanga, Inc.

Communities Ilocos, Inc.
Communities Bohol, Inc.
Communities Quezon, Inc.
Communities Palawan, Inc.
Communities Panay, Inc.
VII
Starmalls, Inc. *(Acquired in 2015* - Note 7*)*
Manuela Corporation
Masterpiece Asia Properties, Inc.

With the exception of C&P International Limited and VII, which are located in Cayman Islands, the rest of the subsidiaries are all domiciled in the Philippines.

On November 10, 2015, the Parent Company acquired Starmalls, Inc., Masterpiece and Manuela (Starmalls Group).

On December 29, 2015, the Parent Company acquired Malay Resorts Holdings, Inc. (Malay Resorts).

After the acquisitions, Malay Resorts and Starmalls Group became subsidiaries of the Parent Company (Note 7).

As discussed in Note 4, the functional currency of C&P International Limited and VII is the US$ Dollar. As of financial reporting date, the assets and liabilities of foreign subsidiaries, with functional currencies other than the functional currency of the Parent Company, are translated into the presentation currency of the Group using the closing foreign exchange rate prevailing at the financial reporting date, and their respective income and expenses at the weighted average rates for the year. The exchange differences arising on the translation are recognized in OCI as cumulative translation adjustments. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation shall be recognized in profit or loss in the consolidated statement of comprehensive income.

3. 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 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.

- 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.

- 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.

- 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.

- 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.

- 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.

- 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.

- Annual Improvements to PFRSs 2012 - 2014 Cycle

  - 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).

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.

- 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.

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.

- 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.

- 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 in the business of selling of real estate properties which are executed through separate identified contracts with customers.

  Sale of real estate properties
  Contracts with customers in which the sale of real estate properties is generally expected to be the only performance obligation are not expected to have any impact on the Group's profit or loss. The Group expects that revenue shall be recognized over time, generally on performance of obligation completed to date. The Group is currently assessing the impact of the adoption of the standard to other income derived from its operations.

- 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.

- 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.

- 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.

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.

4. Summary of Significant Accounting Policies

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from dates of placement and that are subject to an insignificant risk of changes in value.

Short-term Investments
Short-term cash investments consist of money market placements made for varying periods of more than three (3) months and up to twelve (12) months. These investments earn interest at the respective short-term rates.

Financial Instruments
Date of recognition
The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position 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, which is the date when the Group commits to purchase or sell the asset.

Initial recognition of financial instruments
All financial assets and financial liabilities are initially recognized at fair value. Except for financial assets and liabilities at fair value through profit or loss (FVPL), the initial measurement of financial assets and liabilities include transaction costs. The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, AFS financial assets, and loans and receivables.

The Group classifies its financial liabilities as financial liabilities at FVPL or other financial liabilities.

The classification depends on the purpose for which the investments were acquired and whether these are quoted in an active market. The financial assets of the Group are of the nature of loans and receivable, AFS financial assets and HTM financial assets, while its financial liabilities are of the nature of other financial liabilities. Management determines the classification at initial recognition and re-evaluates such designation, where allowed and appropriate, at every reporting date.

Financial instruments are classified as liability 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.

Determination of fair value
The fair value for financial instruments traded in active markets at the reporting date is based on its quoted market price or dealer price quotations without any deduction for transaction costs. When current bid and ask prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, option pricing models, and other relevant valuation models.

"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 profit or loss under "Interest income" and "Interest and other financing charges" accounts unless it qualifies for recognition as some other type of asset or liability. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss 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 amount.

Loans and receivables
Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets held-for-trading, designated as AFS or as financial assets at FVPL. Receivables are recognized initially at fair value, which normally pertains to the billable amount. After initial measurement, loans and receivables are subsequently measured at cost or at amortized cost using the effective interest method, less allowance for impairment losses. 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 (EIR). The amortization, if any, is included in profit or loss. The losses arising from impairment of receivables are recognized in profit or loss. These financial assets are included in current assets if maturity is within twelve (12) months from the financial reporting date. Otherwise, these are classified as noncurrent assets.

This accounting policy applies primarily to the Group's cash and cash equivalents, short-term cash investments, long-term cash investments and receivables except for receivable from contractors and receivable from brokers.

HTM investments
HTM investments are quoted non-derivative financial assets with fixed or determinable payments and fixed maturities for which management has the positive intention and ability to hold to maturity. Where the Group sells or reclassifies other than an insignificant amount of HTM investments, the entire category would be tainted and reclassified at fair value as AFS financial assets. After initial measurement, these financial assets are subsequently measured at amortized cost using the effective interest 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 EIR. The amortization is included as part of interest income in the statement of comprehensive income. Gains and losses are recognized in profit or loss in the statement of comprehensive income when the HTM investments are derecognized. Any impairment losses are charged to current operations.

As of March 31, 2017 and December 31, 2016, the Group has investments in HTM (Note 9).

AFS financial assets
AFS financial assets are nonderivative financial assets that are designated as such or do not qualify to be classified or designated as financial assets at FVPL, HTM investments or loans and receivables. These are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions.

After initial measurement, AFS financial assets are measured at fair value. The unrealized gains and losses arising from the fair valuation of AFS financial assets are excluded from reported earnings and are reported in OCI.

When the investment is disposed of, the cumulative gain or loss previously recognized in OCI is recognized as gain or loss on disposal in profit or loss. Where the Group holds more than one investment in the same security these are deemed to be disposed of on a first-in first-out basis. Interest earned on holding AFS financial assets are reported as interest income using the EIR. Dividends earned on holding AFS financial assets are recognized in profit or loss as part of miscellaneous income when the right to receive payment has been established. The losses arising from impairment of such investments are recognized as provisions for impairment losses in profit or loss.

When the fair value of AFS equity financial assets cannot be measured reliably because of lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value of unquoted equity instruments, these investments are carried at cost, less any impairment losses.

As of March 31, 2017 and December 31, 2016, AFS financial assets comprise of unquoted and quoted debt and equity securities. The Group's AFS financial assets in quoted equity securities pertain to investments in fixed maturity bond fund while unquoted equity securities pertain to investments in preferred shares issued by utilities companies.

Other financial liabilities
Other financial liabilities are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR. Gains and losses are recognized in profit or loss when the liabilities are derecognized (redemption is a form of derecognition), as well as through the amortization process. Any effects of restatement of foreign currency-denominated liabilities are recognized in profit or loss.

The financial liabilities measured at cost are accounts and other payables and payable to related parties and other liabilities. The financial liabilities measured at amortized cost are bank loans, loans payable, liabilities for purchased land, long-term notes and notes payable.

Derecognition of Financial Assets and Financial Liabilities
Financial asset
A financial asset (or, where applicable, a part of a group of financial assets) is derecognized where: (a) the rights to receive cash flows from the assets have expired; (b) 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 (c) the Group has transferred its right to receive cash flows from the asset and either: (i) has transferred substantially all the risks and rewards of the asset, or (ii) has neither transferred nor retained 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 or has entered into a pass-through arrangement, 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. Continuing involvement that takes the form of a

guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liability
A financial liability is derecognized 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 is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Impairment of Financial Assets
The Group assesses at each financial reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost
The Group first assesses whether an objective evidence of impairment exists individually for financial assets that are individually significant. If there is objective evidence that an impairment loss on a financial asset carried at amortized cost (i.e., loans and receivables or HTM investments) has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the assets original EIR (excluding future credit losses that have not been incurred). If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, the asset, together with the other assets that are not individually significant and were thus not individually assessed for impairment, is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment.

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 of impairment.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of credit risk characteristics such as selling price of the lots and residential houses, 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. 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 carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to profit or loss. Financial assets carried at amortized costs, 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 reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

AFS financial assets carried at fair value
In case of equity investments classified as AFS financial assets, impairment indicators would include a significant or prolonged decline in the fair value of the investments below their corresponding 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 OCI is removed from OCI and recognized in profit or loss. Reversals of impairment losses in respect of equity instruments classified as AFS financial assets are not recognized in the profit or loss. Increases in fair value after impairment are recognized directly in OCI.

AFS financial assets carried at cost
If there is an objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position 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.

Business Combination 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 non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

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

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with PAS 39 either in profit or loss or as a change to OCI. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss as bargain purchase gain.

Following initial recognition, goodwill is measured at cost less any accumulated impairment loss. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is allocated should:

- represent the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- not be larger than an operating segment determined in accordance with PFRS 8, *Operating Segments*.

Impairment is determined by assessing the recoverable amount of the CGU (or group of CGUs), to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a CGU (or group of CGUs) 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 these circumstances is measured based on the relative values of the operation disposed of and the portion of the CGU retained. If the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the acquirer shall recognize immediately in the consolidated statement of income any excess remaining after reassessment.

PFRS 3 provides that if the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the acquirer shall account for the combination using those provisional values. The acquirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within twelve months of the acquisition date as follows: (i) the carrying amount of the identifiable asset, liability or contingent liability that is recognized or adjusted as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date; (ii) goodwill or any gain recognized shall be adjusted by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted; and (iii) comparative information presented for the periods before the initial accounting for the combination is complete shall be presented as if the initial accounting has been completed from the acquisition date.

For business combinations under common control an entity can choose to account for the combinations using the acquisition method or pooling of interest method.

Under the pooling of interest method, the assets and liabilities of the combining entities are reflected at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination. No goodwill is recognized. The adjustments made, if any, are only to the extent to harmonize accounting policies within the Group.

At consolidation, any difference between the consideration paid or transferred and the equity acquired is reflected within equity. As applicable, the difference is recognized as part of the additional paid-in capital. For the business combination of Starmalls Group, the difference amounted to ₱22,859.08 million and recognized in the additional paid-in capital in 2015 (Note 7).

However, where an entity selects the acquisition method of accounting, the transaction must have substance from the perspective of the reporting entity. When evaluating whether the transaction has substance, the following factors are considered:

(a) the purpose of the transaction;
(b) the involvement of outside parties in the transaction, such as non-controlling interests or other third parties;
(c) whether or not the transaction is conducted at fair values;
(d) the existing activities of the entities involved in the transactions;
(e) whether or not it is bringing entities together into a "reporting entity" that didn't exist before; and
(f) where a new company is established, whether it is undertaken as an integral part of an IPO or spin-off or other change in control and significant change in ownership.

Under acquisition method, the Group can either measure the consideration transferred at the acquisition-date fair value of the consideration actually given or elect to impute an additional equity contribution to recognize total consideration equivalent to the fair value of the business received.

Whichever method is adopted should be applied consistently, and the entity should disclose its chosen accounting policy.

Starmalls Group is under common control. Accordingly, the Group accounted the business combination of Starmalls Group in 2015 using the pooling of interest method (Note 7).

Malay Resorts is not under common control. Accordingly, the Group accounted the business combination of Malay Resorts in 2015 using the acquisition method where Goodwill amounted to ₱147.27 million (Note 7).

Real Estate Inventories
Real estate inventories consist of subdivision land, residential houses and lots and condominium units for sale and development. These are properties acquired or being constructed for sale in the ordinary course of business rather than to be held for rental or capital appreciation. These are held as inventory and are measured at the lower of cost and net realizable value (NRV).

Cost includes:
- Acquisition cost of subdivision land;
- Amounts paid to contractors for construction and development of subdivision land and residential and condominium units; and
- Capitalized borrowing costs, planning and design costs, cost of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Nonrefundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less costs to complete and the estimated costs of sale. The carrying amount of inventories is reduced through the use of allowance account and the amount of loss is charged to profit or loss.

The cost of inventory recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs. The total costs are allocated pro-rata based on the relative size of the property sold.

Model House Accessories
Model house accessories are measured at the lower of cost and NRV.

Land and Improvements
Land and improvements consists of properties for future developments and are carried at the lower of cost or NRV. Costs include cost incurred for development and improvements of the properties. Upon start of development, the related cost of the land is transferred to real estate inventories.

Prepaid Expenses
Prepaid expenses are carried at cost less the amortized portion. These typically comprise prepayments for marketing fees, taxes and licenses, rentals and insurance.

Creditable Withholding Tax
This pertains to the tax withheld at source by the Group's customer and is creditable against the income tax liability of the Group.

Construction Materials
Construction materials are valued at the lower of cost or NRV. Cost is determined using the moving average method. NRV is the replacement cost.

Value-Added Tax (VAT)
The input value-added tax pertains to 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.

Output VAT pertains to the 12% tax due on the local sale of goods or services by the Group.

If at the end of any taxable month, the output VAT exceeds the input VAT, the outstanding balance is included under "Accounts and other payables" account. If the input VAT exceeds the output VAT, the excess shall be carried over to the succeeding months and included under "Other current asset" account.

Investment Properties
Investment properties comprise completed property and property under construction or re-development that are held to earn rentals or for capital appreciation or both. Investment properties, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less any impairment in value.

Expenditures incurred after the investment property has been put in operation, such as repairs and maintenance costs, are normally charged against income in the period in which the costs are incurred.

Construction-in-progress (CIP) is stated at cost. This includes cost of construction and other direct costs. CIP is not depreciated until such time as the relevant assets are completed and put into operational use. Construction-in-progress are carried at cost and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete, and the property is ready for occupation.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives (EUL) of the assets, regardless of utilization. The EUL and the depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of investment properties.

The EUL of buildings and building improvements is 10 to 40 years.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in profit or loss in the year of retirement or disposal.

Transfers are made to investment property 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 property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of the property for measurement or for disclosure purposes.

Property and Equipment
Property and equipment are carried at cost less accumulated depreciation and amortization and any impairment in value.

The initial cost of property and equipment consists of 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 operation, such as repairs and maintenance are normally charged against operations in the period in which the costs are incurred.

Depreciation and amortization of property and equipment commences once the property and equipment are available for use and computed using the straight-line basis over the EUL of property and equipment as follows:

	Years
Building and building improvements	10 to 40
Transportation equipment	2 to 5
Office furniture, fixtures and equipment	2 to 5
Construction equipment	2 to 5
Other fixed assets	1 to 5

Building improvements are amortized on a straight-line basis over the term of the lease or the EUL of the asset, whichever is shorter.

The useful lives and depreciation and amortization method are reviewed annually to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

When property and equipment are retired or otherwise disposed of, the cost of the related accumulated depreciation and amortization and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Fully depreciated and amortized property and equipment are retained in the accounts until they are no longer in use. No further depreciation and amortization is charged against current operations.

Investments in Project Development Costs
Investments in project development costs pertain to costs incurred on various on-going projects under the land development agreements (LDAs) entered into by the Group with individuals, corporate entities and related parties for the development of real estate projects.

Systems Development Costs
Costs associated with developing or maintaining computer software programs are recognized as expense as incurred. Costs that are directly associated with identifiable and unique software controlled by the Group and will generate economic benefits exceeding costs beyond one year, are recognized as intangible assets to be measured at cost less accumulated amortization and provision for impairment losses, if any.

System development costs recognized as assets are amortized using the straight-line method over their useful lives, but not exceeding a period of three years. Where an indication of impairment exists, the carrying amount of computer system development costs is assessed and written down immediately to its recoverable amount.

Impairment of Nonfinancial Assets
This accounting policy relates to property and equipment, investment properties, investment in an associate, investments in project development costs and a joint venture, model house accessories and systems development costs.

The Group assesses as at reporting date whether there is an indication that nonfinancial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of the 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 assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset 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 pre-tax discount rate that reflects current market assessment of the time value of

money and the risks specific to the asset. Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each financial reporting date as to whether there is an 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 profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as revaluation increase in OCI. After such reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Equity
When the shares are sold at premium, the difference between the proceeds at the par value is credited to "Additional paid-in capital" account. Direct costs incurred related to equity issuance are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Retained earnings represent accumulated earnings of the Group less dividends declared. It includes the accumulated equity in undistributed earnings of consolidated subsidiaries which are not available for dividends until declared by the subsidiaries (Note 22).

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

The retained earnings is restricted to payments of dividends to the extent of the cost of treasury shares (Note 22).

Treasury Shares
Own equity instruments which are acquired (treasury shares) are recognized at cost and deducted from equity. No gains or loss is recognized in the profit or loss on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments.

Revenue and Cost Recognition
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.

Real estate revenue
For real estate sales, the Group assesses whether it is probable that the economic benefits will flow to the Group when the sales prices are collectible. Collectability of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Collectability is also assessed by considering factors such as the credit standing of the buyer, age and location of the property.

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

Any excess of collections over the recognized receivables are included in the "Customers' advances and deposits" account in the liabilities section of the consolidated statement of financial position.

When a sale of real estate does not meet the requirements for revenue recognition, the sale is accounted for under the deposit method. Under this method, revenue is not recognized, and the receivable from the buyer is not recorded. The real estate inventories continue to be reported on the consolidated statement of financial position as "Real estate inventories" and the related liability as deposits under "Customers' advances and deposits".

Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of subdivision land and condominium units sold before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works, as determined by the Group's in-house technical staff.

Income from forfeited reservations and collections
Income from forfeited reservation and collections is recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act,* upon prescription of the period for the payment of required amortizations from defaulting buyers.

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

Interest income
Interest is recognized using the effective interest method, i.e, the rate, that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Unearned discount is recognized as income over the terms of the financial assets at amortized cost (i.e., loans and receivables or HTM investments) using the effective interest method and is shown as deduction for the financial assets.

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

<u>Pension Cost</u>
Defined benefit plan
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, 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 (PUC) method.

Defined benefit costs comprise the following:

(a) service cost;
(b) net interest on the net defined benefit liability or asset; and
(c) 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.

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 high quality corporate 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 OCI 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).

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

Income Taxes

Current tax

Current 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 amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax liabilities shall be recognized for all taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures when the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in foreseeable future. Otherwise, no deferred tax liability is set up.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefit of unused tax credits from 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

taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from MCIT and NOLCO can be utilized.

Deferred tax assets shall be recognized for deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply in 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 reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss in the consolidated statement of comprehensive income. Deferred tax items recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

Commissions

The Group recognizes commissions when services are rendered by the broker. The commission expense is accrued upon receipt of down payment from the buyer comprising a substantial portion of the contract price and the capacity to pay and credit worthiness of buyers have been reasonably established for sales under the deferred cash payment arrangement.

Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets (included in "Real estate inventories" and "Investment properties" accounts in the consolidated statement of financial position). All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment.

Interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

Operating Expenses

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

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; a renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
(b) there is a change in the determination of whether fulfillment is dependent on a specified asset; or
(c) 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 any of the scenarios above, and at the date of renewal or extension period for the second scenario.

Group as a 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 profit or loss in the statement of comprehensive income on a straight-line basis over the lease term. Indirect costs incurred in negotiating an operating lease are added to the carrying value of the leased asset and recognized over the lease term on the same bases as the lease income. Minimum lease payments are recognized on a straight-line basis while the variable rent is recognized as an expense based on the terms of the lease contract.

Group as a lessor
Leases where the lessor 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.

<u>Foreign Currency Translation</u>
Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations for the period.

The functional currency of C&P International Limited and VII is the US Dollar. As of reporting date, the assets and liabilities of foreign subsidiaries, with functional currencies other than the functional currency of the Parent Company, are translated into the presentation currency of the Group using the closing foreign exchange rate prevailing at the reporting date, and their respective income and expenses at the weighted average rates for the year. The exchange differences arising on the translation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation shall be recognized in profit or loss in the consolidated statement of comprehensive income.

<u>Basic and Diluted Earnings Per Share (EPS)</u>
Basic EPS is computed by dividing net income for the year attributable to common stockholders by the weighted average number of common shares issued and outstanding during the year adjusted for any subsequent stock dividends declared. Diluted EPS is computed by dividing net income for the year by the weighted average number of common shares issued and outstanding during the year after giving effect to assumed conversion of potential common shares. The calculation of diluted EPS

does not assume conversion, exercise, or other issue of potential common shares that would have an antidilutive effect on earnings per share.

As of March 31, 2017 and December 31, 2016, the Group has no potential dilutive common shares.

The basic and diluted EPS for the years ended December 31, 2015 and 2014 have been retroactively adjusted to take into consideration the effect of the pooling of interest method in accounting the acquisition of Starmalls Group (Notes 7).

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 operating segments is presented in Note 6 to the consolidated financial statements.

Provisions

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessment of the time value of money and the risk specific to the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized only when the reimbursement is virtually certain. The expense relating to any provision is presented in statement of comprehensive income net of any reimbursement.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

5. Significant Accounting Judgments and Estimates

The preparation of accompanying consolidated financial statements in compliance with PFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

Judgments and estimates 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 the amounts recognized in the consolidated financial statements:

Revenue and cost recognition

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

- Buyer's commitment on the sale which may be ascertained through the significance of the buyer's initial investment; and
- Stage of completion of the project.

Collectability of the sales price
For real estate sales, in determining whether the sales prices are collectible, the Group considers that initial and continuing investments by the buyer of about 5% would demonstrate the buyer's commitment to pay.

Classification of financial instruments
The Group exercises judgment in classifying a financial instrument, or its component parts, on the initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of the financial instrument, rather than its legal form, governs its classification in the consolidated statement of financial position.

In addition, the Group classifies financial assets by evaluating, among other, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination of whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

The Group classifies certain quoted nonderivative financial assets with fixed or determinable payments and fixed maturities as HTM investments. This classification required significant judgment. In making this judgment, the group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than in certain specific circumstances, the Group will be required to reclassify the entire portfolio as AFS financial assets. Consequently, the investment would therefore be measured at fair value and not at amortized cost.

Distinction between real estate inventories and land and improvements
The Group determines whether a property will be classified as Real estate inventories or Land and improvements. In making this judgment, the Group considers whether the property will be sold in the normal operating cycle (Real estate inventories) or whether it will be retained as part of the Group's strategic landbanking activities for development or sale in the medium or long-term (Land and improvements). Land and improvements that are to be developed in the subsequent year are classified as part of the current assets.

Operating lease commitments - the Group as lessee
The Group has entered into contract of lease for some of the office space it occupies. The Group has determined that all significant risks and benefits of ownership on these properties will be retained by the lessor. In determining significant risks and benefits of ownership, the Group considered, among others, the significance of the lease term as compared with the EUL of the related asset. The Group accordingly accounted for these as operating leases.

Operating lease commitments - the Group as lessor
The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all significant risks and rewards of ownership of these properties as the Group considered among others the length of the lease term as compared with the EUL of the assets.

Classification of property as investment property or real estate inventories
The Group determines whether a property is classified as investment property or inventory property as follows:

- Investment property comprises land and buildings (principally offices, commercial and retail property) which are not occupied substantially for use by, or in the operations of, the Group, nor

for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

- Inventory comprises property that is held for sale in the ordinary course of business. Principally, this is residential and commercial property that the Group develops and intends to sell before or on completion of construction.

Distinction between investment properties and land and improvements
The Group determines a property as investment property if such is not intended for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. Land and improvements comprise property that is retained as part of the Group's strategic landbanking activities for development or sale in the medium or long-term.

Distinction between investment properties and owner-occupied properties
The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to the other assets used in the production or supply process.

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

Business Combination
The Group determined that Starmalls and its subsidiaries are under common control and accounted the acquisition of Starmalls Group under the pooling of interest method. No goodwill is recognized (Note 7).

The Group determined that Malay Resorts is not under common control and accounted the acquisition of Malay Resorts under the acquisition method. The Group determines whether there are separate intangible assets and contingent liabilities and assessed that there are none at acquisition date. Goodwill arising from this business combination amounted to ₱147.27 million (Note 7).

Management's Use of Estimates
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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.

Revenue and cost recognition
The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and costs. The Group's revenue from real estate is recognized based on the POC measured principally on the basis of the actual costs incurred to date over the estimated total costs of the project.

Determining fair values of financial assets and liabilities
Fair value determinations for financial assets and liabilities are based generally on listed market prices or broker or dealer quotations. If prices are not readily determinable or if liquidating the positions is reasonably expected to affect market prices, fair value is based on either internal valuation models or management's estimate of amounts that could be realized under current market condition, assuming an orderly liquidation over a reasonable period of time. Fair value disclosures are provided in Note 32.

Impairment of financial assets

(i) *AFS securities*
The Group determines that AFS securities are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. The Group treats 'significant' generally as 20% or more of the original cost of investment, and 'prolonged', greater than twelve (12) months. In making this judgment, the Group evaluates among other factors, the normal volatility in share price of similar equity securities.

In addition, in the case of unquoted equity securities, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, dismal industry and sector performance, adverse changes in technology, and negative operational and financing cash flows.

(ii) *Loans and receivables*
The Group reviews its receivables on a periodic basis to assess impairment of receivables at an individual and collective level. In assessing for impairment, the Group determines whether there is any objective evidence indicating that there is a measurable decrease in the estimated future cash flows of its loans and receivables. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers, or industry-wide or local economic conditions that correlate with defaults on receivables. These factors include, but are not limited to age of balances, financial status of counterparties, payment behavior and known market factors. The Group reviews the age and status of receivables, and identifies individually significant accounts that are to be provided with allowance.

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

The amount 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 impairment would increase recorded expenses and decrease net income.

(iii) HTM investments
The Group assesses at end of each reporting period whether there is any objective evidence that its HTM investments is impaired. Objective evidence that a financial asset is impaired includes observable data that comes to the attention of the holder of the assets about the following loss events:

a. significant financial difficulty of the issuer or the obligor;
b. a breach of contract, such as a default or delinquency in interest or principal payments;
c. the lender, for the economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
d. it becoming probable that the borrower will enter bankruptcy or other financial reorganization;
e. the disappearance of an active market for that financial asset because of the financial difficulties; or
f. observable data indication that there is a measurable decrease in the estimated future cash flows ranging from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group.

The Group maintains allowances for impairment losses based on the results of the individual and collective assessments under PAS 39. For both individual and collective assessment, the Group is required to obtain the present value of estimated cash flows using the receivable's original EIR. The estimated cash flows considers the management's estimate of proceeds from the disposal of the collateral less cost to repair, cost to sell and return of deposit due to the defaulting party. The cost to repair and cost to sell are based on historical experience. The methodology and assumptions used for the individual and collective assessments are based on management's judgments and estimates made

for the year. Therefore, the amount and timing of recorded expense for any period would differ depending on the judgments and estimates made for the year.

Evaluation of net realizable value of real estate inventories and land and improvements
Real estate inventories and land and improvements are valued at the lower of cost or NRV. This requires the Group to make an estimate of the real estate for sale inventories and land and improvements' estimated selling price in the ordinary course of business, cost of completion and costs necessary to make a sale to determine the NRV. The Group adjusts the cost of its real estate inventories and land and improvements to NRV based on its assessment of the recoverability of these assets. In determining the recoverability of these assets, management considers whether these assets are damaged, if their selling prices have declined and management's plan in discontinuing the real estate projects. Estimated selling price is derived from publicly available market data and historical experience, while estimated selling costs are basically commission expense based on historical experience. Management would also obtain the services of an independent appraiser to determine the fair value of undeveloped land based on the latest selling prices of the properties of the same characteristics of the land and improvements.

Real estate inventories amounted to ₱23,049.17 and ₱22,954.66 million as of March 31, 2017 and December 31, 2016, respectively (Note 11). Land and improvements amounted to ₱31,659.45 and ₱30,486.62 million as of March 31, 2017 and December 31, 2016, respectively (Note 13).

Evaluation of impairment
The Group reviews investment in an associate, investments in project development costs, investment properties, property and equipment, system development costs and goodwill for impairment of value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

The Group estimates the recoverable amount as the higher of the fair value les cost to sell and value in use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect investment in an associate, investments in project development costs, investment properties, property and equipment and system development cost.

The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. 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.

Based on management assessment as of March 31, 2017, no indicators of impairment exist for investment in associate, investments in project development costs and a joint venture, investment properties, property and equipment, and systems development costs.

Estimating useful lives of investment properties
The Group estimates the useful lives of investment properties based on the period over which the assets are expected to be available for use. The EUL of investment properties is reviewed at least annually and is updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these investment properties. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned above.

Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility, and correlation. Certain financial assets and liabilities were initially recorded at its fair value by using the discounted cash flow methodology. See Note 30 to the consolidated financial statements for the related balances.

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6. Segment Information

For management purposes, the Group's operating segments are organized and managed separately according to the nature of the products provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group has three reportable operating segments as follows:

Horizontal Projects
This segment pertains to the housing market segment of the Group. It caters on the development and sale of residential lots and units.

Vertical Projects
This segment caters on the development and sale of residential high-rise condominium projects across the Philippines. Vertical home projects involve dealing with longer gestation periods and has requirements that are different from those of horizontal homes.

Commercial and others
This segment pertains to the development, leasing and management of shopping malls and commercial centers all over the Philippines. It also includes activities from holding companies and others. This includes the financial information of Starmalls Group as a leasing entity.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segment operating income or loss before income tax and earnings before income tax, depreciation and amortization (EBITDA). Segment operating income or loss before income tax is based on the same accounting policies as consolidated operating income or loss. No operating segments have been aggregated to form the above reportable operating business segments. The chief operating decision-maker (CODM) has been identified as the chief executive officer. The CODM reviews the Group's internal reports in order to assess performance of the Group.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The amount of segment assets and liabilities are based on the measurement principles that are similar with those used in measuring the assets and liabilities in the consolidated statements of financial position which is in accordance with PFRS. The segment assets are presented separately from the receivables from related parties, AFS financial assets, HTM investments and deferred taxes. Segment liabilities are presented separately from the payables to related parties and deferred tax liabilities.

The financial information about the operations of these business segments for the three months ended March 31, 2017 is summarized below:

	Horizontal	Vertical	Commercial and Others	Intersegment Adjustments	Consolidated
Real estate revenue	**₱5,481**	**₱1,635**	**₱–**	**₱–**	**₱7,116**
Rental income	**9**	**–**	**1,298**	**(9)**	**1,298**
Miscellaneous income (Note 21)	**121**	**33**	**144**	**(48)**	**250**
	5,611	**1,668**	**1,442**	**(57)**	**8,664**
Cost and operating expenses*	**3,732**	**1,157**	**554**	**(56)**	**5,387**
Segment income (loss) before income tax	**1,879**	**511**	**888**	**(1)**	**3,277**
Interest income (Note 20)	**355**	**7**	**11**	**–**	**373**
Others	**1**	**–**	**–**	**–**	**1**
EBITDA	**2,235**	**518**	**899**	**(1)**	**3,651**
Interest and other financing charges (Note 20)	**(616)**	**(60)**	**(7)**	**–**	**(683)**
Depreciation and amortization (Notes 22)	**(71)**	**(22)**	**(240)**	**–**	**(333)**
Income before income tax	**1,548**	**436**	**652**	**(1)**	**2,634**
Provision for income tax (Note 23)	**126**	**(14)**	**212**	**(1)**	**323**
Net income	**₱ 1,422**	**₱450**	**₱440**	**₱ -**	**₱2,312**

**Cost and expenses include costs of real estate sales and operating expenses less depreciation and amortization amounting ₱332.15 million.*

	Horizontal	Vertical	Commercial and Others	Intersegment Adjustments	Consolidated
Other Information					
Segment assets	**₱142,139**	**₱19,514**	**₱63,443**	**(₱77,661)**	**₱147,435**
Receivables from (payable to) related parties* (Note 24)	**18,796**	**(15,046)**	**656**	**–**	**4,406**
AFS financial assets (Note 5)	**–**	**–**	**11,882**	**(3,724)**	**8,158**
HTM investments (Note 5)	**–**	**–**	**19,793**	**–**	**19,793**
Deferred tax assets - net (Note 23)	**–**	**–**	**776**	**–**	**776**
Total Assets	**₱160,935**	**₱4,468**	**₱96,550**	**(₱81,385)**	**₱180,568**
Segment liabilities	**₱65,227**	**₱27,301**	**₱6,989**	**(₱64)**	**₱99,453**
Deferred tax liabilities - net (Note 23)	**1,131**	**994**	**255**	**24**	**2,404**
Total Liabilities	**₱66,358**	**₱28,295**	**₱7,244**	**(₱40)**	**₱101,857**

**The Group has the right to offset its receivables from (payables to) related parties.*

No operating segments have been aggregated to form the above reportable segments.

Capital expenditure consists of construction costs, land acquisition and land development costs.

The Group has no revenue from transactions with a single external customer amounting 10% or more of the Group's revenue.

7. Business Combinations

Acquisition of Starmalls Group

Starmalls, Inc. was incorporated in the Philippines and duly registered with the SEC on October 16, 1969, originally to pursue mineral exploration. After obtaining SEC approval, Starmalls, Inc. later changed its primary business and is now presently engaged in holding investments in shares of stock and real estate business. Prior to the acquisition of VLLI, Starmalls, Inc. is 30.5% owned by Fine Properties, Inc. and 69.5% owned by PCD Nominee Corporation and other entities and individuals. The shares of stock of Starmalls, Inc. are listed at the PSE.

Starmalls Group is a major developer, owner and operator of retail malls that target mass market retail consumers in the Philippines. It also develops and operates business process outsourcing ("BPO") commercial centers. As of March 31, 2017, Starmalls Group, through its subsidiaries, owned and operated 11 retail malls in key cities and municipalities in the Philippines and three BPO commercial centers in Metro Manila.

On November 10, 2015, VLLI signed an agreement with the existing shareholders of Starmalls Group to acquire approximately 88.25% or 7,436.22 million shares of the outstanding capital stock of

Starmalls, Inc. for a total consideration of ₱33,537.36 million. Starmalls, Inc. has subsidiaries namely Manuela Corporation and Masterpiece Asia Properties, Inc. with the following percentages of ownership:

Masterpiece Asia Properties, Inc. (MAPI)	100.0%
Manuela Corporation (Manuela)	98.4%

Upon execution of the agreement, VLLI paid ₱2,681.25 million to the Fine Group. As a condition to the acquisition of Starmalls Group, Fine Group invested the 97.5% of the total consideration from the disposal or ₱32,698.93 million representing 4,573.28 million shares of VLLI at ₱7.15 per share. The shares were issued out of VLLI's increase in its authorized capital stock which was applied and approved by the SEC on November 11, 2015.

Starmalls, Inc. and its subsidiaries became subsidiaries of VLLI as at December 31, 2015.

Both VLLI and Starmalls Group are entities under common control of Fine Group. Accordingly, VLLI accounted for the acquisition of Starmalls Group under the pooling-of-interest method of accounting.

Under the pooling-of-interest method, VLLI accounted the acquisition as follows:

- Assets and liabilities reflected as at reporting date is the combined assets and liabilities of Starmalls Group and Vista Group using their existing historical carrying values prior to the acquisition;
- Retained earnings reflects the accumulated earnings of Vista Group and the earnings of Starmalls Group as if the entities had always been combined;
- Capital stock represents the legal capital of VLLI;
- The difference between the consideration for the acquisition and the legal capital of Starmalls that amounted to ₱22,859.08 million is accounted for as "equity reserve" which was eventually closed to additional paid-in capital.

As a result of the acquisition, the accounting policies of Starmalls Group have been realigned to Vista Group. Accordingly, the fair values previously recognized on the Property and equipment items and Investment Properties of the Starmalls Group have been adjusted under the pooling-of-interest method and recognized back to cost. The related effects of the change in the assets and retained earnings accounts amounted to ₱8,993.29 million as of and for the year ended December 31, 2014. Also, net income for the year ended December 31, 2014 was adjusted to the extent of the depreciation on these assets and this amounted to ₱220.12 million in 2014.

The consolidated financial statements as of and for the year ended December 31, 2014 have been restated to include the accounts of Starmalls Group as if the entities had always been combined. Accordingly, as of January 1, 2014, the VLLI common shares issued to Fine Group have been recognized as deposit for future stock subscription in the statement of changes in equity.

The 752.21 million VLLI shares in the amount of ₱5,378.29 million issued to Manuela which it held as of December 31, 2015 have been presented as treasury shares in the statement of financial position and statement of changes in equity as of and for the years ended December 31, 2015. Manuela still holds the VLLI shares as of March 31, 2017.

<u>Acquisition of Malay Resorts Holdings, Inc.</u>

On December 29, 2015, Vista Leisure Club Corporation (a subsidiary of Vista Residences, Inc.) acquired 100% ownership of Malay Resorts Holdings, Inc. (Malay Resorts) for a total cash consideration of ₱157.00 million. Malay Resorts Holdings, Inc. owns and operates the Boracay Sands

Hotel. Malay Resorts is not under common control. Accordingly, the Group accounted the business combination under the acquisition method.

The goodwill amounting ₱147.27 million that was provisionally determined in 2015 did not change as of March 31, 2017 as no material adjustments on the provisional values of assets acquired and liabilities assumed.

From the date of acquisition on December 29, 2015, the Group's share in the revenue and net loss of Malay Resorts amounted to nil.

8. Cash and Cash Equivalents

This account consists of:

Cash on hand and in banks	17
Cash equivalents	9,902
	9,919

Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents are short-term, highly liquid investments that are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group and earn interest as follows:

	Mar 31, 2017	Dec 31, 2016
Philippine Peso	**0.25% to 2.00%**	0.10% to 5.00%
US Dollar	**0.25% to 1.00%**	0.13% to 3.00%

None of the cash and cash equivalents are used to secure the obligations of the Group.

9. Investments

Short-term cash investments

Short-term cash investments consist of money market placements with maturities of more than three (3) months up to one (1) year and earn annual interest at the respective short-term investment rates, as follows:

	Mar 31, 2017	Dec 31, 2016
	₱ 102	₱ 100
Philippine Peso	**2.00% to 3.00%**	1.38% to 2.50%
US Dollar	–	0.50%

Interest earned from short-term cash investments for the three months ended March 31, 2017 and for the year ended December 31, 2016 amounted to ₱0.5 million and ₱2.21 million, respectively.

AFS financial assets

This account consists of equity and debt securities as follow:

	Mar 31, 2017	Dec 31, 2016
Equity securities		
Quoted	**₱70**	₱70
Unquoted	**112**	96
Debt securities		
Quoted	**7,976**	8,079
	₱8,159	₱8,245

Quoted securities
This account consists of investments in fixed maturity bond funds and equity shares. As of March 31, 2017 and December 31, 2016, the investments have an aggregate fair value of ₱8,014 million and ₱8,149 million, respectively.

As of March 31, 2017 and December 31, 2016, there is no disposal of AFS financial assets that will result to a gain or loss. Accordingly, no transfer from the cumulative changes in fair value of AFS financial assets to the profit or loss occurred in the said periods.

Unquoted equity securities
This account pertains to unlisted preferred shares in a public utility company which the Group will continue to carry as part of the infrastructure that it provides for its real estate development projects and other operations. These are carried at cost less impairment, if any.

HTM investments
This account consists of the Group's investments in various US dollar-denominated debt securities with an interest rate yielding to maturity of 1.63% to 11.0%. Interest income from HTM investments amounted to ₱256 million and ₱721 million in March 31, 2017 and December 31, 2016, respectively.

As of March 31, 2017 and December 31, 2016, no impairment losses were recognized on these investments.

The Group acquired additional HTM investments amounting US$162.93 million and US$62.75 million with EIR of 4%.

10. Receivables

This account consists of:

Installment contracts receivable at amortized cost	29,384
Accrued interest receivable	251
Accounts receivable at amortized cost:	
Contractors	3,233
Buyers	370
Brokers	249
Others	6,913
	40,400
Less allowance for impairment losses	(397)
	40,003
Less noncurrent portion at amortized cost	9,653
	₱ 30,350

Installment contracts receivable at amortized cost
Installment contracts receivable consist of accounts collectible in equal monthly installments with various terms up to a maximum of fifteen (15) years. These are carried at amortized cost. The corresponding titles to the subdivision or condominium units sold under this arrangement are transferred to the buyers only upon full payment of the contract price. The installment contracts receivable are interest-bearing except for those with installment terms within two years. Annual interest rates on installment contracts receivables range from 17.00% to 19.00%.

Accounts Receivable at amortized cost
The accounts receivables at amortized cost are non-interest bearing and collectible within one year. This consists of the following:

Receivable from contractors

Receivable from contractors are recouped from settlement of progress billings which occur within one year from the date the receivables arose.

Receivable from buyers
Receivables from buyers represent the share of the joint venture partners from the proceeds of real estate sale. The arrangement is covered by a marketing agreement that is separate and distinct from LDAs. These sales do not form part of the Group's revenue. Collections from buyers are remitted to the joint venture partners net of any marketing fees agreed by the parties.

Receivable from brokers
Receivable from brokers are recouped from progress billing settlement.

Others
Other receivables consist mainly of receivables from various individuals and private entities and other nontrade receivables. These are non-interest bearing and are due and demandable.

The impairment losses pertain to individually impaired accounts. These are presented at gross amounts before directly deducting impairment allowance. No impairment losses resulted from performing collective impairment test.

11. Real Estate Inventories

This account consists of:

Subdivision land for sale and development	₱ 26,599
Less reserve for land development costs	(9,606)
	16,993
Condominium units for sale and development	5,089
Residential house units for sale and development	967
	6,056
	₱ 23,049

The real estate inventories are carried at cost. There is no allowance to recognize amounts of inventories that are lower than cost.

Subdivision land for sale and development represents real estate subdivision projects in which the Group has been granted license to sell by the Housing and Land Use Regulatory Board of the Philippines. It also includes raw land inventories that are under development and those that are about to undergo development.

Real estate inventories recognized as cost of sales are included as cost of real estate sales in the consolidated statements of comprehensive income (Note 24). Cost of real estate sales includes acquisition cost of subdivision land, amount paid to contractors, development costs, capitalized borrowing costs and other costs attributable to bringing the real estate inventories to its intended condition.

Construction and development costs represent approximately 75% to 85% of the cost of sales.

Except as stated, there are no other real estate inventories used as collateral or pledged as security to secure the borrowings of the Group (Note 19).

12. Other Current Assets

This account consists of:

Input VAT	₱ 1,595
Creditable withholding taxes	824
Prepaid expenses	1,376
Construction materials and others	258
Deposits for real estate purchases and others	4
	₱ 4,057

The input VAT is applied against output VAT. The remaining balance is recoverable in future periods.

Prepaid expenses mainly include prepayments for marketing fees, taxes and licenses, rentals and insurance.

The Group will be able to apply the creditable withholding taxes against income tax payable.

Construction materials pertain to supplies used in the constructions and developments.

Deposits for real estate purchases substantially represent the Group's payments to real estate property owners for the acquisition of certain real estate properties. Although the terms of the agreements provided that the deeds of absolute sale for the subject properties are to be executed only upon fulfillment by both parties of certain undertakings and conditions, including the payment by the Group of the full contract prices of the real estate properties, the Group already has physical possession of the original transfer certificates of title of the said properties.

13. Land and Improvements

This account consists of properties for future development and carried at cost or NRV. There are no borrowing costs capitalized to these properties as development has not commenced. Transfers pertain to properties to be developed for sale and these are included under "Real estate inventories" account.

There are no land and improvements carried at NRV.

The Group recorded no provision for impairment in March 31, 2017 and December 31, 2016.

Except as stated, the land and improvements are not used to secure the borrowings of the Group.

14. Investment Properties

The investment properties consist mainly of land and commercial centers that are held to earn rental income. These include Vista Malls and Starmalls that are located in key cities and municipalities in the Philippines and three BPO commercial centers in Metro Manila, with a combined gross floor area of 951,533 sq.m. The construction in progress represents capitalized costs arising from construction of commercial centers that are located in Molino and Kawit, Cavite. The percentage of completion of various constructions in progress ranges from 5% to 95% in March 31, 2017 and from 4% to 90% in 2016 and are due to be completed on various dates starting July 2014 up to June 2018.

Except as stated, there are no other investment properties used as collateral or pledged as security to secure the borrowings of the Group (Note 20).

The Group has no restrictions on the realizability of its investment properties and no contractual obligations to either purchase or construct or develop investment properties or for repairs, maintenance and enhancements.

The valuation techniques adopted for the measurement of fair values are the market approach for the land and cost approach for the buildings and land improvements.

The market price per square meter of these investment properties ranged from ₱3,502 to ₱129,999. Except for the land, the estimated useful life of the investment properties is 10 to 40 years.

15. Investments and Advances in Project Development Costs

This account consists of interests in project development cost.

Investments in project development costs pertain to deposits, cash advances and other charges in connection with the Land Development Agreement (LDA) entered into by the Group with individuals, corporate entities and related parties for the development of real estate projects. The LDA provides, among others, the following: a) the Group will undertake the improvement, subdivision and development of the real estate project within a certain period as prescribed by the LDA, subject to certain conditions to be fulfilled by the real estate property owner; and b) the parties shall divid e among themselves all saleable inventory of the real estate project in accordance with the ratio mutually agreed.

16. Other Noncurrent Assets

This account consists of:

Deposits	₱ 409
Model house accessories at cost	188
Goodwill (Note 7)	147
Systems development costs - net of accumulated amortization	34
Others	507
	₱ 1,285

Deposits include deposits for real estate purchases and deposits to utility companies which will either be applied or recouped against future billings or refunded upon completion of the real estate projects.

Model house accessories pertain to the furniture and fixture and other interior decorations used and displayed in the model house inventory.

17. Accounts and Other Payables

This account consists of:

Accounts Payable	₱ 6,373
Accrued Expenses	1,940
Retention Payable	700
Commission Payable	868
Deferred VAT	326
Others	3,102
	₱ 13,309

Accounts payable pertains to contractors' billings for services related to the development of various projects of the Group. These are expected to be settled within a year after the financial reporting date. Deposits and advances to contractors are recognized from the settlement amounts due to contractors. These are applied within one year from the date the deposits and advances were made. This also represents construction materials, marketing collaterals, office supplies and property and equipment ordered and delivered but not yet due. These are expected to be settled within a year after the recognition period.
Accrued expenses consist mainly of accruals for project cost estimate, interest on bonds and bank loans, light and power, marketing costs, professional fees, postal and communication, supplies, repairs and maintenance, transportation and travel, security and insurance.

Retentions payable pertains to 10% retention from the contractors' progress billings which will be released after the completion of contractors' project. The 10% retention serves as a holdout amount withheld from the contractor to cover for back charges that may arise from quality issues in affected projects.

Commissions payable pertain to fees paid to brokers for services rendered.

Deferred output tax pertains to the VAT charged to the buyers on installment upon contracting but which were not yet collected as of reporting date. Further, upon collection on the installment receivables, the equivalent output tax is being included in the current VAT payable on the month where such collection is made.

Other payables include amounts pertaining to other non-trade liabilities such as salaries related premiums, withholding taxes, and VAT payable. The majority of this pertains to withholding taxes and VAT payable.

The accounts payable and other payables are noninterest-bearing and are expected to be settled within a year after the reporting date.

18. Customers' Advances and Deposits

This account consists of customers' reservation fees, downpayments and excess of collections over the installment contracts receivable.

The Group requires buyers of residential houses and lots to pay a minimum percentage of the total selling price before the two parties enter into a sale transaction.

Payments from buyers which have not reached the minimum required percentage are presented as customers' advances and deposits. When the level of required payment is reached by the buyer, a sale is recognized and these deposits and downpayments are applied against the related installment contracts receivable.

The excess of collections over the recognized receivables is applied against the POC in the succeeding years.

19. Bank Loans and Loans Payable

Bank Loans
Bank loans pertain to the borrowings of the Group from various local financial institutions. These bank loans are obtained to finance capital expenditures and for general corporate purposes.

Details follow:

	Bank Loans	Loans Payable
Parent company	₱ 24,704	₱ -
Subsidiaries	11,779	4,074
	36,483	4,074
Less current portion	4,414	1,105
	₱ 32,069	₱ 2,969

On October 5, 2016, the Group obtained a 7-year unsecured peso-denominated loan from a local bank amounting ₱5,000 million which bears annual fixed interest rate of 5.00%. The principal balance of the loan will be paid in twenty five (25) equal quarterly installments commencing on the fourth interest payment date. The loan requires VLLI to maintain a current ratio of at least 1.00:1.00, a maximum debt-to-equity ratio of 2.50:1.00 and a debt-service coverage ratio (DSCR) of at least 1.00:100.

On September 23, 2016, the Group obtained a 7-year unsecured peso-denominated loan from a local bank amounting ₱3,500 million which bears annual fixed interest rate of 5.00%. The principal balance of the loan will be paid in twenty eight (28) equal quarterly installments commencing on the first interest payment date. The loan requires VLLI to maintain a current ratio of at least 1.00:1.00, a maximum debt-to-equity ratio of 2.50:1.00 and a debt-service coverage ratio (DSCR) of at least 1.00:100.

In November 2015, the Company acquired Starmalls together with ₱10,748.25 million loans from various local banks. These loans bear fixed interest rates ranging from 4.50% to 7.25% per annum which are payable in 6 months to seven years. These loans are secured by selected investment properties amounting to ₱3,907 million.

In 2015, the Group obtained various peso-denominated bank loans from different local banks amounting ₱10,700 million with fixed interest rates ranging from 3.57% to 4.31% per annum. The loans are secured by a hold-out on the HTM investments of VII amounting US$305 million.

On September 11, 2014, the Group obtained a peso-denominated bank loan from a local bank amounting ₱1,500 million with interest of 4.25% per annum. The bank loan matured on August 4, 2015. This was fully paid upon maturity and was renewed. The loan is secured by a hold-out in the HTM investments amounting $37.50 million. On August 4, 2015, this loan was renewed and will mature on July 29, 2016. The loan is secured by the same HTM investments of VII amounting US$37.50 million.

In June 2013, the Group obtained unsecured ₱1,000 million and secured ₱5,000 million peso-denominated bank loans from local banks which bear annual fixed interest rate of 5.90% and 5.75%, respectively. The loans will mature in June 2018. The principal balance of the loans will be paid in twelve (12) and twenty (20) equal quarterly installments, respectively. The ₱5,000 million loan requires the VLLI to maintain current ratio of 1.75:1.00 and DSCR of 1:1.00.

On April 17, 2013, the Group entered into a bilateral loan agreement with local banks. A portion of the corporate notes was redeemed in 2013 and bank loans with principal amount of ₱1,700 million were issued during the year which bears annual fixed interest rate of 7.27%. The bank loan will mature on April 17, 2017.

These bilateral loans are divided into three (3) banks with principal balances of ₱800 million (secured), ₱600 million (unsecured) and ₱300 million (unsecured), respectively. The bilateral loan with the principal balance of ₱800 million requires VLLI to maintain current ratio of 1:1.75, debt to equity ratio of 1:1.00 and DSCR of 1:1.00.

On December 9, 2010, the Group obtained a peso-denominated bank loan from a local bank amounting ₱1,600 million which bears annual fixed interest rate of 6.50% and matured on December 6, 2015. The loan is secured by a hold-out on the US dollar deposits amounting US$40 million (Note

9).

In addition to financial covenants, the bank loans of the Group provide for certain restrictions and requirements with respect to, among others, payment of dividends, incurrence of additional liabilities, investment and guaranties, mergers or consolidations or other material changes in their ownership, corporate set-up or management, acquisition of treasury stock, disposition and mortgage of assets. These restrictions and requirements were complied with by the Group as of March 31, 2017 and December 31, 2016.

Loans Payable
As discussed in Note 10 to the consolidated financial statements, loans payable pertain to the remaining balance of "Installment contracts receivable" of subsidiaries that were sold on a with recourse basis. These loans bear annual fixed interest rates ranging from 7.00% to 12.00% in March 31, 2017 and December 31, 2016, payable on equal monthly installments over a maximum period of 3 to 15 years. The installment contracts receivables serve as the collateral for the loans payable. These will mature on various dates up to December 2027.

20. Notes Payable

This account consists of:

Dollar denominated bonds	₱ 29,375
Retail bonds	4,939
Corporate note facility	5,267
Homebuilder bonds	8
	39,589
Less current portion	254
	₱ 39,335

Dollar Denominated Bonds

US$125.00 million Notes
On February 2, 2016, the Group issued US$125.00 million notes ("Notes") with a term of seven years from initial draw down date. The interest rate is 7.375% per annum payable semi-annually in arrears on June 18 and December 17 of each year beginning on December 17, 2015. Said notes were used to settle the US$125.00 million notes issued last April 2014. There are no properties owned by the Group that were pledged as collateral to this note.

Redemption at the option of the issuer
At any time the Issuer may on any one or more occasions redeem all or a part of the Notes, by giving notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest, if any, to, the date of redemption, subject to the rights of the person in whose name the Note is registered on the relevant record date to receive interest due on the relevant interest payment date.

Covenants
The Notes provide for the Group to observe certain covenants including, among others, incurrence of additional debt; grant of security interest; payment of dividends; mergers, acquisitions and disposals; and certain other covenants. The incurrence test for additional debt requires the Group to have a proforma Fixed Charge Cover Ratio (FCCR) of not less than 2.5x. These were complied with by the Group as of March 31, 2017.

US$300.00 million Notes
On June 18, 2015, the Group issued US$300.00 million notes with a term of seven years from initial draw down date. The interest rate is 7.375% per annum payable semi-annually in arrears on

June 18 and December 17 of each year beginning on December 17, 2015. Said notes were used to settle the US$125.00 million notes issued last April 2014. Some of the proceeds amounting US$81.68 million were used to settle outstanding notes payable. There are no properties owned by the Group that were pledged as collateral to this note.

Redemption at the option of the issuer
At any time the Issuer may on any one or more occasions redeem all or a part of the Notes, by giving notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest, if any, to, the date of redemption, subject to the rights of Noteholders on the relevant record date to receive interest due on the relevant interest payment date.

Covenants
The Notes provide for the Group to observe certain covenants including, among others, incurrence of additional debt; grant of security interest; payment of dividends; mergers, acquisitions and disposals; and certain other covenants. The incurrence test for additional debt requires the Group to have a proforma Fixed Charge Cover Ratio (FCCR) of not less than 2.5x. These were complied with by the Group as of March 31, 2017.

On September 29, 2016, VII repurchased US$54.5 million out of the US$425 million notes outstanding balance prior to the repurchase date.

<u>US$350.00 million Notes</u>
On April 29, 2014, the Group issued unsecured US$225 million Notes due April 29, 2019 to refinance its debt and for general corporate purposes. The interest rate of 7.45% per annum is payable semi-annually in arrears on April 29 and October 29 of each year commencing on October 29, 2014.

On September 11, 2014, an additional unsecured note, with the same terms and conditions with the above notes, were issued by the Group amounting US$125 million. The notes were issued at 102% representing a yield to maturity of 6.935%.

The Notes are unconditionally and irrevocably guaranteed by the Parent Company and its subsidiaries. Other pertinent provisions of the Notes follow:

Redemption at the option of the issuer
At any time the Group may redeem all or part of the Notes, at a redemption price equal to 100% of the principal amount of the notes redeemed, plus the applicable premium as of, and accrued and unpaid interest, if any, to the date of the redemption, subject to the rights of note holders on the relevant record date to receive interest due on the relevant interest payment date.

Redemption upon a change of control
Unless the Notes are previously redeemed, repurchased and cancelled, the issuer will, no later than 30 days following a change of control make an offer to purchase all outstanding Notes at a purchase price equal to 101% of their principal amount together with accrued and unpaid interest, if any. Change of control includes the sale of all or substantially all the properties or assets of the issuer or its restricted subsidiaries.

Covenants
The Notes provide for the Group to observe certain covenants including, among others, incurrence of additional debt; grant of security interest; payment of dividends; mergers, acquisitions and disposals; and certain other covenants. The incurrence test for additional debt requires the Group to have a proforma Fixed Charge Cover Ratio (FCCR) of not less than 2.5x. These were complied with by the Group on March 31, 2017.

<u>US$100.00 million Notes</u>
On October 4, 2013, VII issued unsecured US$100 million bonds with a term of five years from the issue date. The interest rate is 6.75% per annum payable semi-annually in arrears on April 4 and

October 4 of each year commencing on April 4, 2014.

The Notes are unconditionally and irrevocably guaranteed by the Group and Subsidiaries. Other pertinent provisions of the Notes follow:

Redemption at the option of the issuer - equity clawback
At any time prior to September 30, 2013, the Group may redeem up to 35% of the aggregate principal amount of the US Notes originally issued at a redemption price equal to 106.75% of the principal amount, plus accrued and unpaid interest, if any, to the date of redemption with the net cash proceeds of an equity offering; provided that: (i) at least 65% of the aggregate principal amount of US Notes originally issued remains outstanding immediately after the occurrence of such redemption and (ii) the redemption occurs within 60 days of the date of the closing of such equity offering. The Notes contains an equity clawback option. However, no derivative asset was recognized on the prepayment option since the possibility of an equity offering by the Group is remote.

Redemption at the option of the issuer - early redemption
At any time the Group may redeem all or part of the Notes, at a redemption price equal to 100% of the principal amount of the notes redeemed, plus the applicable premium as of, and accrued and unpaid interest, if any, to the date of the redemption, subject to the rights of note holders on the relevant record date to receive interest due on the relevant interest payment date.

Covenants
The Notes provide for the Group to observe certain covenants including, among others, incurrence of additional debt; grant of security interest; payment of dividends; mergers, acquisitions and disposals; and certain other covenants. The incurrence test for additional debt requires the Group to have a proforma Fixed Charge Cover Ratio (FCCR) of not less than 2.5x. These were complied with by the Group as of March 31, 2017.

On September 29, 2016, VII repurchased US$10.7 million out of the remaining US$62.5 million notes outstanding prior to the repurchase date.

<u>Retail Bonds</u>
On May 9, 2014, the Group offered and issued unsecured fixed-rate Peso Retail Bonds with an aggregate principal amount of ₱3,000 million and an overallotment option of up to ₱2,000 million. The proceeds of the issuance shall be used to partially finance certain commercial development projects of CPI and its subsidiaries. There are no securities pledged as collateral for these bonds.

The offer is comprised of five year fixed rate bonds due on November 9, 2019 (Five Year Bonds) and seven year fixed rate bonds due on May 9, 2021 (Seven Year Bonds) with interest rate of 5.65% and 5.94% per annum, respectively. Interest on the Retail Bonds shall be payable quarterly in arrears starting on August 9, 2014 for the first interest payment date and on February 9, May 9, August 9 and November 9 each year for each subsequent interest payment date.

The Retail Bonds shall be repaid at maturity at par plus any outstanding interest, unless the Group exercises its early redemption option. The maturity date for the Five Year Bonds and Seven Year Bonds shall be on November 9, 2019 and on May 9, 2021, respectively.

Redemption at the option of the issuer
The Group may redeem in whole, the outstanding Retail Bonds on the following relevant dates. The amount payable to the bondholders upon the exercise of the early redemption option by the Group shall be calculated, based on the principal amount of Retail Bonds being redeemed, as the sum of: (i) accrued interest computed from the last interest payment date up to the relevant early redemption option date; and (ii) the product of the principal amount of the Retail Bonds being redeemed and the early redemption price in accordance with the following schedule:

a) Five Year Bonds:
    i. Three (3) years and six (6) months from issue date at early redemption price of 101.00%

ii. Four (4) years from issue date at early redemption price of 100.50%

b) Seven Year Bonds:
   i. Five (5) years and six (6) months from issue date at early redemption price of 101.00%
   ii. Six (6) years from issue date at early redemption price of 100.50%

Covenants
The Retail Bonds provide for the Group to observe certain covenants including, among others, incurrence or guarantee of additional indebtedness; prepayment or redemption of subordinate debt and equity; making certain investments and capital expenditures; consolidation or merger with other entities; and certain other covenants. These were complied with by the Group as of March 31, 2017.

<u>Corporate Note Facility</u>

On December 28, 2016, the Group entered into a Corporate Notes Facility Agreement with China Bank Capital Corporation for the issuance of a long term corporate notes with a principal amount of up to P8,000.0 million. The first drawdown was at P5,150.0 million. The proceeds will be utilized for the 2017 capital expenditures, refinancing of existing indebtedness and to fund other general corporate expenses. The interest at the first drawdown at 6.1879% per annum is payable quarterly in arrears while the principal amount is payable in 2% annual amortizations on each principal repayment date with 82% to be repaid on maturity date. In case of default on the notes, interest and any amount payable due the lender, the borrower will pay a default interest. The issue cost amounted to P38.72 million.

The corporate notes provide early redemption at the option of the Group as follows:

Early Redemption Date		Early Redemption Amount
7th anniversary from issue date and interest payment	thereafter	102.00%
8th anniversary from issue date and interest payment	thereafter	101.00%
9th anniversary from issue date and interest payment	thereafter	100.50%

The corporate notes requires the Group to maintain the pari passu ranking with all and future unsecured and unsubordinated indebtedness except for obligations mandatorily preferred or in respect of which a statutory preference is established by law. The Group is also required to maintain at all times the following financial ratios: Current ratio at 1.00, debt to equity at 2.50 and debt service coverage ratio of at least 1.0. No dividends may be declared or paid if the Parent Company is in default and it will not provide any loans or advances to third parties nor issue guarantees other than the benefit of any of its subsidiaries and in the ordinary course of business. These were complied with by the Group as of December 31, 2016.

As part of the issuance of the corporate notes, the subsidiaries of the Parent Company that acted as guarantors, irrevocably and unconditionally, are: Britanny Corporation, Camella Homes, Inc., Crown Asia Properties, Inc. Communities Philippines, Inc. Starmalls, Inc. and Vista Residences, Inc.

On April 20, 2012, the Group secured a Peso Corporate Note Facility of up to ₱4,500 million from certain financial institutions to fund the Group's on-going real estate development projects, to refinance or replace existing borrowings and for general corporate purposes. The Corporate Notes shall bear annual fixed interest rate based on applicable bench mark rate on drawdown date plus a certain spread and will mature five (5) years from drawdown date. There are no properties owned by the Group that are pledged as collateral for this specific note.

Covenants
The Corporate Note Facility provides for the Group to observe certain covenants including, among others, incurrence of additional debt; dividend restrictions; maintenance of financial ratios; granting of loans; and certain other covenants. The financial ratios are current ratio, debt to equity ratio, debt

service coverage ratio and fixed charge coverage ratio which are to be maintained at 1.75, 1.50, 1.00 and 2.50, respectively. These were complied with by the Group as of March 31, 2017.

On May 17, 2013, the Group solicited consent from its existing bondholders to amend certain terms and conditions of the Notes. Holders of ₱1,700 million corporate notes facility exchanged and subscribed to bilateral loans.

Homebuilder Bonds

On November 16, 2012, the Group offered and issued to the public unsecured Homebuilder Peso bonds (the Bonds) of up to ₱2,500 million with an initial offering of ₱500.40 million for funding general corporate purposes. There are no properties pledged as collateral for the Homebuilder Bonds.

The first tranche was issued in equal monthly installments of up to ₱13.90 million over a period of thirty-six (36) months, commencing on November 16, 2012 at a fixed interest rate of 5.00% per annum and shall mature three (3) years from the initial issue date. As of December 31, 2016 and 2015, total bonds issued by the Parent Company amounted to ₱371.84 and ₱369.87 million, respectively. On November 2015, the company paid out ₱362.97 million upon maturity. The carrying value of the bonds as of March 31, 2017 and December 31, 2016 amounted to ₱8.49 million and ₱7.84 million, respectively.

Other pertinent provisions of the bonds follow:

Redemption at the option of the issuer

At any time prior to November 16, 2015, the Group may redeem the bonds if the bondholder selects the application of payment for the purchase of the Group's property provided that: (i) early application of payment is only available to eligible bondholders allowed by law to purchase the selected property of the Group; (ii) the bondholder expresses his intention to apply the payment for the purchase of the Group's property through written notice to the Group; and (iii) the Group approves the early application of payment. However, the bondholder can avail itself of this early application of payment only if: (i) such bondholder is able to fully pay or obtain firm bank or in-house financing; and (ii) the property of the bondholder's choice is from what the Group makes available to the bondholder to choose from.

Extension option

The bondholder may opt to extend the maturity of the bonds held and subscribe additional bonds for another twenty four (24) months, for and at the same monthly subscription payment, with the following terms:

- The first tranche of the bonds will have a maximum aggregate principal amount of ₱834.00 million, including any and all additional subscriptions;
- All subscriptions held by bondholders who exercised the extension option shall mature on the fifth (5th) anniversary of the initial issue date;
- Upon exercise of the extension option at least six (6) months prior to the initial maturity date, all subscriptions held shall bear interest on principal amount at a fixed rate of 6.75% per annum, applied prospectively from the initial maturity date to the extended maturity date; and
- Interest will not be compounded and shall be payable on the relevant maturity date or on the early redemption date, as may be applicable, less the amount of any applicable withholding taxes.

21. Other Noncurrent Liabilities

This account consists of:

Liabilities for purchased land (Note 17)	₱ 1,928
Retentions payable (Note 17)	547
Deferred output tax	514
	₱ 2,989

22. **Equity**

Capital Stock

The details of the Parent Company's capital stock follow:

	Mar 31, 2017	Dec 31, 2016
Common		
Authorized shares	17,900,000,000	17,900,000,000
Par value per share	₱1.00	₱1.00
Issued shares	13,114,136,376	13,114,136,376
Treasury shares	(₱6,980,294,580)	(₱6,917,014,956)
Value of shares issued	₱13,114,136,376	₱13,114,136,376
Preferred		
Authorized shares	10,000,000,000	10,000,000,000
Par value per share	₱0.01	₱0.01
Issued shares	3,300,000,000	3,300,000,000
Value of shares issued	₱33,000,000	₱33,000,000

Common shares

In February 2016, the Parent Company issued 459.24 million new common shares out of the unissued portion of its authorized capital stock at issue price of ₱7.15 per share or ₱3,283.60 million, out of which additional paid-in capital amounted to ₱2,824.35 million (Note 7).

In November 2015, the Securities and Exchange Commission approved the increase in the authorized capital stock of the Company from ₱12,000,000,000 divided into: (i) 11,900,000,000 common shares with par value of ₱1.00 per share, or an aggregate par value of ₱11,900,000,000; and (ii) 10,000,000,000 preferred shares with par value of ₱0.01 per share, or an aggregate par value of ₱100,000,000, to ₱18,000,000,000 divided into: (i) 17,900,000,000 common shares with par value of ₱1.00 per share, or an aggregate par value of ₱17,900,000,000; and (ii) 10,000,000,000 preferred shares with par value of ₱0.01 per share, or an aggregate par value of ₱100,000,000.

As of March 31, 2017, the Company issued 4,116,151,139 common shares out of the increase in the authorized capital stock. The issuance of the common shares pertains to the Company's acquisition of Starmalls Group (Note 7).

The common shares issued at ₱1.00 par value per share totaled ₱13,114,136,376 as of March 31, 2017.

Preferred shares

On March 21, 2013, the Parent Company issued in favor of Fine Properties, Inc. ("Fine Properties"), 3,300.00 million new preferred shares out of the unissued portion of its authorized capital stock at par or an aggregate issue price of ₱33.00 million. The subscription price was fully paid on the same date.

The preferred shares are voting, non-cumulative, non-participating, non-convertible and non-redeemable. The BOD may determine the dividend rate which shall in no case be more than 10% per annum.

Registration Track Record

On July 26, 2007, the Parent Company launched its follow-on offer where a total of 8,538,740,614 common shares were offered at an offering price of ₱6.85 per share. The registration statement was approved on June 25, 2007. After the listing in 2007, there have been subsequent issuances on November 10, 2015 and December 22, 2015 covering a total of 4,116,151,139 shares. The Parent Company has 966 and 971 existing certified shareholders as of March 31, 2017 and December 31, 2016, respectively.

Treasury Shares

Treasury shares (287,210,300) as of March 31, 2017 of the Parent Company amounting to P1,602 million represents the shares of stock held by the Parent Company, while treasury shares (752,208,215) amounting to P5,378 million represents Parent Company stocks held by Manuela (Note 7). These treasury shares are recorded at cost.

On March 17, 2015, the BOD of the Parent Company approved the buyback of its common shares up to the extent of the total purchase price of ₱1.5 billion subject to the prevailing market price at the time of the buyback over a 24-month period but subject to periodic review by the management.

On June 15, 2011, the BOD of the Parent Company approved the buyback of its common shares up to the extent of the total purchase price of ₱1.5 billion subject to the prevailing market price at the time of the buyback over a 24-month period but subject to periodic review by the management. The treasury stocks acquired represent 133,910,000 common shares that amounted to ₱509.61 million.

On January 3, 2013, the Parent Company sold, as authorized by the BOD, all of its existing 133,910,000 treasury shares at ₱4.75 per share or ₱636.07 million. The cost of the treasury shares and the related additional paid-in capital recognized in 2013 amounted to ₱509.61 million and ₱126.47 million, respectively.

Retained Earnings

On September 28, 2016, the BOD approved the declaration of a regular cash dividend amounting ₱1,437.28 million or ₱0.1185 per share, payable to all stockholders of record as of October 13, 2016. The said dividends were paid on October 28, 2016.

Non-controlling interest

In 2016, the Vista Group acquired additional 750,265,955 shares of Starmalls, Inc. for a total consideration of ₱3,383.70 million which. The transaction was accounted for as an equity transaction since there was no change in control. The movements within equity are accounted as follows:

FV of consideration paid	₱3,383,699,457
BV of shares	1,500,705,403
Difference charged to equity	1,882,994,054
Attributable to OCI	119,711,596
Equity reserves recognized in additional paid in capital	₱1,763,282,458

Capital Management

The primary objective of the Group's capital management policy is to ensure that debt and equity capital are mobilized efficiently to support business objectives and maximize shareholder value. The Group establishes the appropriate capital structure for each business line that properly reflects its premier credit rating and allows it the financial flexibility, while providing it sufficient cushion to absorb cyclical industry risks.

The Group considers debt as a stable source of funding. The Group lengthened the maturity profile of its debt portfolio and makes it a point to spread out its debt maturities by not having a significant percentage of its total debt maturing in a single year.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. It monitors capital using leverage ratios on both a gross debt and net debt basis. As of March 31, 2017 and December 31, 2016, the Group had the following ratios:

	Mar 31, 2017	Dec 31, 2016
Current ratio	344%	328%
Debt-to-equity ratio	97%	99%
Net debt-to-equity ratio	49%	49%
Asset-to-equity ratio	229%	228%

As of March 31, 2017 and December 31, 2016, the Group had complied with all externally imposed capital requirements (Notes 19 and 20). No changes were made in the objectives, policies or processes for managing capital during the period ended March 31, 2017 and December 31, 2016.

The Group considers as capital the equity attributable to equity holders of the Group.

Financial Risk Assessment

The Group's financial condition and operating results would not be materially affected by the current changes in liquidity, credit, interest, currency and market conditions.

Credit risks continue to be managed through defined credit policies and continuing monitoring of exposure to credit risks. The Group's base of counterparties remains diverse. As such, it is not exposed to large concentration of credit risk.

Exposure to changes in interest rates is reduced by regularly availing of short-term loans as it relates to its sold installment contracts receivables in order to cushion the impact of potential increase in loan interest rates.

Exposure to foreign currency holdings are as follows:

	Mar 31, 2017	**Dec 31, 2016**
Cash and cash equivalents	US$39	US$6
AFS financial assets	159	162
HTM investments	395	419
Notes payable-net	(586)	(584)

Liquidity risk is addressed with long-term funding already locked in, while funds are placed on a short-term placement.

23. Miscellaneous Income

Miscellaneous income mostly pertains to income from forfeited reservation fees and partial payments from customers whose sales contracts are cancelled before completion of required down payment (Note 18).

This also includes the operating income from the malls such as reimbursable expenses.

24. Cost and Expenses

Cost of real estate sales

Cost includes acquisition cost of subdivision land, construction and development cost and capitalized borrowing costs. Cost of real estate sales recognized for the period ended March 31, 2017 and 2016 amounted to ₱3,497 million and ₱3,200 million, respectively.

Operating expenses

Operating expenses represent the cost of administering the business of the Group. These are recognized when the related services and costs have been incurred.

Rent expenses

The Group entered into various lease agreements for administrative and selling purposes. These agreements are renewed on an annual basis with advanced deposits. Rent expenses included under "Occupancy costs" amounted to ₱262 million in March 31, 2017.

Miscellaneous expenses

Miscellaneous expenses include dues and subscriptions, donations and other expenditures.

25. Other Expense

This account consists of foreign exchange gains amounting (₱1) million in March 31, 2017.

26. Retirement Plan

The Group has noncontributory defined benefit pension plan covering substantially all of its regular employees. The benefits are based on current salaries and years of service and related compensation on the last year of employment. The retirement is the only long-term employee benefit.

The principal actuarial assumptions used to determine the pension benefits with respect to the discount rate, salary increases and return on plan assets were based on historical and projected normal rates.

The Group immediately recognized to OCI any actuarial gains and losses.

The Group expects to contribute ₱55.02 million to its retirement fund in 2017.

Each year, an Asset-Liability Matching Study (ALM) is performed with the result being analyzed in terms of risk-and-return profiles. Union Bank's (UB) current strategic investment strategy consists of 47.29% of cash, 6.33% of investments in government securities, 45.89% of investment in private companies and 0.49% receivables. For the Group other than UB, the principal technique of the Group's ALM is to ensure the expected return on assets to be sufficient to support the desired level of funding arising from the defined benefit plans.

27. Income Tax

Provision for income tax consists of:

Current:	
RCIT/MCIT	₱314
Final	5
Deferred	4
	₱323

Deferred tax assets are recognized only to the extent that taxable income will be available against which the deferred tax assets can be used. The subsidiaries will recognize a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Board of Investments (BOI) Incentives

The BOI issued in favor of certain subsidiaries in the Group a Certificate of Registration as Developer of Mass Housing Projects for its 17 projects in 2014 and 22 real estate in 2013, in accordance with the Omnibus Investment Code of 1987. Pursuant thereto, the projects have been granted an Income Tax Holiday for a period of either three years for new projects, or four years for expansion projects, commencing from the date of issuance of the Certificate of Registration.

28. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence (referred to herein as "affiliates"). Related parties may be individuals or corporate entities.

The Group in their regular conduct of business has entered into transactions with affiliates and other related parties principally consisting of advances and reimbursement of expenses and purchase and sale of real estate properties. The Group's policy is to settle its intercompany receivables and payables on a net basis.

Terms and conditions of transactions with related parties
The US$125 million Notes issued by VII on February 2, 2016 and the US$300 million Notes issued by VII are unconditionally and irrevocably guaranteed by the Parent Company and its Subsidiaries. No fees are charged for these guarantee agreements.

The ₱5,150.00 million Corporate Notes issued by the Parent Company on February 2, 2016 are unconditionally and irrevocably guaranteed by Brittany Corporation, Camella Homes, Inc., Crown Asia Properties, Inc. Communities Philippines, Inc. Starmalls, Inc. and Vista Residences, Inc. No fees are charged for these guarantee agreements.

Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash. These principally consist of dividends, advances, reimbursement of expenses and management income. As of December 31, 2016 and 2015 the Group has not made any provision for impairment loss relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Except as stated in Notes 20 and 21 to the consolidated financial statements, there have been no guarantees provided or received for any related party receivables or payables.

29. **Fair Value Determination**

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Other valuation techniques involving inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash and cash equivalents and short-term cash investments: Due to the short-term nature of the account, the fair value of cash and cash equivalents and short-term cash investments approximate the carrying amounts in the consolidated statements of financial position.

Installment contracts receivables: Estimated fair value of installment contracts receivables is based on the discounted value of future cash flows using the prevailing interest rates for similar types of receivables as of the reporting date using the remaining terms of maturity. The discount rate used ranged from 1.57% to 3.79% in March 31, 2017 and December 31, 2016.

Other receivables: due to the short-term nature of the account, the fair value of other receivables approximates the carrying amounts.

Receivables from related parties: Due to the short-term nature of the account, carrying amounts approximate their fair values.

AFS financial assets: for AFS investment in unquoted equity securities, these are carried and presented at cost since fair value is not reasonably determine due to the unpredictable nature of future cash flows and without any other suitable methods of arriving at a reliable fair value.

The AFS financial assets carried at cost are preferred shares of a utility company issued to the Group as a consequence of its subscription to the electricity services of the said utility company needed for the Group's residential units. The said preferred shares have no active market and the Group does not intend to dispose these because these are directly related to the continuity of its business.

For shares in open ended investment companies, fair value is by reference to net asset value per share.

HTM investments: The fair value of HTM investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices, at the close of business on the reporting date.

Investment properties: The valuation techniques adopted for the measurement of fair values are the market approach for the land and cost approach for the buildings and building improvements.

Accounts and other payables: fair values of accounts and other payables approximate their carrying amounts in the consolidated statement of financial position due to the short-term nature of the transactions.

Payables to related parties: Due to the short-term nature of the account, carrying amounts approximate their fair values.

Bank loans, loans payable, notes payable and liabilities for purchased land: estimated fair values of bank loans and liabilities for purchased land are based on the discounted value of future cash flows using the applicable rates for similar types of loans. Interest rates used in discounting cash flows ranges from 3.50% to 7.27% for March 31, 2017 and 2.45% to 7.45% for December 31, 2016.

30. Financial Asset and Liabilities

Financial Risk Management Objectives and Policies

Financial risk

The Group's principal financial liabilities comprise of bank loans, loans payable, notes payable, accounts and other payables and liabilities for purchased land. The main purpose of the Group's financial liabilities is to raise financing for the Group's operations. The Group has various financial assets such as installment contracts receivables, cash and cash equivalents and short-term, long-term cash investments, HTM investments and AFS financial assets which arise directly from its operations. The main risks arising from the use of financial instruments are interest rate risk, foreign currency risk, credit risk, equity price risk and liquidity risk.

The BOD reviews and approves with policies for managing each of these risks. The Group monitors market price risk arising from all financial instruments and regularly report financial management activities and the results of these activities to the BOD.

The Group's risk management policies are summarized below. The exposure to risk and how they arise, as well as the Group's objectives, policies and processes for managing the risk and the methods used to measure the risk did not change from prior years.

Cash flow interest rate risk

The Group's exposure to market risk for changes in interest rates, relates primarily to its financial assets and liabilities that are interest-bearing.

The Group's policy is to manage its interest cost by entering into fixed rate debts. The Group also regularly enters into short-term loans as it relates to its sold installment contracts receivables in order to cushion the impact of potential increase in loan interest rates.

The table below shows the financial assets and liabilities that are interest-bearing:

	March 31, 2017		December 31, 2016	
	Effective Interest Rate	**Amount**	Effective Interest Rate	Amount
Financial assets				
Fixed rate				
Cash and cash equivalents (excluding cash on hand)	**0.10% to 2.00%**	₱ 9,902	0.10% to 0.50%	₱ 8,883
Short-term cash investments	**2.00% to 3.00%**	102	1.37% to 2.50%	100
HTM investments	**1.625% to 11.0%**	19,793	1.33% to 3.12%	20,852
Installment contracts receivable	**1.33% to 3.50%**	29,384	1.33% to 3.50%	28,123
		₱ 59,181		₱ 57,958
Financial liabilities				
Fixed rate				
Notes payable	**6.19% to 7.45%**	₱ 39,589	4.25% to 12.00%	₱ 39,525
Bank loans	**3.50% to 10.75%**	36,482	3.57% to 11.50%	36,087
Loans payable	**7.5% to 8.00%**	4,074	1.50% to10.00%	3,887
Liabilities for purchased land	**1.49% to 2.38%**	4,466	1.49% to 2.38%	3,538
		₱ 84,611		₱ 83,037

As of March 31, 2017 and December 31, 2016, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

Foreign exchange risk
The Group's foreign exchange risk results primarily from movements of the Philippine peso against the United States Dollar (USD). Approximately 41.22% and 36.56% of the debt of the Group as of March 31, 2017 and December 31, 2016, respectively, are denominated in USD. The Group's foreign currency-denominated debt comprises of the bonds in March 31, 2017 and December 31, 2016.

Below are the carrying values and the amounts in US$ of these foreign currency denominated financial assets and liabilities.

	March 31, 2017		December 31, 2016	
	Peso	**US$**	Peso	US$
Cash and cash equivalents	₱ 1,973	US$ 39	₱ 308	US$ 6
AFS financial assets	7,976	159	8,079	162
HTM investments	19,793	395	20,852	419
Notes payable	(29,375)	(586)	(29,068)	(585)

In translating the foreign currency- denominated monetary assets in peso amounts, the Philippine Peso - US dollar exchange rates as of March 31, 2017 and December 31, 2016 used were ₱50.16 to US$1.00 and ₱49.72 to US$1.00, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) as of March 31, 2017:

	Increase/ Decrease in US Dollar rate	Effect on income before tax
Cash and cash equivalents	+1	39
	-1	(39)
HTM investments	+1	159
	-1	(159)
AFS financial assets	+1	395
	-1	(395)
Notes payable	+1	(586)
	-1	586

The assumed movement in basis points for foreign exchange sensitivity analysis is based on the currently observable market environment, showing no material movements as in prior years.

There are no items affecting equity except for those having impact on profit or loss.

Credit risk
The Group transacts only with recognized and creditworthy third parties. The Group's receivables are monitored on an ongoing basis resulting to manageable exposure to bad debts. Real estate buyers are subject to standard credit check procedures, which are calibrated based on the payment scheme offered. The Group's respective credit management units conduct a comprehensive credit investigation and evaluation of each buyer to establish creditworthiness.

Receivable balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts. In addition, the credit risk for installment contracts receivables is mitigated as the Group has the right to cancel the sales contract without need for any court action and take possession of the subject house in case of refusal by the buyer to pay on time the due installment contracts receivable. This risk is further mitigated because the corresponding title to the subdivision units sold under this arrangement is transferred to the buyers only upon full payment of the contract price and the requirement for remedial procedures is minimal given the profile of buyers.

With respect to credit risk arising from the other financial assets of the Group, which are comprised of cash and cash equivalents, short-term and long-term cash investments and AFS financial assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group manages its cash by maintaining cash accounts with banks which have demonstrated financial soundness for several years. The Group's investments in AFS are incidental to its housing projects and are considered by the Group to be of high quality because these are investments with the biggest electric utility company in the country.

High grade cash and cash equivalents and short-term and long-term cash investments are money market placements and working cash fund placed, invested or deposited in local banks belonging to the top ten banks in the Philippines in terms of resources and profitability.

The Group's high-grade receivables pertain to receivables from related parties and third parties which, based on experience, are highly collectible or collectible on demand, and of which exposure to bad debt is not significant. Installment contract receivables under bank-financing are assessed to be high grade since accounts under bank-financing undergone credit evaluation performed by two parties, the Group and the respective bank, thus credit evaluation underwent a more stringent criteria resulting to higher probability of having good quality receivables.

Medium grade accounts are active accounts with minimal to regular instances of payment default, due to ordinary/common collection issues. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

Low grade accounts are accounts which have probability of impairment based on historical trend.

Based on the Group's experience, its loans and receivables are highly collectible or collectible on demand. The receivables are collateralized by the corresponding real estate properties. In few cases of buyer defaults, the Group can repossess the collateralized properties and held it for sale in the ordinary course of business at the prevailing market price. The Group performs certain repair activities on the said repossessed assets in order to put their condition at a marketable state. Costs incurred in bringing the repossessed assets to its marketable state are included in their carrying amounts.

The Group did not accrue any interest income on impaired financial assets.

Liquidity Risk
The Group monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk. The Group maintains a level of cash deemed sufficient to

finance its cash requirements. Operating expenses and working capital requirements are sufficiently funded through cash collections. The Group's loan maturity profile is regularly reviewed to ensure availability of funding through adequate credit facilities with banks and other financial institutions.

The extent and nature of exposures to liquidity risk and how they arise as well as the Group's objectives, policies and processes for managing the risk and the methods used to measure the risk are the same for March 31, 2017 and December 31, 2016.

Equity Price Risk
The Group's equity price risk exposure relates to financial assets whose values will fluctuate as a result of changes in market prices, principally investment in mutual funds classified as AFS financial assets. Such securities are subject to price risk due to possible adverse changes in market values of instruments arising from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market. The Group invests in equity securities for various reasons, including reducing its overall exposure to interest rate risk.

In 2016, the Group determined the reasonably possible change in index using the specific adjusted data for each equity security the Group holds as of the reporting dates. The adjusted data is the forecasted measure of the volatility of security or a portfolio in comparison to the market as a whole. The Group manages exposures to price risk by monitoring the changes in the market price of the investments and at some extent, diversifying the investment portfolio in accordance with the limit set by management.

31. Lease Commitments

The Group as Lessee
The Group has entered into noncancelable operating lease agreements for its several branch offices with terms of one (1) to five (5) years. The lease agreements include escalation clauses that allow a reasonable increase in rates. The leases are payable on a monthly basis and are renewable under certain terms and conditions.

The Group as Lessor
The Group has entered into property leases on its investment property portfolio, consisting of the Group's surplus office spaces. These noncancelable leases have remaining lease terms of below fifteen (15) years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

32. Commitments and Contingencies

The Group has entered into several contracts with contractors for the development of its real estate properties. These contracts are due to be completed on various dates starting January 2014 up to December 2020.

The progress billings are settled within one year from date of billings. These are unsecured obligations and carried at cost.

The Group has various contingent liabilities from legal cases arising from the ordinary course of business which are either pending decision by the courts or are currently being contested by the Group, the outcome of which are not presently determinable.

In the opinion of the management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect in the Group's financial position and results of operations.

33. Subsequent Events

On May 3, 2017, the Company issued additional corporate notes in the amount of Php4,850.0 million due 2026, at a fixed interest of 6.2255% per annum. The proceeds of the Additional Notes will be used to fund VLL's 2017 capital expenditures and refinance its existing indebtedness, and for other general corporate purposes.

Financial Soundness Indicator

Below are the financial ratios that are relevant to the Group for the period ended March 31, 2017 and 2016.

		Mar-31-17	Dec-31-16
Current Ratio	Current assets / Current liabilities	3.44	3.28
Long-term debt-to-equity ratio	Long-term debt[1] / Equity	0.94	0.94
Debt ratio	Interest bearing debt[2] / Total assets	0.42	0.43
Debt to equity ratio	Interest bearing debt / Total equity	0.97	0.99
Net debt to equity	Net debt[3] / Total equity	0.49	0.49
Asset to equity ratio	Total assets / Total equity	2.29	2.28

		Mar-31-17	Mar-31-16
EBITDA to total interest	EBITDA / Total interest	3.20	2.72
Price Earnings Ratio	Market Capitalization[4] / Net Income[5]	9.00	6.28
Asset to liability ratio	Total assets / Total liabilities	1.77	1.78
Net profit margin	Net profit / Sales	32%	32%
Return on assets	Net income[5] / Total assets	5.1%	4.8%
Return on equity	Net income[5] / Total equity	11.8%	10.9%
Interest Service Coverage Ratio	EBITDA / Total interest	3.20	2.72

[1] Pertains to long term portion of the Bank loans and Notes Payable

[2] Includes Bank Loans and Notes Payable

[3] Interest bearing debt less Cash, Short-term and Long Term Cash Investments, Available-for-sale financial assets (excluding unquoted equity securities) & Held-to-Maturity Investments

[4] Based on closing price at March 31, 2017 and 2016

[5] Annualized

HOMEBUILDER BONDS
Schedule and Use of Proceeds
As of March 31, 2017

	PER PROSPECTUS		ACTUAL		COLLECTED as of March 31, 2017	
Estimated proceeds from the sale of the Bonds	Php	500,400,000.00	Php	370,787,500.00	Php	8,493,725.63
Less: Estimated expenses						
SEC Registration						
SEC Registration Fee		1,187,500.00		1,199,425.00		
SEC Legal Research Fee		11,875.00		-		
Underwriting and Other Professional Fees						
Financial Advisory, Issue Management and Underwriting Fee		12,510,000.00		11,749,005.37		
Legal Fee - Underwriter		1,275,000.00		1,380,938.00		
Legal Fee - Issuer		2,000,000.00		1,325,962.20		
Marketing/Printing/Photocopying		750,000.00		422,735.94		
Costs and out-of-pocket expenses						
Trustee and Custodian Fees		720,000.00		720,000.00		
Registry and Calculating Agency Fees		4,920,000.00		4,920,000.00		
Collecting and Paying Agent Fees		1,500,000.00		1,500,000.00		
Technology Fee		400,000.00		400,000.00		
Documentary Stamp Tax		2,502,000.00		2,502,000.00		
Audit Fee		3,696,000.00		5,082,000.00		
		-		2,700.00		
		31,472,375.00		31,204,766.51		-
Net proceeds to Vista Land & Lifescapes, Inc.	**Php**	**468,927,625.00**	**Php**	**339,582,733.49**	**Php**	**8,493,725.63**
Balance of proceeds as of March 31, 2017					**Php**	**8,493,725.63**

Vista Land sold P500.4 million of the Bonds on its initial offering. Six months prior to maturity, bondholders have the following options for their accumulated investments: (1) Apply as downpayment to Vista property; (2) Payout; and (3) Extend for another 2 years. On December 1, 2015, the Bonds matured and 398 bondholders were paid in cash for a total of P363.51 million and 20 bondholders extended for another 2 years. After issue-related expenses and payout, actual net collection amounted to P8.49 million as of March 31, 2017. The net collection were deposited in the bank and is part of the Cash and cash equivalents balance in the balance sheet as of March 31, 2017.

P5B Retail Bonds
Schedule and Use of Proceeds
As of March 31, 2017

	PER PROSPECTUS	ACTUAL
Estimated proceeds from the sale of the Bonds	5,000,000,000.00	5,000,000,000.00
Less: Estimated expenses		
Arranger's Fee	53,763,441.00	53,763,441.00
Documentary Stamp Tax	25,000,000.00	25,000,000.00
SEC Registration Fee	1,812,500.00	1,830,625.00
SEC Legal Research Fee	18,125.00	18,125.00
Publication Fee	150,000.00	150,000.00
Rating Agency Fee	3,360,000.00	3,000,000.00
Legal Fees (excluding OPE)	3,000,000.00	3,075,867.29
Trustee's Opening Fee	20,000.00	20,000.00
Listing Fee	150,000.00	150,000.00
Marketing and Signing Ceremony Expenses	800,000.00	1,255,214.84
Bond-related Expenses		261,670.76
	88,074,066.00	88,524,943.89
Net proceeds to Vista Land & Lifescapes, Inc.	**4,911,925,934.00**	**4,911,475,056.11**
Balance as of March 31, 2017		**4,911,475,056.11**

Vista Land sold P5 billion of the Bonds. After issue-related expenses, actual net collection amounted to P4.911 billion.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of operations covering 3-months of 2017 vs. 3-months of 2016

<u>Revenues</u>

Real Estate

The Group recorded revenue from real estate sales amounting to ₱7,117 million for the 3-months of 2017 an increase of 10% from ₱6,441 million in same period last year. This was primarily attributable to the increase in the overall completion rate of sold inventories of its business units particularly Vista Residences, Crown Asia and Camella Homes. The Company uses the percentage of completion method of revenue recognition where revenue is recognized in reference to the stages of development of the properties.

- Real estate revenue from Vista Residences increased by 137% to ₱1,439 million for the 3-months of 2017 from ₱606 million for the 3-months of 2016. This increase was principally attributable to the increase in the number of sold condominium units completed or under construction during the period. Vista Residences is the business unit of Vista Land that develops and sells vertical projects across the Philippines.

- Real estate revenue of Crown Asia increased by 7% to ₱237 million for the 3-months of 2017 from ₱221 million for the 3-months of 2016. This increase was principally attributable to the increase in the number of sold middle-income housing units completed or under construction in the Mega Manila area during the period.

- Real estate revenue of Camella Homes increased by 6% to ₱2,160 million for the 3-months of 2017 from ₱2,033 million for the 3-months of 2016. This increase was principally attributable to the increase in the number of sold low-cost and affordable housing units completed or under construction in the Mega Manila area during the period.

- Real estate revenue of Communities Philippines decreased by 8% to ₱3,174 million for the 3-months of 2017 from ₱3,436 million for the 3-months of 2016. This decrease was principally attributable to the slight decline in the number of sold low-cost and affordable housing units completed or under construction outside the Mega Manila area during the period.

- Real estate revenue of Brittany decreased by 26% to ₱107 million for the 3-months of 2017 from ₱144 million in the same period last year. This decrease was principally attributable to the decrease in the number of sold high-end housing units completed or under construction in the Mega Manila area, which was a reflection of the Company's focus on meeting the increased demand for housing in the low-cost and affordable as well as in the middle-income housing segments serviced by its other business units.

Rental income

Rental income increased by 45% from ₱892 million for the 3-months of 2016 to ₱1,298 million for the 3-months of 2017. The increase was primarily attributable to the increase in occupancy and rental rates of the existing malls and additional gross floor area of the new commercial assets for the period.

Interest income

Interest income increased by 21% from ₱308 million for the 3-months of 2016 to ₱372 million for the 3-months of 2017. The increase was primarily attributable to the increase in interest from the company's various cash, HTM and AFS investments although there was a decline in the interest income from the company's in-house financed sales as more buyers are opting to get bank financing.

Miscellaneous income
Miscellaneous income decreased by 7% from ₱269 million for the 3-months of 2016 to ₱249 million for the 3-months of 2017. The increase was primarily attributable to the decrease in forfeitures for the period.

Costs and Expenses

Cost and expenses increased by 14% to ₱5,719 million for the 3-months of 2017 from ₱5,022 million for the 3-months of 2016.

- Cost of real estate sales increased by 9% from ₱3,200 million for the 3-months of 2016 to ₱3,497 million for the 3-months of 2017 primarily due to the increase in the overall recorded sales of Vista Land's business units.

- Operating expenses increased by 22% from ₱1,822 million for the 3-months of 2016 to ₱2,222 million for the 3-months of 2017 primarily due to the following:

    - an increase in depreciation from ₱205 million for the 3-months of 2016 to ₱332 million for the 3-months of 2017 resulting from the increase in the Company's depreciable assets specifically its investment properties.

    - an increase in commissions from ₱352 million for the 3-months of 2016 to ₱412 million for the 3-months of 2017 resulting from the increase sales for the period.

    - an increase in repairs and maintenance from ₱210 million for the 3-months of 2016 to ₱236 million for the 3-months of 2017 due to the increase in new projects that the Company maintains.

Interest and other financing charges
Interest and other financing charges increased by 33% from ₱512 million for the 3-months of 2016 to ₱683 million for the 3-months of 2017. The increase was primarily attributable increase in the interest bearing debt of the Company for the period.

Provision for Income Tax
Provision for income tax increased by 9% from ₱297 million for the 3-months of 2016 to ₱323 million for the 3-months of 2017 due to a higher tax base for the period.

Net Income

As a result of the foregoing, the Company's net income increased by 11% to ₱2,079 million for the 3-months of 2017 from ₱2,312 million for the 3-months of 2016.

For the 3-months of 2017, there were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

FINANCIAL CONDITION

As of March 31, 2017 vs. December 31, 2016

Total assets as of March 31, 2017 were ₱180,568 million compared to ₱174,768 million as of December 31, 2016, or a 3% increase due to the following:

- Receivables from related parties increased by 13% from ₱3,917 million as of December 31, 2016 to ₱4,406 million as of March 31, 2017 due primarily to advances made to related parties during the period.

- Property and equipment increased by 18% from ₱822 million as of December 31, 2016 to ₱968 million as of March 31, 2017 due to acquisitions made during the period.

Total liabilities as of March 31, 2017 were ₱101,857 million compared to ₱98,273 million as of December 31, 2016, or an 4% increase. This was due to the following:

- Accounts payable increased by 17% from ₱11,400 million as of December 31, 2016 to ₱13,309 million as of March 31, 2017 due accruals pertaining to constructions for the period.

- Income tax payable increased by 36% from ₱134 million as of December 31, 2016 to ₱182 million as of March 31, 2017 due primarily to the current provision for the period.

- Pension liabilities decreased by 18% to ₱81 million as of March 31, 2017 from ₱98 million as of December 31, 2016 due to actuarial adjustments for the period.

- Other noncurrent liabilities increased by 26% from ₱2,378 million as of December 31, 2016 to ₱2,989 million as of March 31, 2017 due to the increase in liabilities for purchase land from acquisition of land on account.

Total stockholder's equity increased by 3% from ₱76,495 million as of December 31, 2016 to ₱78,711 million as of March 31, 2017 due mainly to the income recorded during the period.

Considered as the top five key performance indicators of the Company as shown below:

Key Performance Indicators	03/31/2017	12/31/2016
Current ratio [a]	3.44 :1	3.28:1
Liability-to-equity ratio [b]	1.29 :1	1.28:1
	03/31/2017	**03/31/2016**
Interest expense/Income before Interest expense [c]	20.6%	17.7%
Return on assets [d]	5.1%	4.8%
Return on equity [e]	11.7%	10.9%

Notes:

(a) *Current Ratio: This ratio is obtained by dividing the Current Assets of the Company by its Current liabilities. This ratio is used as a test of the Company's liquidity.*

(b) *Liability-to-equity ratio: This ratio is obtained by dividing the Company's Total Liabilities by its Total Equity. The ratio reveals the proportion of liability and equity a company is using to finance its business. It also measures a company's borrowing capacity.*

(c) *Interest expense/Income before interest expense: This ratio is obtained by dividing interest expense for the period by its income before interest expense. This ratio shows whether a company is earning enough profits before interest to pay its interest cost comfortably*

(d) *Return on assets: This ratio is obtained by dividing the Company's net income by its total assets. This measures the Company's earnings in relation to all of the resources it had at its disposal.*

(e) *Return on equity: This ratio is obtained by dividing the Company's net income by its total equity. This measures the rate of return on the ownership interest of the Company's stockholders.*

Because there are various calculation methods for the performance indicators above, the Company's presentation of such may not be comparable to similarly titled measures used by other companies.

Material Changes to the Company's Balance Sheet as of March 31, 2017 compared to December 31, 2016 (increase/decrease of 5% or more)

Receivables from related parties increased by 13% from ₱3,917 million as of December 31, 2016 to ₱4,406 million as of March 31, 2017 due primarily to advances made to related parties during the period.

Property and equipment increased by 18% from ₱822 million as of December 31, 2016 to ₱968 million as of March 31, 2017 due to acquisitions made during the period.

Accounts payable increased by 17% from ₱11,400 million as of December 31, 2016 to ₱13,309 million as of March 31, 2017 due accruals pertaining to constructions for the period.

Income tax payable increased by 36% from ₱134 million as of December 31, 2016 to ₱182 million as of March 31, 2017 due primarily to the current provision for the period.

Pension liabilities decreased by 18% to ₱81 million as of March 31, 2017 from ₱98 million as of December 31, 2016 due to actuarial adjustments for the period.

Other noncurrent liabilities increased by 26% from ₱2,378 million as of December 31, 2016 to ₱2,989 million as of March 31, 2017 due to the increase in liabilities for purchase land from acquisition of land on account.

Material Changes to the Company's Statement of income for the 3-months of 2017 compared to the 3-months of 2016 (increase/decrease of 5% or more)

Revenue from real estate sales amounting to ₱7,117 million for the 3-months of 2017 an increase of 10% from ₱6,441 million in same period last year primarily attributable to the increase in the overall completion rate of sold inventories of its business units particularly Vista Residences, Crown Asia and Camella Homes.

Rental income increased by 45% from ₱892 million for the 3-months of 2016 to ₱1,298 million for the 3-months of 2017. The increase was primarily attributable to the increase in occupancy and rental rates of the existing malls and additional gross floor area of the new commercial assets for the period.

Interest income increased by 21% from ₱308 million for the 3-months of 2016 to ₱372 million for the 3-months of 2017. The increase was primarily attributable to the increase in interest from the company's various cash, HTM and AFS investments although there was a decline in the interest income from the company's in-house financed sales as more buyers are opting to get bank financing.

Miscellaneous income decreased by 7% from ₱269 million for the 3-months of 2016 to ₱249 million for the 3-months of 2017. The increase was primarily attributable to the decrease in forfeitures for the period.

Cost of real estate sales increased by 9% from ₱3,200 million for the 3-months of 2016 to ₱3,497 million for the 3-months of 2017 primarily due to the increase in the overall recorded sales of Vista Land's business units.

Operating expenses increased by 22% from ₱1,822 million for the 3-months of 2016 to ₱2,222 million for the 3-months of 2017 primarily due to the increase in depreciation, commissions and repairs and maintenance

Interest and other financing charges increased by 33% from ₱512 million for the 3-months of 2016 to ₱683 million for the 3-months of 2017. The increase was primarily attributable increase in the interest bearing debt of the Company for the period.

Provision for income tax increased by 9% from ₱297 million for the 3-months of 2016 to ₱323 million for the 3-months of 2017 due to a higher tax base for the period.

The Company's net income increased by 11% to ₱2,079 million for the 3-months of 2017 from ₱2,312 million for the 3-months of 2016.

There are no other material changes in the Company's financial position (changes of 5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would impact or change reported financial information and condition on the Company.

COMMITMENTS AND CONTINGENCIES

The Parent Company's subsidiaries are contingently liable for guarantees arising in the ordinary course of business, including surety bonds, letters of guarantee for performance and bonds for its entire real estate project.

PART II - OTHER INFORMATION

Item 3. 3-months of 2017 Developments

A. New Projects or Investments in another line of business or corporation.

None

B. Composition of Board of Directors

Manuel B. Villar, Jr.	Chairman of the Board
Manuel Paolo A. Villar	Director, President & CEO
Cynthia J. Javarez	Director, Controller/ CFO
Jerylle Luz C. Quismundo	Director
Camille A. Villar	Director
Ruben O. Fruto	Independent Director
Marilou O. Adea	Independent Director
Gemma M. Santos	Corporate Secretary

C. Performance of the corporation or result/progress of operations.

Please see unaudited Financial Statements and Management's Discussion and Analysis.

D. Declaration of Dividends.

P0.1185 per share Regular Cash Dividend
Declaration Date: September 28, 2016
Record date: October 13, 2016
Payment date: October 28, 2016

P0.1357 per share Regular Cash Dividend
Declaration Date: September 15, 2015
Record date: September 30, 2015
Payment date: October 15, 2015

P0.11858 per share Regular Cash Dividend
Declaration Date: September 15, 2014
Record date: March 31, 2015
Payment date: October 24, 2014

₱0.102 per share Regular Cash Dividend
Declaration Date: September 11, 2013
Record date: September 26, 2013
Payment date: October 22, 2013

₱0.0839 per share Regular Cash Dividend
Declaration Date: September 17, 2012
Record date: October 02, 2012
Payment date: October 26, 2012

₱0.04 per share Special Cash Dividend
Declaration Date: June 15, 2012
Record date: July 02, 2012
Payment date: July 26, 2012

E. Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements.

None.

F. Offering of rights, granting of Stock Options and corresponding plans thereof.

None.

G. Acquisition of additional mining claims or other capital assets or patents, formula, real estate.

Not Applicable.

H. Other information, material events or happenings that may have affected or may affect market price of security.

None.

Transferring of assets, except in normal course of business.

None.

Item 4. Other Notes as of 3-months of 2017 Operations and Financials.

I. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that is unusual because of their nature, size, or incidents.

None.

J. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period.

There were no changes in estimates of amounts reported in prior interim period or prior financial years that have a material effect in the current interim period.

K. New financing through loans/ issuances, repurchases and repayments of debt and equity securities.

See Notes to Financial Statements and Management Discussion and Analysis.

L. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

See Notes to Financial Statements and Management Discussion and Analysis.

M. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings, and discontinuing operations.

None.

N. Changes in contingent liabilities or contingent assets since the last annual statement of financial position date.

None.

O. Existence of material contingencies and other material events or transactions during the interim period

None.

P. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

None.

Q. Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

None.

R. Material commitments for capital expenditures, general purpose and expected sources of funds.

The movement of capital expenditures being contracted arose from the regular land development and construction requirements which are well within the regular cash flow budget coming from internally generated funds.

S. Known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/income from continuing operations.

As of March 31, 2017, no known trends, events or uncertainties that are reasonably expected to have impact on sales/revenues/income from continuing operations except for those being disclosed in the 3-months of 2017 financial statements.

T. Significant elements of income or loss that did not arise from continuing operations.

None.

U. Causes for any material change/s from period to period in one or more line items of the financial statements.

None.

V. Seasonal aspects that had material effect on the financial condition or results of operations.

None.

W. Disclosures not made under SEC Form 17-C.

None.

SIGNATURES

Pursuant to the requirements of Section 17 of the SRC and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized.

Vista Land & Lifescapes, Inc.
Issuer

By:

Cynthia J. Javarez
CFO & Controller

Date: May 30, 2017