

COVER SHEET

3 9 7 4 5

S.E.C. Registration Number

C R O W N E Q U I T I E S , I N C .

(Company's Full Name)

5 t h F l o o r , C r o w n C e n t e r

1 5 8 J u p i t e r c o r . N . G a r c i a

S t s . M a k a t i C i t y

Atty. Elmer B. Serrano

Contact Person

687.1195

Company Telephone Number

1 2

Month

3 1

Day

SEC 17 - A

FORM TYPE

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

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended: December 31, 2015
2. SEC Identification Number: 39745 3. BIR Tax Identification No.: 002-837-461
4. Exact name of registrant as specified in its charter: CROWN EQUITIES, INC.
5. Philippines
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. Crown Center, 158 N. Garcia corner Jupiter Street, Bel-Air, Makati City 1209
Address of principal office Postal Code
8. (632) 899-0081, (632) 899-0455
Registrant's telephone number, including area code
9. Not applicable
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common shares	13,599,999,960 shares

11. Are any or all of these securities listed on the Philippine Stock Exchange.

Yes [] No []

12. Check whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the Revised Securities Act (RSA) and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);

Yes [] No []

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

Yes [] No []

13. Aggregate market value of the voting stock held by non-affiliates: P1,781,600,000.00

Table of Contents

	Page No.
PART I – BUSINESS AND GENERAL INFORMATION	
Item 1 Business	3
Item 2 Properties	8
Item 3 Legal Proceedings	8
Item 4 Submission of Matters to a Vote of Security Holders	8
PART II – OPERATIONAL AND FINANCIAL INFORMATION	
Item 5 Market for Issuer’s Common Equity and Related Stockholders Matters	9
Item 6 Management Discussion and Analysis	10
Item 7 Financial Statements	18
Item 8 Changes in and Disagreements with Accountants on Accounting And Financial Disclosures	18
PART III – CONTROL AND COMPENSATION INFORMATION	
Item 9 Directors and Executive Officers of the Corporation	18
Item 10 Executive Compensation	22
Item 11 Security Ownership of Certain Record and Beneficial Owners and Management	23
Item 12 Certain Relationships and Related Transactions	24
PART IV – CORPORATE GOVERNANCE	
Item 13 Corporate Governance	25
PART V - EXHIBITS AND SCHEDULES	
Item 14 Exhibits and Reports on SEC Form 17-C	25
(a) Exhibits	
(b) Reports on SEC Form 17-C (Current Report)	
SIGNATURES	26

PART I - BUSINESS AND GENERAL INFORMATION

Item I. Business

(1) Business Development

Crown Equities, Inc. (CEI or the Corporation) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 24, 1969 as Leyte Base Metal Corporation. On May 22, 1995, the stockholders approved the strategic shift in the Corporation's primary business activity to investment holding. The Corporation started its healthcare business by operating its ambulatory care clinic in Makati City in 1997 and in Sta. Rosa, Laguna in 1998. Also in 1998, the Corporation started the development of a property in Biñan, Laguna into a middle-class residential subdivision called Palma Real. The following year, the Corporation acquired a significant interest in a toll road project, which was eventually divested in 2005. In 2003, by virtue of an agreement with Sta. Lucia Realty and Development, Inc., development of the Palma Real project was pursued. Marketing and sales started in 2004.

The Corporation started the development of Cypress Towers, a mid-rise residential condominium project in joint venture with DM Consunji Inc. in 2005. By 2007, the Cypress Towers started marketing and selling condominium units. The cash flows from Palma Real and Cypress Towers projects, coupled with the proceeds from the divestment of the toll road project, allowed the Corporation to start construction in 2009 of its own office building called Crown Center, the corporate offices of the Corporation and FortMed Clinics. In 2010, the Corporation started leasing out excess office spaces of Crown Center. In the same year, the two FortMed Clinics were merged to achieve operational efficiencies.

The Corporation did not make any significant business acquisition during the past three years. Its major investments are still in the healthcare and in real estate businesses, the latter via joint venture with major companies in the industry.

(2) Business of Issuer

The Corporation is a Filipino-owned publicly-listed investment holding corporation. Through its subsidiaries, the Corporation acquires various real estate properties to be developed into commercial, industrial, residential, or mixed-use areas. The Corporation also has investments in healthcare business particularly in two medical ambulatory care clinics.

The subsidiaries of the Corporation that are already in operation are Healthcare Systems of Asia Philippines, Inc., through its subsidiary FortMed Medical Clinics Makati Inc., and Crown Central Properties Corporation. The other subsidiaries are still in the pre-operating stage.

The Corporation's main business is the acquisition, development and sale of real estate properties, either through its own subsidiaries or through tie-ups with major real estate and property development companies in the field. The Corporation markets the real estate properties either through its in-house marketing group or through third party brokers and agents. The Corporation also delivers medical and health services to outpatients through its ambulatory care centers. Lease of office spaces and equipment also contributes to the revenues of the Corporation. All of the Corporation's revenues are generated domestically.

Competition in the property development business has increased in prior years due to the increasing interest in high-rise residential condominiums and the growing business process outsourcing (BPO) market. There are also several players in the industry competing for developments in prime areas. Historically, the industry has been led by highly-capitalized firms. Although these companies have been leading the industry, the Corporation has been focusing on

residential development through its niche markets. The Corporation aims to continue developing real estate where opportunities for growth are identified. At present, the location and price of the residential units offered by the Corporation give it an edge in the competition.

Property development businesses involve significant risks including the risks that construction may not be completed on schedule or within the allocated budget; and that such projects may not achieve the anticipated sales. In addition, real estate development projects typically require substantial capital expenditure during construction and it may take years before the projects generate cash flows.

Increasing threat from competition has been the main risk in the healthcare business. Growth in the number of healthcare providers delivering similar services has been reducing profits across companies. Moreover, the business is characterized by substantial recurring capital expenditure for medical technology in order to provide a comprehensive healthcare service. However, being a basic necessity, the healthcare business could likewise provide sustainable revenues.

As a business in the real estate and health care services, the Corporation does not rely on a few customers ensuring the continuity of revenue streams for the company. Furthermore, the Corporation does not also rely on a limited number of suppliers in providing products and services that may contribute to risks of non-performance of the Corporation. The Corporation also does not have any major supply contracts.

The Corporation does not have any patents, trademarks, copyrights, licenses, franchises, concessions, or royalty agreements held. As it currently stands, there are no government regulations specifically covering the Corporation's business. There is a possibility that the government may impose certain regulations which may include securing special permits, imposing regulatory fees and controls over the Corporation's products and services but these types of regulations would not be a hindrance to the Corporation's business. Furthermore, the costs incurred for purposes of complying with environmental laws consist primarily of payments for mandated fees for the issuance of business permits which are standard in the industry and minimal.

The Corporation did not spend significant amount on developmental activities during the last three (3) fiscal years.

The Corporation currently employs 116 officers and staff, including 86 medical and administrative staff in the healthcare operations. There is no existing Collective Bargaining Agreement between the Corporation and its employees. There are no supplemental benefits or incentive arrangements with the employees, aside from those provided by law.

a. *Real Estate and Property Development*

1. **Crown Equities, Inc.**

The Cypress Tower is a residential condominium complex composed of three buildings: the Altiva Tower, the Belmira Tower, and the Celesta Tower. Residents enjoy a good view of the Laguna Lake to the east as well as the Manila Bay to the west. The Cypress Tower boasts of its perfect accessibility from either the north or the south of Metro Manila via the Circumferential Road 5.

The Corporation also owns over 30 hectares of real estate property in Sto. Tomas, Batangas. Some of the properties are still in the process of titling. The properties are mostly located in Brgy. San Miguel, Sto. Tomas, Batangas, about 56 kilometers from the central business district of Makati City. It is accessible by any land transport from Manila via the South Luzon Expressway and the Maharlika highway.

For the year ended December 31, 2015, the Corporation generated aggregate revenue of P111.87 million, mainly from recognized sale of Cypress condominium units and Palma Real house units and from the sale of a portion of the Batangas property.

2. Crown Central Properties Corporation

Crown Central Properties Corporation (CCPC) was incorporated on September 3, 1996 as a joint venture between the Corporation and Solid Share Holdings, Inc., an affiliate of a major banking group. In October 2003, CCPC entered into a Memorandum of Agreement (MOA) with Sta. Lucia Realty and Development, Inc. whereby the former shall contribute land and its improvements while the latter shall be responsible for completing the development of a subdivision project. The agreement called for a 60%-40% sharing of revenues in favor of CCPC. The project was completed and marketing is in progress.

The subdivision, named Palma Real Residential Estates, is strategically located near the boundary of Sta. Rosa and Biñan, in the province of Laguna, a few minutes away from educational institutions such as Don Bosco and De La Salle University. Among residential subdivisions in its class, Palma Real is one of those nearest to these educational institutions. Although competition is considered tight given the number of residential subdivisions within its five-kilometer radius, Palma Real enjoys considerable advantage given its proximity to the schools, the industrial park, the booming commercial district in the area, and access via the Mamplasan exit of the South Luzon Expressway connecting to the Sta. Rosa-Tagaytay highway.

CCPC contributed 20% to the total revenue of the Corporation in 2015 having aggregate revenue of P39.58 million from Palma Real Residential Estates sales.

3. Parkfield Land Holdings, Inc.

Parkfield Land Holdings, Inc. (PLHI), a 75%-owned subsidiary of the Corporation, was incorporated on April 11, 2001 primarily to acquire, develop, and sell real estate properties. PLHI owns 92 hectares of land located in San Jose del Monte, Bulacan.

PLHI has not started its commercial operations and has no significant business developments involving the properties. PLHI does not intend to develop its properties within the next twelve months.

4. Sky Leisure Properties, Inc.

Sky Leisure Properties, Inc. (SLPI) was registered with the SEC on February 18, 1998 as a result of a joint venture between the Corporation and Perfect Sites, Inc., a wholly-owned subsidiary of Shang Properties, Inc. SLPI was organized primarily to acquire, develop and sell real estate properties. SLPI owns real properties with a total area of 107 hectares in Tagaytay City.

SLPI is a 50%-owned associate of the Corporation. It is being managed by Perfect Sites, Inc. and has not yet started operations. It has no significant business developments during the last four years and has no definite plans to develop significant projects within the next twelve months.

b. Healthcare

1. **Healthcare System of Asia Phils., Inc.**

Healthcare System of Asia, Phils. (HSAPI), Inc. was established on July 26, 1996 to deliver medical and health care services and healthcare systems, in general. Presently, HSAPI has two operational ambulatory care clinics: the FortMED Medical Clinics – Makati, which started operations in 1997, and FortMED Medical Clinics – Sta. Rosa, which started operations in 1998.

The two FortMED Clinics provide a wide range of medical services at reasonable prices. These clinics house state-of-the-art diagnostic and ambulatory treatment apparatus including a 4-D ultrasound machine and modern laboratory equipment. The clinic offers cardio-pulmonary testing, contemporary day surgery, and full-service sub-specialist consultation.

Competition in this type of business is generally dictated by factors such as the reputation of doctors associated with and actually practicing in the clinic, availability of highly effective facilities, and quality of professional health service. Location and accessibility are also critical competitive factors in this industry.

FortMED-Makati is strategically located within the vicinity of Bel-Air Village, which is easily accessible to both residents and employees in the Makati business district, while FortMED-Sta. Rosa is in Greenfield Business Park, Sta. Rosa, a booming commercial district in the vicinity of a light industrial park which is home to multinational companies.

The clinic offers a patient-centered professional service, which includes avoiding long queues, the convenience of an in-house pharmacy, operating room for day surgeries, a proprietary Management Information System and computerized equipment for faster generation of results, and a shuttle service for the convenience of the patients. The clinic also provides private duty nurses to address the need for professional health care in patient's own home.

The FortMED Clinics are accredited by the Department of Health (DOH). Necessary licenses have been secured from the DOH to operate the different x-ray facilities of the clinics, while the laboratory facilities are licensed by the Dangerous Drug Board (DDB). For the pharmacies, annual license to operate is secured from the Bureau of Food and Drugs of the DOH.

The unique focus of medical practice at FortMED is to assist the patient and family in obtaining comprehensive interdisciplinary health care that is both accessible and acceptable. The concepts of patient participation, patient education, health promotion and illness prevention are basic parts of the integrated treatment plan. The professional staff recognizes the importance of technological and cultural dimensions of health and their influences on the individual, families, and communities serviced. The physicians also recognize their responsibility to respect each patient without bias, assisting the patient to make sound decisions about their health care.

FortMED Clinics generated aggregate revenue of P93.52 million in 2015

(3) Related party transactions

Transactions with related parties are made on arms-length basis in a manner similar to transactions with non-related parties. CEI Group's significant transactions and accounts balances with related parties as of December 31, 2015 are as follows:

Name of Company	Relationship	Nature of Transaction	2015
Federal Land, Inc.	Stockholder	Due to related parties	P15,114,650
Greenfield Development Corp.	Stockholder	Due to related parties	98,237

Federal Land, Inc. (FLI) is a shareholder of CCPC which made cash advances to CCPC to finance the acquisition and development of Palma Real located in Biñan, Laguna and for its working capital requirements.

Due from related parties are non-interest bearing, unsecured and collectible/payable on demand.

(4) Risks Relating to Business

Risk management rests on the Board of Directors who is responsible for establishing and maintaining a sound risk management system. The Board of Directors assumes oversight over the entire risk management process. The CEI Group has exposure to the following financial risks:

a. Credit Risk

Credit risk is a risk of financial loss to the CEI Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the CEI Group's receivables. Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the consolidated statements of financial position.

As of December 31, 2015, there were no significant concentrations of credit risk.

b. Liquidity Risk

CEI Group has exposure to liquidity risk, which pertains to the risk that the CEI Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The CEI Group's objectives to manage its liquidity profile are: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at the least possible costs; and (d) to maintain an adequate time spread of refinancing maturities.

c. Market Risk

Market risk is the risk that changes in market prices will affect the values of the CEI Group's holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

The CEI Group's market risk is limited to its investments carried at fair value through profit or loss and AFS financial assets. The CEI Group manages its risk arising from changes in value of investments carried at fair value through profit or loss by monitoring the changes in the market price of the investments.

Item 2. Properties

The Corporation owns a real estate property located at the corner of Jupiter and N. Garcia Streets in Makati City where the Crown Center, a five-storey office building was built to serve as the main office of the Corporation and its subsidiaries. Crown Center also houses other tenants including a branch of BDO Unibank, Philippine Seven Corp. (7-11), and One Asia Center.

The Corporation also owns the Fortmed Clinic Building, a 1,747-square meter, two-storey building located in Greenfield Business Park, Santa Rosa, Laguna, which houses FortMED-Santa Rosa and other tenants.

The investment properties of the Corporation include a 4,907-square meter of prime property in Greenfield Business Park where the FortMED Medical Building now stands, over four hectares of land in Taguig City, Metro Manila, over 30 hectares of land in Santo Tomas, Batangas, and a 92-hectare land in San Jose Del Monte, Bulacan. However, no major land developments are being done on these properties.

The Corporation does not lease from other parties real properties it uses for its business and operations.

Some of the properties owned by certain subsidiaries of the Corporation are still in the process of titling and are free from liens or mortgages. Except where there is very good opportunity, the Corporation does not intend to acquire any other property in the next twelve months other than to complete the consolidation of its existing land bank.

Item 3. Legal Proceedings

In the ordinary course of business, CEI Group has pending legal proceedings, which are in various stages with the courts and relevant third parties. Management believes that the bases of the CEI Group's position are legally valid and the ultimate resolution of these proceedings would not have a material effect on CEI Group's financial position and results of operations. On the basis of the information furnished by its legal counsel, management believes that none of these contingencies will materially affect the CEI Group's financial position and financial performance.

Item 4. Submission of Matters to a Vote of Security Holders

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

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

(1) Market Information

The Corporation's securities are traded only in the Philippine Stock Exchange (PSE) and no market for the shares is expected to be developed outside the Philippines. For the last two years, the highs and lows of stock market closing prices for CEI's equity shares are as follows:

		HIGH	LOW
2016	January – March	0.129	0.129
2015	October – December	0.123	0.120
	July – September	0.101	0.100
	April – June	0.131	0.128
2014	January – March	0.150	0.147
	October – December	0.165	0.130
	July – September	0.182	0.132
	April – June	0.096	0.083
	January – March	0.093	0.071

As of April 13, 2016, the closing price of the Corporation's common shares was P0.1310 per share.

(2) Holders

There were 380 shareholders of CEI as of December 31, 2015. The top 20 stockholders on record as of December 31, 2015 are as follows:

	<u>Name of Shareholder</u>	<u>Number of Shares</u>	<u>Pct. To Total</u>
1	PCD NOMINEE CORP. (Filipino)	8,753,133.904	64.3613%
2	GUILD SECURITIES, INC. (Filipino)	3,774,995.712	27.7573%
3	MARIE LOUISE Y. TONG (Filipino)	223,550,000	1.6438%
4	ROBIN Y. TONG (Filipino)	223,550,000	1.6438%
5	WELLINGTON Y. TONG (Filipino)	223,550,000	1.6438%
6	RENE DANIEL S. RIEZA (Filipino)	80,000,000	0.5882%
7	ARMANDO O. RAQUEL-SANTOS (Filipino)	40,000,000	0.2941%
8	DAVID GO SECURITIES CORP. (Filipino)	28,000,000	0.2059%
9	GCV MANAGEMENT & CONSULTING CORPORATION (Filipino)	21,896,000	0.1610%
10	WILFRIDO V. VERGARA (Filipino)	19,296,000	0.1419%
11	EMMANUEL E. ACUNA (Filipino)	18,376,000	0.1351%
12	ALBERTO A. LINCO (Filipino)	15,905,440	0.1170%
13	TRANS-ASIA SECURITIES, INC. (Filipino)	12,868,000	0.0946%
14	ELLEN LAY (Filipino)	12,000,000	0.0882%
15	ELISA T. PINPIN (Filipino)	12,000,000	0.0882%
16	EDITHA ALCANTARA (Filipino)	8,000,000	0.0588%
17	RODERICK PHILIP ONG (Filipino)	8,000,000	0.0588%
18	SHIMIZU KATSUTOSHI (Non-Filipino)	5,600,000	0.0412%
19	MARGARITA ONGSIAKO (Filipino)	4,944,000	0.0364%
20.	ANTHONY PETER BRYAN TIONG LEE II	4,800,000	0.0353%

As of December 31, 2015, the number of common shares owned and held by non-Philippine nationals is 22,220,800.

(3) Dividends

- (a) No dividends have been declared on common shares for the last three (3) years.
- (b) There are no restrictions that limit the ability of the Corporation to pay dividends on common equity and no such restriction is expected to arise in the future.

(4) Recent Sales of Unregistered Securities

No sale of unregistered securities has been made by the Corporation within the period covered by this report.

Item 6. Management's Discussion and Analysis

The Corporation has adopted all the relevant Philippine Financial Reporting Standards (PFRS) in its financial statements. The Corporation's financial statements for 2015 and the comparatives presented for 2014 and 2013 comply with all presentation and disclosure requirements.

Management's discussion of the Corporation's financial condition and results of operation presented below should be read in conjunction with the attached audited consolidated financial statements of the Corporation and its subsidiaries.

The Corporation is not aware of any events that will trigger direct or contingent financial obligation that is material to the Corporation, including any default or acceleration of an obligation.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligation), and other relationships of the Corporation with unconsolidated entities or other persons created during the recent fiscal year.

As of the date of this report, the Corporation has no material commitment for capital expenditure. Management is not aware of any trends, event or uncertainties that have or will have material impact on net sales or revenues or income from continuing operations neither of its operating subsidiaries nor any seasonal aspects that a material effect on the financial condition or results of operation of the Corporation.

(1) Changes in Financial Position and Results of Operation

Calendar Year Ended December 31, 2015 and 2014

Financial Position and Changes in Financial Position

The total assets as of December 31, 2015 fell slightly by P1.14 million to P1.939 billion compared to the December 31, 2014 level. This was attributed to the increase in total current assets by P18.68 million as compensated by an increase in total non-current assets by P19.81 million.

From P536.64 million, total current assets increased to P555.32 million as of December 31, 2015 mainly dictated by increases in receivables classified as current. Inventories decreased by P20.14 million while on the other hand, financial assets at fair value increased by 42% resulting from additional position and market values. Residual cash was likewise higher than the previous level by P1.4 million.

Total noncurrent assets declined by P19.81 million or 1.41% primarily due to the disposal of a portion of the investment property in Batangas in 2015. There was already a previous disposal of a portion of this property in 2014. In addition, collection and reclassification of loans receivable caused the reduction in the non-current assets by P4.17 million or 8.33%. Property and equipment likewise posted a decrease of P7.35 million or 2.58% to P277.87 million as of December 31, 2015 due to the depreciation charges during the period. Also, the noncurrent portion of the installment contracts receivables increased by P1.58 million as the real estate business continued to generate sales.

Total liabilities went down by P16.81 million or 7.55% to P205.70 million as of December 31, 2015 from P222.5 million as of December 31, 2014. This was mainly driven by the decreases in due to related parties as payments continued during the period. Accounts payable and accrued liabilities likewise decreased by P7.54 million or 5.27% as obligations continue to be met on time given the regular cashflows.

Finally, total equity increased by P15.67 million to P1.73 billion as of December 31, 2015. There was P2.92 million collected from the subscriptions receivable and a reported actuarial gain of P442,718 during the period. Likewise, as the Corporation continued to generate positive bottom line, retained earnings increased by P6.34 million or 6.31% while non-controlling interest increased by P5.96 million.

Results of Operation

The net income of the group for the period amounted to P12.30 million.

The Company generated total revenues of P191.69 million in 2015 as against the P195.05 million revenue realized in 2014. This was mainly driven by real estate sales which was slightly higher compared to the 2014 level. Though revenues from sale of services went down by P5.5 million, real estate sales remain to be the main contributor in the revenue streams contributing 61% of the total revenue. Interest on installment contracts receivable increased significantly by P6.34 million or 78% to P14.49 million.

Higher cost of sales for the period pulled up total costs and expenses. Cost of real estate sales increased by P10.3 million to P61 million compensating for the decrease in cost of services which went down by P3.76 million resulting from lower revenues for the period. Other operating expenses increased by P9.15 million.

Other income significantly increased by P8.0 million or 11x the 2014 level of P776 thousand. This came as a result of improvement in interest rates on bank placements of excess cash, unrealized foreign exchange gain, realized gain on sale of financial assets, and reversal of liabilities.

Calendar Year Ended December 31, 2014 and 2013

Financial Position and Changes in Financial Position

Total assets slightly increased by P52.96 million or 2.81% to P1.94 billion as of December 31, 2014 from P1.89 billion as of December 31, 2013. This is mainly attributable to the considerable increase in current assets by P89.74 million which compensated the P37.62 million decrease in the total noncurrent assets during the period.

Total current assets registered a 18.16% increase to P583.99 million as of December 31, 2014 from P494.24 million as of December 31, 2013. This was primarily attributable to the substantial increase in cash and cash equivalents by P114.41 million or 129.72% to P202.61 million as of December 31, 2014 from P88.20 million as of December 31, 2013. The increase in cash and cash equivalents came from the sale of some parcels of lot in Sto. Tomas, Batangas and collections of receivables from installment contracts and JV partners. Consequently, current portion of receivables decreased by P22.25 million or 30.99% to P49.54 million as of December 31, 2014 from P71.79 million as of December 31, 2013. Other current assets also decreased by P8.78 million or 13.67% to P55.42 million as of December 31, 2014 from P64.19 million as of December 31, 2013 due to the utilization of creditable withholding and input taxes as an offset against taxes due in connection with the sale of a part of the Batangas property.

Total noncurrent assets declined by P37.62 million or 2.70% primarily due to the cost of the Batangas property sold in 2014 causing the investment properties to drop by P32.25 million or 4.38% to P703.52 as of December 31, 2014 from P735.78 million as of December 31, 2013. In addition, property and equipment posted a decrease of P7.03 million or 2.41% to P285.22 million as of December 31, 2014 from P292.25 million as of December 31, 2013 due to the depreciation charges during the period. Also, noncurrent portion of the installment receivables fell by P3.07 million or 5.71% to P50.63 million as of December 31, 2014 from P53.70 million as of December 31, 2013 due to bank financing entered into by some buyers. In contrast, other noncurrent assets increased by P4.36 million to P8.13 million as of December 31, 2014 from P3.79 million as of December 31, 2013 primarily because of the additional investment extended to BC Net, Inc. for wi-fi projects.

Total liabilities rose by P16.05 million or 7.78% to P222.50 million as of December 31, 2014 from P206.45 million as of December 31, 2013. This was mainly driven by the increases in accounts payable and other liabilities by P33.18 million or 30.23%. The significant growth in accounts payable and other liabilities was attributable to the increase in customers' deposits arising from the sale of a portion of the Batangas property where 20% of the selling price was received as of December 31, 2014. This compensated the decrease in due to related parties account by P18.00 million corresponding the payments of advances.

Finally, total equity increased by P52.96 million or 2.81% to P1.72 billion as of December 31, 2014 as against P1.68 billion as of December 31, 2013 due to the P20.43 million net income posted during the period. Also, there are collections of subscription receivables totaling P14.89 million.

Results of Operation

Net income posted a P17.48 million increase to P20.97 million as of December 31, 2014 from just P2.37 million as of December 31, 2013.

The Company generated total revenues of P195.05 million in 2014 as against the P132.03 million revenue realized in 2013. This was mainly driven by the sale of a portion of the Batangas property. Also, the Company received dividends from Asian Alliance Holdings & Development Corp. amounting to P7.20 million in 2014. There's also an improvement in the interest on bank placements which increased in 2014 by P3.84 million or 192.42%.

The increase in revenues in 2014 primarily caused the cost of sales to increase by P22.54 million or 44.11% from P73.67 million in 2014 as against P51.12 million in 2013.

Total operating expenses also rose by P11.74 million or 14.71% brought mainly by the expenses incurred in connection with the merger of the Company and five of its wholly owned subsidiaries, capital restructuring of the Company's healthcare segment and other related costs.

Other income in 2014 amounted only to P0.78 million, P4.40 million or 85.00% lower from P5.71 million in 2013. This was primarily attributable to the fair value loss on the marketable securities which is marked to market on a regular basis. On the contrary, income tax expense went up by P6.27 million or 161.27% compared to the same period last year owing to the sale of a portion of the Batangas property.

Calendar Year Ended December 31, 2013 and 2012

Financial Position and Changes in Financial Position

Total assets rose by P8.15 million as of December 31, 2013, from P1.88 billion as of December 31, 2012 to P1.89 billion as of December 31, 2013 despite the decline in current assets of 5% or P23.78 million. This was mainly attributable to the increase in noncurrent assets by P31.94 million.

From P518.02 million to P494.24 million, total current assets dipped slightly by 4% due largely to the 33% decline in cash or P42.58 million resulting from the purchase of additional shares in AAHDC and the conclusion of the loan facility agreement with Platinum 168, Inc. However, the decrease in cash was cushioned by the 28% increase in available for sale investment or P8.85 million from the purchase of additional shares in AAHDC. Also, receivables grew by 27% or P10.79 million. This was due to an increase in unremitted collections by the project developers by P19.23 million and by the collection of the Corporation's receivable from Spring Action. Moreover, other current assets increased by 13% or P7.13 million mainly due to increases in creditable input VAT and prepaid taxes.

Noncurrent assets posted a noticeable increase of 2% or P31.94 million as of December 31, 2013 though long-term installment contracts receivables, property and equipment and other noncurrent assets declined by 4% or P2.01 million, 5% or P14.06 million and 49% or P3.68 million, respectively. The increase in total noncurrent assets was mainly driven by the loan receivable of P50 million from Platinum 168, Inc. which more than compensated the decreases recognized during the year.

As of December 31, 2013, total liabilities recorded an upturn of 3% or P5.23 million as a result of the 3% increase in accounts payable and accrued expenses of P3.66 million. These were due to the increases in Corporation's unpaid purchase of goods and services from various suppliers and contractors and in customers' deposits. Likewise, retirement benefit obligation increased by 17% or P1.57 million.

For the year ended December 31, 2013, the net income realized slightly pulled up total equity by P2.93 million.

Results of Operation

From P13.50 million in 2012, net income for the year ended December 31, 2013 only amounted to P2.37 million, an 82% or a P11.13 million decrease. There was a significant drop in total revenues of 12% or P18.32 million and a 10% decrease in total cost and expenses or P14.92 million.

For the year ended December 31, 2013, total revenues amounted to P132.03 million, a drop of 12% or

P18.32 million compared to 2012. The decrease in both real estate sales and sale of medical services of 18% or P11.99 million and 9% or P5.34 million, respectively were the primary reasons for this decrease. Real estate sales and sale of medical services each contribute 42% share in the total revenues. Further, these decreases in the main revenue drivers of the Corporation did not help the declining interest on installment contracts receivable and sale of medical goods. Nevertheless, these were marginally mitigated by the interest income from the loan to Platinum of P2 million and an increase in rent income.

Total costs and expenses posted a 10% or P14.92 million decrease, due to the 14% decline in cost of sales of P8.40 million as Company's main revenue drivers declined. Similarly, operating expenses lagged by 8% or P6.52 million compared to 2012. Manpower costs and depreciation declined by 3% or P0.98 million and 4% or P0.60 million, respectively, due to the decreases in the revenues from real estate business. Commission expense dropped by 28% or P1.40 million.

Net other income also decreased resulting to an after-tax net income of P2.37 million which is 82% lower than the P13.50 million in 2012.

(i) **Key Performance Indicators**

The Corporation measures its performance based on the utilization of assets and the return on its investments. Most of the Corporation's investments are in ventures that are still at pre-operating stages. Only Crown Central Properties Corporation, and FortMed Clinics are currently in operation.

Indicator	As of			Formula
	Dec 2015	Dec 2014	Dec 2013	
Current Ratio	2.87x	2.77x	2.52x	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Cash Ratio	1.05x	0.96x	0.45x	$\frac{\text{Cash and Cash equivalents}}{\text{Current Liabilities}}$
Debt-Equity Ratio	0.12x	0.13x	0.12x	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$
Debt-Asset Ratio	0.11x	0.11x	0.12x	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$
Asset-Equity Ratio	1.12x	1.13x	1.12x	$\frac{\text{Total Asset}}{\text{Total Equity}}$
Interest Coverage Ratio	nil	nil	nil	$\frac{\text{Earnings before Interest and Taxes}}{\text{Interest Expenses}}$
Net Income Margin	6.42%	10.47%	1.79%	$\frac{\text{Net Income}}{\text{Net Revenues}}$
Investment Ratio	0.48x	0.48x	0.51x	$\frac{\text{Total Investment and Advances}}{\text{Total Asset}}$
Return on Assets	0.63%	0.99%	0.13%	$\frac{\text{Net Income}}{\text{Average Total Assets}}$
Earnings Per Share	0.00047	0.00139	(0.00002)	$\frac{\text{Net Income after Minority Interest}}{\text{Total Shares Subscribed}}$

Liquidity

Current ratio increased to 2.97x as of December 31, 2015 compared to 2.77x as of December 31, 2014. This was resulted by the reduction of due to related party wherein a payment to Federal Land was made for the period. Cash ratio also increased to 1.05x as of December 31, 2015 from .96x as of December 31, 2014.

Current ratio declined to 2.77x as of December 31, 2014 compared to 2.52x as of December 31, 2013 as a result of the increase in cash levels resulting from the consummation of the sale of a portion of the Batangas property. Cash ratio likewise increased to 0.96x as of December 31, 2014 from 0.45x as of December 31, 2013.

Current ratio declined to 2.52x as of December 31, 2013 compared to 2.70x as of December 31, 2012 as a result of the decrease in cash levels resulting from the consummation of the purchase of additional shares in AAHDC and the conclusion of the loan facility agreement with Platinum 168, Inc. during the period. Cash ratio likewise decreased to 0.45x as of December 31, 2014 from 0.68x as of December 31, 2012.

Solvency/Leverage

The debt-equity ratio decreased to .12x as of December 31, 2015 compared to .13x as of December 31, 2014 which implies a lower leverage. The debt-asset remains the same as of December 31, 2015 and 2014. However, the asset-equity has decreased to 1.12x from 1.13x as of December 31, 2015 and 2014, respectively. The Company has a nil interest coverage ratio as it has zero loans and therefore no interest expense was realized in 2015 and 2014.

The deferred sale of a portion of the Batangas property caused an upswing to the Company's liabilities as of December 31, 2014 which in effect slightly increased the debt equity ratio to 0.13x from 0.12x as of December 31, 2013. Consequently, debt-asset decreased to 0.11x as of December 31, 2014 from 0.12x as of December 31, 2013 and asset-equity ratios levels increased to 1.13x as of December 31, 2014 from 1.12x as of December 31, 2013. The Company has a nil interest coverage ratio as it has zero loans and therefore no interest expense was realized in 2014 and 2013.

Debt-equity ratio remained flat at 0.12x as of December 31, 2013 and 2012, which is a good indication of a low leverage stance. On the other hand, debt-asset and asset-equity ratios levels had been maintained at 0.11x and 1.12x, respectively as of December 31, 2013 and 2012. The Company has a nil interest coverage ratio as it has zero loans and therefore no interest expense was realized in 2013 and 2012.

Investment Ratio

The investment ratio remains .48x as of December 31, 2014 and 2015.

Investment ratio fall to 0.48x as of December 31, 2014 from 0.51x as of December 31, 2013 due to the sale of a portion of the Batangas property.

Investment ratio fall to 0.51x as of December 31, 2013 from 0.52x as of December 31, 2012 due to the P8.16 million increase in total assets which offset the minimal increase in investment and advances of P1.73 million.

Profitability

There is a significant decrease in net income margin from 10.47% as of December 31, 2014 to 6.42% as of December 31, 2015 due to unusual sales of Batangas property made last 2014.

Due to the sales of a portion of the Batangas property, net income margin surged to 10.47% for

the year ended December 31, 2014 from only 1.79% for the same period in 2012.

In 2012, there is a significant decline in sales from real estate and healthcare businesses causing the net income margin to go down to 1.79% for the year ended December 31, 2013 from 5.68% for the same period in 2012.

Return on Assets

Return on assets decreased to .63% as of December 31, 2015 from .99% as of December 31, 2014.

As an effect of the sale of a portion of the Batangas property, return on assets increased to 0.99% in 2014 from 0.13% in 2013.

As an effect of the decreases in the main revenue sources of the Company, earnings after minority interest dropped considerably which led to the decline in return on assets to 0.13% in 2013 from 0.45% in 2012.

Earnings Per Share

Earnings per share decreased to .00047x as of December 31, 2015 from .00139x as of December 31, 2014.

The sale of the portion of the Batangas property contributed a lot to generate a better earnings per share of 0.00139 in 2014 as against loss per share of 0.00002 in 2013.

The continuous decline in the profitability was reflected on the further decrease of earnings per share to 0.00013 in 2013 from 0.00063x in 2012 and 0.00151x in 2011. The Corporation's number of subscribed shares is maintained for the past four years.

(ii) **Past and Future Financial Condition with Particular Emphasis on the Prospects for the Future**

The Corporation continues to generate revenues from its real estate projects, particularly Cypress Towers and Palma Real Residential Estates. Aggregate revenue of real estate sales amounted to P116.93 million. The healthcare business also generated P46.48 million during the year.

The condominium project which is composed of three condominium buildings was completed early 2010 with Altiva Tower, the last tower, being ready for occupancy at the end of the first quarter in 2010. The revenue stream from this project is expected to continue over the next few years, albeit at a slower pace. Only a few units are available for sale in this project, although units sold on terms continue to generate interest income for the Corporation.

The Palma Real Residential Estates, on the other hand, is expected to improve sales. The project continues to market house and lot packages intended to promote community build-up. The project generated P77.24 million revenues in 2015 accounting for 40% of total revenue. Future sales are still expected to improve as Palma Real is now accessible both from the Sta. Rosa-Tagaytay road and from the Mamplasan exit of the South Luzon Expressway. Moreover, the project is seen to benefit from the booming Sta. Rosa residential market and the upcoming construction of Cavite-Laguna Expressway.

The Corporation foresees a satisfactory business outcome in the coming year. It has no known trends, demands, commitments, events or uncertainties in the present operations of the Company that is likely to result in the Company's liquidity increasing or decreasing in any material way. It is not aware of any events that will trigger direct or contingent financial obligation that is material to the company, including any default or breach of any note, loan, lease, or other indebtedness or other financing arrangements requiring to make payments. Furthermore, there is no significant amount in trade

payables that has not been paid within the stated trade terms. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligation), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

As of this report, the Company has no material commitment for capital expenditure. Management is not aware of any trends, events or uncertainties that have or will have material impact on net sales or revenues or income from continuing operations neither of its operating subsidiaries nor of any seasonal aspects that had a material effect on the financial condition or results of operation of the Company.

The Corporation and its subsidiaries have neither issued nor invested in any financial instruments or complex securities that will make them susceptible to the effects of the global financial condition. They have neither foreign currency denominated nor local peso denominated loans. The Corporation's financial risk exposure is limited to its investments in the equities market reported as "Financial Assets at Fair Value through Profit and Loss" in its balance sheet. But this exposure is insignificant compared to the Corporation's total asset base. Moreover, these investments are always marked to market thus reflecting the most verifiable values available. The Corporation's risk management policies are religiously observed and fair values of investments are reviewed by the Executive Committee on a weekly basis.

Item 7. Financial Statements

The audited financial statements of the Corporation are included in this report as Annex A.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Corporation continued to engage the auditing firm, R.G. Manabat & Co. to handle the independent audit of the Corporation for 2015 and is also being considered to handle the independent audit of the Corporation for year 2016. There were no disagreements with the independent auditor on accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

For the audit of the Corporation's financial statements, the aggregate fee billed by the independent auditors was P0.80 million in 2015 and 2014. There were no other professional fees billed by the independent auditors during the year. The Audit Committee reviews all proposals for services to be rendered by the independent auditor.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Corporation

a. Directors and Executive Officers

George L. Go 74 years old, Filipino, is presently the Chairman of the Board of Directors of the Corporation. He has been a Director of the Corporation since 1995 and was elected Chairman of the Nominations Committee in May 2011. He is also a Member of the Executive Committee and the Compensation and Remuneration Committee. Mr. Go is also the Chairman of Healthcare Systems of Asia Philippines, Inc. and Asian Alliance Holdings. Mr. Go is also a Director of Asian Alliance Investment Corporation. He has held the foregoing positions within the last five years. Mr. Go earned his bachelor's degree in Economics from Youngtown University, U.S.A and completed an Advanced Management Program in Harvard Business School, U.S.A.

Wilfrido V. Vergara 70 years old, Filipino, has been the Vice Chairman of the Board of Directors of the Corporation since May 2002 and was elected Chairman of the Executive Committee in May 2011.

Mr. W.V. Vergara is the Vice Chairman of Fortmed Medical Clinics Makati, Inc. and Healthcare Systems Asia Philippines, Inc. He is also a Director of Parkfield Landholdings Corp. Mr. Vergara obtained his Bachelor's Degree in Economics from the Ateneo de Manila Univeristy.

Ramon A. Recto 83 years old, Filipino, has been an Independent Director of the Corporation since May 2002. He has been a Member of the Audit Committee and the Nominations Committee since May 2003. Mr. Recto was the President of Marcventures Holdings, Inc. and Lepanto Consolidated Mining Corporation. Mr. Recto obtained both of his Bachelor's Degrees in Electrical Engineering and in Mechanical Engineering from the University of the Philippines. He also earned his Master's Degree in Industrial Management from the same University.

Mr. Victor C. Macalincag, 80' years old, Filipino, has been an Independent Director of the Corporation since May 27, 2003. He is the Chairman of the Audit Committee and a Member of the Executive Committee, Nominations Committee and the Compensation and Remuneration Committee of the Corporation. He currently holds Directorship ion the following Subsidiaries: Healthcare Systems of Asia Philippines, Inc. and FortMED Medical Clinics Makati, Inc. Mr. Macalincag is also an Independent Director of Semirara Mining and Power Corporation, Republic Glass Corp., SEM Calaca Power Corporation, ISM Corporation, Atok Big Wedge Corporation, Alphaland Corporation and Philweb Corporation. He is also a director of One Wealth Nation (OWN) Balanced Fund and a Director of Asian Alliance Investment Corporation. He was the President of Trade & Investment Development Corporation of the Philippines which is presently known as PHIL EXIM (formerly PhilGuarantee) from 1991 until his resignation in 2001. He was the Deputy Minister of Finance from 1981 to 1986 and Undersecretary of Finance from 1986 to 1991. He also held the position of National Treasurer from 1981 to 1988. Other positions he held were as follows: Director of Home Guaranty Corporation, Philippine Overseas Construction Board, Philippine Long Distance Telephone Co. (PLDT) from 1988 to 1995, National Power Corporation from 1978 to 1986 and the Philippine Deposit Insurance Corporation from 1983 to 1991. He was also Chairman of Pilipinas Bank and Executive Vice- President of Land Bank of the Philippines. Mr. Macalincag is a Certified public Accountant. He has a Bachelor of Science in Business Administration from the University of the East. He also completed academic requirements for a Masteral Degree in Economics from the same University. He finished a fellowship program conducted by Economic Development Institute of the World Bank, Washington D.C. in 1971.

Antonio B. Alvarez 72 years old, Filipino has been a member of the Board of Director's since 1995 and the Treasurer of the Corporation since 1997. He has also been a member of the Executive Committee, the Nomination Committee and of the Compensation and Remuneration Committee since May 2003. Mr. Alvarez is the Director and President of Healthcare Systems of Asia Philippines, Inc. and Fortmed Medical Clinics Makati, Inc. He is also a Director of Parkfield Landholdings, Corp.. Prior to becoming the President/Nominee of Guild Securities, Inc. from 1979 to present. Mr. Alvarez was the Executive Vice President of Securities Specialists, Inc. He obtained Bachelor of Science in Commerce Major in Accounting from Far Eastern University.

Conrado G. Marty 70 years old, Filipino, has been a member of the Board of Directors of the Corporation since 2006. Mr. Marty is also a member of the Audit Committee of the Corporation. He is the President of Universal LMS Finance and Leasing Corporation and is also the Vice Chairman of Hyundai Asia Resources, Inc. Mr. Marty holds a Bachelor in Business Administration Major in Accounting from University of the East and is a Certified Public Accountant. He obtained his Master in Business Administration major in Finance from the Wharton School, University of Pennsylvania.

Mr. Patrick D. Go, 48 years old, Filipino, has been a Director of the Corporation since 1995 and the Compliance Officer since 2008. Mr. Go is also the Managing Director of Healthcare Systems of Asia Phils., Inc. since August 2009 and in June 2010 became the Managing Director of FortMED Medical Clinics Makati, Inc. Prior to that, Mr. Go is a graduate of San Francisco State University, U.S.A. in 1992 with a Bachelor of Science in both Finance and Real Estate. He is the son of Mr. George L. Go.

Mr. Eugene B. Macalalag, 48 years old, Filipino, has been a member of the Board of Directors of the Corporation since May 2003. He is the First Vice President for Finance of the Corporation. Mr. Macalalag is a Director and Treasurer of Healthcare Systems of Asia Philippines, Inc. and FortMED Medical Clinics Makati, Inc. He is also the President of Parkfield Landholdings, Inc. and Crown Central Properties Corp. He joined Crown Equities, Inc., in April 1996. Mr. Macalalag earned his master's degree in Business Administration from De La Salle University, Manila.

Mr. David O. Chua, 48 years old, Filipino, has been a member of the Board of Directors of the Corporation since 2007. He is the President of Cathay Pacific Steel Corporation and Asia Pacific Capital Equities and Securities Corporation. He is currently a Director of the Philippines Stock Exchange, Hardware Foundation of the Phils., and Galleria Corporate Center Condominium Corp. He is also an Advisory Board Member of Metropolitan Bank and Trust Company and Vice President of the Federation of the Filipino Chinese Chambers of Commerce and Industry, Inc. He is a Trustee of University of the East and University of the East Ramon Magsaysay Memorial Medical Center. He has held the positions for the last five years. Mr. Chua is also the President of the Philippine Steelmakers Association, Chairman of the 2011 Philippine Business Conference Philippine Chamber of Commerce and Industry, and was the President of the Kellogg/ Northwestern University Alumni Association of the Philippines. He was formerly a Director of the Philippine Savings Bank (PSB), First Metro Investments Corp., and the Chairman of the Philippine Institute of Quezon City (PIQC) and the National Employer's Conference of the Employers' Confederation of the Philippines (ECPO). Mr. Chua has a Bachelor of Science in Financial Services Management, Honors Degree from St. Mary's College in California, U.S.A. and a Master in Business Administration (MBA) from the Kellogg School of Business of Northwestern University, Evanston, Illinois, U.S.A. and the Graduate School of Business of the Hong Kong University of Science and Technology.

Mr. Romuald Dy Tang, 64 years old, Filipino, has been a member of the Board of Directors of the Corporation since 2008 and was elected President of the Corporation in May 2010. Mr. Dy Tang is also a Member of the Executive Committee, Nominations Committee and the Compensation and Remuneration Committee. He is also a Member of the Board of Directors of various subsidiaries of the Corporation namely, Healthcare Systems of Asia Philippines, FortMED Medical Clinics, Makati, Inc. and Parkfield Landholdings, Inc. He is also a Director and Officer of other corporations namely, Kok Tay Trading Corporation, Sedgewick Holdings, Inc. and DTV Realty and Development, Inc. He was the Executive Vice President and Treasurer of Equitable PCI Bank and a Director of the various subsidiaries of the bank. Mr. Dy Tang earned his Bachelor of Science in Business Administration from De La Salle University, Manila

Mr. Salvador P. Escano, 64 years old, Filipino, was elected to the Board of Directors in June 2011. Mr. Escano is a self-made entrepreneur-businessman with substantial interests in real estate and the gases business, specifically liquefied petroleum gas (LPG) and industrial gases, with operations mainly in the Visayas and Mindanao regions of the Philippines. He is concurrently Chairman of Pryce Corporation and of its subsidiary, Pryce Gases, Inc. He was previously General Manager of Anselmo Trinidad and Co., (HK) Ltd., a Hongkong-based stockbrokerage firm from 1978 to 1981. He is also a Member of the Board of Governors of the Makati Stock Exchange from 1989 to 1991. Mr. Escano started his professional career as a banker with then Far East Bank & Trust Co. (later absorbed by

Bank of the Philippine Islands). Mr. Escano holds an Economics Degree from Xavier University and a Master Degree in Business Administration from the University of the Philippines.

Mr. Melvin O. Vergara, 44 years old, Filipino, has been a member of the Board of Directors since May 2011. He is also currently a Director of Healthcare Systems of Asia Philippines, Inc. and FortMED Clinics Makati, Inc. Mr. Melvin O. Vergara has been an Associate Person of Guild Securities, Inc. since 2002. He was a Consultant of the same company from 2000 to 2002. He earned his Degree in Business Administration from the University of Sto. Tomas. He is the son of Wilfrido V. Vergara.

Mr. Christopher Brian C. Dy, 31 years old, Filipino, is the Assistant Vice President of the Corporation. Mr. Dy has been a member of the Board of Directors of the Corporation since May 2011. He is also the Vice President of Crown Central Properties Corporation. He also served as the purchasing officer of FortMED Medical Clinics in 2010. He took up securities training in Guild Securities, Inc. from 2009 to 2010 and worked for 3M Philippines for the Projections Systems and Optical Systems divisions. He was also the General Manager of Gold Crest Holdings, Inc. from 2006 to 2008 and a Property Specialist of Ayala Land Premier in 2006. He earned his Bachelor of Science in Management, Major in Management Communications Technology from the Ateneo de Manila University. He is the son of Mr. Romuald U. Dy Tang.

Mr. Nixon Y. Lim, 45 years old, Filipino, has been a member of the Board of Directors since July 22, 2014. Mr. Lim is currently the Chairman of Steniel Manufacturing Corporation, serving as such since 2011. He is also the Chairman of Steniel Cavite Packaging Corporation and Steniel Land Corporation since 2012. He is also the President of Steniel Mindanao Packaging Corporation, Green Siam Resources Corporation, Greenstone Packaging Corporation, Greenkraft Corporation, Corbox Corporation, and Golden Bales Corporation. Prior to this, he has had work experience in the packaging business particularly in the fields of sales, marketing, manufacturing and finance. He holds a degree in BS Physics from De La Salle University, Manila, having graduated in 1992.

b. Significant Employees

The Corporation has no employee who is not an executive officer but is expected to make a significant contribution to the business.

c. Family Relationships

Mr. Patrick D. Go, Compliance Officer and member of the Board of Directors, is the son of Mr. George L. Go, Chairman of the Board of Directors. Mr. Melvin O. Vergara is the son of Mr. Wilfrido V. Vergara, Vice Chairman of the Board of Directors while Mr. Christopher Brian C. Dy is the son of Mr. Romuald U. Dy Tang, President. Aside from the foregoing, no other directors or executive officer are related up to the fourth civil degree either by consanguinity or affinity.

The Corporation has no controlling or parent company.

d. Involvement in Certain Legal Proceedings

The Corporation has no knowledge of the involvement of the current directors and executive officers, in any legal proceedings as defined in the Securities Regulation Code for the last five years up to the date of this report.

Item 10. Executive Compensation

In 2015, the Corporation's Executive Officers consisted only of the following key personnel: the

Chairman, the President, First Vice-President and the Treasurer.

The aggregate compensation paid or incurred during the last two fiscal years and estimated to be paid in the ensuing fiscal year to the Executive Officers and Directors of the Corporation are as follows:

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS					
Name and Principal Position	Year	Salary/Fees	Bonus	Other Annual Compensation	Total
Compensation of Executive Officers George L. Go, Chairman Romuald U. Dy Tang, President Eugene B. Macalalag, First Vice President Antonio B. Alvarez, Treasurer	2016*	P4.5 million	P1.75 million	P.80 million	P6.0 million
	2015	P4.13 million	P1.75 million	P.78 million	P6.66 million
	2014	P6.80 million	-	-	P6.80 million
All Other Directors and Officers as a Group	2016*	P1.30 million	P.61 million	P1.8 million	P3.35 million
	2015	P1.20 million	P.61 million	P1.8 million	P2.90 million
	2014	P1.9 million	-	-	P1.9 million

* Estimate

Compensation of Directors

The members of the Board of Directors who are not executive officers are elected for a term of one year.

As provided in the Corporation's by-laws, directors shall receive a reasonable per diem allowance for their attendance at each meeting. Further, as compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the Corporation during the preceding year. Such compensation shall be determined and apportioned among the Directors in such manner as the Board may deem proper.

Other Arrangements

On May 31, 2002, the stockholders approved a stock option plan for directors and executive officers of the Corporation as may be designated by the Board.

The Corporation's stock option plan entitles, on grant date, the directors and executive officers of the Corporation to purchase shares of stock of the Corporation at par value or book value, whichever is higher. The underlying shares subject to the stock option plan covers 2,400,000,000 common shares representing 10% of the authorized capital stock of the Corporation. The stock option shall be subject to vesting according to such schedule as shall be approved by the Board of Directors, provided that vesting shall lapse after five years from entitlement date, and provided further that with respect to executive officers, vesting shall expire upon their resignation from the Corporation. The number of underlying common shares in respect of outstanding options and/or the exercise price shall be correspondingly adjusted in the event of any stock dividend declaration, stock split, merger, consolidation, or the similar or analogous change in the corporate structure or capitalization of the Group. The terms and conditions of the stock option plan may be amended by the resolution of the Board of Directors, except that any increase in the maximum number of shares or any decrease in the exercise price shall require the approval of stockholders representing at least two-thirds of the outstanding capital stock.

No stock option has been granted from the time the stock option plan was approved.

Item 11. Security Ownership of Certain Record and Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

As of December 31, 2015, the following stockholders own more than 5% of the Corporation's outstanding capital stocks:

Title of Class	Name and Address of Stockholders	Amount of shares [Record (r)/Beneficial (b) Ownership]	% Ownership
Common shares	PCD Nominee Corp. ¹ 37/F Tower 1 Enterprise Center Ayala Ave. cor. Paseo de Roxas, Makati City	8,753,133,904(r)	64.3613%
Common shares	Guild Securities, Inc. (Filipino) 1215 Tower One and Exchange Plaza, Ayala Avenue, Makati City	3,774,995,712 (r)	27.7573%

¹ PCD Nominee Corp. (PCD), a wholly-owned subsidiary of Philippine Central Depository, Inc., is the registered owner of certain shares in the books of the Corporation's transfer agents in the Philippines. The beneficial owners of such shares are PCD's participants, who hold shares on their behalf or in behalf of their clients. PCD is a private Corporation organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines. The beneficial owners of PCD shares that owns 5% and above are indicated as follows:

Guild Securities, Inc. (Filipino) Unit 1215 Tower One and Exchange Plaza Ayala Avenue, Makati City	3,774,995,712	27.7573%
Marian Securities, Inc. (Filipino) Unit B 26-1-11 Floor Export Bank Plaza Chino Roces Ave. cor. Gil Puyat Ave., Makati City	977,066,000	7.18%

The following have the right to vote or direct the voting or disposition of the CEI shares beneficially held by the Corporations they respectively represent: Antonio B. Alvarez for Guild Securities, Inc. and Conrado G. Marty for Marian Securities, Inc.

To the best knowledge of the Corporation, no security holder has created a voting trust for the purpose of conferring upon a trustee the right to vote pertaining to shares of stock of the Corporation.

(2) Security Ownership of Directors and Management

Security ownership of Management and Directors as of December 31, 2015 is as follows:

<u>Title of Class</u>	<u>Name of Beneficial Owner</u>	<u>Amount and nature of Beneficial Ownership</u>	<u>Citizenship</u>	<u>Percent of Ownership</u>
A. Directors				
Common Shares	Patrick D. Go	181,420,000 ^{db1}	Filipino	1.333%
Common Shares	George L. Go	136,950,800 ^{db2}	Filipino	1.007%
Common Shares	Wilfrido V. Vergara	22,576,000 ^{db3}	Filipino	0.166%
Common Shares	Ramon A. Recto	10,880,000 ^{db4}	Filipino	0.080%
Common Shares	David O. Chua	400,000 ^d	Filipino	0.003%
Common Shares	Conrado G. Marty	80,008 ^d	Filipino	0.001%
Common Shares	Christopher Brian C. Dy	20,000 ^d	Filipino	nil
Common Shares	Salvador P. Escano	10,000 ^d	Filipino	nil
Common Shares	Melvin O. Vergara	10,000 ^d	Filipino	nil
Common Shares	Isidro Consunji	8,000 ^d	Filipino	nil
Common Shares	Victor C. Macalincag	80 ^d	Filipino	nil
Common Shares	Nixon Y. Lim	364,140,000 ^d	Filipino	2.677%
B. Executive Officers				
Common Shares	Antonio B. Alvarez	177,600 ^d	Filipino	0.001%
Common Shares	Romuald Dy Tang	76,720,000 ^{db5}	Filipino	0.564%
Common Shares	Eugene B. Macalalag	6,800,080 ^{db6}	Filipino	0.050%
C. Directors and Officers as a Group				5.883%
				800,192,568

^d - these are directly owned by the aforementioned director or officer

^{db1} - 44,412,000 of these are registered in one of the PCD member companies but beneficially owned by the director

^{db2} - 132,950,000 of these are registered in one of the PCD member companies but beneficially owned by the director

^{db3} - 3,280,000 of these are registered in one of the PCD member companies but beneficially owned by the director

^{db4} - 10,000,000 of these are registered in one of the PCD member companies but beneficially owned by the director

^{db5} - 76,700,000 of these are registered in one of the PCD member companies but beneficially owned by the director

^{db6} - 6,800,000 of these are registered in one of the PCD member companies but beneficially owned by the director

(2) Voting Trust Holders of 5% or More

No persons known to the Corporation hold more than 5% of the common shares under a voting trust or similar agreement.

(3) Changes in Control

There are no arrangements which may result in a change in control of the Corporation.

Item 12. Certain Relationships and Related Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. Transactions between related parties are on arm's length basis in a manner similar to transactions with non-related parties.

During the last three years, there were no transactions or series of similar transactions with or involving the Corporation or any of its subsidiaries in which a director, executive officer, nominee for election as a director or stockholder owning ten percent (10%) or more of total outstanding shares and members of their immediate family, had or is to have a direct or indirect material interest.

PART IV – CORPORATE GOVERNANCE

Item 14. Corporate Governance

Please refer to the attached Annual Corporate Governance Report 2015

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

(1) Exhibits

Audited Financial Statements

Annex A

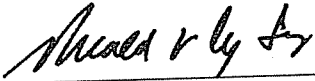
(2) Reports on SEC Form 17-C from January 01 to December 31, 2015

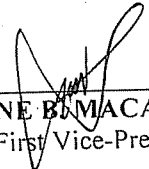
Date of Disclosure	Subject
February 26, 2015	Approval of the following resolutions during the regular Board of Director's Meeting dated Feb. 24, 2015: (1) holding of the 2015 Annual Stockholders' Meeting on May 26, 2015; (2) setting of March 31, 2015 as the record date for stockholders who are entitled to attend and vote at the 2015 Annual Stockholders' Meeting; and (3) amendment of the Fourth Article of CEI's Articles of Incorporation extending the corporate term for another 50 years from Oct. 24, 2019.
March 18, 2015	Submission of notice and agenda for CEI's 2015 Annual Stockholders' Meeting to be held on May 26, 2015.
May 29, 2015	Results of the Annual Stockholder's Meeting held on May 26, 2015
October 20, 2015	Resignation of Rowel B. Esteban and the Appointment of Hendrick S. Natividad as Manager of the Accounting Department

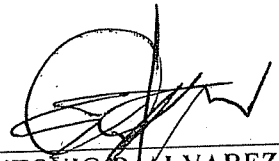
SIGNATURES

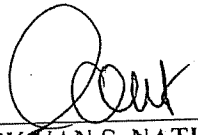
Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati.

By:


ROMUALD U. DY TANG
President


EUGENE B. MACALALAG
First Vice-President


ANTONIO B. ALVAREZ
Treasurer



HENDRICK VAN S. NATIVIDAD
Accounting Head


ELMER B. SERRANO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 14 2016 affiant exhibiting to me their Tax Identification Number, as follows:

NAMES	TIN
Romuald U. Dy Tang	115-321-304
Eugene B. Macalalag	117-667-674
Elmer B. Serrano	153-406-995
Hendrick Van S. Natividad	296-097-464
Antonio B. Alvarez	107-049-888

Doc. No. 104
Page No. 22
Book No. I
Series of 2016.


KRISTINE R. BONGCARON
Appointment No. 140 (2016-2017)
Notary Public for Pasig City
Until December 31, 2017
Attorney's Roll No. 60559
33rd Floor The Orient Square,
Ortigas Jr. Road, Ortigas Center Pasig City
PTR No. 1385890, 01-05-16; Pasig City
IBP No. 1018258, 01-06-16; RSM



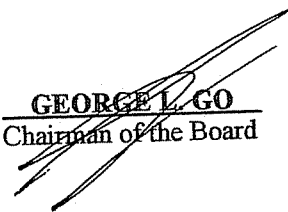
CROWN EQUITIES
I N C O R P O R A T E D

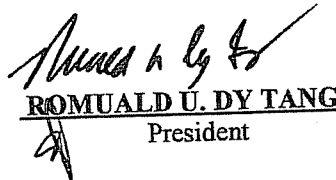
**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

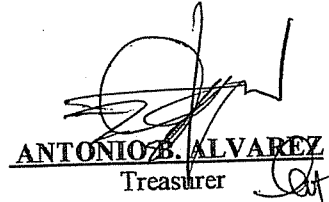
The management of **CROWN EQUITIES, INC. AND SUBSIDIARIES** (the Group) is responsible for the preparation and fair presentation of the financial statements as at and for the years ended December 31, 2015 and 2014, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Management reviews and approves the financial statements and submits the same to the stockholders.

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


GEORGE L. GO
Chairman of the Board

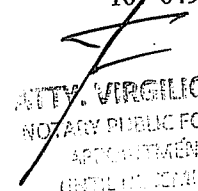

ROMUALD U. DY TANG
President


ANTONIO B. ALVAREZ
Treasurer

SUBSCRIBED AND SWORN to before me this 11 11 2016 at Manila in the presence of the affiant exhibiting to me their Tax Identification Number, as follows:

NAMES	TIN
George L. Go	100-929-738
Romuald U. Dy Tang	115-321-304
Antonio B. Alvarez	107-049-888

Doc. No. 298
Page No. 61
Book No. 208
Series of 2016


ATTY. VIRGILIO B. BATALLA
NOTARY PUBLIC FOR MAKATI CITY
APPOINTMENT NO. M32
UNTIL DECEMBER 31, 2016
ROLL OF ATTY. NO. 48948
ICP COMPLIANCE NO. IN-0016533/4-10-2013
ICP No. 7067 CE-LIFETIME MEMBER JAN. 29, 2007
P.N. No. 592-35-05- JAN 04, 2016 MAKATI CITY
EXECUTIVE BLDG. CENTER
MAKATI AVE., COR., JUPITER.

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	-	1	9	9	6	-	3	9	7	4	5
---	---	---	---	---	---	---	---	---	---	---	---

COMPANY NAME

C	R	O	W	N	E	Q	U	I	T	I	E	S	,	I	N	C	.	A	N	D			
S	U	B	S	I	D	I	A	R	I	E	S												

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

C	r	o	w	n	C	e	n	t	e	r	,	1	5	8	J	u	p	i	t	e	r	
c	o	r	n	e	r	N	.	G	a	r	c	i	a	S	t	r	e	e	t	s		
M	a	k	a	t	i	C	i	t	y													

Form Type A A F F S	Department requiring the report <input style="width: 100%;" type="text"/>	Secondary License Type, If Applicable <input style="width: 100%;" type="text"/>
-------------------------------	---	---

COMPANY INFORMATION

Company's email Address <input style="width: 100%;" type="text"/>	Company's Telephone Number/s <input style="width: 100%;" type="text"/>	Mobile Number <input style="width: 100%;" type="text"/>
No. of Stockholders <input style="width: 100%;" type="text"/>	Annual Meeting (Month / Day) <input style="width: 100%;" type="text"/>	Fiscal Year (Month / Day) December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person Mr. Eugene B. Macalalag	Email Address <input style="width: 100%;" type="text"/>	Telephone Number/s 899-0081	Mobile Number <input style="width: 100%;" type="text"/>
--	---	---------------------------------------	---

CONTACT PERSON'S ADDRESS

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

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

CROWN EQUITIES, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015, 2014 and 2013



R.G. Manabat & Co.
The KPMG Center, 9/F
6787 Ayala Avenue
Makati City 1226, Metro Manila, Philippines

Telephone +63 (2) 885 7000
Fax +63 (2) 894 1985
Internet www.kpmg.com.ph
E-Mail ph-inquiry@kpmg.com

Branches: Subic · Cebu · Bacolod · Iloilo

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Crown Equities, Inc. and Subsidiaries
Crown Center, 158 Jupiter corner N. Garcia Streets
Makati City

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Crown Equities, Inc. and Subsidiaries as at December 31, 2015 and 2014, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2015 in accordance with Philippine Financial Reporting Standards.

R.G. MANABAT & CO.

DINDO MARCO M. DIOSO

Partner

CPA License No. 0095177

SEC Accreditation No. 1387-A, Group A, valid until February 5, 2017

Tax Identification No. 912-365-765

BIR Accreditation No. 08-001987-30-2013

Issued December 2, 2013; valid until December 1, 2016

PTR No. 5320746MD

Issued January 4, 2016 at Makati City

April 12, 2016

Makati City, Metro Manila

CROWN EQUITIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	<i>Note</i>	2015	2014
ASSETS			
Current Assets			
Cash and cash equivalents	6, 32, 33	P204,010,289	P202,611,044
Financial assets at fair value through profit or loss	7, 32, 33	31,951,632	22,438,641
Installment contract receivables - current portion	9	17,829,446	17,864,864
Receivables - net	10	45,676,878	31,678,490
Loans receivable - current portion	12, 32, 33	12,500,000	-
Inventories	11	186,489,381	206,632,002
Other current assets	17	56,860,240	55,416,354
Total Current Assets		555,317,866	536,641,395
Noncurrent Assets			
Available-for-sale financial asset	7, 34	47,344,659	47,344,659
Installment contract receivables - net of current portion	9	52,213,086	50,630,188
Loans receivable - net of current portion	12, 32, 33	45,833,333	50,000,000
Investment in and advances to a joint venture - net	13	234,438,556	234,438,556
Goodwill	14	21,740,604	21,740,604
Property and equipment - net	15	277,872,718	285,221,798
Investment properties - net	16	695,413,822	703,523,468
Deferred tax assets	27	1,630,836	2,303,644
Other noncurrent assets	17	7,030,045	8,127,607
Total Noncurrent Assets		1,383,517,659	1,403,330,524
		P1,938,835,525	P1,939,971,919
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts and other payables	18	P135,415,322	P142,954,188
Due to related parties	21	15,212,887	25,812,887
Subscriptions payable	19	42,158,700	42,158,700
Income tax payable		791,469	-
Total Current Liabilities		193,578,378	210,925,775
Noncurrent Liability			
Retirement liability	30	12,119,432	11,577,711
Total Liabilities		205,697,810	222,503,486
Equity			
Capital stock	20	1,348,035,906	1,345,110,906
Additional paid-in capital		118,570,274	118,570,274
Retained earnings		106,933,349	100,588,825
Retirement benefits reserve	30	1,636,864	1,194,146
Total Equity Attributable to Equity Holders of the Parent Company		1,575,176,393	1,565,464,151
Noncontrolling Interests	5	157,961,322	152,004,282
Total Equity		1,733,137,715	1,717,468,433
		P1,938,835,525	P1,939,971,919

See Notes to the Consolidated Financial Statements.

CROWN EQUITIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	<i>Note</i>	Years Ended December 31		
		2015	2014	2013
REVENUES				
Real estate sales	22, 28	P116,928,065	P116,107,646	P55,672,823
Sale of services		46,195,790	51,699,892	55,988,325
Interest on installment contract receivables	9	14,485,828	8,149,438	9,581,365
Interest on loans receivable	12	6,075,090	5,843,127	1,998,194
Rent income	29	7,713,869	5,624,685	8,236,887
Sale of goods		293,038	426,662	553,918
Dividend income	8	-	7,200,371	-
		191,691,680	195,051,821	132,031,512
COST AND EXPENSES				
Cost of sales and services	23	80,065,513	73,666,409	51,119,491
Operating expenses	24	100,719,140	91,571,002	79,828,635
		180,784,653	165,237,411	130,948,126
OTHER INCOME - Net	26	8,779,757	776,036	5,174,338
INCOME BEFORE INCOME TAX		19,686,784	30,590,446	6,257,724
INCOME TAX EXPENSE	27	7,388,341	10,161,254	3,889,121
NET INCOME		P12,298,443	P20,429,192	P2,368,603
Net income attributable to Equity holders of the Parent Company				
		P6,344,524	P18,897,630	(P282,825)
Noncontrolling interests		5,953,919	1,531,562	2,651,428
NET INCOME		12,298,443	20,429,192	2,368,603
OTHER COMPREHENSIVE INCOME				
Item that will not be reclassified subsequently to profit or loss				
Remeasurement gain on retirement benefits	30	445,839	676,440	560,644
TOTAL COMPREHENSIVE INCOME		P12,744,282	P21,105,632	P2,929,247

Forward

		Years Ended December 31		
	<i>Note</i>	2015	2014	2013
Total comprehensive income attributable to				
Equity holders of the Parent Company		P6,787,242	P19,748,761	P60,190
Noncontrolling interests		5,957,040	1,356,871	2,869,057
		P12,744,282	P21,105,632	P2,929,247
BASIC/DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
	31	P0.000467	P0.00139	(P0.00002)

See Notes to the Consolidated Financial Statements.

CROWN EQUITIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

	Equity Attributable to Equity Holders of the Parent Company					Total	Non-controlling Interests	Total Equity
	Capital Stock (Note 20)	Paid-in Capital	Retained Earnings	Retirement Benefits Reserve				
As of January 1, 2015	P1,345,110,906	P118,570,274	P100,588,825	P1,194,146	P1,565,464,151	P152,004,282	P1,717,468,433	
Net income for the year	-	-	6,344,524	442,718	6,344,524	5,953,919	12,298,443	
Other comprehensive income	-	-	-	-	-	3,121	445,839	
Total comprehensive income	-	-	6,344,524	442,718	6,787,242	5,957,040	12,744,282	
Subscription receivables collected	2,925,000	-	-	-	2,925,000	-	2,925,000	
As of December 31, 2015	P1,348,035,906	P118,570,274	P106,933,349	P1,636,864	P1,575,176,393	P157,961,322	P1,733,137,715	
As of January 1, 2014	P1,330,146,816	P118,570,274	P88,957,148	P343,015	P1,538,017,253	P143,381,458	P1,681,398,711	
Net income for the year	-	-	18,897,630	851,131	18,897,630	1,531,562	20,429,192	
Other comprehensive income	-	-	-	-	-	(174,691)	676,440	
Total comprehensive income	-	-	18,897,630	851,131	19,748,761	1,356,871	21,105,632	
Subscription receivables collected	14,964,090	-	(7,265,953)	-	14,964,090	-	14,964,090	
Restatement of NCI	-	-	-	-	-	7,265,953	-	
As of December 31, 2014	P1,345,110,906	P118,570,274	P100,588,825	P1,194,146	P1,565,464,151	P152,004,282	P1,717,468,433	
As of January 1, 2013	P1,330,146,816	P118,570,274	P89,239,973	P -	P1,537,957,063	P140,512,401	P1,678,469,464	
Net income for the year	-	-	(282,825)	343,015	(282,825)	2,651,428	2,368,603	
Other comprehensive income	-	-	-	343,015	343,015	217,629	560,644	
Total comprehensive income	-	-	(282,825)	343,015	60,190	2,869,057	2,929,247	
As of December 31, 2013	P1,330,146,816	P118,570,274	P88,957,148	P343,015	P1,538,017,253	P143,381,458	P1,681,398,711	

See Notes to the Consolidated Financial Statements.

CROWN EQUITIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	<i>Note</i>	Years Ended December 31		
		2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		P19,686,784	P30,590,446	P6,257,724
Adjustments for:				
Interest income	9, 12, 26	(23,178,847)	(15,412,609)	(11,921,903)
Depreciation and amortization	15, 16	15,362,474	15,248,946	15,633,990
Impairment losses on:				
Installment contract receivables	9	2,869,901	-	-
Investment property		-	2,197,072	-
Unrealized loss (gain) in the change in value of financial assets at FVPL	7	2,708,098	(836,415)	4,245,311
Unrealized foreign exchange gain	26	(2,529,198)	(116,119)	(344,425)
Retirement expense	30	1,937,560	1,665,396	2,135,538
Loss (gain) from cancelled contracts and forfeited customers' deposits	26	(329,889)	321,856	960,693
Gain on disposal of property and equipment		(93,429)	-	-
Operating income before working capital changes		16,433,454	33,658,573	16,996,043
Decrease (increase) in:				
Financial assets at fair value through profit or loss		(12,221,089)	824,257	(3,621,767)
Installment contract receivables		(4,417,381)	1,265,104	212,984
Receivables		(13,998,388)	18,727,918	(10,852,206)
Inventories		20,472,510	5,017,263	9,162,462
Other current assets		(6,842,793)	8,777,788	(8,620,603)
Increase (decrease) in accounts and other payables	18	(7,538,866)	27,344,290	2,683,640
Cash generated from (absorbed by) operations		(8,112,553)	95,615,193	5,961,438
Interest received		23,178,847	15,141,098	11,515,511
Benefits paid	30	(950,000)	(119,462)	-
Income taxes paid		(525,157)	(10,282,819)	(1,894,895)
Net cash provided by operating activities		13,591,137	100,354,001	15,582,054

Forward

	Years Ended December 31		
<i>Note</i>	2015	2014	2013
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property and equipment	P206,888	P -	P -
Proceeds from disposal of investment properties	20,189,556	-	876,703
Acquisition of property and equipment	15 (6,566,623)	28,859,170	(2,380,813)
Acquisition of investment properties	16 (13,640,140)	(7,544,191)	(1,831,645)
Decrease (increase) in:			
Loans receivables	(8,333,333)	-	(50,000,000)
Other noncurrent assets available for sale financial assets	1,097,562	(4,336,592)	3,683,561
	8 -	-	(8,849,602)
Net cash provided by (used in) investing activities	(7,046,090)	16,978,387	(58,501,796)
CASH FLOWS FROM FINANCING ACTIVITIES			
Collection of subscriptions receivable	2,925,000	14,964,090	-
Decrease in due to related parties	(10,600,000)	(3,035,910)	-
Net cash provided by (used in) financing activities	(7,675,000)	11,928,180	-
EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
	2,529,198	116,119	344,426
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
	1,399,245	114,412,606	(42,575,316)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
	202,611,044	88,198,438	130,773,754
CASH AND CASH EQUIVALENTS AT END OF YEAR			
6	P204,010,289	P202,611,044	P88,198,438

See Notes to the Consolidated Financial Statements.

CROWN EQUITIES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting Entity

Crown Equities, Inc. ("CEI" or the "Parent Company") is an investment holding company incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 24, 1969. The Parent Company's registered office address is located at the Crown Center, 158 Jupiter corner N. Garcia Streets, Makati City.

The consolidated financial statements comprise the financial statements of the Parent Company and its Subsidiaries (collectively referred to as the "Group"). The Parent Company's shares of stock are listed and traded at the Philippine Stock Exchange (PSE).

The Group operates within the Philippines and is mainly involved in real estate business, healthcare services and investment holding. As of December 31, 2014 and 2013, the Parent Company has ownership interests in the following subsidiaries and associates, all incorporated in the Philippines:

	Effective Percentage of Ownership	
	2015	2014
Subsidiaries		
<i>Real Estate</i>		
Crown Central Properties, Corp. (CCPC) ^(a)	48%	48%
Parkfield Land Holdings, Inc. (PLHI) ^(b)	75%	75%
<i>Healthcare</i>		
Healthcare Systems of Asia Phils., Inc. (HSAPI)	97%	97%
Fortmed Medical Clinics Makati, Inc. (FMCMI) ^(c)	97%	97%
Joint Venture		
Sky Leisure Properties, Inc. (SLPI)	50%	50%

(a) Management has determined that the Company has control over the financial and operating policies of CCPC through representation on the Board of Directors (Note 2).

(b) This company has not yet started commercial operations.

(c) This represents direct and indirect ownership in 2015 and 2014, respectively.

2. Basis of Preparation

Statement of Compliance

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). PFRS consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations issued by the Financial Reporting Standards Council (FRSC).

The accompanying consolidated financial statements of the Group were approved for issue by the Executive Committee on April 12, 2016, as authorized by the Board of Directors (BOD) on February 23, 2016.

Basis of Measurement

The consolidated financial statements of the Group have been prepared on the historical cost basis except for the following items which are measured on an alternative basis on each reporting date:

<u>Items</u>	<u>Measurement Bases</u>
Available-for-sale (AFS) financial assets	Fair value
Fair assets at fair value through profit or loss	Fair value
Embedded derivative	Fair value

Functional and Presentation Currency

The consolidated financial statements are presented in Philippine peso, which is also the Parent Company's functional currency. All financial information presented is rounded to the nearest peso, except when otherwise indicated.

Basis of Consolidation

The Group obtains and exercises control through voting rights. The Group's consolidated financial statements comprise the accounts of the Parent Company, and its subsidiaries as enumerated in Note 1, after the elimination of intercompany balances and transactions with subsidiaries, including income, expenses and dividends. Unrealized profits and losses from intercompany transactions are also eliminated in full.

The consolidated financial statements are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented in the consolidated statements of financial position, separately from equity attributable to equity holders of the Parent Company.

Non-controlling interests consist of the interests not held by the Group in PLHI, HSAPI and CCPC in 2015 and 2014 (Note 5).

Use of Estimates and Judgments

The Group's consolidated financial statements prepared in accordance with PFRS requires management to make judgments, estimates and assumptions that affect amounts reported in the consolidated financial statements and related notes, at the reporting date. However, uncertainty about these estimates and assumptions could result in outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

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:

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

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the supply of services or for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), the Group accounts for the portions separately. If the portion cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or service or 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.

The Company classified the parcels of land in Taguig City, Metro Manila, Sto. Tomas, Batangas and San Jose del Monte Bulacan as investment properties as they are held by the Company for future development or appreciation.

The Company classifies the building in Sta. Rosa, Laguna as an investment property. The building is being leased out to FMCMCMI under operating lease.

The Company classified saleable house and lot as inventories.

Part of the building owned by the Company is owner-occupied for administrative purposes.

The carrying value of investment properties amounted to P695,413,822 and P703,523,468 in as at December 31, 2015 and 2014, respectively (Note 24).

Operating Lease Commitments - Group as Lessor/Lessee. The Group has entered into various lease agreements either as a lessor or a lessee. The Group had determined that it retains all the significant risks and rewards of ownership of the properties leased out on operating leases while the significant risks and rewards for properties leased from third parties are retained by the lessors.

Rent expense included as part of operating expenses amounted to P34,189, P35,689 and P34,189 in 2015, 2014 and 2013, respectively (Note 24).

Rent income recognized in 2015, 2014 and 2013 amounted to P7,713,869, P5,624,685, and P8,236,887, respectively (Note 29).

Evaluation of Control over CCPC. The Group has 48% equity interest in CCPC. Management has determined that the Group has control over the financial and operating policies of CCPC through majority representation on the BOD.

Assessing Joint Arrangements

The Group determines the type of joint arrangement in which it is involved by considering its rights and obligations. An entity assesses its rights and obligations by considering the structure and legal form of the arrangement, the contractual terms agreed to by the parties to the arrangement and, when relevant, other facts and circumstances. Joint arrangements are classified into two types: joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e., joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e., joint venturers) have rights to the net assets of the arrangement.

The Group has determined that its investment in joint arrangements are classified as investments in joint ventures and joint operation.

The Group has 50% equity interest in SLPI. Management has determined that the Group has equal control with the other venture over the financial and operating policies of SLPI (Note 28).

The Group has established separate joint operations with SLRDI and DMCI.

SLRDI and the Group entered to an agreement that the latter will contribute land and improvements while the former will be the "Developer" of the land. The Group shall be paid 60% in the in sales proceeds.

DMCI and the Group entered to an agreement that the latter will contribute land and improvements while the former will be the "Developer" for the condominium, the Cypress Towers. the Group share in the project is equivalent to 15.6% of the cost of the total condominium units and parking slots. (Note 28).

Embedded Derivatives. The Group reviews financial instruments for embedded derivatives. The loans receivable includes options to convert it to equity and allows the borrower to repay the debt before the end of its full contractual term. The management assessed that these options are embedded derivatives because if exercised they will or may modify the cash flows of the loans receivable (Note 12).

Evaluation of Legal Contingencies

The Group is a party to certain lawsuits or claims arising from the ordinary course of business. The Group's management and legal counsel believe that the eventual liabilities under these lawsuits or claims, if any, will not have material effect on the consolidated financial statements. Accordingly, no provision for probable losses arising from legal contingencies was recognized in 2015 and 2014, respectively (Note 34).

Estimates

The key estimates and assumptions used in the consolidated financial statements are based on management's evaluation of relevant facts and circumstances as of the date of the Group's consolidated financial statements. Actual results could differ from such estimates.

Estimating Allowance for Impairment Losses on Receivables, Installment Contract Receivables, Loans receivable and Advances to Joint Venture.

Allowance is made for specific and groups of accounts, where objective evidence of impairment exists. The Group evaluates these accounts based on available facts and circumstances, including, but not limited to, the length of the Group's relationship with the debtors, the current credit status based on third party credit reports, if any, and known market forces, average age of accounts, collection experience and historical loss experience.

As at December 31, 2015 and 2014, the carrying value of accounts receivables amounted to P45,676,878 and P31,678,490, respectively (Note 10). Allowance for impairment losses on accounts receivables amounted to P10,555,243 as at December 31, 2015 and 2014 (Note 10).

As at December 31, 2015 and 2014, the carrying value of installment contract receivables amounted to P70,042,532 and P68,495,052, respectively (Note 9). Impairment losses on installment contract receivables amounted to P2,869,901 in 2015 (Note 9).

As at December 31, 2015 and 2014, the carrying value of loans receivable amounted to P58,333,333 and P50,000,000, respectively.

Estimating Impairment of the AFS Financial Asset. The unquoted AFS financial asset is considered impaired when management believes that future cash flows generated from the investment is expected to decline significantly. In determining if impairment exists, significant estimates and assumptions are made on the future cash flows expected and the appropriate discount rate.

For an AFS Financial Asset, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Group considers a decline of 20% to be significant and a period of twelve months to be prolonged.

As at December 31, 2015 and 2014, the carrying value of the AFS financial asset amounted to P47,344,659. No impairment loss was recognized in 2015 and 2014 (Note 8).

Estimating the Net Realizable Value of Real Estate Inventories. The Group writes-down the carrying amount to reduce real estate inventories to net realizable value whenever net realizable value becomes lower than cost due to changes in price levels or other causes.

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made of the amount the inventories are expected to be realized. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after reporting date to the extent that such events confirm conditions existing at the end of reporting date. The Company reviews real estate inventories for probable decline in value. Where the carrying amount of real estate inventories exceeds its net realizable value, the real estate inventory is considered impaired and is written down to its net realizable value.

Management believes that there are no indications that the net realizable value of real estate inventories is lower than its cost of P186,489,381 and P206,632,002 as at December 31, 2015 and 2014, respectively (Note 11).

Estimating Useful Lives of Property and Equipment and Investment Properties. The Group estimates the useful lives of property and equipment and investment properties based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment and investment properties are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, estimation of the useful lives of property and equipment and investment properties is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment and investment properties would increase recorded cost of services and operating expenses and decrease noncurrent assets.

Property and equipment, net of accumulated depreciation and amortization, amounted to P277,872,718 and P285,221,798 as at December 31, 2015 and 2014, respectively (Note 15), while the carrying value of investment properties amounted to P695,413,822 and P703,523,468 as at December 31, 2015 and 2014, respectively (Note 16).

Estimated fair values of investment properties amounted to P1,150,521,700 as at December 31, 2015 and 2014, respectively (Note 16).

Realizability of Deferred Tax Assets. The Group reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary difference and carryforward benefits of MCIT and NOLCO is based on the projected taxable income in the following periods.

The Group has not recognized the net deferred tax assets on temporary differences amounting to P157,026,263 and P143,255,147 as at December 31, 2015 and 2014, respectively, as management believes that there will be no enough future taxable income available to utilize the deferred tax assets. The carryforward benefits of NOLCO and MCIT of FMCMI amounting to P23,418 and P1,607,418 as at December 31, 2015 and 2014, respectively, have been recognized as management expects these to be utilized prior to their expiration (Note 27).

Impairment of Non-financial Assets. PFRS requires that an impairment review be performed on investments in a joint venture, property and equipment, investment properties and other noncurrent assets when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining the net recoverable value of assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse impact on the financial performance.

The carrying amount of the Group's non-financial assets, net of accumulated depreciation and amortization and allowances for impairment losses, amounted to P1,244,638,892 and P1,263,273,041 as at December 31, 2015 and 2014, respectively (Notes 13, 15, 16 and 17).

Impairment of Goodwill. The Group determines whether goodwill is impaired at least annually. This requires the estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating value in use requires management to make an estimate of the expected future cash flows from the cash-generating unit and to choose a suitable discount rate to calculate the present value of those cash flows.

The carrying amount of goodwill as at December 31, 2015 and 2014 amounted to P21,740,604 (Note 14).

Present Value of Defined Benefit Obligation. The present value of the retirement liability depends on a number of factors that are determined on an actuarial basis using a number of assumptions. These assumptions are described in Note 30 to the consolidated financial statements and include discount rate, and salary increase rate. Actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

The Group determines the appropriate discount rate at the end of each year. It is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement liability. In determining the appropriate discount rate, the Group considers the interest rates on government bonds that are denominated in the currency in which the benefits will be paid.

Other key assumptions for retirement liability are based in part on current market conditions.

While it is believed that the Group's assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Group's retirement liability.

The Group's retirement liability amounted to P12,119,432 and P11,577,711 as at December 31, 2015 and 2014, respectively (Note 30).

Estimating the Fair Value of Embedded Derivatives

The management used valuation techniques in determining the fair value of embedded derivatives on the loans receivable.

The fair value of the prepayment option is determined by calculating the present value of the prepayment penalty using the nominal interest rate which approximates the prevailing market interest rate. The fair value is minimal and accordingly the difference in prepayment value and amortized cost is not significant. Therefore, the option is closely related to the host contract, and as such, bifurcation is not needed.

The option to convert the loans receivable to equivalent common shares has no value at this time as the option is currently out of the money.

Determination of Fair Value of Financial Instruments

Where the fair value of financial assets and liabilities recorded in the consolidated statements of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to the models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing the fair values. The judgments include considerations of inputs such as liquidity risk and credit risk. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The fair values of FVPL and AFS were based on the level 1 and 3 of the fair value hierarchy, respectively.

Estimating Provisions

Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimates. These estimates are based on consultations with independent outside parties, historical experience and other available data. While management believes that the bases of these estimates are reasonable and appropriate, significant differences in actual experience or assumption may materially affect the recorded provision. Accordingly, no provision for probable losses arising from legal contingencies was recognized in the separate financial statements as at December 31, 2015 and 2014. It is possible, however, that future results of the operations could be materially affected by changes in the estimates on the effectiveness of the strategies relating these proceedings (see Note 34).

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently by the Group to all periods presented in the consolidated financial statements, except for the changes as explained below.

Adoption of New or Revised Standards, Amendments to Standards and Interpretations

The Group has adopted the following amendments to standards and new interpretation starting January 1, 2015 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards and interpretation did not have any significant impact on the Group's consolidated financial statements.

- *Annual Improvements to PFRSs: 2010 - 2012 and 2011 - 2013 Cycles - Amendments* were made to a total of nine standards, with changes made to the standards on business combinations and fair value measurement in both cycles. Most amendments will apply prospectively for annual periods beginning on or after July 1, 2014. Earlier application is permitted, in which case the related consequential amendments to other PFRSs would also apply. Special transitional requirements have been set for amendments to the following standards: PFRS 2, PAS 16, PAS 38 and PAS 40. The following are the said improvements or amendments to PFRSs, none of which has a significant effect on the consolidated financial statements of the Company:
 - *Scope exclusion for the formation of joint arrangements (Amendment to PFRS 3).* PFRS 3 has been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements in PFRS 11, *Joint Arrangements* - i.e. including joint operations - in the financial statements of the joint arrangements themselves.
 - *Disclosures on the aggregation of operating segments (Amendment to PFRS 8).* PFRS 8 has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. The disclosures include: a brief description of the operating segments that have been aggregated; and the economic indicators that have been assessed in determining that the operating segments share similar economic characteristics. In addition, this amendment clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.
 - *Definition of 'related party' (Amendment to PAS 24).* The definition of a 'related party' is extended to include a management entity that provides key management personnel (KMP) services to the reporting entity, either directly or through a group entity. For related party transactions that arise when KMP services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the KMP services. The reporting entity will also need to disclose other transactions with the management entity under the existing disclosure requirements of PAS 24 - e.g. loans.

Standards Issued but Not Yet Adopted

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2015. However, the Group has not applied the following new or amended standards in preparing these consolidated financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Group's consolidated financial statements.

Effective January 1, 2016

- *Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to PAS 16 and PAS 38)*. The amendments to PAS 38, *Intangible Assets* introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

The amendments to PAS 16, *Property, Plant and Equipment* explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset - e.g. changes in sales volumes and prices.

The amendments are effective for annual periods beginning on or after January 1, 2016, and are to be applied prospectively. Early application is permitted.

- *Equity Method in Separate Financial Statements (Amendments to PAS 27)*. The amendments allow the use of the equity method in separate financial statements, and apply to the accounting not only for associates and joint ventures, but also for subsidiaries.

The amendments apply retrospectively for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

- *Investment Entities: Applying the Consolidation Exception (Amendments to PFRS 10, PFRS 12 and PAS 28)* clarifies that:
 - A subsidiary that provides investment-related services should not be consolidated if the subsidiary itself is an investment entity.
 - The exemption from preparing consolidated financial statements for an intermediate held by an investment entity, even though the investment entity does not consolidate the intermediate.
 - When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.

The amendments are to be applied retrospectively for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

▪ *Disclosure Initiative (Amendments to PAS 1)* addresses some concerns expressed about existing presentation and disclosure requirements and to ensure that entities are able to use judgment when applying PAS 1. The amendments clarify that:

- Information should not be obscured by aggregating or by providing immaterial information.
- Materiality considerations apply to all parts of the financial statements, even when a standard requires a specific disclosure.
- The list of line items to be presented in the statement of financial position and statement of profit or loss and other comprehensive income can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.
- An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

The amendments are to be applied retrospectively for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

Effective January 1, 2018

▪ PFRS 9, *Financial Instruments (2014)*. PFRS 9 (2014) replaces PAS 39, *Financial Instruments: Recognition and Measurement* and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). PFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2013. PFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management.

The new standard is to be applied retrospectively for annual periods beginning on or after January 1, 2018 with early adoption permitted.

The Company is assessing the potential impact on its consolidated financial statements resulting from the application of PFRS 9.

Effective January 1, 2019

- PFRS 16, *Leases* supersedes PAS 17, *Leases* and the related Philippine Interpretations. The new standard introduces a single lease accounting model for lessees under which all major leases are recognized on-balance sheet, removing the lease classification test. Lease accounting for lessors essentially remains unchanged except for a number of details including the application of the new lease definition, new sale-and-leaseback guidance, new sub-lease guidance and new disclosure requirements. Practical expedients and targeted reliefs were introduced including an optional lessee exemption for short-term leases (leases with a term of 12 months or less) and low-value items, as well as the permission of portfolio-level accounting instead of applying the requirements to individual leases. New estimates and judgmental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgments at each reporting date were introduced.

- PFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier application is not permitted until the FRSC has adopted PFRS 15. The Company is currently assessing the potential impact of PFRS 16 and plans to adopt this new standard on leases on the required effective date once adopted locally.

Pending Approval of Local Adoption of PFRS 15 Revenue from Contracts with Customers

- PFRS 15, *Revenue from Contracts with Customers* replaces PAS 11, *Construction Contracts*, PAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue - Barter Transactions Involving Advertising Services*. The new standard introduces a new revenue recognition model for contracts with customers which specifies that revenue should be recognized when (or as) a company transfers control of goods or services to a customer at the amount to which the company expects to be entitled. Depending on whether certain criteria are met, revenue is recognized over time, in a manner that best reflects the company's performance, or at a point in time, when control of the goods or services is transferred to the customer. The standard does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other PFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other PFRS takes precedence.

However, the FRSC has yet to issue/approve this new revenue standard for local adoption pending completion of a study by the Philippine Interpretations Committee on its impact on the real estate industry. If approved, the standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

Deferral of the Local Implementation of Philippine Interpretation IFRIC 15 Agreements for the Construction of Real Estate

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate* applies to the accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. It provides guidance on the recognition of revenue among real estate developers for sales of units, such as apartments or houses, 'off plan'; i.e., before construction is completed. It also provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of PAS 11, *Construction Contracts*, or PAS 18 *Revenue*, and the timing of revenue recognition.

Financial Assets and Liabilities

The Group's financial assets and liabilities consist of cash and cash equivalents, accounts receivable, installment contract receivables, loans receivables, advances to joint venture, refundable deposits and construction bond, financial assets at FVPL, AFS financial assets, accounts payable and other payables (excluding payable to government agencies), due to related parties and subscriptions payable.

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

Initial Recognition of Financial Instruments. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The fair value of the consideration given or received is determined by reference to the transaction price or other market prices. If such market prices are not reliably determinable, the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rate of interest for similar instruments with similar maturities. The initial measurement of financial instruments, except for those designated at fair value through profit or loss (FVPL), includes directly attributable transaction cost.

The Group classifies its financial assets in the following categories: held-to-maturity (HTM) investments, AFS financial assets, financial assets at FVPL and loans and receivables. The Group classifies its financial liabilities as either financial liabilities at FVPL or other financial liabilities. The classification depends on the purpose for which the investments are acquired and whether they are quoted in an active market. Management determines the classification of its financial assets and financial liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date. The Company has no HTM investments as at December 31, 2015 and 2014.

Determination of Fair Value. The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and asking 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 the discounted cash flow method, comparison to similar instruments for which market observable prices exist, options pricing models and other relevant valuation models.

'Day 1' Profit. Where the transaction price in a non-active market is different from the fair value of the 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' profit) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where data used 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' profit amount.

Financial Assets

Financial Assets at FVPL. Financial assets at FVPL include financial assets held for trading and financial assets designated upon initial recognition at FVPL and those classified under this category through the fair value option. Derivative instrument (including embedded derivatives), except those covered by hedge accounting relationships, are classified under this category.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term.

Financial assets may be designated by management at initial recognition at FVPL or reclassified under this category through fair value option, when any of the following criteria is met:

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

The Group carries financial assets at FVPL using the fair values. Fair value changes and realized gains and losses are recognized as part of "Other income (charges)" in profit or loss. Any interest or dividend income is recognized as part of "Other income (charges)" in profit or loss when the right of payment has been established.

The Group's held for trading marketable equity and debt securities are classified under this category.

Loans and Receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments and maturities that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial asset or financial asset at FVPL.

Subsequent to initial measurement, loans and receivables are carried at amortized cost using the effective interest rate method, less any impairment in value. Any interest earned on loans and receivables shall be recognized as part of "Other income (charges)" in profit or loss on an accrual basis. Gains or losses are recognized in profit or loss when loans and receivables are derecognized or impaired, as well as through the amortization process.

The Group's cash and cash equivalents, installment contract receivables, accounts receivables, loans receivable, advances to a joint venture, and refundable deposits and construction bond are included in this category.

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

AFS Financial Assets. AFS financial assets are non-derivative financial assets that are either designated in this category or not classified under any of the other financial asset categories. Subsequent to initial recognition, AFS financial assets are carried at fair value or cost less impairment, when the equity instruments does not have a quoted market price in an active market and whose fair value cannot be reliably measured, in the consolidated statements of financial position. The effective yield component of AFS debt securities is reported in profit or loss. Any interest earned on AFS debt securities shall be recognized in profit or loss on an accrual basis. Dividends earned on holding AFS equity securities are recognized as "Dividend income" when the right of collection has been established. Any unrealized gains or losses for the period arising from the fair valuation of AFS financial assets are reported as part of other comprehensive income, while the accumulated unrealized gains or losses are reported as a separate component of the Group's equity. When individual AFS financial assets are either derecognized or impaired, the related accumulated unrealized gains or losses previously reported in equity are transferred to and recognized in profit or loss.

If an AFS financial asset is impaired, an amount comprising the difference between the cost (net of any principal payment and amortization) and its current fair value, less any impairment loss on that financial asset previously recognized in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as AFS financial assets are not recognized in profit or loss. Reversals of impairment losses on debt instruments are recognized in profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in profit or loss.

In the case of an unquoted equity instrument the amount of impairment loss is measured as the difference between the asset's carrying amount and the estimated recoverable amount using either the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset or other valuation techniques.

The Group's investments in unquoted equity instruments are classified under Available-for-sale financial asset.

Financial Liabilities

Other Financial Liabilities. This category pertains to non-derivative financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any premium or discount and any transaction costs that are considered an integral part of the effective interest rate of the liability.

The Group's accounts payable and accrued expenses (excluding payable to government agencies and customers' deposits), due to related parties and subscriptions payable are included in this category.

Derivative Financial Instruments. Derivative financial instruments (including bifurcated embedded derivatives) are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to profit or loss.

Derecognition of Financial Assets and Liabilities

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

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

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

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

When 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.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the separate statements 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. This is not generally the case with master netting agreements, and the related assets and liabilities are presented at gross in the separate statements of financial position.

Joint Arrangements

Joint Operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the PFRSs applicable to the particular assets, liabilities, revenues and expenses.

Joint Venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Interest in the joint venture is accounted using the equity method. It is recognized initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Inventories

Inventories are measured at the lower of cost and net realizable value (NRV).

Lots

This pertains to the remaining balance of the land and improvements which CCPC, a subsidiary, contributed to a joint operation with a third party. The third party is engaged in developing and marketing a real estate project. Cost of lots includes acquisition cost of the land plus other development costs. Costs represents price determined using "specific identification method".

Condominium Units and Parking Slots

This pertains to the share in the joint operation allocated by and between DM Consunji, Inc, (DMCI) and the Parent Company in respect of their memorandum of agreement (Note 28). The Parent Company used the cost of land contributed to the joint venture as cost of the inventory divided by the total square meters of the units and parking slots allocated. The Company used the cost of land contributed to the joint venture as cost of the inventory divided by the total square meters of the units and parking slots allocated. Costs represents price determined using "specific identification method".

Houses

Cost of houses includes cost of construction and other direct costs of bringing the asset to its intended purpose. Costs represents price determined using "specific identification method".

NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Medical Supplies

This pertains to the medical, laboratory and pharmacy supplies of FMCMI. Costs represents purchase price determined using first-in, first-out method.

NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Property and Equipment

Property and equipment are stated at cost net of accumulated depreciation and amortization and any impairment losses except for land. Land is carried at cost, less accumulated impairment losses. The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and amortization and impairment losses are removed from the accounts and any resulting gain or loss is recognized in profit or loss.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets.

Building and leasehold improvements are amortized over the estimated useful lives of the improvements of ten years or the term of the lease, whichever is shorter.

	Number of Years
Building	25 - 50
Building equipment	5
Building and leasehold improvements	10 or term of the lease, whichever is shorter
Medical equipment	5 - 7
Office equipment, furniture and fixtures	3 - 5
Transportation equipment	3 - 5

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The residual values and estimated useful lives of property and equipment are reviewed, and adjusted if appropriate, at each reporting date.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

Investment Properties

Investment properties consists of property held either to earn rental income, for capital appreciation or for future development. This is carried at cost including directly attributable transaction costs, less any impairment in value. Cost includes purchase price, commissions, taxes, licenses, and other direct costs of bringing the asset to its intended purpose. Subsequently, investment properties are carried at cost, less accumulated depreciation and accumulated impairment losses, if any.

Acquisition costs include capitalized other costs and expenses incurred to effect the transfer of title of the property to the Group.

Depreciation of commercial space, which is part of the investment properties, is computed using the straight-line method over the estimated useful life of the asset. The estimated useful life of the commercial space is 50 years.

Investment properties also include land held for future development consisting of raw land intended for future development. This includes acquisition costs and other costs and expenses incurred to effect the transfer of title of the property to the Group. These costs are reclassified to real estate inventories when the development of the properties start.

An investment property is derecognized when either the asset has been disposed of, or when it is permanently withdrawn from use and no future economic benefits is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal. When the use of a property changes such that it is reclassified as property and equipment, its carrying amount at the date of reclassification becomes its cost for subsequent accounting.

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

Impairment of Assets

Financial Assets. A financial asset is assessed at reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in profit or loss.

Assets Carried at Amortized Cost. If there is an objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. The financial assets, together with the associated allowance, are written-off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Group.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in 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 the collective assessment of impairment. For the purpose of specific evaluation of impairment, the Group assesses whether financial assets are impaired through assessment of collectibility of financial assets considering the debtor's capacity to pay, history of payment, and the availability of other financial support. For the purpose of collective evaluation of impairment, if necessary, financial assets group on the basis of such credit risk characteristics such as debtor type, payment history, past-due status and terms.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an extent occurring after the impairment was recognized, the previously recognized impairment loss is reversed, either directly or by adjusting an allowance account. Any subsequent reversal is recognized in profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost as at the reversal date.

Assets Carried at Cost. If there is objective evidence that an impairment loss is incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The carrying amount is reduced through the use of an allowance account.

AFS Financial Assets. Impairment losses on AFS financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss recognized previously in profit or loss. Changes in impairment losses attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired AFS debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss. However, any subsequent recovery in the fair value of an impaired AFS equity security is recognized in other comprehensive income.

Non-financial Assets. Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or cash-generating unit is written down to its recoverable amount.

The estimated recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's length transaction less the cost of disposal while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

Recovery of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The recovery is recorded in profit or loss. However, the increase in carrying amount of an asset due to a recovery of an impairment loss is recognized to the extent that it does not exceed the carrying amount that would have been determined (net of depreciation and amortization) had no impairment loss been recognized for that asset in prior years.

Equity

Capital Stock and Additional Paid-in Capital. Capital stock and capital in excess of par value are classified as equity. Incremental costs directly attributable to the issue of shares are recognized as a deduction from equity, net of any tax effect. When shares are sold at a premium, the difference between the proceeds and the par value is credited to "Additional Paid-in Capital" account.

Retained Earnings. Retained earnings includes cumulative balance of periodic profit/loss and reduced by dividends, if any, on capital stock. Dividends on capital stock are deducted from equity when they are declared by the Company's stockholders.

Retained earnings may also include prior year adjustments and the effect of changes in accounting policies as may be required by the standards' transitional provisions.

Operating Segments

The Group's operating segments 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/services and serves different markets. Financial information on operating segments is presented in Note 4 to the consolidated financial statements.

The measurement policies the Group uses for segment reporting under PFRS 8 are the same as those used in its consolidated financial statements. There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

The Group's Executive Committee regularly reviews the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Financial information on business segments is presented in Note 4.

Revenue and Cost Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group, the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably. Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied and services provided, excluding value-added tax (VAT) and discounts.

Real Estate Sales - Revenue from the sale of real estate is recognized to the extent that it is probable that the economic benefits will flow to the Group, the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Real estate sales are generally accounted for under the full accrual method. Under this method, revenue from the sale of real estate, including installment sales, is recognized when: (a) the collectability of the sales price is reasonably assured; (b) the earnings process is virtually complete; and (c) the seller does not have a substantial continuing involvement or obligations with the subject properties.

The collectability of the sales price is considered reasonably assured when a substantial portion of the contract price is received and continuing payment is made by the buyer giving the buyer a substantial stake in the property sufficient to motivate the buyer to fulfill its purchase commitment.

If the above criteria are not met, the deposit method is applied until all the conditions for recording a sale are met. Pending recognition of sale, cash received from buyers are presented under the "Customers' deposits" under the "Accounts payable and accrued expenses" account in the consolidated statements of financial position.

Sale of Services. Revenue is recognized when the performance of contractually agreed procedures have been rendered. Revenues from clinic services are shared proportionately as agreed upon by the Group and the doctors and physicians.

Sale of Goods. Revenue is recognized when the title to inventories passes to the buyer.

Interest - Income is recognized as the interest accrues, taking into account the effective yield on the asset.

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

Rental Income - Income is recognized by the Group on a straight-line basis over the lease term.

Cost and expenses are recognized in profit or loss upon receipt of goods or, utilization of the service, consumption of goods or at the date these are incurred.

Operating Lease

Group as Lessor. Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Rent income from operating leases is recognized as income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as rent income. Contingent rents are recognized as income in the period in which they are earned.

Group as Lessee. Leases which do not transfer to the Group 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 on a straight-line basis over the lease term. Associated costs such as maintenance and insurance are expensed as incurred.

Business Combination

Business combinations are accounted for using the acquisition method of accounting as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost a business combination over the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

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

Impairment is determined by assessing the recoverable amount of the cash-generating unit or group of cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating unit or group of cash-generating units is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a cash-generating unit or group of cash-generating units and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained. An impairment loss with respect to goodwill is not reversed.

Negative goodwill which is the excess of the Group's interest in the net fair value of acquired identifiable assets, liabilities and contingent liabilities over cost is credited directly to profit or loss.

Noncontrolling Interests

The acquisitions of noncontrolling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result of such transactions. Any difference between the purchase price and the net assets of acquired entity is recognized in equity. The adjustments to noncontrolling interests are based on a proportionate amount of the net assets of the subsidiary.

Transactions that result in changes in ownership interests while retaining control are accounted for as transactions with equity holders in their capacity as equity holders. No gain or loss on such changes is recognized in profit or loss; instead, it is recognized in equity. Also no change in the carrying amounts of assets (including goodwill) or liabilities is recognized as a result of such transactions.

Foreign Currency Transactions and Translations

The Group's consolidated financial statements are presented in Philippine peso, which is also the Parent Company's functional currency. Transactions in foreign currencies are initially recorded using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated at the functional currency rate of exchange at reporting date. All differences are taken to profit or loss. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Foreign currency gains and losses are recognized on a net basis in profit or loss.

Defined Benefit Plan

The Group has an unfunded retirement liability based on the provisions of Republic Act (R.A.) No. 7641, *The Philippine Retirement Law*, covering substantially all of its employees. The Group's net obligation in respect of the defined benefit plan is calculated by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed on a periodic basis by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognized immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability, taking into account any changes in the net defined liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss.

The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Share-based Payments

The Parent Company grants share-based payments to the qualified directors and executive officers of the Group. These transactions are accounted for as equity settled share-based payments.

Income Taxes

Income tax expense comprises of current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly to equity or in other comprehensive income.

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates used to compute the amount are those that are enacted or substantively enacted at reporting date.

Deferred Tax. Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits - Minimum Corporate Income Tax (MCIT) and unused tax losses - Net Operating Loss Carry Over (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of MCIT and NOLCO can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at reporting date. Deferred tax assets and deferred tax liabilities are offset, if there is a legally enforceable right to offset current tax assets against current tax liabilities and they relate to income taxes levied by the same tax authority.

Value-added Tax (VAT). Revenues, expenses and assets are recognized net of the amount of VAT, except:

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

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Provisions

Provisions are recognized only when the Group has: (a) a present obligation (legal or constructive) as a result of past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain.

Contingencies

Contingent liabilities are not recognized in the financial statements. They 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 are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Earnings Per Share

Earnings per share is computed by dividing net income or loss for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of common shares outstanding during the year, after retroactive adjustment for stock dividend declared in the current year, if any.

The Group has no dilutive potential common shares outstanding that would require disclosure of diluted earnings per share in the consolidated statements of comprehensive income.

Events After the Reporting Date

Post year-end events that provide additional information about the Group's position at the end of reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. Operating Segments

Business Segments

For management purposes, the Group is organized into three major business segments, namely real estate, healthcare services and investment holdings. These are also the basis of the Group in reporting its primary segment information.

- (a) The real estate segment involves acquisition of land, planning and developing residential communities such as development and sale of condominium units and parking slots, residential lots and housing units.
- (b) Healthcare services is involved in delivering outpatient health care service through ambulatory care centers. This includes the sale of goods and services.
- (c) The investment holding creates project investments and later disposes these investments after creating value. This also includes acquisition and sale of equity securities. Included in this segment are the Group's transactions on investments in associates and trading of financial assets at fair value through profit and loss.

Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist principally of cash, installment contract receivables, trade receivables, inventories, property and equipment and investment properties. Segment liabilities include all operating liabilities and consist principally of accounts payable and accrued expenses and due to related parties.

Geographical Areas

The Groups' real estate and healthcare services business segments are located in the Philippines.

Major Customer

The Group does not have a single external customer from which sales revenue generated amounted to 10% or more of the total revenues of the Group.

The following tables present revenue and profit information regarding business segments of the Group for the years ended December 31, 2015 and 2014 and 2013 and certain assets and liability information regarding industry segments at December 31, 2015, 2014 and 2013 (in thousands).

	Year Ended December 31, 2015				
	Real Estate	Healthcare Services	Investment Holdings	Elimination	Total
REVENUES					
External revenue	P151,445	P46,489	P541	P -	P198,475
Intersegment revenue	-	-	541	(P6,783)	(6,783)
	P151,445	P46,489	P541	(P6,783)	P191,962
RESULTS					
Segment results	P19,440	P901	(P874)	P310	P19,777
Interest income	2,602	16	-	-	2,618
Change in fair value of financial assets at FVPL	(2,708)	-	-	-	(2,708)
Income tax expense	(6,163)	(1,226)	-	-	(7,389)
Net Income	P13,171	(P309)	(P874)	P310	P12,298
ASSETS AND LIABILITIES					
Segment assets	P2,178,671	P33,690	P99,468	(P398,256)	P1,917,094
Intangible assets	-	-	21,741	-	21,741
Total Assets	P2,178,671	P33,690	P121,209	(P398,256)	P1,938,835
Segment Liabilities	P213,821	P17,031	P78,962	(P124,116)	P205,698
OTHER SEGMENT INFORMATION					
Depreciation and amortization	P11,473	P1,772	P1,059	P -	P14,304
Capital expenditure in property and equipment	5,777	790	-	-	6,567
Capital expenditure in investment property	13,640	-	-	-	13,640
Investment and advances in a joint venture - net	569,753	-	17,843	(353,158)	234,438

	Year Ended December 31, 2014				
	Real Estate	Healthcare Services	Investment Holdings	Elimination	Total
REVENUES					
External revenue	P142,687	P52,364	P -	P -	P195,051
Intersegment revenue	8,843	-	-	(8,843)	-
	P151,530	P52,364	P -	(P8,843)	P195,051
RESULTS					
Segment results	P32,983	(P4,384)	(P4,733)	P4,486	P28,352
Interest income	-	-	1,402	-	1,402
Change in fair value of financial assets at FVPL	-	-	836	-	836
Income tax expense	-	-	-	-	(10,161)
Net Income	P32,983	(P4,384)	(P2,495)	P4,486	P20,429
ASSETS AND LIABILITIES					
Segment assets	P2,147,972	P36,437	P95,854	(P362,032)	P1,918,231
Intangible assets	-	-	21,741	-	21,741
Total Assets	P2,147,972	P36,437	P117,595	(P362,032)	P1,939,972
Segment Liabilities	P237,021	P15,002	P78,962	(P120,059)	P210,926
OTHER SEGMENT INFORMATION					
Depreciation and amortization	P9,986	P5,263	P -	P -	P15,249
Capital expenditure in property and equipment	6,323	969	-	-	7,292
Capital expenditure in investment property	1,209	-	-	-	1,209
Investment and advances in a joint venture - net	569,753	-	17,843	(353,158)	234,438

	Year Ended December 31, 2013				
	Real Estate	Healthcare Services	Investment Holdings	Elimination	Total
REVENUES					
External revenue	P75,489	P56,543	P -	P -	P132,032
Intersegment revenue	14,324	-	-	(14,324)	-
	P89,813	P56,543	P -	(P14,324)	P132,032
RESULTS					
Segment results	(P6,021)	(P2,778)	(P2,754)	P19,366	P7,813
Interest income	-	-	2,690	-	2,690
Change in fair value of financial assets at FVPL	-	-	(4,245)	-	(4,245)
Income tax expense	-	-	-	-	(3,889)
Net Income	(P6,021)	(P2,778)	(P4,309)	(P19,366)	P39,606
ASSETS AND LIABILITIES					
Segment assets	P2,924,551	P210,856	P111,996	(P1,381,295)	P1,866,108
Intangible assets	-	-	21,741	-	21,741
Total Assets	P2,924,551	P210,856	P133,737	(P1,381,295)	P1,887,849
Segment Liabilities	P647,771	P235,899	P141,687	(P829,616)	P195,741
OTHER SEGMENT INFORMATION					
Depreciation and amortization	P10,233	P5,401	P -	P -	P15,634
Capital expenditure in property and equipment	774	1,058	-	-	1,832
Capital expenditure in investment property	2,381	-	-	-	2,381
Investment and advances in a joint venture - net	1,349,182	145,751	56,835	(1,317,330)	234,438

5. Noncontrolling Interests

The following table summarizes the information relating to each of the Group's subsidiaries that has NCI, before any intra-group elimination.

	December 31, 2015				Intra-group Elimination	Total
	HSAPI	FMCFMI	CCPC	PLHI		
NCI percentage	3%	3%	52%	25%		
Current assets	P110,399	P20,996,365	P197,549,579	P147,068		
Noncurrent assets	99,357,454	12,693,872	22,863,032	277,518,000		
Current liabilities	(78,962,328)	(12,578,431)	(50,284,362)	(6,834,331)		
Noncurrent liabilities	-	(4,452,471)	-	-		
Net assets (liabilities)	20,505,525	16,659,336	170,128,248	270,830,738		
Share in net assets (liabilities)	615,166	499,780	88,466,689	68,037,841		
Additional capitalization	-	-	-	841,626		
Carrying amount of NCI	615,166	499,780	88,466,689	68,879,467	(P499,780)	P157,961,322
Revenue	541,108	46,488,828	39,579,558	-		
Net income (loss)	(873,301)	(309,587)	11,642,151	(295,203)		
Other comprehensive income	104,018	104,018	-	-		
Total comprehensive income (loss)	(873,301)	(309,587)	11,642,150	(295,203)		
Profit allocated to NCI	(26,199)	(9,288)	6,053,919	(73,801)	9,288	5,953,919
Other comprehensive income allocated to NCI	3,121	3,121	-	-	(3,121)	3,121
Cash flows from operating activities	467,152	2,222,012	22,252,926	(398,391)		
Cash flows from investing activities	(83,000)	(1,221,237)	(22,758)	-		
Cash flows from financing activities	(384,001)	273,561	(21,430,337)	398,391		
Net increase in cash and cash equivalents	P151	P1,274,336	P799,830	P -		

	December 31, 2014				Intra-group Elimination	Total
	HSAPI	FMCFMI	CCPC	PLHI		
NCI percentage	3%	3%	52%	25%		
Current assets	P82,368	P19,958,179	P200,757,713	P43,880		
Noncurrent assets	100,258,786	16,478,931	24,631,872	277,518,000		
Current liabilities	(78,962,328)	(15,002,031)	(66,673,150)	(6,547,428)		
Noncurrent liabilities	-	(4,570,175)	-	-		
Net assets (liabilities)	21,378,826	16,864,904	158,716,435	271,014,452		
Share in net assets (liabilities)	4,301,815	478,963	82,217,491	67,936,571		
Additional capitalization	-	-	-	(2,451,595)		
Carrying amount of NCI	4,301,815	478,963	82,217,491	65,484,976	(P478,963)	P152,004,282
Revenue	-	52,126,554	22,705,262	-		
Net income (loss)	(4,708,583)	(4,487,122)	3,397,221	(405,078)		
Other comprehensive income	674,872	674,872	-	-		
Total comprehensive income (loss)	(4,033,711)	(3,812,250)	3,397,221	(405,078)		
Profit allocated to NCI	(133,723)	(108,268)	1,766,555	(101,270)	108,268	1,531,562
Other comprehensive income allocated to NCI	(174,691)	(174,691)	-	-	174,691	(174,691)
Cash flows from operating activities	24,763	2,222,012	23,798,312	(405,078)		
Cash flows from investing activities	-	(1,221,237)	(982)	-		
Cash flows from financing activities	-	273,561	(31,540,184)	405,078		
Net increase in cash and cash equivalents	P24,763	P1,274,336	(P7,742,854)	P -		

December 31, 2013						
	HSAPI	FMCFMI	CCPC	PLHI	Intra-group Elimination	Total
NCI percentage	26%	26%	52%	25%		
Current assets	P57,605	P18,798,139	P227,627,283	P43,880		
Noncurrent assets	111,241,722	43,365,123	26,128,906	277,518,000		
Current liabilities	(128,716,104)	(149,776,467)	(98,436,974)	(6,142,350)		
Noncurrent liabilities	(12,500,000)	(4,431,229)	-	-		
Net assets (liabilities)	(29,916,777)	(92,044,434)	155,319,215	271,419,530		
Share in net assets (liabilities)	(7,558,914)	(23,925,797)	80,450,936	68,037,841		
Additional capitalization	-	-	-	2,451,595		
Carrying amount of NCI	(7,558,914)	(23,925,797)	80,450,936	70,489,436	P23,925,797	P143,381,458
Revenue	-	56,758,592	32,419,386	-		
Net income (loss)	(3,319,584)	(3,312,920)	6,906,737	(307,936)		
Other comprehensive income	837,036	837,036	-	-		
Total comprehensive income (loss)	(2,482,548)	(2,475,884)	6,906,737	(307,936)		
Profit allocated to NCI	(863,092)	(861,359)	3,591,504	(76,984)	861,359	2,651,428
Other comprehensive income allocated to NCI	217,629	217,629	-	-	(217,629)	217,629
Cash flows from operating activities	(6,664)	1,680,225	13,519,460	(307,936)		
Cash flows from investing activities	6,779	(1,058,479)	(18,583)	-		
Cash flows from financing activities	-	(6,780)	(4,500,000)	307,936		
Net increase in cash and cash equivalents	P115	P614,966	P9,000,877	P -		

6. Cash and Cash Equivalents

This account consists of:

	Note	2015	2014
Cash on hand		P58,497	P71,500
Cash in banks		51,651,792	106,589,544
Short-term investments		152,300,000	95,950,000
	32, 33	P204,010,289	P202,611,044

Cash in banks earn interest based on daily bank deposit rates. Short-term investments are made for varying periods of between 30 to 35 days and earn effective annual interest ranging from 0.45 to 1.52% in 2015, 0.75 to 0.88% in 2014, and 1.0% to 1.7% in 2013. Total interest earned on cash in banks and short-term investments in 2015, 2014, and 2013 amounted to P2,617,929, P1,420,044 and P2,690,259 respectively (Note 26).

7. Financial Assets at Fair Value through Profit or Loss

This account consists of marketable equity and debt securities. The equity securities are listed and traded in the PSE, while the debt securities are government instruments. The fair value of the marketable equity securities amounted to P29,084,854 and P19,676,939 as of December 31, 2015 and 2014, respectively. The fair value of the debt securities amounted to P2,866,778 and P2,761,702 as at December 31, 2015 and 2014, respectively. The fair values have been determined based on closing bid prices at reporting date.

The Group recognized an increase (decrease) of (P2,708,098), P836,415 and (P4,245,311) in fair value of these financial assets in 2015, 2014, and 2013, respectively (Note 26). Actual gains realized from the sale of these securities amounted to P2,383,973, P1,159,554, and P5,898,813, in 2015, 2014 and 2013, respectively (Note 26).

8. Available-for-Sale Financial Asset

The available-for-sale financial asset consists of the Parent Company's investment in the unquoted shares of stock of Asian Alliance Holdings & Development Corp. (AAHDC).

In 2014, the Company bought additional shares of stock of AAHDC from Asian Alliance Investment Corporation, a wholly owned subsidiary of AAHDC, for P6,594,150 to be paid from the future dividends from AAHDC. The outstanding balance on the said transaction was presented under 'Accounts and other payables' in the consolidated statement of financial position.

Dividend income from AAHDC amounted to P7,200,371 in 2014.

The 2014 balance was reclassified from current assets to noncurrent assets to conform with the 2015 presentation. Management does not have any plans to sell or dispose the shares twelve months after December 31, 2015.

9. Installment Contract Receivables

Installment contract receivables pertain to real estate sales. These are collectible in various installment periods between 1 to 12 years and earn interest per annum based on contract. Interest income earned in 2015, 2014, and 2013 amounted to P14,485,829, P8,149,438, and P9,581,365, respectively.

The breakdown of installment contract receivables by contractual maturity dates follows:

	<i>Note</i>	2015	2014
Due in one year or less		P17,829,446	P17,864,864
Due after one year		52,213,086	50,630,188
	32, 33	P70,042,532	P68,495,052

Impairment losses on installment contract receivables amounted to P2,869,901 in 2015.

10. Accounts Receivables

This account consists of:

	Note	2015	2014
Due from project developers	28	P24,207,082	P10,903,642
Receivables on patient services		19,728,284	18,598,332
Receivables from buyers		3,843,843	4,232,679
Rent receivables		2,480,199	4,089,080
Interest receivables		1,536,419	114,840
Receivable from Guild Securities, Inc. (GSI)	21	43,010	18,760
Others		4,393,284	4,276,400
		56,232,121	42,233,733
Less allowance for impairment		10,555,243	10,555,243
	32, 33	P45,676,878	P31,678,490

Receivables on patient services are normally due within 30 to 60 days, unsecured and do not bear any interest. The aging of trade receivables follow:

	2015		2014	
	Gross Amount	Impairment	Gross Amount	Impairment
Current	P10,401,259	P -	P2,590,906	P -
Past due 1-120 days	1,071,445	-	3,742,045	-
More than 120 days	8,255,580	10,183,116	12,265,381	10,183,116
	P19,728,284	P10,183,116	P18,598,332	P10,183,116

Due from project developers relate to collections of installment contract receivables which are not yet remitted to the Group by the project developers (Note 28).

Receivable from real estate buyers include among others the real property taxes paid by the Company chargeable to the buyers.

Others consist of receivable from employees, contractors and suppliers.

11. Inventories

Inventories are stated at cost and consist of:

	2015	2014
Real Estate		
Houses and lots	P159,540,601	P177,269,653
Condominium units and parking slots	25,760,240	27,925,666
Healthcare		
Medical supplies	1,188,540	1,436,683
	P186,489,381	P206,632,002

Certain houses and lots pertain to units in Palma Real Residential Estates under a joint operation arrangement with Sta. Lucia Realty and Development, Inc. (SLRDI) (Note 28). The movements in houses and lots inventories follow:

	<i>Note</i>	2015	2014
Balance at beginning of year		P177,269,653	P178,918,468
Recovery from cancelled contracts		1,055,350	1,239,526
Construction costs		19,276,267	14,269,429
		197,601,270	194,427,423
Cost of houses and lots sold	23	(38,060,669)	(17,157,770)
Balance at end of year		P159,540,601	P177,269,653

Condominium units and parking slots pertain to the units in the Cypress Towers Project under a joint operation arrangement with D.M. Consunji, Inc. (DMCI) (Note 28). The movements in condominium units and parking slots follow:

	<i>Note</i>	2015	2014
Balance at beginning of year		P27,925,666	P26,586,207
Additional rectification costs		696,093	109,024
Recovery from cancelled accounts		-	4,870,272
		28,621,759	31,565,503
Cost of condominium units and parking slots sold	23	(2,861,519)	(3,639,837)
Balance at end of year		P25,760,240	P27,925,666

Medical supplies charged to cost of services amounted to P6,557,176, P7,440,698 and P8,199,465 in 2015, 2014 and 2013, respectively (Note 23).

12. Loans Receivable

- a) On July 3, 2013, the Parent Company entered into a Loan and Security Agreement (the "Agreement") with Platinum 168, Inc. (the "Borrower"), wherein the former granted a loan facility to the latter amounting to P50,000,000 for the purpose of working capital and to refinance the existing loan of another party (the "Loan Beneficiary") with a bank. A full drawdown on the loan facility was made in 2014. The interest rate is 10% on the first year and 11% on the succeeding years. The loan shall have a term of seven (7) years inclusive of two (2) years grace period on the principal from drawdown date, payable in sixty (60) consecutive monthly principal installments commencing on the third year after the drawdown date. The loan is fully secured by the Borrower's real estate and other properties. Interest income earned from the loan amounted to P6,075,090, P5,843,127 and P1,998,194 in 2015, 2014 and 2013, respectively.

As a precondition for the grant of the loan and security for the payment thereof, the Borrower grants the Parent Company an option to convert the loan into the common shares of stock of the Loan Beneficiary based on a strike price provided in the Agreement.

The Parent Company can exercise the option anytime within seven years commencing from the drawdown date as defined in the Agreement.

- b) On July 14, 2015, the Parent Company entered into a Exchangeable Loan Agreement (the "Exchangeable Agreement") with Premiere Alliance Corporation ("Alliance"), wherein the former granted an unsecured loan facility to the latter amounting to P10,000,000 for the purpose of acquisitions and expansion projects. A full drawdown on the loan facility was made during the year. The loan has an annual interest rate of 8% and a term of three (3) years from the date of drawdown. Interest income earned from the loan amounted to P428,889 in 2015.

The loan has exchangeable future which can be converted into the common shares of stock at an exchange price of One peso (P1.00) per shares based on the Exchangeable Agreement.

13. Investment in and Advances to a Joint Venture

This account consists of investment and advances in SLPI:

Investment	P100,000,000
Accumulated equity in net losses	(100,000,000)
	-
Advances	1,436,026
Deposits for future stock subscriptions	233,002,530
	P234,438,556

*The fair value of the investment of the property is based on the unaudited financial statements of SLPI.

The breakdown of the Group's advances to joint venture and deposits for future stock subscriptions follows:

	Amount	Allowance for Impairment	Net Amount
Advances	P1,436,026	P -	P1,436,026
Deposits for future stock subscription	317,688,141	(84,685,611)	233,002,530
	P319,124,167	(P84,685,611)	P234,438,556

SLPI holds a substantial investment property. The recoverability of the investment property with fair value of P964,843,000* and P750,433,600 as at December 31, 2015 and 2014, respectively, is dependent upon the ability of SLPI to successfully execute and implement its projects and, ultimately, to attain profitable operations. The joint venture measures its investment property using fair value method. In applying uniformity of accounting policy, the Group did not recognize its share in net income of the joint venture since it arises from the increase in fair value of investment property.

The accumulated unabsorbed net income of the joint venture amounted to P86,497,918 P20,115,660 as at December 31, 2015 and 2014, respectively. This pertains to the changes in fair value of the investment property, net of tax. Therefore, to be consistent with Group policy of carrying the investment property at cost, the Company does not recognize the changes in FV of the investment property.

The following summarizes the financial position and financial performance of the joint venture:

	2015*	2014**
Percentage ownership		50%
Current assets	P4,504,000	P3,327,204
Noncurrent assets	964,843,000	750,433,600
Current liabilities	131,641,918	113,143,058
Noncurrent liabilities	749,026,646	684,703,826
Net assets (liabilities)	P88,678,436	(P44,086,080)
Increase in fair value of investment property	214,410,900	P1,093
Income tax	64,323,120	(219)
Income (loss) or total comprehensive income (loss)	141,316,241	(6,792,682)
Total comprehensive income (loss)	141,316,241	(P6,792,682)
Group's share in total comprehensive income (loss)	P75,043,890	(P3,396,341)

*unaudited
**audited

The following summarizes the reconciliation of carrying amount of interest in joint venture to carrying value:

	2015	2014
Net liabilities	P88,678,436	(P44,086,080)
Subscription receivable	84,317,400	84,317,400
Adjusted net assets	172,995,836	40,231,320
Multiply by share in net assets	50%	50%
Share in adjusted net assets	86,497,918	20,115,660
Unabsorbed net income	(86,497,918)	(20,115,660)
Carrying value of interest in joint venture	P -	P -

14. Goodwill

The goodwill is attributed to the Group's acquisition of control over HSAPI and FMCMI. Based on management's assessment of the goodwill, it is not impaired since the recoverable amount of the related net assets of HSAPI and FMCMI for which the goodwill was attributed still exceeds its carrying amount, including goodwill, as at December 31, 2015 and 2014.

The recoverable amount of goodwill has been determined based on a valuation using cash flow projections covering a five-year period based on long range plans approved by management. Cash flows beyond the five-year period are extrapolated using a constant growth rate determined per individual cash-generating unit. This growth rate is consistent with the long-term average growth rate for the industry. The discount rate applied to after tax cash flow projections is 8% in 2015 and 2014. The discount rate also imputes the risk of the cash-generating units compared to the respective risk of the overall market and equity risk premium.

15. Property and Equipment

The movements in this account are as follows:

	Note	Land	Building and Building Equipment	Building and Leasehold Improvements	Medical Equipment	Office Equipment, Furniture and Fixtures	Transportation Equipment	Total
Gross Carrying Amount								
January 1, 2014		P120,132,721	P160,740,797	P18,304,954	P55,442,125	P24,418,355	P19,717,492	P398,756,444
Additions		-	241,670	-	736,234	6,314,428	-	7,292,332
Others		-	251,858	-	-	-	-	251,858
December 31, 2014		120,132,721	161,234,325	18,304,954	56,178,359	30,732,783	19,717,492	406,300,634
Additions		-	1,464,288	-	612,724	293,182	4,196,429	6,566,623
Disposals		-	-	-	(50,000)	-	(2,568,750)	(2,618,750)
December 31, 2015		120,132,721	162,698,613	18,304,954	56,741,083	31,025,965	21,345,171	410,248,507
Accumulated Depreciation and Amortization								
January 1, 2014		-	18,610,646	6,975,756	49,258,290	21,885,497	9,775,042	106,505,231
Depreciation and amortization	23, 24	-	4,791,699	1,790,192	2,288,193	2,238,866	3,464,655	14,573,605
December 31, 2014		-	23,402,345	8,765,948	51,546,483	24,124,363	13,239,697	121,078,836
Depreciation and amortization	23, 24	-	4,555,647	1,293,826	2,068,110	1,964,985	3,919,676	13,802,244
Disposal		-	-	-	(50,000)	-	(2,455,291)	(2,505,291)
December 31, 2015		-	27,957,992	10,059,774	53,564,593	26,089,348	14,704,082	132,375,789
Carrying Amount								
December 31, 2014		P120,132,721	P137,831,980	P9,539,006	P4,631,876	P6,608,420	P6,477,795	P285,221,798
December 31, 2015		P120,132,721	P134,740,621	P8,245,180	P3,176,490	P4,936,617	P6,641,089	P277,872,718

Part of the building is used as the administrative office of the Parent Company and the other areas are held for lease. Depreciation and amortization expense included as part of cost of services amounted to P2,068,110, P2,288,194, and P2,321,580 in 2015, 2014 and 2013, respectively (Note 23) while charged to operating expenses amounted to P11,734,135, P12,285,411, and P12,665,985 in 2015, 2014 and 2013, respectively (Note 24).

16. Investment Properties

The Group's investment properties pertain to several parcels of land located in Taguig, Batangas and Bulacan and a commercial space in Cypress Towers which are held for future development.

The fair values of the parcels of land are as follows:

Location	Appraisal Date	Fair Value
Taguig City, Metro Manila	January 5, 2015	P569,475,000
Sto. Tomas, Batangas	January 5, 2015	*257,906,700
San Jose del Monte, Bulacan	January 5, 2015	323,140,000

*Inclusive of the parcel of land sold in 2015 for P20,189,555 million.

As at December 31, 2015 and 2014, the Group's fair value of investment properties is categorized under Level 3.

Aggregate fair value of the investment properties based on the selling prices of comparable assets in the area as well as based on the appraisal values of the parcels of land, as determined by an independent appraiser with relevant professional qualification and has recent experience in the location and category is P1,150.5 million as at December 31, 2015 and 2014, respectively.

The Group uses the cost model in determining the valuation of investment properties. The cost of the property consists of the purchase price, commissions, taxes, licenses, and other directly attributable cost of bringing the asset to its intended purpose. The movement in the carrying amount of investment properties and land held for future development is shown below:

	Note	2015	2014
Cost			
Balance at beginning of year		P769,796,991	P801,375,211
Additions and capitalized expenditures		13,640,140	1,209,170
Disposal	23	(20,189,556)	(30,068,340)
Write-off		-	(2,719,050)
Balance at end of year		763,247,575	769,796,991
Allowance for Impairment		(63,783,573)	(63,783,573)
Accumulated Depreciation			
Balance at beginning of year		(2,489,950)	(1,814,609)
Depreciation for the year	24	(1,560,230)	(675,341)
Balance at end of year		(4,050,180)	(2,489,950)
		P695,413,822	P703,523,468

Impairment loss recognized in 2014 amounted to P2,197,072 (Note 26).

The unpaid balance on the acquisition of land of P16,851,530 as at December 31, 2015 and 2014, is included in "Accounts payable" under the "Accounts payable and accrued expenses" account in the consolidated statements of financial position (Note 18). The liability is non-interest bearing and payable upon issuance of new titles by Register of Deeds. As at December 31, 2015 and 2014, some of the parcels of land are still in the process of being titled in the name of the respective subsidiaries.

The investment property subject to depreciation pertains to the cost of building own by HSAPI. The building was previously owned by FMCMI and was transferred to the Company on December 29, 2014 as a settlement on FMCMI's return of capital approved by SEC amounting to P22,963,937.

17. Other Current and Noncurrent Assets

Other current assets consist of:

	2015	2014
Input VAT	P35,560,176	P38,201,015
Prepaid taxes	15,717,930	12,539,739
Prepaid commission	3,560,176	2,059,842
Refundable deposits	591,934	1,024,110
Prepaid insurance	868,680	860,880
Construction bond	161,900	141,900
Others	399,444	588,868
	P56,860,240	P55,416,354

Input VAT arises from the purchase of investment property, construction costs and of other purchases of goods and services.

Prepaid taxes pertain to prepaid real property taxes, creditable withholdings taxes and prior year excess tax credits.

Other noncurrent assets consist of:

	2015	2014
Investment in a business venture	P2,927,567	P4,442,867
Refundable deposits	1,640,693	1,222,956
Input VAT - net of current portion	1,353,620	1,888,204
Others	1,108,165	573,580
	P7,030,045	P8,127,607

18. Accounts and Other Payables

This account consists of:

	<i>Note</i>	2015	2014
Accounts payable	16	P61,375,368	P65,719,286
Customers' deposits		30,133,756	36,164,778
Accrued expenses		23,855,082	21,937,776
Payable to government agencies		4,953,306	4,093,731
Deposits for document processing		8,476,598	8,476,598
Due to GCV management		6,012,633	6,012,633
Payable to officers and employees		608,579	549,386
	32, 33	P135,415,322	P142,954,188

Accounts payable is non-interest bearing and normally have a 30 to 60-day terms.

Customers' deposits represent the Group's accumulated collections from unrecognized sales under the full accrual method.

Accrued expenses consist mainly of accrued physician's fees, commission payable and accruals for titling and registration of land.

19. Subscriptions Payable

As at December 31, 2015 and 2014, subscriptions payable amounting to P42,158,700 refers to the unpaid subscription of the Parent Company to SLPI, a joint venture.

20. Capital Stock

This account consists of:

	2015		2014	
	Number of Shares	Amount	Number of Shares	Amount
Common Stock Authorized - P0.10 par value	24,000,000,000	P2,400,000,000	24,000,000,000	P2,400,000,000
Subscribed and Paid-up				
Subscribed	18,415,232,430	P1,841,523,243	18,415,232,430	P1,841,523,243
Subscriptions receivable	(119,640,900)	(11,964,090)	(148,889,800)	(14,888,980)
Treasury stocks	(4,815,232,470)	(481,523,247)	(4,815,232,470)	(481,523,247)
	13,480,359,060	P1,348,035,906	13,451,110,160	P1,345,110,016

21. Related Party Transactions

Other than those disclosed in Notes 10, 13, 14 and 19, the Group's significant transactions and balances with related parties as of and for the years ended December 31, 2015 and 2014, respectively, are as follows:

Category/Transaction	Year	Note	Amount of the Transaction	Due from Related Parties	Due to Related Parties	Terms	Conditions
Under Common Control							
Solid Shares Holdings, Inc. (SSHI)							
Expense reimbursements and financing	2015	a	P -	P -	P15,114,650	Non-interest bearing; payable upon demand	Unsecured
	2014	a	-	-	25,714,650		
Greenfield Development Corp.							
Expense reimbursements	2015		-	-	98,237	Non-interest bearing; payable upon demand	Unsecured
	2014		-	-	98,237		
Stockholder							
Guild Securities, Inc. (GSI)							
Commissions and receivables	2015	b	52,292	43,010	-	Non-interest bearing; payable upon demand	Unsecured; no impairment
	2014	b	51,567	18,760	-		
	2015		P52,292	P43,010	P15,212,887		
	2014		P51,567	P18,760	P25,812,887		

- a. Payable to SSHI consists of financing for the acquisition and development of the land in Biñan, Laguna and expense reimbursements of CCPC.

- b. GSI, a stockholder, is also the Parent Company's broker in its trading of financial assets at FVPL. In 2015, 2014, and 2013, commissions charged by GSI amounted to P52,292, P51,567, and P18,760, respectively. The said commission is included in the other operating expenses of the Company (Note 24).
- c. Salaries and other benefits given to key management personnel amounted to P8,138,211 and P7,765,637 in 2015 and 2014, respectively.

22. Real Estate Sales

This account consists of:

	2015	2014	2013
Sale of houses and lots	P114,059,791	P105,271,753	P32,025,145
Sale of condominium units and parking slots	2,868,274	10,835,893	23,647,678
	P116,968,065	P116,107,646	P55,672,823

23. Cost of Sales

This account consists of:

	2015	2014	2013
Cost of real estate sales	P61,111,744	P50,865,947	P26,254,053
Cost of services	18,774,729	22,542,027	24,524,534
Cost of goods sold	179,040	258,435	340,904
	P80,065,513	P73,666,409	P51,119,491

Cost of real estate sales consists of:

	Note	2015	2014	2013
Cost of houses and lots sold	11	P38,060,669	P17,157,770	P17,921,397
Cost of condominium units and parking slots sold	11	2,861,519	3,639,837	8,332,656
Cost of Batangas property sold	16	20,189,556	30,068,340	-
		P61,111,744	P50,865,947	P26,254,053

Cost of services consists of:

	Note	2015	2014	2013
Salaries and employee benefits	25	P6,910,713	P8,837,237	P9,459,844
Medical supplies	11	6,577,176	7,440,698	8,199,465
Depreciation	15	2,068,110	2,288,194	2,321,580
Outside services		675,845	-	-
Others		2,542,885	3,975,898	4,543,645
		P18,774,729	P22,542,027	P24,524,534

Others mainly consist of utilities and on site medical cost and various expenses that are individually insignificant.

24. Operating Expenses

This account consists of:

	Note	2015	2014	2013
Salaries and employee benefits	25	P29,331,606	P28,020,757	P28,522,642
Depreciation and amortization	15, 16	13,294,365	12,960,752	13,312,410
Taxes and licenses		6,393,492	5,623,174	6,064,102
Commission	28	6,191,132	3,114,292	3,544,604
Directors' fees		4,962,556	6,774,891	1,634,444
Outsourced services		4,891,362	4,507,721	4,278,902
Meetings and seminars		4,379,054	4,280,571	3,379,105
Professional fees		4,252,419	4,141,492	2,568,505
Transportation and travel		3,479,703	4,569,242	3,930,913
Cancelation costs		2,459,129	-	-
Utilities		1,853,811	2,137,253	2,356,102
Association dues		1,817,651	67,651	-
Repairs and maintenance		1,639,823	1,719,364	1,725,365
Advertising		1,521,830	336,576	266,602
Insurance		1,146,481	1,193,019	1,239,473
Postage and communication		991,050	1,051,290	978,080
Representation and entertainment		933,942	1,528,230	1,908,581
Supplies		629,963	1,375,650	1,686,415
Rent		34,189	35,689	34,189
SEC filing fees		5,050	1,402,947	-
Land distribution cost		-	2,165,000	-
Other operating expenses		10,510,532	4,565,441	2,398,201
		P100,719,140	P91,571,002	P79,828,635

Other operating expenses consists of various employees' reimbursable expenses, registration fees, company events expense and penalties.

25. Salaries and Employee Benefits

This account consists of:

	<i>Note</i>	2015	2014	2013
Salaries and wages		P30,897,361	P32,108,483	P32,942,504
Retirement expense	30	1,937,560	1,665,396	2,135,538
Other employee benefits		3,407,398	3,084,115	2,904,444
		36,242,319	36,857,994	37,982,486
Amount charged to cost of services	23	(6,910,713)	(8,837,237)	(9,459,844)
	24	P29,331,606	P28,020,757	P28,522,642

26. Other Income (Charges)

This account consists of:

	<i>Note</i>	2015	2014	2013
Interest income	6	P2,617,929	P1,420,044	P2,690,259
Unrealized foreign exchange gain		2,529,198	116,119	344,425
Realized gain on sale of financial assets at FVPL	7	2,383,973	1,159,554	5,898,813
Dividend income		317,107	318,439	228,456
Gain (loss) from cancelled contracts and forfeited customers' deposits		329,889	(321,856)	(960,693)
Impairment loss on installment contract receivables	9	(2,869,901)	-	-
Change in fair value of financial assets at FVPL	7	(2,708,098)	836,415	(4,245,311)
Impairment losses on investment property	16	-	(2,197,072)	-
Others	12	6,179,660	(555,607)	1,218,389
		P8,779,757	P776,036	P5,174,338

Others in 2015 mainly consist of reversal of payables.

Others in 2014 and 2013 mainly pertain to surcharge income, association dues and maintenance fees which are individually insignificant.

27. Income Taxes

The components of income tax are as follows:

	2015	2014	2013
Current:			
Regular corporate income tax	P4,480,147	P9,769,790	P2,577,837
MCIT	1,710,265	513,029	804,377
Final tax	525,121	271,510	472,458
	6,715,553	10,554,329	3,854,672
Deferred	672,808	(393,075)	34,449
	P7,388,341	P10,161,254	P3,889,121

The reconciliation of the income tax computed at the applicable statutory tax rates to the income tax as shown in the consolidated statements of comprehensive income is as follows:

	2015	2014	2013
Income before income tax	P19,686,784	P30,590,446	P6,257,724
Tax computed at 30%	P5,906,035	P9,177,134	P1,877,317
Tax effects of:			
Non-deductible expenses	2,166,633	617,343	5,422,466
Non-taxable income	(901,103)	(2,854,433)	(564,588)
Interest income subject to final tax	(784,838)	(135,757)	(220,842)
Expired NOLCO and MCIT	123,855	10,059,433	748,856
Change in unrecognized deferred tax asset	877,759	(6,702,466)	(4,923,255)
Applied NOLCO and MCIT	-	-	1,549,167
	P7,388,341	P10,161,254	P3,889,121

The deferred tax assets consist of the carryforward benefits of the NOLCO and MCIT of FMCMI as follows:

	2015	2014
MCIT	P1,607,418	P1,657,135
NOLCO	23,418	646,509
	P1,630,836	P2,303,644

The deferred tax assets that have not been recognized in the consolidated statements of financial position, net of recognized deferred tax liabilities, are as follows:

	2015		2014	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
Allowance for impairment on investments in joint venture	P84,685,611	P25,405,568	P84,685,611	P25,405,568
Allowance for impairment on investment properties	63,783,573	19,135,072	63,783,573	19,135,072
Retirement liability	12,119,432	3,635,830	11,577,711	3,473,313
Allowance for impairment on accounts receivables	10,555,243	3,166,573	10,555,243	3,166,573
NOLCO	3,095,921	3,095,921	1,148,799	344,640
MCIT	1,159,656	1,159,656	-	-
Accrued expenses	54,303	16,291	54,303	16,291
Unrealized gross profit	(15,898,278)	(4,769,483)	(18,014,034)	(5,404,210)
Unrealized foreign exchange gain	(2,529,198)	(758,759)	(116,119)	(34,836)
	P157,026,263	P50,086,669	P153,646,087	P46,102,411

The details of MCIT are as follows:

Year Incurred	Amount	Expired/ Applied	Balance	Date of Expiration
2012	P724,221	(P724,221)	P -	December 31, 2015
2013	795,518	(251,738)	543,780	December 31, 2016
2014	513,029	-	513,029	December 31, 2017
2015	1,710,265	-	1,710,265	December 31, 2018
Total	P3,743,033	(P975,959)	P2,767,074	

The details of NOLCO are as follows:

Year Incurred	Amount	Expired/ Applied	Balance	Date of Expiration
2012	P14,054,307	(P14,054,307)	P -	December 31, 2015
2013	15,561,130	(15,561,130)	-	December 31, 2016
2014	2,237,580	(1,020,719)	1,216,861	December 31, 2017
2015	1,957,120	-	1,957,120	December 31, 2018
Total	P33,810,137	(P30,636,156)	P3,173,981	

28. Joint Arrangements and Marketing Agreement

Joint Operation Arrangement with SLRDI

On October 23, 2003, CCPC entered into a Memorandum of Agreement (the Agreement) with SLRDI (the Developer) wherein CCPC shall contribute land and the improvements thereon, while the Developer shall be responsible for completing the development of the Palma Real Residential Estates project in Biñan, Laguna (the Project) and for all expenses necessary in preparing the lots into its saleable units (Note 11).

The Agreement has the following significant provisions, among others:

- a. The Developer shall be solely liable for any and all expenses to be incurred in the construction and development to be introduced by SLRDI on the Project. SLRDI shall also shield CCPC from any claim that may be raised by any government agency, sub-contractor, supplier or third party in connection with the development of the Project.
- b. CCPC shall be paid 60% of the sales proceeds while SLRDI shall be paid 40% of the sales proceeds. CCPC and SLRDI shall shoulder the corresponding taxes on their respective share of the proceeds;
- c. The proceeds from the sale of lots shall be deposited in the joint bank account of the CCPC and SLRDI; and
- d. CCPC and SLRDI shall nominate a marketing manager that will handle the sale of lots in the Project. The marketing manager shall present a marketing plan to CCPC and SLRDI.

The development of the residential lots has been completed and the Project started selling lots in 2004.

Joint Operation Arrangement with DMCI

In 2005, the Parent Company and FBMCI entered into a Memorandum of Agreement (the Agreement) with DMCI for the development and construction of three condominium buildings to be called The Cypress Towers. The agreement provides that: (a) the Group and FBMCI shall contribute the land; (b) DMCI shall be responsible for the development, construction and sale of condominium units; and (c) the Group and FBMCI's share in the project is equivalent to 15.6% of the cost of the total condominium units and parking slots.

The revenues and the corresponding cost of real estate sold from the joint operations are shown below:

	Joint Operation with SLRDI	Joint Operation with DMCI	Total
2015			
Real estate sales	P32,424,341	P2,868,274	P35,292,615
Cost of real estate sold	13,938,392	2,861,518	16,799,910
	P18,485,949	P6,756	P18,492,705
	Joint Operation with SLRDI	Joint Operation with DMCI	Total
2014			
Real estate sales	P19,602,355	P10,835,893	P30,438,248
Cost of real estate sold	10,358,108	3,639,837	13,997,945
	P9,244,247	P7,196,056	P16,440,303

2013	Joint Operation with SLRDI	Joint Operation with DMCI	Total
Real estate sales	P26,907,514	P23,647,678	P50,555,192
Cost of real estate sold	15,025,411	8,332,656	23,358,067
	P11,882,103	P15,315,022	P27,197,125

As at December 31, 2015 and 2014, there were no outstanding contingent liabilities and commitments with respect to the joint venture agreement.

Joint Venture

On December 1, 1997, CEI entered into joint venture agreement with Perfect Sites, Inc. (PSI) to acquire, develop and sell real estate properties through SLPI, a joint venture company. The parties shall each contribute and own fifty percent (50%) of the equity of PSI and shall be equally represented in the Board. The parties agree that PSI be designated as Project Manager with full power and authority to manage and to undertake the construction of the project, subject to limitations and restrictions.

Marketing Agreement

Marketing of the projects are handled by several brokers and agents at various commission rates based on the selling price.

The Group recognized commission expense amounting to P6,191,132, P3,114,292, and P3,544,604 in 2015, 2014, and 2013, respectively (Note 24)

29. Operating Lease Commitments

The Parent Company leased out certain commercial spaces of its building to several parties under various operating lease agreements for periods between 1 and 10 years. All leases include an annual escalation clause on rental rates.

Future minimum rental receivables under the non-cancellable operating lease agreements follows:

	2015	2014	2013
Within one year	P15,349,747	P9,013,863	P5,977,855
After one year but not more than five years	18,869,187	19,252,593	21,346,624
After five years	-	-	4,073,054
	P34,218,934	P28,266,456	P31,397,533

Rent income recognized in 2015, 2014 and 2013 amounted to P7,713,869, P5,624,685, and P8,236,887, respectively.

30. Retirement Benefits

The Group's retirement benefits pertain to all regular employees. The normal retirement benefit is computed equivalent to 22.5 day-pay for every year of credited service pursuant to R.A. No. 7641 or the The Retirement Pay Law. The actuarial valuation is made on an annual basis. The Company's latest actuarial valuation was made on December 18, 2015 using the projected unit credit method in accordance with the amended PAS 19.

The movements in the present value of the defined benefit obligation are shown below:

	2015	2014
Present value of defined benefit obligation at beginning of year	P11,577,711	P8,995,326
Actuarial gains	(445,839)	(731,905)
Current service cost	1,370,131	1,436,394
Interest costs	567,429	332,768
Benefits paid	(950,000)	(119,462)
Present value of defined benefit obligation at end of year	P12,119,432	P11,577,711

The amount of retirement expense recognized in profit or loss consists of:

	2015	2014	2013
Current service cost	P1,370,131	P1,332,628	P1,774,319
Interest costs	567,429	332,768	361,219
	P1,937,560	P1,665,396	P2,135,538

The expected contribution to the defined benefit retirement plan in 2016 is P1,256,504.

Principal actuarial assumptions at reporting date (expressed as weighted averages) are as follows:

	2015	2014	2013
Discount rates	5.52%	4.98%	5.04%
Expected rate of salary increases	3.00%	3.00%	3.00%

The mortality and disability rates used by the actuary were taken from the "1983 US Group Annuity Mortality Table" and the "1952 Disability Table," respectively.

Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	Increase
Discount rate (0.5% decrease)	P333,852
Future salary increase rate (1% increase)	760,131

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

These defined benefit plan exposes the Group to actuarial risks, such as longevity risk, currency risk and interest rate risk.

The management reviews the level of funding required for the retirement fund. Such a review includes the asset-liability matching (ALM) strategy and investment risk management policy. The Group's ALM objective is to match maturities of the plan assets to the retirement benefit obligation as they fall due. The Group monitors how the duration and expected yield of the investments are matching the expected cash outflows arising from the retirement benefit obligations.

Maturity analysis of the benefit payments:

	2015				
	Carrying Amount	Contractual Cash Flows	Less than 5 Years	5 Years but Less than 10 Years	More than 10 Years
Defined benefit obligation	P12,119,432	P138,419,417	P8,877,050	P1,320,617	P129,211,750

	2014				
	Carrying Amount	Contractual Cash Flows	Less than 5 Years	5 Years but Less than 10 Years	More than 10 Years
Defined benefit obligation	P11,577,711	P121,090,878	P6,926,735	P1,036,075	P113,128,068

There are no unusual or significant risks to which the plan exposes the Group.

Funding Policy

The Company does not have a formal retirement plan. Benefit claims under that retirement obligation are directly paid by the Company when they become due.

31. Basic and Diluted Earnings Per Share

Basic and diluted earnings per share amounts are computed as follows:

	2015	2014	2013
Net income (loss) attributable to equity holders of the Parent Company	P6,344,524	P18,897,628	(P282,825)
Divided by weighted average number of outstanding common shares	13,599,999,960	13,599,999,960	13,599,999,960
Basic/diluted earnings (loss) per share	P0.000467	P0.00139	(P0.00002)

The Group does not have dilutive or potential dilutive shares as at December 31, 2015, 2014 and 2013.

32. Financial Risk Management Objectives and Policies

Objectives and Policies

The Group has exposure to the following financial risks:

- Credit Risk
- Liquidity Risk
- Market Risk

The Group presents information about the Group's objectives, policies and processes for identifying and managing these financial risks, and the Group's management of capital. The Group's risk management is coordinated with the BOD, and focuses on actively managing the Group's short-to-medium term cash flows by minimizing the exposure to interest rate risk in the financial markets. The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. Risks to which the Group is exposed to are described below.

Also, the Group has low exposure to interest rate risk since the Group's existing financial assets have fixed interest. Risks to which the Group is exposed to are described below.

The Group's financial assets and liabilities such as cash and cash equivalents, installment contract receivables, receivables, loans receivable, accounts payable and accrued expenses (excluding payable to government agencies) and due to related parties arise directly from and are used to facilitate its daily operations. The Group's other financial assets and liability includes refundable deposits and construction bond and subscriptions payable, respectively.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables. Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the consolidated statements of financial position (or in the detailed analysis provided in the notes to the consolidated financial statements), as summarized below:

	Note	2015	2014
Cash in banks and cash equivalents*	6	P203,951,792	P202,539,544
Installment contract receivables	9	70,042,532	68,495,052
Accounts receivables - net		45,676,878	31,678,490
Loans receivable	12	58,333,333	50,000,000
Advances to joint venture	13	1,436,026	1,436,026
Refundable deposits and construction bond**	17	2,394,527	2,388,966
		P381,835,088	P356,538,078

* Excluding cash on hand.

** Included under "Other current assets" and "Other noncurrent assets" account in the consolidated statements of financial position.

As at December 31, 2015 and 2014, there were no significant concentrations of credit risk.

The Group continuously monitors compliance with the arrangements or credit terms granted to counterparties. Indication of default identified is discussed and resolved during management meeting. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties

The table below shows the credit quality by class of financial assets:

	As at December 31, 2015				
	Neither High Grade	Past Due Standard Grade	Specifically Impaired Substandard Grade	Past Due or Individually Impaired	Total
	Cash in bank and cash equivalents*	P203,951,792	P -	P -	P -
Installment contract receivables	-	67,172,631	-	2,869,901	70,042,532
Accounts receivables	-	40,777,683	4,899,196	10,555,243	56,232,122
Loans receivable	-	58,333,333	-	-	58,333,333
Advances to joint venture	-	1,436,026	-	-	1,436,026
Refundable deposits and performance bond**	-	2,394,527	-	-	2,394,527
	P203,951,792	P170,114,200	P4,899,196	P13,425,144	P392,390,332

**Included under "Other current assets" and "Other noncurrent assets" account in the consolidated statements of financial position.

	As at December 31, 2014				
	Neither High Grade	Past Due Standard Grade	Specifically Impaired Substandard Grade	Past Due or Individually Impaired	Total
	Cash in bank and cash equivalents*	P202,539,544	P -	P -	P -
Installment contract receivables	-	68,495,052	-	-	68,495,052
Accounts receivables	-	24,963,921	6,714,569	10,555,243	42,233,733
Loans receivable	-	50,000,000	-	-	50,000,000
Advances to joint venture	-	1,436,026	-	-	1,436,026
Refundable deposits and performance bond**	-	2,530,866	-	-	2,530,866
	P202,539,544	P147,425,865	P6,714,569	P10,555,243	P367,235,221

**Included under "Other current assets" and "Other noncurrent assets" account in the consolidated statements of financial position.

Cash in bank and cash equivalents are considered High Grade as these pertain to cash deposits and short-term investments in reputable banks.

Installment contract receivables, receivables, loans receivables, advances to associates, refundable deposits and performance bond are considered Standard Grade as the amount is typical and guaranteed in the related contract. Standard Grade includes receivables that are collected on their due dates provided that they were reminded by the Group. Those receivables which are collected consistently beyond their due dates and require persistent effort from the Group are included under Substandard Grade.

Liquidity Risk

The Group has exposure to liquidity risk, which pertains to the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group's objectives to manage its liquidity profile are: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at the least possible cost; and (d) to maintain an adequate time spread of refinancing maturities.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

2015	Due on Demand	Within 6 Months	6 - 12 Months	Total
Accounts payable and other current liabilities*	P -	P47,949,840	P38,582,287	P86,532,127
Due to related parties	15,212,887	-	-	15,212,887
Subscriptions payable	42,158,700	-	-	42,158,700
	P57,371,587	P47,949,840	P38,582,287	P143,903,714

* Excluding payable to government agencies, customers' deposits and deposit for document processing amounting to P48,883,195

2014	Due on Demand	Within 6 Months	6 - 12 Months	Total
Accounts payable and other current liabilities*	P -	P22,487,162	P71,731,919	P94,219,081
Due to related parties	25,812,887	-	-	25,812,887
Subscriptions payable	42,158,700	-	-	42,158,700
	P67,971,587	P22,487,162	P71,731,919	P162,190,668

* Excluding payable to government agencies, customers' deposits and deposit for document processing amounting to P48,735,107

The above contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the reporting dates.

Market Risk

Market risk is the risk that changes in market prices will affect the values of the Group's holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

The Group's market risk is limited to its investments carried at FVPL (Note 7). The Group manages its risk arising from changes in value of investments carried at fair value through profit or loss by monitoring the changes in the market price of the investments.

Foreign Currency Risk

The Group's operations are largely in its functional currency and therefore translation exposures on transactions with debtors and creditors are not material. The only foreign currency denominated financial instrument relate to cash that is denominated in U.S. dollar. Given this, the Group does not expect that there will be any significant currency risk associated with its financial assets and liabilities. Foreign currency risk is monitored and analyzed systematically and regularly and is managed by the Group's Finance Department.

Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
Financial Assets at FVPL				
2015	P31,951,632	P -	P -	P31,951,632
2014	22,438,641	-	-	22,438,641
AFS				
2015	-	-	47,344,659	47,344,659
2014	-	-	47,344,659	47,344,659

During the year, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Sensitivity Analysis

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of individual stocks. Equity price risk arises from FVPL held for investment purposes. The market price risk emanates from prevailing stock market. It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken considering its investments are of fair values. The Group monitors market price of its investment periodically.

It is estimated that a general increase of five percent in fair value, with all other variable held constant, would increase the Group's other comprehensive income by approximately P243,054 and P137,569 for the years ended December 31, 2015 and 2014, respectively. An equal change in the opposite direction would have decreased other comprehensive income by the same amount.

Capital Management

The Group's objective in managing capital is to ensure that the Group maintains a versatile capital structure and utilizes the most cost-efficient financing available which is capable of sustaining long term growth and maximizing shareholder value.

Debt and capital ratios are regularly monitored as a basis for measuring efficiency as well as in setting strategies. The capital structure is adjusted and revised in response to changes in economic condition and the risk profile of the Group's business environment. Free cash flows are managed to respond to working capital needs and to avoid long term funding.

Capital is measured on the basis of the carrying amount of equity and referred to in the consolidated financial statements as Total Equity. There were no changes in the Group's approach to capital management during the year. The Group also meets regularly to review the Group's capital requirement and the reasonableness of the level of its capital to be maintained.

As at December 31, 2015, the Company is compliant with the minimum public float requirement by the Philippine Stock Exchange (PSE).

Debt-to-equity ratio is as follows:

	2015	2014
Total liabilities	P205,697,810	P222,503,486
Total equity	1,733,137,715	1,717,468,433
	0.12:1	0.13:1

33. Determination of Fair Values

Financial Instruments whose Carrying Amounts Approximate Fair Values

The Group has determined that carrying amounts of cash and cash equivalents, receivables, construction bond, advances to joint venture, accounts payable and accrued expenses (excluding payable to government agencies and customers' deposits), due to related parties and subscriptions payable reasonably approximate their fair values because these are mostly short-term in nature.

The fair value of installment contract receivables and loans receivable approximates its carrying amount as its interest rate approximates the market rate for a similar instrument.

The fair value of refundable deposits and construction bond approximates their carrying amount because the difference of the present value and carrying amount of these financial instruments is insignificant.

Financial Assets at FVPL and AFS Financial Assets

The fair values of publicly-traded instruments and similar investments are based on quoted market prices in an active market. Unquoted equity securities are carried at cost less impairment.

34. Other Matters

a. Contingencies

In the ordinary course of business, the Group has pending legal cases which are in various stages of discussion/protest/appeal with the courts and relevant third parties. Management believes that the bases of the Group's position are legally valid and the ultimate resolution of these claims/assessments/litigation would not have a material effect on the Group's financial position and results of operations. On the basis of the information furnished by its legal counsel, management believes that none of these contingencies will materially affect the Group's financial position and financial performance.

b. Stock Option

The Group's stock option plan entitles, on grant date, the directors and executive officers of the Group to purchase shares of stock of the Parent Company at par value or book value, whichever is higher. The underlying shares subject to the stock option plan covers 2,400,000,000 common shares representing 10% of the authorized capital stock of the Parent Company. The stock option shall be subject to vesting according to such schedule as shall be approved by the BOD, provided that vesting shall lapse after five years from entitlement date, and provided further that with respect to executive officers, vesting shall expire upon their resignation from the Group. The number of underlying common shares in respect of outstanding options and/or the exercise price shall be correspondingly adjusted in the event of any stock dividend declaration, stock split, merger, consolidation, or the similar or analogous change in the corporate structure or capitalization of the Group. The terms and conditions of the stock option plan may be amended by the resolution of the BOD, except that any increase in the maximum number of shares or any decrease in the exercise price shall require the approval of stockholders representing at least two-thirds of the outstanding capital stock.

No stock option has been granted from the time the stock option plan was approved.

Crown Equities, Inc. and Subsidiaries
SEC Supplementary Schedules and Other Documents
December 31, 2015

Table of Contents

<u>Schedule</u>	<u>Description</u>	<u>Page</u>
A	Marketable Securities - (Current Marketable Equity Securities and Other Short-Term Cash Investments)	<u>1</u>
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Affiliates)	<u>N/A</u>
C	Amounts Receivable from Related Parties which are Eliminated during the consolidation of Financial Statement	<u>2</u>
D	Noncurrent Marketable Equity Securities, Other Long-Term Investments in Stock and Other Investments	<u>3</u>
E	Indebtedness of Unconsolidated Subsidiaries and Affiliates	<u>4</u>
F	Intangible Assets - Other Assets	<u>5</u>
G	Long-Term Debt	<u>N/A</u>
H	Indebtedness to Affiliates and Related Parties (Long-Term Loans from Related Companies)	<u>N/A</u>
I	Guarantees of Securities of Other Issuers	<u>N/A</u>
J	Capital Stock	<u>6</u>
K	Map of Conglomerate	<u>7</u>
L	List of Philippine Financial Reporting Standards	<u>8-14</u>
M	Financial Soundness Indicator	<u>15</u>
N	Reconciliation of Retained Earnings Available for Dividends	<u>16</u>

Crown Equities, Inc. and Subsidiaries
Schedule A - Marketable Securities -
(Current Marketable Equity Securities and
Other Short-term cash Investments)
December 31, 2015

Name of issuing entity & association of each issue	Number of shares	Amount shown on the balance sheet*
Fair Value Through Profit or Loss:		
ASIATRUST DEVELOPMENT BANK (ASIA)	15,000	105,000
ASIA UNITED BANK	9,000	415,350
BELLE CORPORATION	75	218
BOULEVARD HLDGS	6,000,000	246,000
BLOOMBERRY	7,000	31,780
BASIC ENERGY CORP	3,333	700
COAL ASIA HOLDINGS, INC.	300,000	174,000
COSCO CAPITAL	33,000	221,400
CYBER BAY CORPORATION	1,400,000	616,000
CHINA BANKING CORPORATION	11,664	433,901
DA VINCI	20,000	32,000
D&L INDUSTRIES, INC.	19,000	118,950
ENERGY DEVELOPMENT CO.	40,000	248,000
IP E-GAMES VENTURES, INC.	10,000,000	53,000
EXPORT AND INDUSTRY BANL, INC	3,310,000	860,600
EMPIRE EAST LAND INC	100,000	77,000
EMPERADOR INC.	10,000	89,500
EASTWEST BANK	18,078	342,397
GLOBAL ESTATE	150,000	154,500
GMA NET, INC.	170,000	1,173,000
HOLCIM PHILIPPINES, INC	37,800	538,272
INTEGRATED MICRO	110,000	620,400
LAFARGE REPUBLIC	2,680	24,120
MANILA MINING	11,808,988	118,090
MANILA ELECTRIC COMPANY	200	64,000
METRO RETAIL GROUP INC	150,000	199,000
MANILA JOCKEY	18,480	36,960
MANILA WATER COMPANY, INC	35,000	868,000
NATIONAL REINSURANCE CORP	1,266,000	1,177,380
ORIENTAL PETROLEUM AND MINERAL "A"	117,021,003	1,099,997
ORIENTAL PETROLEUM AND MINERAL "B"	30,000,000	294,000
PHIL. BUSINESS BANK	130,000	2,759,250
PETRON CORP.	115,000	803,850
PREMIER HORIZON	500,000	245,000
PREMIUM LEISURE CORP	370,000	236,800
PHIL. STOCK EXCHANGE	3,600	990,000
PHOENIX SEMICONDUCTOR PHLS CORP	50,000	80,500
TRAVELLER'S INTL HOTEL GROUP	50,000	220,000
SWIFT FOODS	300,000	43,200
SHANG PROPERTIES INC	417,277	1,306,077
STA. LUCIA LAND	256,000	199,680
SAN MIGUEL CORP	13,000	648,700
SSI GROUP, INC.	55,000	189,750
TRANS-ASIA OIL	188,000	218,000
TRANS-ASIA PETROLEUM CORP	3,172	7,232
PLDT	20	41,200
TOP FROTNIER	1,100	74,360
UNION BANK OF THE PHILS	3,300	188,265
VULCAN INDUSTRIAL CORP	200,000	216,000
XURPAS, INC.	7,000	45,660
ZEUS HOLDINGS	1,000,000	255,000
BYD COMPANY LIMITED(1211)	31,400	8,130,303
MUSCLE PHARM CORP	3,003	329,278
PLATFORM SPECIALTY PRODUCTS	1,000	600,486
USG CORPORATION	500	574,603
YOUKU TUDOU INC.	6,000	248,145
FIXED INCOME SECURITIES	-	2,866,778
Total		P 31,951,632

Crown Equities, Inc. and Subsidiaries
 Schedule C
 Amounts Receivable from Related Parties which are Eliminated
 During the Consolidation of Financial Statements
 December 31, 2015

<i>Name of Related Parties</i>	<i>Balance at beginning of year</i>		<i>Balance at end of year</i>	
Healthcare Systems Asia Phils. Inc.	P	128,443,638	P	128,689,862
Crown Central Properties, Corp.		26,446,209		15,846,209
		<u>154,889,847</u>		<u>144,536,071</u>
Allowance for impairment	(54,623,137)	(54,623,137)
	<u>P</u>	<u>100,266,710</u>	<u>P</u>	<u>89,912,934</u>

Crown Equities, Inc. and Subsidiaries
 Schedule D - Non-Current Marketable Equity Securities, Other Long-Term Investments in Stock, and Other Investments
 December 31, 2015

Name of issuing entity & the description of investment	Beginning balance		Additions/(Deductions)			Ending Balance		Dividends received from investments not accounted by equity method
	Number of shares or principal amount of securities	Amount in pesos	Equity in net losses of investee for the period	Excess of equity in net loss over cost	Others	Number of shares or principal amount of securities	Amount in pesos*	
Investments at equity: Asian Alliance Holdings & Development Corp.	90,004,634 shares	P 47,344,659	-	-	-	90,004,634 shares	P 47,344,659	-
Investments at equity: Sky Leisure Prop., Inc.	100,000,000 shares	-	-	-	-	100,000,000 shares	-	-
		<u>P 47,344,659</u>	<u>P -</u>	<u>P -</u>	<u>-</u>		<u>P 47,344,659</u>	<u>P -</u>

* Amount shown is part of Investments in and Advances to Related Parties and Available-for-Sale Financial Asset accounts in the balance sheet.

Crown Equities, Inc. and Subsidiaries
 Schedule E
 Indebtedness of Unconsolidated Subsidiaries
 and Related Parties (Other than Affiliates)
 December 31, 2015

<i>Name of Related Parties</i>	<i>Balance at beginning of year</i>	<i>Balance at end of year</i>
Sky Leisure Properties, Inc.	P 1,436,026	P 1,436,026
Allowance for impairment	-	-
	<u>P 1,436,026</u>	<u>P 1,436,026</u> *

**Amount shown is part of Investments in and Advances to Related Parties account in the balance sheet.*

Crown Equities Inc. and Subsidiaries
 Schedule F
 Intangible Assets - Other Assets
 December 31, 2015

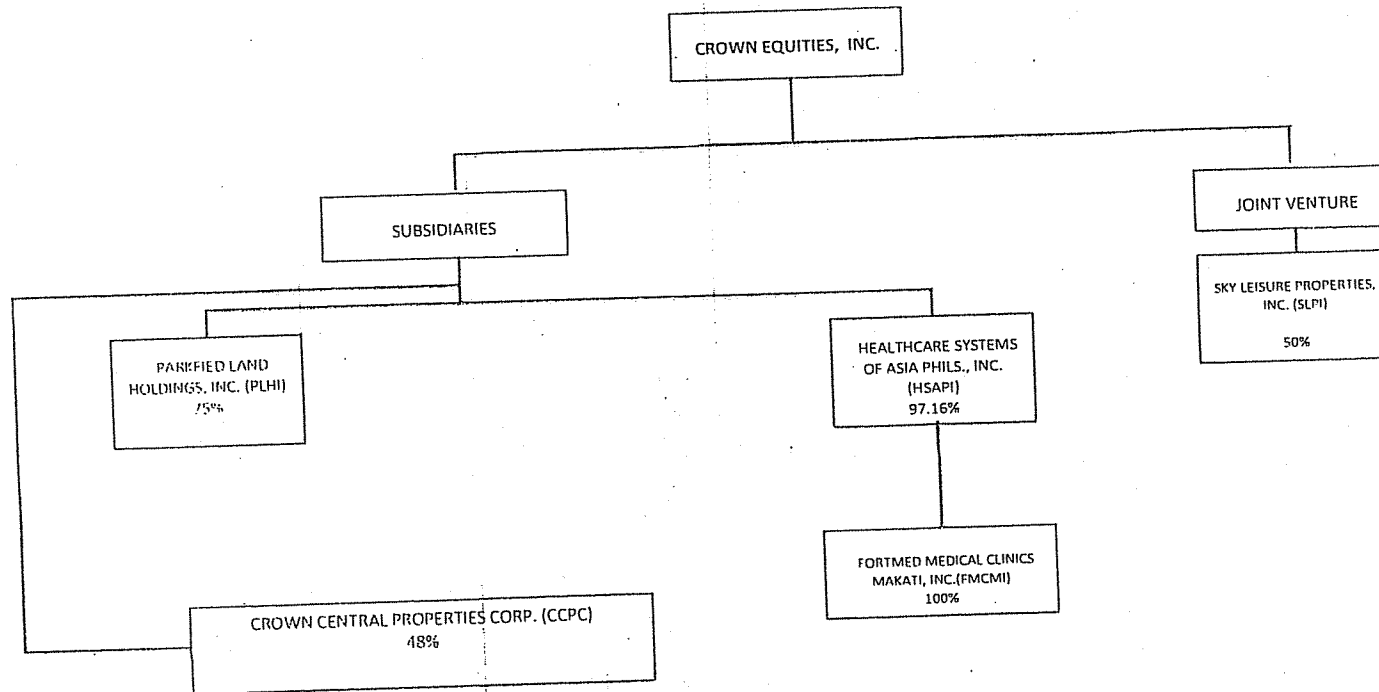
<i>Description</i>	<i>Beginning balance</i>	<i>Additions at cost</i>	<i>Deduction</i>			<i>Ending balance</i>
			<i>Charged to cost and expenses</i>	<i>Charged to other accounts</i>	<i>Other changes additions (deductions)</i>	
Goodwill	P 21,740,604	P -	P -	P -	P -	P 21,740,604

Crown Equities, Inc. and Subsidiaries
 Schedule J - Capital Stock
 December 31, 2015

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under the related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees*	Others
Common Stock	<u>24,000,000,000</u>	<u>13,599,999,960</u>	—	—	<u>435,052,568</u>	<u>13,164,947,392</u>

* includes indirectly held but beneficially owned shares

Crown Equities, Inc. and Subsidiaries
Map of Conglomerate
December 31, 2015



Crown Equities, Inc.
Crown Center, 158 Jupiter corner N. Garcia Streets, Makati City

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary			✓	
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Annual Improvements to PFRSs 2009 – 2011 Cycle: First-time Adoption of Philippine Financial Reporting Standards – Repeated Application of PFRS 1			✓
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Borrowing Cost Exemption			✓
	Annual Improvements to PFRSs 2011 – 2013 Cycle: PFRS version that a first-time adopter can apply	✓		
	PFRS 2	Share-based Payment		
Amendments to PFRS 2: Vesting Conditions and Cancellations				✓
Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions				✓
Annual Improvements to PFRSs 2010 – 2012 Cycle: Meaning of 'vesting condition'				✓
PFRS 3 (Revised)	Business Combinations	✓		✓
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Classification and measurement of contingent consideration			✓
	Annual Improvements to PFRSs 2011 – 2013 Cycle: Scope exclusion for the formation of joint arrangements			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Annual Improvements to PFRSs 2012 – 2014 Cycle: Changes in method for disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources		✓	
PFRS 7	Financial Instruments: Disclosures		✓	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	No Adopted	No Applicable
	Amendments to PFRS 7: Transition			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
	Annual Improvements to PFRSs 2012-2014 Cycle: Continuing Involvement for Servicing Contracts			✓
	Annual Improvements to PFRSs 2012-2014 Cycle: Offsetting Disclosures in Condensed Interim Financial Statements			✓
PFRS 8	Operating Segments	✓		
	Annual Improvements to PFRSs 2010-2012 Cycle: Disclosures on the aggregation of operating segments	✓		
PFRS 9	Financial Instruments			✓
	Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39		✓	
PFRS 9 (2014)	Financial Instruments			✓
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	✓		
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities	✓		
	Amendment to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception	✓		
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities: Applying the consolidation exception		✓	
PFRS 13	Fair Value Measurement	✓		
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Measurement of short-term receivables and payables	✓		
	Annual Improvements to PFRSs 2011 – 2013 Cycle: Scope of portfolio exception	✓		
PFRS 14	Regulatory Deferral Accounts	✓		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Presentation of Financial Statements – Comparative Information beyond Minimum Requirements			✓
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Presentation of the Opening Statement of Financial Position and Related Notes			✓
	Amendments to PAS 1 – Disclosure Initiative		✓	
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts	✓		
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Property, Plant and Equipment – Classification of Servicing Equipment			
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)	✓		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants			✓
PAS 17	Leases		✓	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 18	Revenue	✓		
PAS 19 (Amended)	Employee Benefits	✓		✓
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions			✓
	Annual Improvements to PFRSs 2012 – 2014 Cycle: Discount rate in a regional market sharing the same currency, e.g. the Eurozone			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		✓
	Amendment: Net Investment in a Foreign Operation			
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Definition of 'related party'	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✓		
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities		✓	
	Amendments to PAS 27: Equity Method in Separate Financial Statements			
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		✓
	Amendments to PFRS 10 and PAS 28: Sale of Contribution of Assets between an Investor and its Associate or Joint Venture			
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception		✓	
PAS 29	Financial Reporting in Hyperinflationary Economies	✓		
PAS 32	Financial Instruments: Disclosure and Presentation			✓
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			
	Amendment to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Financial Instruments Presentation – Income Tax Consequences of Distributions			✓
PAS 33	Earnings per Share	✓		✓
PAS 34	Interim Financial Reporting			✓
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Interim Financial Reporting – Segment Assets and Liabilities			
	Annual Improvements to PFRSs 2012 – 2014 Cycle: Disclosure of information elsewhere in the interim financial report			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	Disclosures for Non-Financial Assets			
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)		✓	
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives	✓		
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property	✓		
	Annual Improvements to PFRSs 2011 – 2013 Cycle: Inter- relationship of PFRS 3 and PAS 40 (Amendment to PAS 40)	✓		
PAS 41	Agriculture			✓
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants			
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			
SIC-15	Operating Leases - Incentives	✓		✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓
Philippine Interpretations Committee Questions and Answers				
PIC Q&A 2006-01	PAS 18, Appendix, paragraph 9 – Revenue recognition for sales of property units under pre-completion contracts			✓
PIC Q&A 2006-02	PAS 27.10(d) – Clarification of criteria for exemption from presenting consolidated financial statements			✓
PIC Q&A 2007-01- Revised	PAS 1.103(a) – Basis of preparation of financial statements if an entity has not applied PFRSs in full			✓
PIC Q&A 2007-02	PAS 20.24.37 and PAS 39.43 - Accounting for government loans with low interest rates [see PIC Q&A No. 2008-02]			✓
PIC Q&A 2007-03	PAS 40.27 – Valuation of bank real and other properties acquired (ROPA)			✓
PIC Q&A 2007-04	PAS 101.7 – Application of criteria for a qualifying NPAE			✓
PIC Q&A 2008-01- Revised	PAS 19.78 – Rate used in discounting post-employment benefit obligations			✓
PIC Q&A 2008-02	PAS 20.43 – Accounting for government loans with low interest rates under the amendments to PAS 20			✓
PIC Q&A	Framework.23 and PAS 1.23 – Financial statements			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	No Adopted	No Applicable
2009-01	prepared on a basis other than going concern			✓
PIC Q&A 2009-02	PAS 39.AG71-72 – Rate used in determining the fair value of government securities in the Philippines			✓
PIC Q&A 2010-01	PAS 39.AG71-72 – Rate used in determining the fair value of government securities in the Philippines			
PIC Q&A 2010-02	PAS 1R.16 – Basis of preparation of financial statements	✓		
PIC Q&A 2010-03	PAS 1 Presentation of Financial Statements – Current/non-current classification of a callable term loan	✓		
PIC Q&A 2011-01	PAS 1.10(f) – Requirements for a Third Statement of Financial Position			✓
PIC Q&A 2011-02	PFRS 3.2 – Common Control Business Combinations			✓
PIC Q&A 2011-03	Accounting for Inter-company Loans			✓
PIC Q&A 2011-04	PAS 32.37-38 – Costs of Public Offering of Shares			✓
PIC Q&A 2011-05	PFRS 1.D1-D8 – Fair Value or Revaluation as Deemed Cost			✓
PIC Q&A 2011-06	PFRS 3, Business Combinations (2008), and PAS 40, Investment Property – Acquisition of Investment properties – asset acquisition or business combination?			✓
PIC Q&A 2012-01	PFRS 3.2 – Application of the Pooling of Interests Method for Business Combinations of Entities Under Common Control in Consolidated Financial Statements			✓
PIC Q&A 2012-02	Cost of a New Building Constructed on the Site of a Previous Building			✓
PIC Q&A 2013-01	Applicability of SMEIG Final Q&As on the Application of IFRS for SMEs to Philippine SMEs			✓
PIC Q&A 2013-02	Conforming Changes to PIC Q&As - Cycle 2013			✓
PIC Q&A 2013-03 (Revised)	PAS 19 – Accounting for Employee Benefits under a Defined Contribution Plan subject to Requirements of Republic Act (RA) 7641, The Philippine Retirement Law			✓

Crown Equities, Inc.
 Schedule M – Key Performance Indicators
 December 31, 2015

Indicator	As of			Formula
	Dec 2015	Dec 2014	Dec 2013	
Current Ratio	2.87x	2.52x	2.52x	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Cash Ratio	1.05x	0.96x	0.45x	$\frac{\text{Cash and Cash equivalents}}{\text{Current Liabilities}}$
Debt-Equity Ratio	0.12x	0.13x	0.12x	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$
Debt-Asset Ratio	0.11x	0.11x	0.12x	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$
Asset-Equity Ratio	1.12x	1.13x	1.12x	$\frac{\text{Total Asset}}{\text{Total Equity}}$
Interest Coverage Ratio	Nil	Nil	nil	$\frac{\text{Earnings before Interest and Taxes}}{\text{Interest Expense}}$
Net Income Margin	6.42%	10.47%	1.79%	$\frac{\text{Net Income}}{\text{Net Revenues}}$
Investment Ratio	0.48x	0.48x	0.51x	$\frac{\text{Total Investment and Advances}}{\text{Total Asset}}$
Return on Assets	0.63%	0.99%	0.13%	$\frac{\text{Net Income}}{\text{Average Total Assets}}$
Earnings Per Share	0.00047	0.00139	(0.00002)	$\frac{\text{Net Income after Minority Interest}}{\text{Total Shares Subscribed}}$

CROWN EQUITIES, INC.
SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2015

Unappropriated Retained Earnings, beginning	P55,829,958
Adjustments:	
less: Prior year adjustment	P2,542,934
Unappropriated Retained Earnings, as adjusted, beginning	53,287,024
Net Income	1,826,037
Less: Non-actual/unrealized income net of tax	-
Equity in net income of associate/joint venture	-
Unrealized actuarial gain	-
Fair value adjustments (M2M gains)	-
Fair value adjustments of Investment Property resulting to gain	-
Adjustment due to deviation from PFRS/GAAP - gain	-
Deferred tax benefit	-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-
Add: Non-actual losses	-
Deferred tax expense	-
Unrealized foreign exchange loss - net (except those attributable to Cash and Cash Equivalents)	-
Depreciation on revaluation increment (after tax)	-
Adjustment due to deviation from PFRS/GAAP - loss	-
Loss on fair value adjustment of investment property (after tax)	-
Net Income Actual/Realized	1,826,037
Less: Appropriations of Retained Earnings during the period	-
Unappropriated Retained Earnings, as adjusted, ending	P55,113,061

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

SECRETARY'S CERTIFICATE


I, **ELMER B. SERRANO**, of legal age, Filipino, with office address at Suite 2401 The Orient Square, F. Ortigas Jr. Road, Ortigas Center, Pasig City, after being sworn in accordance with law, depose and state:

1. I am the Corporate Secretary of **CROWN EQUITIES, INC.** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at the 5th Floor, 158 Crown Center, N. Garcia corner Jupiter Streets, Bel Air, Makati City.

2. The report filed by the Corporation with the Securities and Exchange Commission (SEC) to reflect the updated Annual Corporate Governance Report of the Corporation for 2015 is set out in Annex "A".

3. That the foregoing resolution is in accordance with the records of the Corporation. It has not been amended, revoked or suspended and is in full force and effect as of this date.

IN WITNESS WHEREOF, I have hereunto affixed my signature on this day of APR 14 2016 2016 at Pasig City.


ELMER B. SERRANO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 14 2016 2016 in Pasig City, affiant exhibiting to me his TIN No. 153-406-995.

Doc. No. 105;
Page No. 22;
Book No. I;
Series of 2016.


KRISTINE R. BONGCARON
Appointment No. 140 (2016-2017)
Notary Public for Pasig City
Until December 31, 2017
Attorney's Roll No. 60559
33rd Floor, The Orient Square
Ortigas Jr. Road, Ortigas Center, Pasig City
PTR No. 1385890, 01.05.16, Pasig City
IBP No. 1018258, 01.06.16, PSN

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT


1. Report is Filed for the Year 2015
2. Exact Name of Registrant as Specified in its Charter Crown Equities, Inc.
3. Crown Center, 158 N. Garcia corner
Jupiter Street, Bel-Air, Makati City
Address of Principal Office 1209
Postal Code
4. SEC Identification Number 39745
5.  (SEC Use Only)
Industry Classification Code
6. BIR Tax Identification Number 002-837-461
7. (632) 899-0081, (632) 899-0455
Issuer's Telephone number, including area code
8. Not Applicable
Former name or former address, if changed from the last report

TABLE OF CONTENTS

A. BOARD MATTERS.....	4
1) BOARD OF DIRECTORS.....	
(a) Composition of the Board.....	4
(b) Corporate Governance Policy/ies.....	5
(c) Review and Approval of Vision and Vision.....	6
(d) Directorship in Other Companies.....	6
(e) Shareholding in the Company.....	8
2) CHAIRMAN AND CEO.....	8
3) PLAN FOR SUCCESSION OF CEO/MANAGING DIRECTOR/PRESIDENT AND TOP KEY POSITIONS...9	
4) OTHER EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT DIRECTORS.....	9
5) CHANGES IN THE BOARD OF DIRECTORS.....	11
6) ORIENTATION AND EDUCATION PROGRAM.....	13
B. CODE OF BUSINESS CONDUCT & ETHICS.....	13
1) POLICIES.....	14
2) DISSEMINATION OF CODE.....	14
3) COMPLIANCE WITH CODE.....	14
4) RELATED PARTY TRANSACTIONS.....	14
(a) Policies and Procedures.....	14
(b) Conflict of Interest.....	15
5) FAMILY, COMMERCIAL AND CONTRACTUAL RELATIONS.....	15
6) ALTERNATIVE DISPUTE RESOLUTION.....	16
C. BOARD MEETINGS & ATTENDANCE.....	16
1) SCHEDULE OF MEETINGS.....	16
2) DETAILS OF ATTENDANCE OF DIRECTORS.....	16
3) SEPARATE MEETING OF NON-EXECUTIVE DIRECTORS.....	17
4) QUORUM REQUIREMENT	17
5) ACCESS TO INFORMATION.....	17
6) EXTERNAL ADVICE.....	18
7) CHANGES IN EXISTING POLICIES.....	18
D. REMUNERATION MATTERS.....	18
1) REMUNERATION PROCESS.....	18
2) REMUNERATION POLICY AND STRUCTURE FOR DIRECTORS.....	19
3) AGGREGATE REMUNERATION	20
4) STOCK RIGHTS, OPTIONS AND WARRANTS.....	21
5) REMUNERATION OF MANAGEMENT.....	21
E. BOARD COMMITTEES.....	21
1) NUMBER OF MEMBERS, FUNCTIONS AND RESPONSIBILITIES.....	21
2) COMMITTEE MEMBERS.....	23
3) CHANGES IN COMMITTEE MEMBERS.....	25
4) WORK DONE AND ISSUES ADDRESSED.....	25
5) COMMITTEE PROGRAM.....	25
F. RISK MANAGEMENT SYSTEM.....	26
1) STATEMENT ON EFFECTIVENESS OF RISK MANAGEMENT SYSTEM.....	26
2) RISK POLICY.....	26
3) CONTROL SYSTEM.....	27

G. INTERNAL AUDIT AND CONTROL.....	29
1) STATEMENT ON EFFECTIVENESS OF INTERNAL CONTROL SYSTEM.....	29
2) INTERNAL AUDIT	
(a) Role, Scope and Internal Audit Function.....	30
(b) Appointment/Removal of Internal Auditor.....	30
(c) Reporting Relationship with the Audit Committee.....	30
(d) Resignation, Re-assignment and Reasons.....	31
(e) Progress against Plans, Issues, Findings and Examination Trends.....	31
(f) Audit Control Policies and Procedures.....	31
(g) Mechanisms and Safeguards.....	32
H. ROLE OF STAKEHOLDERS.....	33
I. DISCLOSURE AND TRANSPARENCY.....	33
J. RIGHTS OF STOCKHOLDERS.....	35
1) RIGHT TO PARTICIPATE EFFECTIVELY IN STOCKHOLDERS' MEETINGS.....	35
2) TREATMENT OF MINORITY STOCKHOLDERS.....	39
K. INVESTORS RELATIONS PROGRAM.....	39
L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES.....	40
M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL.....	40
N. INTERNAL BREACHES AND SANCTIONS.....	41

A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	15
---	----

Actual number of Directors for the year	15
---	----

(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)	Elected when (Annual/Special Meeting)	No. of years served as director
George L. Go	NED	N/A	Noel Bundalian	1995	2014	Annual	21
Wilfrido V. Vergara	ED	N/A	Noel Bundalian	2002	2014	Annual	14
Ramon A. Recto	ID	N/A	Noel Bundalian; no relationship	2002	2014; 3 years	Annual	14
Victor C. Macalincag	ID	N/A	Noel Bundalian; no relationship	2003	2014; 3 years	Annual	13
Antonio B. Alvarez	ED	N/A	Noel Bundalian	1995	2014	Annual	21
Conrado G. Marty	NED	N/A	Noel Bundalian	2006	2014	Annual	10
Isidro A. Consunji	NED	N/A	Noel Bundalian	2012	2014	Annual	4
Patrick Warren D. Go	NED	N/A	Noel Bundalian	1995	2014	Annual	21
Eugene B. Macalalag	ED	N/A	Noel Bundalian	2003	2014	Annual	13
David O. Chua	NED	N/A	Noel Bundalian	2007	2014	Annual	9
Romuald U. Dy Tang	ED	N/A	Noel Bundalian	2008	2014	Annual	8
Salvador P. Escano	NED	N/A	Noel Bundalian	2011	2014	Annual	5
Melvin O. Vergara	NED	N/A	Noel Bundalian	2011	2014	Annual	5
Christopher Brian C. Dy	NED	N/A	Noel Bundalian	2012	2014	Annual	5
Nixon Y. Lim	NED	N/A	N/A	2014	2014	Regular Board Meeting	2

- (b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.**

The following are summaries of the corporate governance policies that the board of directors (the "Board") of Crown Equities, Inc. (the "Company") has adopted:

i. Reportorial or Disclosure System of Company's Corporate Governance Guidelines

All material information, i.e. anything that could potentially affect share price, shall be publicly disclosed. Such information shall include earnings results, acquisition or disposal of assets, board changes, related party transactions, shareholdings or directors and changes to ownership.

The Board commits at all times to fully disclose material information dealings. It shall cause the filing of all required information for the interest of the stakeholders.

ii. Shareholders' Benefits, Rights and Protection

It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for each breach of their rights.

The Board shall take appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the exercise of those rights and provide an adequate venue for them to seek timely redress for each breach of their rights.

The Board committed to respect the following rights of the stockholders:

1. Voting Rights

Shareholders shall have the right to elect, remove, and replace directors and vote on certain corporate acts in accordance with the Corporate Code.

Cumulative voting shall be used in the election of directors.

A director shall not be removed without cause if it will deny the minority shareholders representation in the Board.

2. Pre-emptive Rights

All stockholders shall have pre-emptive rights, unless the same is denied in the articles of incorporation or an amendment thereto. They shall have the right to subscribe to the capital stock of the Corporation. The Articles of Incorporation shall lay down the specific rights and powers of shareholders with respect to the particular shares they hold, all of which shall be protected by law so long as they shall not be in conflict with the Corporation Code.

3. Power of Inspection

All shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code and shall be furnished with annual reports, including financial statement without cost or restrictions.

4. Rights of Information'

The shareholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the company's shares, dealings with the company, relationship among directors and key officers and the aggregate compensation of directors and officers.

The minority shareholders shall be granted the right to propose the holding of a meeting, and rights to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.

The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".

5. Right to Dividends

Shareholders shall have the right to receive dividends subject to the discretion of the Board.

The company shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except: a) when justified by definite corporate expansion projects or programs approved by the Board; or b) when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or c) when it can be clearly shown that such retention is necessary under such special circumstances obtaining in the Corporation, such as when there is a need for special reserve for probable contingencies.

6. Appraisal Right

Shareholders shall have appraisal rights or the right to dissent and demand payment of fair value of their shares in the manner provided for under Section 82 of the Corporation Code of the Philippines.

iii. Board Responsibilities

Compliance with the principles of good corporate governance is the primary responsibility of the Board. It shall be the Board's responsibility to foster the long-term success of the Company and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Company, its shareholders and stakeholders. It shall also be the duty of the Board to formulate the Company's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

(c) How often does the Board review and approve the vision and mission?

The Company's vision and mission are reviewed by the Board annually in the course of planning the Company's goals and objectives for the ensuing year.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group¹

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
George L. Go	Healthcare Systems of Asia Philippines, Inc.	Non-Executive/Chairman
	Fortmed Medical Clinics Makati, Inc.	Non-Executive/Chairman

¹ The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

	Parkfield Land Holdings, Inc.	Non-Executive/Chairman
Wilfrido V. Vergara	Fortmed Medical Clinics Makati, Inc. Healthcare Systems Asia Philippines, Inc. Parkfield Land Holdings, Inc	Non-Executive /Vice Chairman Non-Executive /Vice Chairman Non-Executive
Victor C. Macalincag	Healthcare Systems of Asia Philippines, Inc. Fortmed Medical Clinics Makati, Inc.	Independent Independent
Antonio B. Alvarez	Healthcare Systems of Asia Philippines, Inc. Fortmed Medical Clinics Makati Parkfield Land Holdings, Inc.	Executive Executive Non-Executive
Patrick Warren D. Go	Healthcare Systems of Asia Phils., Inc. FortMED Medical Clinics Makati, Inc.	Executive Executive
Eugene B. Macalalag	Healthcare Systems of Asia Philippines, Inc. Fortmed Medical Clinics Makati, Inc. Parkfield Landholdings, Inc. Crown Central Properties Corp.	Executive Executive Executive Executive
Romuald U. Dy Tang	Healthcare Systems of Asia Philippines, Inc. Fortmed Medical Clinics, Makati Inc. Parkfield Landholdings, Inc.	Non-Executive Non-Executive Non-Executive
Melvin O. Vergara	Healthcare Systems of Asia Philippines, Inc., Fortmed Medical Clinics Makati Inc.	Non-Executive Non-Executive
Christopher Brian C. Dy	Healthcare Systems of Asia Philippines, Inc. Fortmed Medical Clinics, Makati Inc. Parkfield Landholdings, Inc.	Non-Executive Non-Executive Executive

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Victor C. Macalincag	Semirara Mining Corporation Republic Glass Holdings Corp.	Independent Independent
Isidro A. Consunji	Semirara Mining Corporation Atlas Consolidated Mining and Dev. Corp.	Non-Executive Non-Executive
David O. Chua	The Philippines Stock Exchange	Non-Executive
Salvador P. Escano	Pryce Corporation	Non-Executive/Chairman
Nixon Y. Lim	Steniel Manufacturing Corp.	Executive/ Chairman

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
Patrick Warren D. Go	George L. Go	Son
Melvin O. Vergara	Wilfrido V. Vergara	Son
Christopher Brian C. Dy	Romuald Dy Tang	Son

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	Please refer to the discussion below	
Non-Executive Director		
CEO		

The Company imposes and observes the qualifications and requirements on term limits and board membership in related companies imposed by the rules and regulations of the Securities and Exchange Commission (SEC), in particular, those found under SRC Rule 38 and SEC Memorandum Circular No. 9, Series of 2011, in respect of the Company's independent directors.

(e) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Patrick D. Go	137,008,000	44,412,000	1.333%
George L. Go	4,000,800	132,950,000 through PCD Member company	1.001%
Romuald Dy Tang	20,000	76,700,000 through PCD Member company	0.564%
Wilfrido V. Vergara	19,296,000	3,280,000 through PCD Member company	0.166%
Ramon A. Recto	880,000	10,000,000 through PCD Member company	0.080%
Eugene B. Macalalag	80	6,800,000 through PCD Member company	0.050%
David O. Chua	400,000	N/A	0.003%
Antonio B. Alvarez	177,600	N/A	0.001%
Conrado G. Marty	80,008	N/A	0.001%
Christopher Brian C. Dy	20,000	N/A	-nil-
Salvador P. Escano	10,000	N/A	-nil-

Melvin O. Vergara	10,000	N/A	-nil-
Isidro Consunji	8,000	N/A	-nil-
Victor C. Macalincag	80	N/A	-nil-
Nixon Y. Lim	364,140,000	N/A	2.70%
TOTAL	526,050,568	274,142,000	5.883%

2) Chairman and CEO

(a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes

No

Identify the Chair and CEO:

Chairman of the Board	George L. Go
CEO/President	Romuald Dy Tang

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	Chief Executive Officer/President
Role	The Chairman is responsible for leadership of the Board and is tasked to lead meetings of the Board	The President/CEO is primary responsible for leadership of the business of the Company and managing it within the authorities delegated by the Board.
Accountabilities	<ul style="list-style-type: none"> ▪ Ensures that the meetings of the Board are held in accordance with the By-laws or as the Chairman may deem necessary ▪ Supervises preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the President, Management and the directors 	<ul style="list-style-type: none"> ▪ Presides at all meetings of the stockholders, directors and executive committee, in the absence of both the Chairman and the Vice-Chairman
Deliverables	<ul style="list-style-type: none"> ▪ Maintains qualitative and timely limes of communication and information between the Board and Management ▪ Submits annual report of the operations of the Company to the Board 	<ul style="list-style-type: none"> ▪ Has general supervision and management of the business affairs and property of the Company ▪ Executes on behalf of the Company all contracts and agreements which the Company may enter into ▪ Prepares such reports of the Company as may be required by law ▪ Makes reports to the Board and the stockholders ▪ Signs certificates of stock ▪ Exercises such other powers and performs such other duties as the Board may from time to time entrust or delegate to him

3) Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions?

Succession of officers is within the appointment powers of the Board.

4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

Yes. The Company ensures that members of the Board are composed of individuals experienced in their own fields to allow diversity intended to benefit the Company.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

The Company, under its Manual of Corporate Governance, requires all members of the Board, as a qualification for membership to the Board, to possess a practical understanding of the business of the Company. Mr. George L. Go served as a director of another property holding company, while a number of other directors hold directorships in holding companies such as the Company.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role	Ensures that Board policies are implemented in the day-to-day operations of the Company	Provides creative contribution to the Board by providing an independent view of the Company that is removed from day-to-day running	Broadly includes improving corporate credibility and governance standards, and playing a vital role in risk management
Accountabilities	Perform the functions set out under the Company's By-laws, Manual of Corporate Governance and relevant laws, rules and regulations of the SEC required to be performed by directors as such director or as a member of the various committees of the Company		Perform the functions set out under the Company's By-laws, Manual of Corporate Governance and relevant laws, rules and regulations of the SEC required to be performed by an Independent Director as such Independent Director or as a member of the various committees of the Company
Deliverables	Furnish the Company information in the prescribed form in respect of matters relating to the directors required by law to be publicly disclosed		Furnish the Company information in the prescribed form in respect of matters relating to the Independent Director required by law to be publicly disclosed

Provide the company's definition of "independence" and describe the company's compliance to the definition.

Independence is defined by the Company as independence from management and freedom from any business or other relationship which could, or could reasonably be perceived to materially interfere in the exercise of independent judgment in carrying out responsibilities.

As required under its Manual of Corporate Governance, the Corporation has at least two (2) independent members of the Board. The independent directors, through the Nomination Committee, are identified, screened, endorsed and nominated for election to the Board of Directors in accordance with SRC Rule 38.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

The Company imposes and observes the qualifications and requirements on term limits and board membership in related companies imposed by the rules and regulations of the Securities and Exchange Commission (SEC), in particular, those found under SRC Rule 38 and SEC Memorandum Circular No. 9, Series of 2011, in respect of the Company's independent directors.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

No director resigned, died or was removed in 2015.

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	Election at the annual stockholders' meeting	Proven competence, integrity, prudence and track record in his specific field
(ii) Non-Executive Directors	Election at the annual stockholders' meeting	Proven competence, integrity, prudence and track record in his specific field
(iii) Independent Directors	Election at the annual stockholders' meeting	Proven competence, integrity, prudence and track record in his specific field
b. Re-appointment		
(i) Executive Directors	Election at the annual stockholders' meeting	Proven competence, integrity, prudence and track record in his specific field
(ii) Non-Executive Directors	Election at the annual stockholders' meeting	Proven competence, integrity, prudence and track record in his specific field
(iii) Independent Directors	Election at the annual stockholders' meeting	Proven competence, integrity, prudence and track record in his specific field
c. Permanent Disqualification		
(i) Executive Directors	Approval of majority of the Board	Grounds provided in the Company's Manual of Corporate Governance
(ii) Non-Executive Directors	Approval of majority of the Board	Grounds provided in the Company's Manual of Corporate Governance
(iii) Independent Directors	Approval of majority of the Board	Grounds provided in the Company's Manual of Corporate Governance

d. Temporary Disqualification		
(i) Executive Directors	Approval of majority of the Board	Grounds provided in the Company's Manual of Corporate Governance
(ii) Non-Executive Directors	Approval of majority of the Board	Grounds provided in the Company's Manual of Corporate Governance
(iii) Independent Directors	Approval of majority of the Board	Grounds provided in the Company's Manual of Corporate Governance
e. Removal		
(i) Executive Directors	Approval of 2/3 votes of the shareholders at a meeting duly called for the purpose	Grounds provided in the Company's Manual of Corporate Governance
(ii) Non-Executive Directors	Approval of 2/3 votes of the shareholders at a meeting duly called for the purpose	Grounds provided in the Company's Manual of Corporate Governance
(iii) Independent Directors	Approval of 2/3 votes of the shareholders at a meeting duly called for the purpose	Grounds provided in the Company's Manual of Corporate Governance
f. Re-instatement		
(i) Executive Directors	Election by the Board	Removal of ground for suspension/disqualification
(ii) Non-Executive Directors	Election by the Board	Removal of ground for suspension/disqualification
(iii) Independent Directors	Election by the Board	Removal of ground for suspension/disqualification
g. Suspension		
(i) Executive Directors	Approval of majority of the Board	Grounds provided in the Company's Manual of Corporate Governance and commission of acts detrimental to the welfare of the Company
(ii) Non-Executive Directors	Approval of majority of the Board	Grounds provided in the Company's Manual of Corporate Governance and commission of acts detrimental to the welfare of the Company
(iii) Independent Directors	Approval of majority of the Board	Grounds provided in the Company's Manual of Corporate Governance and commission of acts detrimental to the welfare of the Company

Voting Result of the last Annual General Meeting

Name of Director	Votes Received
George L. Go	10,843,274,473
Wilfrido V. Vergara	10,843,274,473
Ramon A. Recto	10,843,274,473
Victor C. Macalincag	10,843,274,473

Antonio B. Alvarez	10,843,274,473
Conrado G. Marty	10,843,274,473
Isidro A. Consunji	10,843,274,473
Patrick Warren D. Go	10,843,274,473
Eugene B. Macalalag	10,843,274,473
David O. Chua	10,843,274,473
Romuald U. Dy Tang	10,843,274,473
Salvador P. Escano	10,843,274,473
Melvin O. Vergara	10,843,274,473
Christopher Brian C. Dy	10,843,274,473

Orientation and Education Program

(a) Disclose details of the company's orientation program for new directors, if any.

N/A

(b) State any in-house training and external courses attended by Directors and Senior Management² for the past three (3) years:

N/A

(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
N/A			

B. CODE OF BUSINESS CONDUCT & ETHICS

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

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	Prohibited	Prohibited	Prohibited
(b) Conduct of Business and Fair Dealings	Allowed to authorize use but not allowed to use Company funds, assets and information for personal benefit	Has discretion to use Company funds, assets and information on matters relating to the Company	With proper authorization, allowed to use Company funds, assets and information on matters relating to the Company
(c) Receipt of gifts from third parties	Ensure that management complies with employment and labor laws and policies	Expected to ensure compliance with employment and labor laws	Employees are assured that the Company shall at all times comply with employment and labor laws and policies
(d) Compliance with Laws & Regulations	Subject to disciplinary action based on Manual of Corporate	Subject to disciplinary action based on the Labor Code of the Philippines	Subject to disciplinary action based on the Labor Code of the Philippines and

² Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

	Governance	and code of conduct	code of conduct
(e) Respect for Trade Secrets/Use of Non-public Information	The Company encourages full disclosure of all matters affecting the Company and provides full confidentiality on whistleblower matters	The Company encourages full disclosure of all matters affecting the Company and provides full confidentiality on whistleblower matters	The Company encourages full disclosure of all matters affecting the Company and provides full confidentiality on whistleblower matters
(f) Use of Company Funds, Assets and Information	Allowed to authorize use but not allowed to use Company funds, assets and information for personal benefit	Has discretion to use Company funds, assets and information on matters relating to the Company	With proper authorization, allowed to use Company funds, assets and information on matters relating to the Company
(g) Employment & Labor Laws & Policies	Ensure that management complies with employment and labor laws and policies	Expected to ensure compliance with employment and labor laws	Employees are assured that the Company shall at all times comply with employment and labor laws and policies
(h) Disciplinary action	Subject to disciplinary action based on Manual of Corporate Governance	Subject to disciplinary action based on the Labor Code of the Philippines and code of conduct	Subject to disciplinary action based on the Labor Code of the Philippines and code of conduct
(i) Whistle Blower	The Company encourages full disclosure of all matters affecting the Company and provides full confidentiality on whistleblower matters	The Company encourages full disclosure of all matters affecting the Company and provides full confidentiality on whistleblower matters	The Company encourages full disclosure of all matters affecting the Company and provides full confidentiality on whistleblower matters
(j) Conflict Resolution	The Company has established and committed itself to an alternative dispute resolution system so that conflicts and difference with counterparties, particularly with shareholders and other key stakeholders, would be settled in a fair and expeditious manner	The Company has established and committed itself to an alternative dispute resolution system so that conflicts and difference with counterparties, particularly with shareholders and other key stakeholders, would be settled in a fair and expeditious manner	The Company has established and committed itself to an alternative dispute resolution system so that conflicts and difference with counterparties, particularly with shareholders and other key stakeholders, would be settled in a fair and expeditious manner

2) **Has the code of ethics or conduct been disseminated to all directors, senior management and employees?**

Yes.

3) **Discuss how the company implements and monitors compliance with the code of ethics or conduct.**

The Company has a designated officer responsible for ensuring compliance with its code of ethics or conduct and compliance with all relevant laws, rules and regulations.

4) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company	N/A
(2) Joint Ventures	Management reviews the feasibility of the joint venture and recommends to the Board its approval.
(3) Subsidiaries	Transactions with subsidiaries are ensured to be arms-length and must be authorized and approved by the Board.
(4) Entities Under Common Control	Transactions with entities under common control are ensured to be arms-length and must be authorized and approved by the Board.
(5) Substantial Stockholders	Transactions with substantial stockholders are ensured to be arms-length and must be authorized and approved by the Board.
(6) Officers including spouse/children/siblings/parents	Transactions with officers and their relatives are kept to a minimum level and ensured to be arms-length and must be authorized and approved by the Board.
(7) Directors including spouse/children/siblings/parents	Transactions with directors and their relatives are kept to a minimum level and ensured to be arms-length and must be authorized and approved by the Board.
(8) Interlocking director relationship of Board of Directors	Interlocking director relationships are not encouraged but must be kept in arms-length and not detrimental to the Company.

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

None.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	N/A
Name of Officer/s	N/A
Name of Significant Shareholders	N/A

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company	Directors and officers are required to disclose to the Company any actual or potential conflict of interest as these are prohibited while conflicts of interest involving shareholders are subject to voluntary disclosure. In case of conflict of interest, Company welfare is of paramount

	concern and all actions are geared towards maintenance of integrity of the Company.
Group	Directors and officers are required to disclose to the Company any actual or potential conflict of interest with any member of the Group as these are prohibited while conflicts of interest involving shareholders are subject to voluntary disclosure. In case of conflict of interest, Company welfare is of paramount concern and all actions are geared towards maintenance of integrity of the Company.

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,³ commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

None.

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
N/A		

(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

None.

Names of Related Significant Shareholders	Type of Relationship	Brief Description
N/A		

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

None.

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
N/A		

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

	Alternative Dispute Resolution System
Corporation & Stockholders	Disputes with stockholders are handled internally through the Board of Directors.
Corporation & Third Parties	Contracts with third parties contain alternative modes of dispute resolution such as mediation and arbitration.
Corporation & Regulatory Authorities	Conflicts with regulatory agencies are handled by management through effective communication with the regulatory agency.

³ Family relationship up to the fourth civil degree either by consanguinity or affinity.

C. BOARD MEETINGS & ATTENDANCE

1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

Board meetings are held at least once every quarter.

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	George L. Go	May 26, 2015	4	3	75%
Vice Chairman	Wilfrido V. Vergara	May 26, 2015	4	4	100%
Member	Romuald U. Dy Tang	May 26, 2015	4	4	100%
Member	Antonio B. Alvarez	May 26, 2015	4	4	100%
Member	Eugene B. Macalalag	May 26, 2015	4	4	100%
Member	Patrick Warren D. Go	May 26, 2015	4	4	100%
Member	Isidro A. Consunji	May 26, 2015	4	2	50%
Member	Conrado G. Marty	May 26, 2015	4	3	75%
Member	David O. Chua	May 26, 2015	4	4	100%
Member	Melvin O. Vergara	May 26, 2015	4	3	75%
Member	Salvador P. Escano	May 26, 2015	4	4	100%
Member	Christopher Brian C. Dy	May 26, 2015	4	4	100%
Independent	Victor C. Macalincag	May 26, 2015	4	4	100%
Independent	Ramon A. Recto	May 26, 2015	4	3	75%
Member	Nixon Y. Lim	May 26, 2015	4	3	75%

3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

No.

4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

For corporate actions requiring majority vote, a majority of the Board is sufficient. In cases required by the Corporation law to have two-thirds majority, then 2/3 of the Board of Directors must approve and authorize said corporate action.

5) Access to Information

(a) How many days in advance are board papers⁴ for board of directors meetings provided to the board?

Notice and agenda is provided to the directors at least one week before the scheduled meetings. Materials for the Board meetings are provided at the meeting.

(b) Do board members have independent access to Management and the Corporate Secretary?

Yes. Directors are encouraged to approach management and corporate secretary on any matter concerning the Company.

(c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

⁴ Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

The Corporate Secretary is responsible in preparing and sending notices on the board agenda. He/She is required to be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities. The Corporate Secretary is the custodian of the Company's corporate documents. He ensures that all materials for Board meetings are in order, takes down the minutes of meetings, ensures compliance with disclosure, reporting requirements of the Philippine Stock Exchange (PSE) and SEC.

(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

The Company's incumbent Corporate Secretary is a lawyer.

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes No

Committee	Details of the procedures
Executive	N/A
Audit	N/A
Nomination	N/A
Remuneration	N/A
Others (specify)	N/A

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Procedures	Details
Legal Advice	Directors can engage external lawyers to advise them on legality of proposed corporate action to ensure the validity of their consent to such actions.
Tax Advice	Directors can engage external tax consultants to advise them on tax matters.

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

For the year 2015, no change has been introduced by the Board on existing policies having a material effect on the business of the Company.

Existing Policies	Changes	Reason
N/A		

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Industry standards	Industry standards
(2) Variable remuneration	Company performance; individual performance	Company performance; individual performance
(3) Per diem allowance	Industry standards	Industry standards
(4) Bonus	Company performance; individual performance	Company performance; individual performance
(5) Stock Options and other financial instruments	Company performance; individual performance	Company performance; individual performance
(6) Others (specify)	N/A	N/A

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	<p>Compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper</p> <p>Stock options may be awarded based on satisfaction of performance requirements</p>	<p>Per diem allowance for attendance at each meeting of the Board</p> <p>Stock options</p>	<p>Total per diem received by all members of the Board shall not exceed 10% of the net income of the Company during the preceding year</p> <p>Terms and conditions of the stock option plan are determined by the Board, provided no change in the maximum number of shares or any decrease in exercise price shall be effected without stockholders' approval</p>
Non-Executive Directors	<p>Compensation shall be determined and apportioned among the directors in such</p>	<p>Per diem allowance for attendance at each meeting of the Board</p>	<p>Total per diem received by all members of the Board shall not</p>

	manner as the Board may deem proper		exceed 10% of the net income of the Company during the preceding year
	Stock options may be awarded based on satisfaction of performance requirements	Stock Options	Terms and conditions of the stock option plan are determined by the Board, provided no change in the maximum number of shares or any decrease in exercise price shall be effected without stockholders' approval. Terms and conditions of the stock option plan are determined by the Board, provided no change in the maximum number of shares or any decrease in exercise price shall be effected without stockholders' approval

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Yes. The grant of stock options was presented to the stockholders for their approval.

Remuneration Scheme	Date of Stockholders' Approval
Stock Options	May 31, 2002

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year (December 31, 2015):

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	N/A	N/A	N/A
(b) Variable Remuneration	N/A	N/A	N/A
(c) Per diem Allowance	Php781,667.00	Php1,795,000.00	

(d) Bonuses	N/A	Php2,354,000.00	N/A
(e) Stock Options and/or other financial instruments	N/A	N/A	N/A
(f) Others (Specify)	N/A	N/A	N/A
Total	861,666.64	1,726,666.64	

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	N/A	N/A	N/A
2) Credit granted	N/A	N/A	N/A
3) Pension Plan/s Contributions	N/A	N/A	N/A
(d) Pension Plans, Obligations incurred	N/A	N/A	N/A
(e) Life Insurance Premium	N/A	N/A	N/A
(f) Hospitalization Plan	N/A	N/A	N/A
(g) Car Plan	N/A	N/A	N/A
(h) Others (Specify)	N/A	N/A	N/A
Total	N/A	N/A	N/A

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

No stock option has been granted from the time the stock option plan was approved.

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
N/A				

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

None.

Incentive Program	Amendments	Date of Stockholders' Approval
N/A	N/A	N/A

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Members of Management are at the same time executive directors of the Company.

Name of Officer/Position	Total Remuneration
N/A	N/A

E. **BOARD COMMITTEES**

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	2	2	1	N/A	Make decisions on matters affecting the general policy of the Corporation.	Decide on matters that it may be entrusted with by the Board.	Pass and act upon such matters as the Board may entrust to it for action, between meetings of Board.
Audit	0	1	2	Being finalized	Perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management	Check all financial reports against its compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements; Develop a transparent financial management system that will ensure the integrity of internal control activities	Pre-approve all audit plans, scope and frequency one (1) month before the conduct of external audit

						throughout the company through a step-by-step procedures and policies handbook that will be used by the entire organization.	
Nomination	2	2	2	N/A	Review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval	Pre-screen and shortlist all candidates nominated to become member of the Board	Assess the qualifications of all candidates nominated to become member of the Board
Remuneration	2	2	1	N/A	Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers	Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and environment	Designate amount of remuneration , which shall be sufficient level to attract and retain directors and officers who are needed to run the company successfully; Disallow any director to decide his or her own remuneration

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Wilfrido V. Vergara	May 26, 2015	44	39	89%	14
Member (ED)	Antonio B. Alvarez	May 26, 2015	44	44	100%	21

	Romuald Dy Tang	May 26, 2015	44	43	98%	8
Member (NED)	George L. Go	May 26, 2015	44	37	84%	21
Member (ID)	Victor C. Macalincag	May 26, 2015	44	41	93%	13

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Victor C. Macalincag	May 26, 2015	1	1	100%	13
Member (NED)	Conrado G. Marty	May 26, 2015	1	1	100%	10
Member (ID)	Ramon A. Recto	May 26, 2015	1	1	100%	14

Disclose the profile or qualifications of the Audit Committee members.

Mr. Victor C. Macalincag, 80 years old, Filipino, has been an Independent Director of the Corporation since May 27, 2003. He is the Chairman of the Audit Committee and a Member of the Executive Committee, Nominations Committee and the Compensation and Remuneration Committee of the Corporation. He currently holds Directorship in the following Subsidiaries: Healthcare Systems of Asia Philippines, Inc. and FortMED Medical Clinics Makati, Inc. Mr. Macalincag is also an Independent Director of Semirara Mining and Power Corporation, Republic Glass Corp., SEM Calaca Power Corporation, ISM Corporation, Atok Big Wedge Corporation, Alphaland Corporation and Philweb Corporation. He is also a director of One Wealth Nation (OWN) Balanced Fund and a Director of Asian Alliance Investment Corporation. He was the President of Trade & Investment Development Corporation of the Philippines which is presently known as PHIL EXIM (formerly PhilGuarantee) from 1991 until his resignation in 2001. He was the Deputy Minister of Finance from 1981 to 1986 and Undersecretary of Finance from 1986 to 1991. He also held the position of National Treasurer from 1981 to 1988. Other positions he held were as follows: Director of Home Guaranty Corporation, Philippine Overseas Construction Board, Philippine Long Distance Telephone Co. (PLDT) from 1988 to 1995, National Power Corporation from 1978 to 1986 and the Philippine Deposit Insurance Corporation from 1983 to 1991. He was also Chairman of Pilipinas Bank and Executive Vice- President of Land Bank of the Philippines. Mr. Macalincag is a Certified public Accountant. He has a Bachelor of Science in Business Administration from the University of the East. He also completed academic requirements for a Masteral Degree in Economics from the same University. He finished a fellowship program conducted by Economic Development Institute of the World Bank, Washington D.C. in 1971.

Conrado G. Marty 70 years old, Filipino, has been a member of the Board of Directors of the Corporation since 2006. Mr. Marty is also a member of the Audit Committee of the Corporation. He is the President of Universal LMS Finance and Leasing Corporation and is also the Vice Chairman of Hyundai Asia Resources, Inc. Mr. Marty holds a Bachelor in Business Administration Major in Accounting from University of the East and is a Certified Public Accountant. He obtained his Master in Business Administration major in Finance from the Wharton School, University of Pennsylvania.

Ramon A. Recto 83 years old, Filipino, has been an Independent Director of the Corporation since May 2002. He has been a Member of the Audit Committee and the Nominations Committee since May 2003. Mr. Recto was the President of Marcventures Holdings, Inc. and Lepanto Consolidated Mining Corporation. Mr. Recto obtained both of his Bachelor's Degrees in Electrical Engineering and in Mechanical Engineering from the University of the Philippines. He also earned his Master's Degree in Industrial Management from the same University.

Describe the Audit Committee's responsibility relative to the external auditor.

The Audit Committee shall perform direct interface functions with the external auditors. The Audit Committee shall also pre-approve all audit plans, scope and frequency one (1) month before the conduct of external audit. The Audit Committee reviews all proposals for services to be rendered by the independent auditor.

(c) **Nomination Committee**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	George L. Go	May 26, 2015	1	1	100%	21
Member (ED)	Antonio A. Alvarez	May 26, 2015	1	1	100%	21
	Romuald U. Dy Tang	May 26, 2015	1	1	100%	8
Member (NED)	Wilfrido V. Vergara	May 26, 2015	1	1	100%	2
Member (ID)	Ramon A. Recto	May 26, 2015	1	1	100%	14
	Victor C. Macalincag	May 26, 2015	1	1	100%	13

(d) **Remuneration Committee**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Wilfrido V. Vergara	May 26, 2015	1	1	100%	2
Member (ED)	Antonio B. Alvarez	May 26, 2015	1	1	100%	21
	Romuald U. Dy Tang	May 26, 2015	1	1	100%	8
Member (NED)	George L. Go	May 26, 2015	1	1	100%	21
Member (ID)	Victor C. Macalincag	May 26, 2015	1	1	100%	13

(e) **Others (Specify)**

Provide the same information on all other committees constituted by the Board of Directors:

N/A

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman						
Member (ED)						
Member (NED)						
Member (ID)						
Member						

3) **Changes in Committee Members**

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

These changes in committee membership occurred during the year 2015:

Name of Committee	Name	Reason
Executive	N/A	N/A
Audit	N/A	N/A
Nomination	N/A	N/A
Remuneration	N/A	N/A
Others (specify)	N/A	N/A

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive	Regularly met with Management to update and get guidance from the committee on day-to-day operations and ordinary course of business transactions of the Company	No significant issues within the responsibility of the Executive Committee arose during the year
Audit	Provided oversight responsibility for the Company's financial reporting process, and regulatory compliance	No significant issues within the responsibility of the Audit Committee arose during the year
Nomination	Reviewed and evaluated qualifications of nominees to the Board; pre-screened and shortlisted all candidates nominated to the Board	No significant issues within the responsibility of the Nomination Committee arose during the year
Remuneration	Designation of amount of remuneration to attract and retain directors and officers	No significant issues within the responsibility of the Remuneration Committee arose during the year

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	None	No significant issues notes
Audit	None	No significant issues notes
Nomination	None	No significant issues notes
Remuneration	None	No significant issues notes

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

Risk management rests on the Board who is responsible for establishing and maintaining a sound risk management system. The Board assumes oversight over the entire risk management process. In addition, the Board's Audit Committee performs oversight functions over Management's activities in the areas of managing credit, market, liquidity, operation, legal and other risks of the Company, and crisis management, including requiring regular report from Management on risk exposures and risk management activities.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof

The Board has reviewed the effectiveness of the Company's risk management system and has found the same adequate.

(c) Period covered by the review

As of December 31, 2015

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness

The Company's risk management system is reviewed at least annually by the Board, with the aim of constantly improving its corporate governance.

(e) Where no review was conducted during the year, an explanation why not.

N/A

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Credit Risk	To deal only with credit worthy counterparties	To manage and control credit exposures within acceptable parameters, ensure continuous monitoring of compliance with arrangements or credit terms granted to counterparties
Liquidity Risk		(a) To ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at the least possible costs; and (d) to maintain an adequate time spread of refinancing maturities
Market Risk	Manage risk arising from changes in value of investments carried at fair market value through profit or loss by monitoring changes in the market price of the investments	To manage and control market risk exposures within acceptable parameters, while optimizing return

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Credit Risk	To deal only with credit worthy counterparties	To manage and control credit exposures within acceptable parameters, ensure continuous monitoring of compliance with arrangements or credit terms granted to counterparties
Liquidity Risk	Ensure that liquidity risk is kept within acceptable levels	(a) To ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at

		the least possible costs; and (d) to maintain an adequate time spread of refinancing maturities
Market Risk	Manage risk arising from changes in value of investments carried at fair market value through profit or loss by monitoring changes in the market price of the investments	To manage and control market risk exposures within acceptable parameters, while optimizing return

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
In the event of exercise of controlling shareholders' voting power, they may overcome the vote of the minority stockholder in case the proposed corporate actions approved are in contrast with each other, in effect preventing the minority stockholder to have its choice declared as the approved corporate action.

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Credit Risk	This refers to the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the consolidated statements of financial position.	The Company continuously monitors compliance with the arrangements or credit terms granted to counterparties. Indication of default identified is discussed and resolved during management meetings. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used.
Liquidity Risk	This refers to the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled in cash or another financial asset	To manage this risk, the Company ensures that it has adequate funding available at all times, it meets commitments as they arise without incurring unnecessary costs, it is able to access funding when needed at the least possible cost, and it maintains adequate time spread of refinancing maturities
Market Risk	This refers to the risk that changes in market prices will affect the values of the Company's holdings of financial instruments. The Company's market risk is limited to its investments carried at fair value through profit or loss and AFS financial statements.	The Company manages its risk arising from changes in value of investments carried at fair value through profit or loss by monitoring the changes in the market price of the investments.

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Credit Risk	This refers to the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables. Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the consolidated statements of financial position.	The Group continuously monitors compliance with the arrangements or credit terms granted to counterparties. Indication of default identified is discussed and resolved during management meetings. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used.
Liquidity Risk	This refers to the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled in cash or another financial asset	To manage this risk, the Group ensures that it has adequate funding available at all times, it meets commitments as they arise without incurring unnecessary costs, it is able to access funding when needed at the least possible cost, and it maintains adequate time spread of refinancing maturities
Market Risk	This refers to the risk that changes in market prices will affect the values of the Group's holdings of financial instruments. The Group's market risk is limited to its investments carried at fair value through profit or loss and AFS financial statements.	The Group manages its risk arising from changes in value of investments carried at fair value through profit or loss by monitoring the changes in the market price of the investments.

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions
Audit Committee	Oversight functions over Management's risk-related activities	Performs oversight functions over Management's activities in the areas of managing credit, market, liquidity, operation, legal and other risks of the Company, and crisis management, including requiring regular report from Management on risk exposures and risk management activities

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company

The Company has in place an independent internal audit function, performed by an Internal Auditor or a group of Internal Auditors, through which its Board, senior management, and stockholders shall provide with reasonable assurance that its key organizational and procedural controls are effective, appropriate and complied with.

The minimum internal control mechanisms for management’s operational responsibility center on the CEO/President, being ultimately accountable for the Company organizational and procedural controls.

The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors: a) the nature and complexity of business and business culture; b) the volume, size and complexity of transactions; c) the degree of risk; d) the degree of centralization and delegation of authority; the extent and effectiveness of information technology; and e) the extent of regulatory compliance.

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate

The Board has reviewed the effectiveness of the internal control system, as provided in the Company’s Manual of Corporate Governance, and considers the same effective and adequate. Since the implementation of its Manual of Corporate Governance in 2003, compliance with it has been satisfactory and no sanction has been imposed on any member of its organization for deviating therefrom.

(c) Period covered by the review

Year ending December 31, 2015.

(d) How often internal controls are reviewed and the directors’ criteria for assessing the effectiveness of the internal control system

Internal controls are reviewed at least annually by the Board, with the aim of constantly improving its corporate governance.

(e) Where no review was conducted during the year, an explanation why not.

N/A

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
Ensures that key organizational and procedural controls are effective,	The scope and particulars of a system of effective organizational and			Reports and submits to the Audit Committee and

appropriate and complied with	procedural controls shall be based on the following factors: a) the nature and complexity of business and business culture; b) the volume, size and complexity of transactions; c) the degree of risk; d) the degree of centralization and delegation of authority; the extent and effectiveness of information technology; and e) the extent of regulatory compliance.			Management an annual report on the internal audit department's activities, responsibilities and performance relative to audit plans and strategies, as approved by the Audit Committee, including significant risk exposures, control issues, and such other matters as may be requested by the Board and Management.
-------------------------------	---	--	--	---

(b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

Yes. The Audit Committee recommends for Board approval the appointment and/or removal of the Internal Auditor.

(c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

Reports and submits to the Audit Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to audit plans and strategies, as approved by the Audit Committee, including significant risk exposures, control issues, and such other matters as may be requested by the Board and Management.

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

None.

Name of Audit Staff	Reason
N/A	

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	
Issues ⁵	

⁵ "Issues" are compliance matters that arise from adopting different interpretations.

Findings ⁶	
Examination Trends	

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- 1) Preparation of an audit plan inclusive of a timeline and milestones;
- 2) Conduct of examination based on the plan;
- 3) Evaluation of the progress in the implementation of the plan;
- 4) Documentation of issues and findings as a result of the examination;
- 5) Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
- 6) Conduct of the foregoing procedures on a regular basis.]

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

Policies & Procedures	Implementation
Establish the internal audit function as a separate unit in the company which would be overseen at the Board level	Implemented
Have a comprehensive enterprise-wide compliance program that is annually reviewed	Implemented
Institutionalize quality service programs for the internal audit function	Implemented
Have in place a mechanism that allows employees, suppliers and other stakeholders to raise valid issues	Implemented
Have the responsible officers attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively	Implemented
Timely disclosure of financial reports	Implemented

(g) Mechanisms and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
EXTERNAL: May not serve at the same time as an internal auditor of the Company	Non-interference by the Company and freedom of analysts to publish their work without pressure or scrutiny	None.	Non-interference by the Company and freedom of rating agencies to publish their work without pressure or scrutiny
EXTERNAL: Rotation of handling partner every five years or earlier			
EXTERNAL: Stockholders' approval for appointment of external auditor, following audit committee recommendation			
INTERNAL AND EXTERNAL: Audit findings are assured free from interference from Management			

⁶ "Findings" are those with concrete basis under the company's policies and rules.

- (h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

The Compliance Officer with the Chairman will attest to the Company's full compliance with the SEC Code of Corporate Governance.

H. ROLE OF STAKEHOLDERS

- 1) Disclose the company's policy and activities relative to the following:

	Policy	Activities
Customers' welfare	Provide useful products and services that are valued by customers	Dedicated officer overseeing operations of its subsidiaries; for its real estate subsidiaries, close communication with its sales representatives to ensure that customer complaints/queries are addressed at the soonest possible time
Supplier/contractor selection practice	Cooperative efforts with suppliers and contractors to ensure timely and complete delivery of the Company's goods and services to its customers	Conduct of due diligence in selecting suppliers/contractors; ensuring strict compliance by both the Company and its suppliers/contractors with the terms of the contract, including timely payment
Environmentally friendly value-chain	Conduct operations in an economic, social and environmentally sustainable manner	The Company is currently in the process of adopting and implementing its community involvement and environment-related programs.
Community interaction	Conduct operations in an economic, social and environmentally sustainable manner	The Company is currently in the process of adopting and implementing its community involvement and environment-related programs.
Anti-corruption programmes and procedures?	Compliance with laws, rules and regulations dealing with anti-graft and corruption	The Company encourages full disclosure of all matters affecting the Company and provides full confidentiality on whistleblower matters
Safeguarding creditors' rights	Full compliance with terms of credit agreements	Ensuring timely payment and compliance with terms and conditions of the debt agreement

- 2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

The Company is currently in the process of adopting and implementing its community involvement and environment-related programs.

- 3) Performance-enhancing mechanisms for employee participation.

- (a) What are the company's policy for its employees' safety, health, and welfare?

The Company respects and protects the rights and interests of its employees, recognizing their valuable role to the growth of the Company.

(b) Show data relating to health, safety and welfare of its employees.

The Company is compliant with relevant Philippine labor and employment laws on employee safety, health and welfare, including those relating to labor standards, government insurance, etc.

(c) State the company's training and development programmes for its employees. Show the data.

Employees of the Company's affiliate, FortMed Medical Clinics Makati, Inc., undergo regular training in respect of medical and laboratory procedures.

(d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

The Company has in place a merit-based performance incentive mechanism (such as its stock option plan and bonus/incentive packages) that awards and incentivizes its employees, and at the same time aligns their interests with those of the shareholders.

4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.

The Company has established and committed itself to an alternative dispute resolution system so that conflicts and difference with counterparties, particularly with shareholders and other key stakeholders, would be settled in a fair and expeditious manner.

The Company encourages full disclosure of all matters affecting the Company and provides full confidentiality on whistleblower matters.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
PCD Nominee Corp.	8,753,133,904 (r)	64.3613%	**
Guild Securities, Inc.	3,774,995,712 (r)	27.7573%	

** PCD Nominee Corp. (PCD), a wholly-owned subsidiary of Philippine Central Depository, Inc., is the registered owner of certain shares in the books of the Company's transfer agents in the Philippines. The beneficial owners of such shares are PCD's participants, who hold shares on their behalf or in behalf of their clients. PCD is a private Corporation organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines. The beneficial owners of PCD shares that owns 5% and above are indicated as follows:

Guild Securities, Inc. (Filipino) Unit 1215 Tower One and Exchange Plaza Ayala Avenue, Makati City	3,774,995,712	27.76%
Marian Securities, Inc. (Filipino) Unit B 26-1-11 Floor Export Bank Plaza Chino Roces Ave. cor. Gil Puyat Ave., Makati City	977,066,000	7.18%

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Wilfrido V. Vergara	19,296,000	3,280,000 (PCD member company)	0.166%
Antonio B. Alvarez	177,600	0	0.001%

Romuald Dy Tang	20,000	76,700,000 (PCD member company)	0.564%
Eugene B. Macalalag	80	6,800,000 (PCD member company)	0.050%
TOTAL	19,493,680	86,780,000	0.781%

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	No
Number of board of directors/commissioners meetings held during the year	No
Attendance details of each director/commissioner in respect of meetings held	No
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

Disclosure is provided in the other reports submitted to the PSE and the SEC.

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
R.G. Manabat & Co.	₱800,000.00	N/A

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

- Company website at <http://crownequitiesinc.com>
- PSE ODiSy (Online Disclosure System)
- SEC reports

5) Date of release of audited financial report: March 30, 2016

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	Yes
Shareholding structure	Yes
Group corporate structure	Yes

Downloadable annual report	Yes
Notice of AGM and/or EGM	Yes
Company's constitution (company's by-laws, memorandum and articles of association)	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

7) Disclosure of RPT

During the last three years, there were no transactions or series of similar transactions with or involving the Company or any of its subsidiaries in which a director, executive officer, nominee for election as a director or stockholder owning ten percent (10%) or more of total outstanding shares and members of their immediate family, had or is to have a direct or indirect material interest.

RPT	Relationship	Nature	Value
N/A			

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

The Company ensures that related party transactions are made on an arms-length basis and no undue advantage or benefit is accorded to either party.

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	Majority of the subscribed capital is present or represented
------------------------	--

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Straight voting
Description	A stockholder is entitled to one vote per share

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

None.

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code
N/A	N/A

Dividends

None.

Declaration Date	Record Date	Payment Date
N/A		

(d) **Stockholders' Participation**

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

Measures Adopted	Communication Procedure
Stockholder Q&A	The stockholders are advised prior to the start of the annual meeting that questions will be entertained after each agenda item. Stockholders are likewise encouraged to approach the Board or Management should they have questions relating to the Company even after the stockholders' meeting
Individual voting, abstention, disapproval of corporate actions	Stockholders are given the right to vote, explain their vote and ask clarificatory questions regarding proposed corporate actions requiring stockholder approval

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
- Amendments to the company's constitution
 - Authorization of additional shares
 - Transfer of all or substantially all assets, which in effect results in the sale of the company

All the above matters are brought before the stockholders for their approval.

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?

The Company complies with the 15-business day requirement for sending out of notices and meeting materials under the SRC.

- Date of sending out notices: May 5, 2015
 - Date of the Annual/Special Stockholders' Meeting: May 26, 2015
4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

No questions were asked by a stockholder during the 2015 annual meeting of the stockholders.

5. **Result of Annual/Special Stockholders' Meeting's Resolutions**

Resolution	Approving	Dissenting	Abstaining
Approval of minutes of 2014 Annual Stockholders' Meeting	10,843,274,473	0	0
Election of Directors	10,843,274,473	0	0
Approval of President's Report on Operations and Audited Financial Statements as of December 31, 2014	10,843,274,473	0	0
Approval and Ratification of Acts of Board of Directors and Management for the Year 2014	10,843,274,473	0	0
Appointment of External Auditor	10,843,274,473	0	0
Extension of Corporate Term for another 50 years from October 24, 2019	10,843,274,473	0	0

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

The result of the annual stockholders' meeting of the Company held on May 26, 2015 was disclosed with the PSE on the same date, and to the SEC within 5 days therefrom.

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

No modifications were made for the annual meeting of stockholders held last May 26, 2015.

Modifications	Reason for Modification
N/A	N/A

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	Wilfrido V. Vergara Romuald U. Dy Tang Antonio B. Alvarez Eugene B. Macalalag Victor C. Macalincag Conrado G. Marty Patrick D. Go Christopher Brian C. Dy Ramon A. Recto David O. Chua Salvador P. Escano	May 26, 2015	By poll		nil	79.72%
Special	N/A					

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

Yes. The stock transfer agent is tasked to count and/or validate the votes at the annual meeting.

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

Yes.

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	Stockholders allowed to vote by written proxy
Notary	Proxies are not required to be notarized
Submission of Proxy	Duly given in writing and presented to the Secretary for inspection and record at least five (5) days before the meeting and during such additional time as the Board may determine from time to time.
Several Proxies	Not allowed
Validity of Proxy	Unless otherwise provided in the written proxy, shall be valid only for the meeting specified in the proxy
Proxies executed abroad	Allowed
Invalidated Proxy	Shall have no effect and shall not empower the proxy named therein to represent the shareholder
Validation of Proxy	Whenever deemed necessary or when directed by the President, a forum for the validation of proxies shall be convened not less than five (5) days before stockholders' meeting. All questions and issues relating to the validity and sufficiency, both as to form and substance of proxies shall be presented during this forum to a proxy validation committee to be formed by the President for such purpose. In all other cases where no forum for validation of proxies is convened, the decision of the Corporate Secretary on the validity of submitted proxies shall be final and binding.
Violation of Proxy	Waiver of terms of proxy shall be upon express instruction of the shareholder

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
Timely delivery of notice and meeting materials to stockholders' of record	Notices and agenda are sent to the stockholders at least 15 business days prior to the annual meeting by mail.
Full disclosure of matters to be taken up during the annual shareholders' meeting	The Company complies with the rules and regulations of the SEC in relation to the disclosure of matters relating to meetings of shareholders, in particular, the requirements on SEC approval of the Company's Information Statement

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	Stockholders as of the record date designated by the Board are entitled to receive the Definitive Information Statement.
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	At least fifteen (15) business days prior to the scheduled date of the stockholders' meeting.
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	At least fifteen (15) business days prior to the scheduled date of the stockholders' meeting.

State whether CD format or hard copies were distributed	CD copies are distributed however, the company undertakes to provide requesting stockholders with hard copies.
If yes, indicate whether requesting stockholders were provided hard copies	Yes

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	Yes
The amount payable for final dividends.	Yes
Documents required for proxy vote.	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
Minority stockholders are afforded equal protection and rights as any stockholder	Minority stockholders enjoy equal footing with other stockholders on all matters involving the company, entitled to 1 vote for each share owned and entitled to access to company information.

(b) Do minority stockholders have a right to nominate candidates for board of directors?

Yes.

K. INVESTORS RELATIONS PROGRAM

1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

The Company has an investor relations officer in charge of handling external and internal communication and investor concerns. Management, through the guidance of the Board, approves major company disclosures and announcements.

2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details
(1) Objectives	To enable investors and shareholders to have prompt, complete and accurate information on the company.
(2) Principles	To promote full transparency and disclosure and ensure the

	public that the company is reachable at all times.
(3) Modes of Communications	Telephone, e-mail, fax, regular mail
(4) Investors Relations Officer	Eugene B. Macalalag

3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

Upon the majority vote of the Board of Directors, at least 2/3 vote of the shareholders is required for major corporate actions such as acquisition of corporate control and extraordinary transactions such as merger, and sale of substantial portion of company assets.

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

N/A.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

The Company believes that it conducts its activities in a socially and environmentally responsible manner. Valuing its corporate social responsibility, the Company is currently identifying activities and initiatives to further integrate in its operations as would ensure that its business is conducted in an economic, social and environmentally sustainable manner.

Initiative	Beneficiary
N/A	N/A

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors	The nomination committee screens the qualifications and disqualifications of the Board	Qualifications and disqualifications under the law and for directors for re-election, attendance in board meetings and performance (contribution to discussions on corporate actions)
Board Committees	The Board assesses past performance	Number of meetings held and matters taken up and approved
Individual Directors	The Nomination Committee screens the qualifications and disqualifications of the Board	Qualifications and disqualifications under the law and for directors for re-election, attendance in board meetings and performance (contribution to discussions on corporate actions)
CEO/President	The Board assesses past performance	Company performance, growth, issues resolved

N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

Violations	Sanctions
First Violation	Reprimand
Second Violation	Suspension from office depending on the gravity of the violation