

COVER SHEET

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S.E.C. Registration Number

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

(Company's Full Name)

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 r e e t s M a k a t i C i t y

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

Mr. Eugene B. Macablag

Contact Person

899-0081

Company Telephone Number

1 2 3 1

Month Day

Fiscal Year

1 7 - A

FORM TYPE

0 5 2 3

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

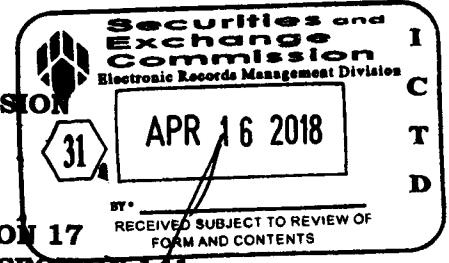
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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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



- 1. For the fiscal year ended: December 31, 2017
- 2. SEC Identification Number: 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: P3,301,206,649

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. 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. However, its land bank continues to appreciate in value.

(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 subsidiary, Parkfield Land Holdings, Inc., is 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 locally.

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 is minimal.

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

The Corporation currently employs 122 officers and staff, including 92 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, 2017, the Corporation generated aggregate revenue of P81 million, mainly from recognized sale of real estate units and from lease of office space.

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., now Federal Land, 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 in the area 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. The project will enjoy proximity to the proposed Cavite-Laguna Expressway (CALAX).

CCPC contributed 27% to the total revenue of the Corporation in 2017 having aggregate revenue of P41 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 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 five 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, minimal queuing, day surgeries, a faster generation of results through its proprietary Management Information System and computerized equipment, and a shuttle service in Sta Rosa for the convenience of its 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). License to operate is secured from the Bureau of Food and Drugs of the DOH annually.

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 ₱54 million in 2017.

(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, 2017 are as follows:

Name of Company	Relationship	Nature of Transaction	2017
Federal Land, Inc.	Stockholder	Dividend Payable	P 16,875,000

CCPC declared cash dividends to its stockholders as at December 31, 2017.

(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, 2017, 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 of 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 stands as the main office of the Corporation and its subsidiaries. Crown Center also houses other tenants.

The Corporation indirectly 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 five 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
2018	January – March	0.385	0.22
2017	October – December	0.23	0.20
	July – September	0.27	0.18
	April – June	0.21	0.15
	January – March	0.198	0.154
2016	October – December	0.169	0.145
	July – September	0.193	0.129
	April – June	0.147	0.121
	January – March	0.129	0.129

As of April 6, 2018, the closing price of the Corporation's common shares was P0.285 per share.

(2) Holders

There were 371 shareholders of CEI as of December 31, 2017. The top 20 stockholders on record as of December 31, 2017 are as follows:

	NAME	CITIZENSHIP	TOTAL SHARES	%
1	PCD Nominee Corp.	Filipino	8,153,390,504	59.9514
2	Guild Securities, Inc.	Filipino	4,401,590,712	32.3646
3	Tong, Marie Louise Y.	Filipino	223,550,000	1.6438
4	Tong, Robin Y.	Filipino	223,550,000	1.6438
5	Tong, Wellington Y.	Filipino	223,550,000	1.6438
6	Rieza, Rene Daniel S.	Filipino	80,000,000	0.5882
7	Finvest Securities Corp.	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	Acuna, Emmanuel E.	Filipino	18,376,000	0.1351
11	Linco, Alberto A.	Filipino	15,905,440	0.1170
12	Trans-Asia Securities, Inc.	Filipino	12,868,000	0.0946
13	Lay, Ellen	Filipino	12,000,000	0.0882
14	Pinpin, Elisa T.	Filipino	12,000,000	0.0882
15	Alcantara, Editha	Filipino	8,000,000	0.0588
16	Ong, Roderick Philip	Filipino	8,000,000	0.0588
17	Katsutoshi, Shimizu	Others	5,600,000	0.0412
18	Ongsiako, Margarita	Filipino	4,944,000	0.0364
19	Lee II, Anthony Peter Bryan Tiong	Filipino	4,800,000	0.0353
20	Go, George L.	Filipino	4,000,800	0.0294

As of December 31, 2017, the number of common shares owned and held by non-Philippine nationals is 134,881,000.

(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 2017 and the comparatives presented for 2016 and 2015 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, 2017 and 2016

Financial Position and Changes in Financial Position

Total assets posted an increase of ₱139 million or 7% primarily attributable to the reversal of impairment of investments. As of year end 2017, total assets of the Corporation stood at ₱2.11 billion.

Total current assets increased to ₱976.4 million, or 62% higher than the ₱602.3 million as of December 31, 2016. Financial assets through profit or loss increased by ₱25 million or 60% due to improvement in the equities market. The current portion of the installment contract receivable decreased by ₱535 thousand due to the collection of sales from Cypress and Palma Real. The periodic recognition of sales resulted in a decrease in inventories by ₱5.9 million or 3%. Receivables decreased by ₱17.9 million or 24% as receivables are collected from venture partners. Other current assets, on the other hand, increased by ₱5.4 million or 9% due to increase in tax assets during the period. Moreover, investments and advances to joint venture was reclassified to asset held for sale, constituting ₱361 million of the increase in current assets.

Total noncurrent assets decreased by ₱235 million primarily due to the reclassification of Investment in Sky Leisure Properties, Inc. (SLPI). Out of the total ₱1.14 billion non-current assets, ₱698 million pertains to investment properties consisting of properties in Batangas, Bulacan, and Taguig which have higher market values but recorded at cost.

From ₱226.9 million as of December 31, 2016, total liabilities recorded an increase of ₱24.8 million to ₱251 million mainly attributable to the increase in liabilities to suppliers, to contractors and other liabilities of which ₱151 million represent customers' deposits, closing fees, doctors' fees, trade liabilities, and accrued liabilities related to property acquisitions. Due to related parties pertain to liabilities to our joint venture partner in CCPC.

Total equity increased by ₱114 million to ₱1.86 billion as of December 31, 2017 as against ₱1.75 billion as of December 31, 2016, essentially due to the net income posted during the period. Total equity attributable to equity holders of the parent company amounted to ₱1.71 billion.

Results of Operation

For the year ending December 31, 2017 the Corporation generated a total revenue of ₱151.6 million, ₱69.4 million of which came from realized real estate sales. Total costs and expenses amounted to ₱169 million while net other income amounted to ₱155 million resulting to a net income after-tax of ₱128.8 million. The net income in 2017 is higher by ₱116 million compared to the ₱12.73 million net income in 2016.

The Parent Company and real estate subsidiaries generated a total revenue of ₱96.4 million of which ₱69.4 million came from realized real estate sales. Total revenue increased by 5% from the ₱144.4 million reported in 2016. In 2017, real estate sales recognized from projects increased by 14% from ₱61.1 million in 2016.

Meanwhile, the healthcare subsidiary reported a ₱54.43 million gross revenue which is almost 2% higher than the 2016 levels.

Total costs and expenses for the year increased by 25% to ₱169 million due to an increase in operating expenses. Net other income was at ₱155 million in 2017 primarily from the reversal of impairment losses in investment in SLPI. This eventually led to a net income after tax of ₱128.8 million as against a ₱12.73 million net income after tax for 2016.

Calendar Year Ended December 31, 2016 and 2015

Financial Position and Changes in Financial Position

Total assets posted an increase of ₱34.9 million or 2% primarily attributable to the growth in current assets by ₱80.9 million or 15%. The increase in current assets was mainly driven by cash and receivables. In contrast, noncurrent assets dropped by ₱46.1 million or 3% due to depreciation and full settlement of loan during the period.

Total current assets increased to ₱636.3 million, ₱80.97 million or 15% higher than the ₱555.3 million as of December 31, 2015. Cash went up by ₱63.8 million or 31% primarily due to collection of loans from Platinum 168 and the termination of investments in BC Net. Financial assets through profit or loss also increased by ₱10 million or 32% due to improvement in the equities market. The current portion of the installment contract receivable decreased by ₱3.4 million or 19% due to the collection of sales from Cypress and Palma Real. The periodic recognition of sales resulted in a decrease in inventories by ₱7.9 million or 4%. Receivables increased by ₱29.8 million or 65% translating to an increase in the receivables from venture partners. Other current assets, on the other hand, increased by ₱1.1 million or 2% due to creditable withholding and input taxes during the period.

Total noncurrent assets declined by ₱46 million primarily due to the collection of non-current portion of the loans receivable and investments in a business venture during the year. Loans to Platinum 168 was fully settled during the year resulting to a decrease in loans receivables to ₱10 million from the previously recorded ₱45.8 million. Likewise property and equipment posted a decrease of ₱7 million to ₱270.5 million as of December 31, 2016 due to depreciation charges during the period. Out of the total ₱1.34 billion non-current assets, ₱697 million pertains to investment properties consisting of properties in Batangas, Bulacan, and Taguig which have higher market values but recorded at cost.

From ₱205.70 million as of December 31, 2015, total liabilities recorded an increase of ₱21.2 million to ₱226.9 million or 10% increase mainly attributable to the increase in liabilities to suppliers, to contractors and other liabilities of which ₱156 million represent customers' deposits, closing fees, doctors' fees, trade liabilities, and accrued liabilities related to property acquisitions. Due to related parties pertain to the advances of our joint venture partner in Palma Real.

Finally, total equity increased by ₱13.6 million or to ₱1.75 billion as of December 31, 2016 as against ₱1.73 billion as of December 31, 2015. This is essentially due to the net income posted during the period.

Results of Operation

For the year ending December 31, 2016 the Corporation generated a total revenue of P144.4 million, P61.12 million of which came from realized real estate sales. Total costs and expenses amounted to P135.7 million resulting to a P8.7 million operating income. Other income amounted to P10.9 million while net income after-tax amounted to P12.73 million compared to a P12.30 million net income in 2015.

The Parent Company and real estate subsidiaries generated a total revenue of P91.2 million of which P61.12 million came from realized real estate sales. Total revenue is down by 24% from the P192 million total revenue in 2015 which included sale of 3 lots in Sto. Tomas, Batangas amounting to P36.8 million. In 2016, real estate sales recognized from projects was down by 48% from P116.9 million in 2015. Lot units recognized during the period was 10 units lesser than those recognized in 2015 while the houses recognized sold during the period was 11 units less. There was one unit from Cypress recognized in 2015 and none in 2016.

Meanwhile, the healthcare subsidiary reported a P53.21 million gross revenue which is almost 15% higher than the 2015 levels.

Total costs and expenses for the year was down by 27% to P135.7 million due to lower cost of real estate sales and the related commission expense. This resulted to an operating income of P8.67 million compared to a P11.22 million operating income in 2015. Net other income was at P10.9 million in 2016 primarily from the settlement of BCNet investments where penalties were imposed. This eventually led to a net income after tax of P12.7 million as against a P12.3 million net income after tax for 2015.

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 a decrease 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 30% 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% 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 8% 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 collection from 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% while non-controlling interest increased by P5.96 million.

Results of Operation

The net income of the group for the year 2015 amounted to P12.30 million.

The Company generated total revenues of P192.01 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.

Total cost of sales and services recorded a net increase of P6.4 million or 9%. 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.

Key Performance Indicators

The Corporation measures its performance based on the utilization of assets and the return on its investments.

Indicator	As of			Formula
	Dec 2017	Dec 2016	Dec 2015	
Current Ratio	2.58x	2.98x	2.87x	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Cash Ratio	1.11x	1.25x	1.05x	$\frac{\text{Cash and Cash equivalents}}{\text{Current Liabilities}}$
Debt-Equity Ratio	0.14x	0.13x	0.12x	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$

Debt-Asset Ratio	0.12x	0.11x	0.11x	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$
Asset-Equity Ratio	1.14x	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	84.94%	8.85%	6.42%	$\frac{\text{Net Income}}{\text{Net Revenue}}$
Investment Ratio	0.33x	0.47x	0.48x	$\frac{\text{Total Investment and Advances}}{\text{Total Asset}}$
Return on Assets	6.30%	0.65%	0.63%	$\frac{\text{Net Income}}{\text{Average Total Assets}}$
Earnings Per Share	0.00889	0.00077	0.00047	$\frac{\text{Net Income after Minority Interest}}{\text{Total Shares Subscribed}}$

Liquidity

Current ratio decreased to 2.58x as of December 31, 2017 compared to 2.98x as of December 31, 2016 as current liabilities increased by 2017. Cash ratio likewise decreased to 1.11x as of December 31, 2017 from 1.25x as of December 31, 2016.

Current ratio improved to 2.98x as of December 31, 2016 compared to 2.87x as of December 31, 2015 as cash levels increased resulting from full collection of loans receivable. Cash ratio likewise increased to 1.25x as of December 31, 2016 from 1.05x as of December 31, 2015.

Current ratio increased to 2.97x as of December 31, 2015 compared to 2.77x as of December 31, 2014. This resulted from 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.

Solvency/Leverage

The debt equity ratio increased to 0.14x as of December 31, 2017 compared to .13x as of December 31, 2016. Whereas, debt-asset ratio slightly increased to 0.12x from 0.11x as of December 31, 2016 and asset-equity ratio also increased to 1.14x as of December 31, 2017. The Company has a nil interest coverage ratio as it has zero loans and therefore no interest expense was realized in 2017 and 2016.

The debt-equity ratio increased to .13x as of December 31, 2016 compared to .12x as of December 31, 2015. The debt-asset remains the same as of December 31, 2016 and 2015. The asset-equity has also increased to 1.13x from 1.12x as of December 31, 2016 and 2015, respectively. The Company has a nil interest coverage ratio as it has zero loans and therefore no interest expense was realized in 2016 and 2015.

Investment Ratio

Investment ratio decreased to 0.33x as of December 31, 2017 from 0.47x as of December 31, 2016 due to the reclassification of investment to asset held for sale. There has neither been a significant acquisition nor sale of investment property during the period.

Investment ratio slightly fell to 0.47x as of December 31, 2016 from 0.48x as of December 31, 2015 due to the depreciation of rentable space. There has neither been a significant acquisition nor sale of investment property during the period.

Profitability

A substantial improvement in the net income margin was registered at 84.94% in 2017 compared to 8.85% in 2016 due to reversal of impairment of investment in associate.

A slight improvement in the net income margin was registered at 8.85% in 2016 compared to 6.42% in 2015 due to higher other income during the period.

Return on Assets

A significant increase in net income for the period resulted to a higher return on assets at 6.30% from the previous year's 0.65%.

Return on assets slightly increased to 0.65% as of December 31, 2016 from 0.63% as of December 31, 2015.

Earnings Per Share

There was no increase in the number of outstanding shares. Earnings per share substantially increased to P0.00889 from P0.00077 in 2016.

Earnings per share increased to P0.00077x as of December 31, 2016 from P0.00047x as of December 31, 2015.

(i) 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 P69.43 million. The healthcare business also generated P54.22 million during the year from the previous year's P52.94 million.

The Palma Real Residential Estates is expected to continue selling. The project continues to market house and lot packages intended to promote community build-up. The project generated P69.43 million revenues in 2017 accounting for 46% 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 any 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 engaged the auditing firm, R.G. Manabat & Co. to handle the independent audit of the Corporation for 2017. 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 P1,081,920 in 2017 and P1,030,400 in 2016. 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 76 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 72 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 University.

Ramon A. Recto 85 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.

Antonio B. Alvarez 74 years old, Filipino has been a member of the Board of Directors 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 72 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, 50 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, 50 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, 50 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 (CAPASCO) and Asia Pacific Capital Equities and Securities Corporation. He is 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. (FFCCCII). He is a Trustee of University of the East (UE) and University of the East Ramon Magsaysay Memorial Medical Center. (UERMMMC). Mr. Chua is also the President of Philippine Steelmakers Association (PSA). He is currently a Director of Nihao Mineral Resources Corp., Dizon Copper and Silver Mines., Philippine Hardware Foundation of the Philippines and Galleria Corporate Center Condominium Corp. He also served as Chairman of the 2011 Philippine Business Conference of the Philippine Chamber of Commerce and Industry (PCCI), and was the President of Kellogg/Northwestern University Alumni Association of the Philippines. He was formerly a Director of Philippine Stock Exchange (PSE), Philippine Savings Bank (PSB), First Metro Investments Corp., and the Chairman of the Philippine Institute of Quezon City (PIQC), and the Chairman of National Employer's Conference of the Employer's Confederation of the Philippines (ECOP). 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, 66 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, 66 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 and CEO 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 was 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, 46 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, 33 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.

Nixon Y. Lim 48 years old, Filipino was born in Cotabato City on June 8, 1970, Married with 2 kids and a graduate of B.S Physics at University of St. La Salle, Manila year 1991. Currently , He is the President of Greenstone Packaging Corporation, Lamitek Systems, Inc. and Greenkraft Corporation, a family owned businesses. In addition, he is also the President of GreenSiam Resources Corporation, Steniel Mindanao Packaging Corporation and Chairman of Steniel Manufacturing Corporation.

Mr. Benedicto C. Legaspi Jr.,63 years old, Filipino, is an independent director of the Corporation. Mr. Legaspi was formerly Executive Vice President and Chief Credit Officer at Metropolitan Bank & Trust Company, Senior Vice President and Chief Credit Officer at Equitable PCI Bank, and Senior Vice President and Credit Officer at Far East Bank and Trust Company. He was past director of Charter Ping An Insurance Corporation, Philippine Charter Insurance Corporation, Bacnotan Steel Industries, FEB Leasing Corporation, FEB Exchange, Inc. and Vitarich Corporation. He was also chairman of the Credit Committee of Megalink, Inc. He attended the Executive Development Program of the Asian Institute of Management and graduated from the Ateneo de Manila

University with a BS in Management degree. He also sits as a Director of Asian Alliance Investment Corporation.

Atty. Rodolfo B. Fernandez, 61 years old, Filipino, is an independent director of the Corporation. Atty. Fernandez currently sits on the board of Reference Group Financial Services, Inc, and Luzon Dvelopment Bank as independent director. He is also director and corporate secretary at The Organization of Property Stakeholders and legal consultant/adviser at Chamber of Thrift Banks. He was formerly Chief Compliance and AMLA Officer at BPI Family Savings Bank; Head of Compliance and Legal at BPI Asset Management and Trust Group (AMTG) and BPI Mutual Fund Companies; Head of the BPI Account Management 4; Chief Legal Counsel at Far East Bank and Trust Co., and Head of Legal and Product Development of FEBTC – Trust Department. An expert and lecturer on estate planning, he obtained his Bachelor of Laws from the UP College of Law and his AB Political Science from the University of Santo Tomas

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 2017, 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	2018 (Est.)	P4.52 million	P10.00 million	P0.83 million	P15.35 million
	2017	P4.30 million	P1.70 million	P0.77 million	P6.77 million
	2016	P3.70 million	-	P0.97 million	P4.67 million
All Other Directors and Officers as a Group	2018 (Est.)	P2.94 million	P3.0 million	-	P5.94 million
	2017	P2.80 million	P.55 million	-	P3.35 million
	2016	P4.81 million	-	P1.90 million	P6.71 million

* The Chairman, President, First Vice President and Treasurer are the only executive officers of Crown Equities, Inc.

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, 2017, 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	8,153,390,504	59.9514%
Common shares	Guild Securities, Inc. (Filipino) 1215 Tower One and Exchange Plaza, Ayala Avenue, Makati City	4,401,590,712	32.3646%

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	2,479,708,721	18.2332%
First Orient Securities, Inc. (Filipino) Unit 1201 Ayala Triangle Tower One Ayala Avenue, Makati City	1,412,275,640	10.3844%
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	7.1843%

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., Trinidad Y. Kalaw for First Orient 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, 2017 is as follows:

<u>Title of Class</u>	<u>Names of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Citizenship</u>	<u>Percent of Ownership</u>
A. <u>Directors</u>				
Common Shares	Nixon Y. Lim	367,150,000 ^d	Filipino	2.700%
Common Shares	Patrick D. Go	181,420,000 ^{db1}	Filipino	1.327%
Common Shares	George L. Go	136,950,800 ^{db2}	Filipino	1.007%
Common Shares	Wilfrido V. Vergara	22,576,000 ^{db4}	Filipino	0.166%
Common Shares	Ramon A. Recto	10,880,000 ^{db3}	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	Benedicto C. Legaspi, Jr.	10,000 ^d	Filipino	nil
Common Shares	Rodolfo B. Fernandez	80 ^d	Filipino	nil
B. <u>Executive Officers</u>				
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. <u>All Directors and Officers as a Group</u>		803,202,568		5.883%

^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 - EXHIBITS AND SCHEDULES

Item 13. Exhibits and Reports on SEC Form 17-C

(1) Exhibits

Audited Financial Statements

Annex A

(2) Reports on SEC Form 17-C from January 1 to December 31, 2016

Date of Disclosure	Subject
May 23, 2017	Results of the annual and organizational Board meeting of Crown Equities held on May 23, 2017 at the Dasmarinas Room, Makati Sports Club, 1227 L.P. Leviste Street, Salcedo Village, Makati City.
May 29, 2017	Initial Statement of Beneficial Ownership of Securities of Mr. Rodolfo B. Fernandez, Independent Director of Crown Equities, Inc.
May 30, 2017	Annual Corporate Governance Report for 2016
May 31, 2017	Revised Manual on Corporate Governance
January 5, 2018	Report on Attendance of the Board of Directors for 2017
February 27, 2018	Notice of Annual Stockholders' Meeting for 2018

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



ELMER B. SERRANO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this _____
exhibiting to me their Tax Identification Number, as follows:

APR 17 2018 PASAY CITY
affiant


NAMES

Romuald U. Dy Tang
Eugene B. Macalalag
Elmer B. Serrano
Antonio B. Alvarez

TIN

115-321-304
117-667-674
153-406-995
107-049-888

Doc. No. 276
Page No. 59
Book No. 10
Series of 2018.



ATTY. JOVINO R. ANGEL

NOTARY PUBLIC

NOTARIAL COMMISSION 17-08

UNTIL DECEMBER 31, 2018

PTR NO. 5826093/IBP NO. 1062667

BOTH ISSUED IN PASAY CITY ON JAN. 3, 2018

MCLE COMPLIANCE NO. V-0024151 10/25/18

ROLL OF ATTORNEYS No. 28761

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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

--

Secondary License Type, If Applicable

--

COMPANY INFORMATION

Company's email Address

cei@crownequitiesinc.com

Company's Telephone Number/s

899-0081

Mobile Number

--

No. of Stockholders

376

Annual Meeting (Month / Day)

May 23, 2017

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

--

Telephone Number/s

899-0081

Mobile Number

--

CONTACT PERSON'S ADDRESS

Crown Center, 158 Jupiter Corner N. Garcia St., Makati City

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

Note 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 INCORPORATED

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

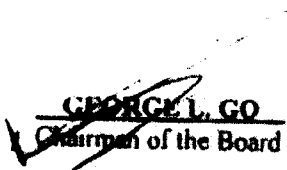
The management of CROWN EQUITIES, INC. (the "Company") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2017 and 2016, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

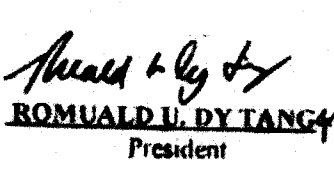
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or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

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

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

R.G. Manabat & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, 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

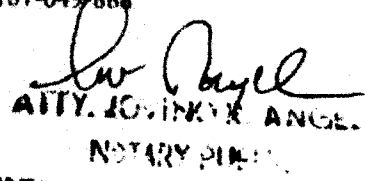

ANTONIO B. ALVAREZ
Treasurer

SUBSCRIBED AND SWORN to before me this 1st day of April, 2018 at _____, Philippines, the affiant exhibiting to me their Tax Identification Number, as follows.

NAMES
George L. Go
Romuald U. Dy Tang
Antonio B. Alvarez

TIN
100-929-738
115-321-304
107-049-888

Doc. No. 274
Page No. 5
Book No. 10
Series of 2018


ATTY. JOINKIX ANGE
NOTARY PUBLIC

NOTARIAL COMMISSION NO. _____
VALID UNTIL DECEMBER 31, 2018

PTR NO. _____ 1062667
BOTH ISSUED _____ 2018
VALID UNTIL _____ 2018
DATE OF EXPIRATION _____

CROWN EQUITIES, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2017, 2016 and 2015



R.G. Manabat & Co.
The KPMG Center, 9/F
6787 Ayala Avenue, Makati City
Philippines 1226
Telephone +63 (2) 885 7000
Fax +63 (2) 894 1985
Internet www.kpmg.com.ph
Email ph-inquiry@kpmg.com.ph

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

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Crown Equities, Inc. and its subsidiaries (“the Group”), which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, 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, 2017, and notes, comprising significant accounting policies and other explanatory information.

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

Basis for Opinion

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



Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Impairment of Goodwill

Refer to Note 3 to the consolidated financial statements for the Group's policy on impairment of Goodwill.

The Group has goodwill amounting to P21.74 million as at December 31, 2017 which is attributable to the Group's acquisition of Healthcare Systems of Asia Philippines, Inc. and Fortmed Medical Clinics Makati, Inc. (FMCMI).

The Risk

Under PFRS, the Group is required to annually test goodwill for impairment. This assessment requires the exercise of significant judgment about future market conditions, including growth rates and discount rates, particularly those affecting the business of FMCMI. The key assumptions used on the impairment test are disclosed in Note 14 to the consolidated financial statements.

Goodwill would be impaired where its recoverable amount has fallen below its carrying value. We consider the impairment of goodwill to be significant audit risk because of the inherent uncertainty involved in forecasting and discounting future cash flows, which are the basis of the assessment of its recoverability.

Our Response

Our audit procedures included among others, obtaining the Group's discounted cash flow model that tests the recoverability of the carrying value of goodwill, and we focused on evaluating the reasonableness of key assumptions used by management in conducting the impairment review. These procedures included evaluating the key inputs and assumptions for the growth and discount rates; reviewing the cash flows used, with comparison to recent performance and trend analysis, and by reference to prior year's forecast, where relevant, assessing whether the Group has achieved them.

Other Information

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

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

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



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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Dindo Marco M. Dioso.

R.G. MANABAT & CO.

DINDO MARCO M. DIOSO

Partner

CPA License No. 0095177

SEC Accreditation No. 1387-AR-1, Group A, valid until May 31, 2020

Tax Identification No. 912-365-765

BIR Accreditation No. 08-001987-30-2016

Issued October 18, 2016; valid until October 17, 2019

PTR No. 6615134MD

Issued January 3, 2018 at Makati City

April 16, 2018

Makati City, Metro Manila

ROWEL B. ESTEBAN

CERTIFIED PUBLIC ACCOUNTANT

D606 Viverde Lofts, P. Dominga, Pasay

09 Sinulatan Second, Camiling, Tarlac

Mobile: 0917 557 1928

email: rowel_best@yahoo.com

PRACTITIONER'S COMPILATION REPORT

The Board of Directors and Stockholders
Crown Equities, Inc. and Subsidiaries
Crown Center, N. Garcia cor. Jupiter Streets
Bel-air, Makati City

I have compiled the accompanying consolidated financial statements Crown Equities, Inc. and Subsidiaries (the Group) based on information you have provided. These consolidated financial statements comprise the consolidated statement of financial position of the Group as at December 31, 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

I performed this compilation engagement in accordance with Philippine Standard on Related Services 4410 (Revised), Compilation Engagements.

I have applied my expertise in accounting and financial reporting to assist you in the preparation and presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards (PFRS). I have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These consolidated financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, I am not required to verify the accuracy or completeness of the information you provided to me to compile these consolidated financial statements. Accordingly, I do not express an audit opinion or a review conclusion on whether these consolidated financial statements are prepared in accordance with PFRS.



ROWEL B. ESTEBAN

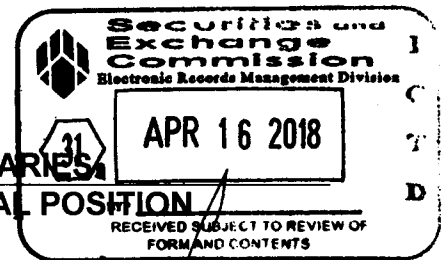
CPA Certificate No. 121715

Tax Identification No. 256-135-713-000

BOA/PRC Accreditation No. 5674 valid until January 20, 2020

PTR No. 5638140, Issued on February 5, 2018 at Camiling, Tarlac

April 10, 2018
City of Manila, Philippines



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

December 31

	Note	2017	2016
ASSETS			
Current Assets			
Cash and cash equivalents	6, 32, 33	P264,388,005	P267,841,454
Financial assets at fair value through profit or loss	7, 32, 33	67,357,783	42,020,983
Installment contract receivables - current portion	9	13,895,923	14,431,330
Trade and other receivables - net	10	57,614,437	75,470,389
Loans receivable - current portion	12, 32	10,000,000	-
Inventories	11	172,652,090	178,530,936
Other current assets	17	29,216,395	23,964,934
		615,124,633	602,260,026
Assets held for sale	13	361,282,867	-
Total Current Assets		976,407,500	602,260,026
Noncurrent Assets			
Available-for-sale financial asset	8, 32, 33	47,344,659	47,344,659
Installment contract receivables - net of current portion	9	58,636,222	51,014,766
Loans receivable - net of current portion	12, 32	-	10,000,000
Property and equipment - net	15	271,540,545	270,527,029
Investment properties - net	16	698,169,105	696,674,363
Investment in and advances to a joint venture - net	13	-	234,438,556
Deferred tax assets	27	-	945,776
Goodwill	14	21,740,604	21,740,604
Other noncurrent assets	17	38,923,609	38,785,993
Total Noncurrent Assets		1,136,354,744	1,371,471,746
		P2,112,762,244	P1,973,731,772
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and others	18	P194,423,684	P169,702,259
Subscriptions payable	19	-	42,158,700
Income tax payable		2,041,055	1,723,056
		196,464,739	213,584,015
Liability directly associated with assets held for sale	19	42,158,700	-
Total Current Liabilities		238,623,439	213,584,015
Noncurrent Liability			
Retirement liability	30	13,137,307	13,355,359
Total Liabilities		251,760,746	226,939,374

Forward

		December 31	
	Note	2017	2016
Equity			
Capital stock	20	1,348,035,906	1,348,035,906
Additional paid-in capital		118,570,274	118,570,274
Retained earnings		238,281,081	117,313,184
Retirement benefits reserve	30	4,815,022	2,515,851
Total Equity Attributable to Equity Holders of the Parent Company		1,709,702,283	1,586,435,215
Noncontrolling Interests	5	151,299,215	160,357,183
Total Equity		1,861,001,498	1,746,792,398
		P2,112,762,244	P1,973,731,772

See Notes to the Consolidated Financial Statements.

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

		Years Ended December 31		
	Note	2017	2016	2015
REVENUES				
Real estate sales	22, 28	P69,427,675	P61,122,951	P116,928,065
Sale of services		54,222,895	52,941,000	46,195,790
Interest on installment contract receivables	9	13,765,302	10,982,997	14,485,828
Rent income	29	11,318,984	10,121,141	7,713,869
Dividend income	7	1,696,142	559,354	317,107
Interest on loans receivable	12	1,000,000	5,582,785	6,075,090
Sale of goods		204,065	266,481	293,038
Investment income		-	2,823,500	-
		151,635,063	144,400,209	192,008,787
COST AND EXPENSES				
Cost of sales and services	23	54,993,670	47,964,672	80,065,513
Operating expenses	24	114,234,820	87,763,178	100,719,140
		169,228,490	135,727,850	180,784,653
OTHER INCOME	26	155,179,120	10,954,952	8,462,650
INCOME BEFORE INCOME TAX		137,585,693	19,627,311	19,686,784
INCOME TAX	27	8,791,028	6,894,804	7,388,341
NET INCOME		P128,794,665	P12,732,507	P12,298,443
Net Income Attributable to:				
Equity holders of the Parent Company		P120,967,897	P10,379,835	P6,344,524
Noncontrolling interests		7,826,769	2,352,672	5,953,919
NET INCOME		128,794,666	12,732,507	12,298,443
OTHER COMPREHENSIVE INCOME				
<i>Item that will not be reclassified subsequently to profit or loss</i>				
Remeasurement gain on retirement benefits	30	2,289,434	922,176	445,839
TOTAL COMPREHENSIVE INCOME		P131,084,100	P13,654,683	P12,744,282

Forward

		Years Ended December 31		
	Note	2017	2016	2015
Total comprehensive income attributable to				
Equity holders of the Parent Company		P123,267,068	P11,258,822	P6,787,242
Noncontrolling interests		7,817,032	2,395,861	5,957,040
		P131,084,100	P13,654,683	P12,744,282
BASIC/DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
	31	P0.00889	P0.000763	P0.000467

See Notes to the Consolidated Financial Statements.

CROWN EQUITIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015

	Equity Attributable to Equity Holders of the Parent Company							Total Equity
	Capital Stock	Paid-In Capital	Additional Capital	Retained Earnings	Retirement Benefits Reserve	Total	Non-controlling Interests	
As of January 1, 2017	P1,348,035,906	P118,570,274	P117,313,184	P2,515,851	P1,586,435,215	P160,357,183	P1,746,792,398	
Net income for the year	-	-	120,967,897	-	120,967,897	7,826,769	128,794,666	
Other comprehensive income	-	-	-	2,299,171	2,299,171	(9,737)	2,289,434	
Total comprehensive income	-	-	120,967,897	2,299,171	123,267,068	7,817,032	131,084,100	
Dividends declared by a subsidiary	-	-	-	-	-	(16,875,000)	(16,875,000)	
As of December 31, 2017	P1,348,035,906	P118,570,274	P238,281,081	P4,815,022	P1,709,702,283	P151,299,215	P1,861,001,498	
As of January 1, 2016	P1,348,035,906	P118,570,274	P106,933,349	P1,636,864	P1,575,176,393	P157,961,322	P1,733,137,715	
Net income for the year	-	-	10,379,835	878,987	10,379,835	2,352,672	12,732,507	
Other comprehensive income	-	-	-	-	878,987	43,189	922,176	
Total comprehensive income	-	-	10,379,835	878,987	11,258,822	2,395,861	13,654,683	
As of December 31, 2016	P1,348,035,906	P118,570,274	P117,313,184	P2,515,851	P1,586,435,215	P160,357,183	P1,746,792,398	
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	-	6,344,524	5,953,919	12,298,443	
Other comprehensive income	-	-	-	442,718	442,718	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	

See Notes to the Consolidated Financial Statements.

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

	<i>Note</i>	Years Ended December 31		
		2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		P137,585,694	P19,627,311	P19,686,784
Adjustments for:				
Provision for (reversal of) impairment losses:				
Investment in and advances to a joint venture	13	(126,844,311)	-	-
Installment contract receivables	9	-	404,224	2,869,901
Interest income	9, 12, 26	(19,689,658)	(20,064,956)	(23,178,847)
Depreciation and amortization	15, 16	13,120,031	14,511,492	15,362,474
Change in fair value of financial assets at FVPL	7	(6,052,587)	(2,414,547)	2,708,098
Loss (gain) from cancelled contracts and forfeited customer deposits	26	(2,985,362)	5,258,472	(329,889)
Retirement expense	30	2,071,382	2,158,103	1,937,560
Dividend income		(1,696,142)	(559,354)	(317,107)
Unrealized foreign exchange gain	26	(939)	(999,919)	(2,529,198)
Gain on disposal of property and equipment		-	-	(93,429)
Operating income (loss) before working capital changes		(4,491,892)	17,920,826	16,116,347
Decrease (increase) in:				
Financial assets at fair value through profit or loss		(19,284,213)	(7,654,804)	(12,221,089)
Trade and other receivables		17,855,952	(29,793,511)	(13,998,388)
Installment contract receivables		(8,537,586)	(1,978,656)	(4,417,381)
Inventories		3,881,870	10,352,393	20,472,510
Other current assets		28,775,873	(1,132,028)	(6,842,793)
Increase (decrease) in accounts and other payables		11,491,324	15,141,710	(7,538,866)
Cash generated from (absorbed by) operations		29,691,328	2,855,930	(8,429,660)
Interest received		19,689,658	20,064,956	23,178,847
Income taxes paid		(7,527,253)	(5,184,286)	(525,157)
Dividends received		1,696,142	559,354	317,107
Benefits paid	30	-	-	(950,000)
Net cash provided by operating activities		43,549,875	18,295,954	13,591,137

Forward

		Years Ended December 31		
	Note	2017	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property and equipment	15	(P12,200,027)	(P5,317,328)	(P6,566,623)
Proceeds from disposal of property and equipment		-	-	206,888
Decrease (increase) in:				
Loans receivable		-	48,333,333	(8,333,333)
Investment properties	16	(639,286)	(752,099)	6,549,416
Other noncurrent assets		(34,164,950)	2,271,386	1,097,562
Net cash provided by (used in) investing activities		(47,004,263)	44,535,292	(7,046,090)
CASH FLOWS FROM FINANCING ACTIVITIES				
Decrease in due to related parties		-	-	(10,600,000)
Collection of subscriptions receivable		-	-	2,925,000
Net cash provided by (used in) financing activities		-	-	(7,675,000)
EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS				
		939	999,919	2,529,198
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
		(3,453,449)	63,831,165	1,399,245
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
		267,841,454	204,010,289	202,611,044
CASH AND CASH EQUIVALENTS AT END OF YEAR				
	6	P264,388,005	P267,841,454	P204,010,289

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, 2017 and 2016, the Parent Company has ownership interests in the following subsidiaries and associates, all incorporated in the Philippines:

	Effective Percentage of Ownership	
	2017	2016
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. (FMCM) ^(c)	97%	97%
Joint Venture		
Sky Leisure Properties, Inc. (SLPI) ^(b)	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) These companies have not yet started commercial operations.

(c) This is indirectly owned through HSAPI.

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 consolidated financial statements of the Group were approved for issue by the Executive Committee on April 10, 2018, as authorized by the Board of Directors (BOD) on February 27, 2018.

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
Financial assets at fair value through profit or loss	Fair value
Retirement liability	Present value of the defined benefit obligation
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 2017 and 2016 (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 parcels of land in Taguig City, Metro Manila, Sto. Tomas, Batangas and San Jose del Monte Bulacan and the commercial space in a condominium are classified as investment properties as they are held by the Company for future development or appreciation.

The land and building in Makati City and Sta. Rosa, Laguna are classified as property and equipment as they are mainly used for the Group's operations as corporate offices and medical clinics.

The carrying value of investment properties amounted to P698,169,105 and P696,674,363 as at December 31, 2017 and 2016, respectively (Note 16).

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

Rent income amounted to P11,318,984, P10,121,141 and P7,713,869 in 2017, 2016 and 2015, respectively (Note 29).

Rent expense amounted to P39,300, P36,889 and P34,189 in 2017, 2016 and 2015, respectively (Note 24).

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 venture and joint operation.

The Group has 50% equity interest in SLPI. Management has determined that the Group has equal control with the joint venture partner over the financial and operating policies of SLPI (Note 13).

The Group has a separate joint operation with Sta.Lucia Realty Development Inc. (SLRDI) and D.M.Consunji, Inc. (DMCI).

SLRDI and the Group entered to an agreement with the former as the land developer and the latter contributing the land and improvements. The Group shares 60% in the sales proceeds (Note 28).

DMCI and the Group entered to an agreement with the former as the condominium developer and the latter contributing land and improvements. The Group's share in the project is equivalent to 15.6% of the 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. Management has 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 2017 and 2016, 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 Installment Contract Receivables, Trade and Other Receivables, Loans Receivable and Advances to a 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, 2017 and 2016, the carrying value of installment contract receivables amounted to P72,532,145 and P65,446,096, respectively (Note 9). Impairment losses amounted to P737,171 and P2,318,169 as at December 31, 2017 and 2016, respectively (Note 9).

As at December 31, 2017 and 2016, the carrying value of trade and other receivables amounted to P57,614,437 and P75,470,389, respectively (Note 10). Allowance for impairment losses on accounts receivables amounted to P18,808,554 as at December 31, 2017 and 2016 (Note 10).

As at December 31, 2017 and 2016, the carrying value of loans receivable amounted to P10,000,000 (Note 12).

As at December 31, 2017, the carrying value of advances to a joint venture amounted to P319,167,167 (Note 12).

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, 2017 and 2016, the carrying value of the AFS financial asset amounted to P47,344,659. No impairment loss was recognized in 2017 and 2016 (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 Group 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 P172,652,090 and P178,530,936 as at December 31, 2017 and 2016, 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 P271,540,545 and P270,527,029 as at December 31, 2017 and 2016, respectively (Note 15), while the carrying value of investment properties amounted to P698,169,105 and P696,674,363 as at December 31, 2017 and 2016, respectively (Note 16).

Estimated fair values of investment properties amounted to P1,415,164,000 as at December 31, 2017 (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 P71,772,638 and P68,044,342 as at December 31, 2017 and 2016, 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 nil and P945,776 as at December 31, 2017 and 2016, respectively, have been recognized as management expects these to be utilized prior to their expiration (Note 27).

Impairment of Nonfinancial Assets. PFRS requires that an impairment review be performed on investments in a joint venture, property and equipment, investment properties, assets held for sale and, other current and 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 Group recognized gain on reversal of impairment losses in investment in and advances to a joint venture amounting to P126,844,311 (Note 13).

The carrying amount of the Group's nonfinancial assets, net of accumulated depreciation and amortization and allowances for impairment losses, amounted to P1,071,650,122 and P1,257,811,171 as at December 31, 2017 and 2016, 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, 2017 and 2016 amounted 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 P13,137,307 and P13,355,359 as at December 31, 2017 and 2016, 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 as the option is 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 are categorized as level 1 and 3 of the fair value hierarchy, respectively.

Fair Value of Investment Property. The fair value of investment property presented for disclosure purposes is based on market values, being the estimated amount for which the property can be exchanged between a willing buyer and seller in an arm's length transaction, or based on a most recent sale transaction of a similar property within the same vicinity where the investment property is located.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate estimated future cash flows expected to be received from leasing out the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.

Estimated fair value of investment property amounted to P1,415,164,000 as at December 31, 2017 and 2016 (Note 16).

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 consolidated financial statements as at December 31, 2017 and 2016. 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 (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, 2017 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.

- *Disclosure initiative (Amendments to PAS 7, Statement of Cash Flows)*. The amendments address financial statements users' requests for improved disclosures about an entity's net debt relevant to understanding an entity's cash flows. The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes - e.g., by providing a reconciliation between the opening and closing balances in the statements of financial position for liabilities arising from financing activities.
- *Annual Improvements to PFRSs 2014 - 2016 Cycle*. This cycle of improvements contains amendments to three standards including the applicable amendments below which are effective for annual periods beginning on or after January 1, 2017. None of the amendments has a significant effect on the separate financial statements of the Group.
 - *Clarification of the scope of the standard (Amendments to PFRS 12 Disclosure of Interests in Other Entities)*. The amendments clarify that the disclosure requirements for interests in other entities also apply to interests that are classified as held for sale or distribution. The amendments are applied retrospectively, with early application permitted.

Standards Issued but Not Yet Adopted

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2017. 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, 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.

Management is still assessing the potential impact in the Group's consolidated financial statements resulting from the application of PFRS 9.

- *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.

Management is still assessing the potential impact in the Group's consolidated financial statements resulting from the application of PFRS 15.

- *Philippine Interpretation IFRIC 22, Foreign Currency Transactions and Advance Consideration*. The amendments clarifies that the transaction date to be used for translation for foreign currency transactions involving an advance payment or receipt is the date on which the entity initially recognizes the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date. The interpretation applies when an entity pays or receives consideration in a foreign currency and recognizes a non-monetary asset or liability before recognizing the related item.

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. The adoption of the standard will have an impact on the recognition of lease expenses, noncurrent assets and liabilities.

PFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply PFRS 15 at or before the date of initial application of PFRS 16.

Management is still assessing the potential impact in the Group's consolidated financial statements resulting from the application of PFRS 16.

Financial Assets and Liabilities

The Group's financial assets and liabilities consist of cash and cash equivalents, installment contract receivables, trade and other 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.

Subsequent to initial recognition, 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 Group has no HTM investments as at December 31, 2017 and 2016.

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 or is designated as such upon initial recognition. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivative instrument (including embedded derivatives), except those covered by hedge accounting relationships, are classified under this category. Financial assets at FVPL are carried in the consolidated statements of financial position at fair value with gains or losses recognized in profit or loss. Interest earned is recorded in interest income while dividend income is recorded in other income when the right to receive payment has been established.

Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required. The Group determines the cost of investments sold using specific identification method.

Included under this category is the Group's marketable equity and debt securities.

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, trade and other 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 consolidated 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). 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.

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 Parent Company's share in a joint operation arrangement. 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. 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."

Medical Supplies

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

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. These are 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 is computed using the straight-line method over the estimated useful life of the asset. The estimated useful life of the commercial space in a condominium 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.

Assets Held for Sale

Noncurrent assets or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be primarily through sale rather through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognized in profit or loss.

Once classified as held for sale, any equity-accounted investee is no longer equity accounted.

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 (APIC). Capital stock and APIC 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 a premium, the difference between the proceeds and the par value is credited to APIC.

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

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. 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.

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.

Segment Assets and Liabilities. Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables and property and equipment. Segment liabilities include all operating liabilities and consist principally of trade and other current liabilities. Segment assets and liabilities do not include deferred income taxes, investments and advances, and borrowings.

Inter-segment Transactions. Segment revenue, segment expenses and segment performance include transfers among business segments. The transfers, if any are accounted for at competitive market prices charged to unaffiliated customers for similar products. Such transfers are eliminated in consolidation.

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 - 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.

Sale of Goods - Revenue is recognized when the title to inventories passes to the buyer which is usually upon delivery.

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 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.

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, 2017 and 2016 and 2015 and certain assets and liability information regarding industry segments at December 31, 2017, 2016 and 2015 (in thousands).

	Year Ended December 31, 2017				
	Real Estate	Healthcare Services	Investment Holdings	Elimination	Total
REVENUES					
External revenue	P99,830	P54,427	P805	(P3,427)	P151,635
Intersegment revenue	22,825	-	266	(23,091)	-
	P122,655	P54,427	P1,071	(P26,518)	P151,635
RESULTS					
Segment results	P170,422	P1,406	(P51)	(P45,169)	P126,608
Interest income	4,767	158	-	-	4,925
Change in fair value of financial assets at FVPL	6,053	-	-	-	6,053
Income tax expense	(7,759)	(1,027)	(5)	-	(8,791)
Net Income	P173,483	P537	(P56)	(P45,169)	P128,795
ASSETS AND LIABILITIES					
Segment assets	P2,375,359	P39,237	P99,430	(P423,005)	P2,091,021
Goodwill	-	-	21,741	-	21,741
Total Assets	P2,375,359	P39,237	P121,176	(P423,005)	P2,112,762
Segment Liabilities					
OTHER SEGMENT INFORMATION					
Depreciation and amortization	P9,388	P2,553	P1,180	P -	P13,120
Capital expenditure in property and equipment	7,610	4,590	-	-	12,200
Capital expenditure in investment property	639	-	-	-	639
Investment and advances in a joint venture - net	744,046	-	21,330	(404,092)	361,283

Year Ended December 31, 2016					
	Real Estate	Healthcare Services	Investment Holdings	Elimination	Total
REVENUES					
External revenue	P90,750	P53,207	P443	P -	P144,400
Intersegment revenue	9,463	-	267	(9,730)	-
	P100,213	P53,207	P710	(P9,730)	P144,400
RESULTS					
Segment results	P8,603	P6,195	(P600)	(P484)	P13,714
Interest income	3,384	115	-	-	3,499
Change in fair value of financial assets at FVPL	2,415	-	-	-	2,415
Income tax expense	(6,188)	(920)	-	213	(6,895)
Net Income	P8,214	P5,390	(P600)	(P271)	P12,733
ASSETS AND LIABILITIES					
Segment assets	P2,208,246	P39,546	P99,604	(P395,405)	P1,951,991
Goodwill	-	-	21,741	-	21,741
Total Assets	P2,208,246	P39,546	P121,345	(P395,405)	P1,973,732
Segment Liabilities	P235,464	P16,705	P79,389	(P104,618)	P226,940
OTHER SEGMENT INFORMATION					
Depreciation and amortization	P10,068	P3,188	P1,255	-	P14,511
Capital expenditure in property and equipment	4,402	760	156	-	5,318
Capital expenditure in investment property	752	-	-	-	752
Investment and advances in a joint venture - net	603,503	-	23,376	(392,440)	234,439

Year Ended December 31, 2015					
	Real Estate	Healthcare Services	Investment Holdings	Elimination	Total
REVENUES					
External revenue	P151,761	P46,489	P541	P -	P198,791
Intersegment revenue	-	-	-	(P6,783)	(6,783)
	P151,761	P46,489	P541	(P6,783)	P192,008
RESULTS					
Segment results	P19,440	P901	(P874)	P310	P19,777
Interest income	2,601	16	-	-	2,617
Change in fair value of financial assets at FVPL	(2,708)	-	-	-	(2,708)
Income tax expense	(6,162)	(1,226)	-	-	(7,388)
Net Income	P13,171	(P309)	(P874)	P310	P12,298
ASSETS AND LIABILITIES					
Segment assets	P2,178,671	P33,690	P99,468	(P394,735)	P1,917,094
Goodwill	-	-	21,741	-	21,741
Total Assets	P2,178,671	P33,690	P121,209	(P394,735)	P1,938,835
Segment Liabilities	P213,821	P17,031	P78,962	(104,116)	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

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, 2017				Intra-group Elimination	Total
	HSAPI	FMCMI	CCPC	PLHI		
NCI percentage	3%	3%	52%	25%		
Current assets	P3,306,435	P28,174,708	P204,242,212	P147,068		
Noncurrent assets	96,123,976	11,062,392	24,937,583	277,518,000		
Current liabilities	(79,270,609)	(10,163,030)	(71,604,761)	(7,484,438)		
Noncurrent liabilities	-	(4,848,201)	(167,262)	-		
Net assets	20,159,802	24,225,869	157,407,772	270,180,630		
Share in net assets	604,794	726,776	81,852,041	67,545,158		
Carrying amount of NCI	604,794	726,776	81,852,041	67,545,158	570,446	151,299,215
Revenue	1,409,449	54,772,436	48,007,493	-		
Net income (loss)	(55,232)	536,493	15,194,673	(355,597)		
Other comprehensive income	-	848,304	(67,665)	-		
Total comprehensive income (loss)	(55,232)	1,384,797	15,127,008	(355,597)		
Profit (loss) allocated to NCI	(1,657)	16,095	7,901,230	(88,899)	-	7,826,769
Other comprehensive income allocated to NCI	-	25,449	(35,186)	-	-	(9,737)
Cash flows from operating activities	972,807	385,780	42,619,209	355,597		
Cash flows from (used in) investing activities	2,046,734	(4,589,774)	(1,059,822)	-		
Cash flows from (used in) financing activities	87,785	-	(30,960,859)	(355,597)		
Net increase (decrease) in cash and cash equivalents	P3,107,326	(P4,203,994)	10,598,528	P -		

	December 31, 2016				Intra-group Elimination	Total
	HSAPI	FMCMI	CCPC	PLHI		
NCI percentage	3%	3%	52%	25%		
Current assets	P254,150	P29,920,497	P199,547,664	P147,068		
Noncurrent assets	99,350,230	9,625,291	35,500,242	277,518,000		
Current liabilities	(79,389,347)	(11,921,073)	(60,189,178)	(7,128,840)		
Noncurrent liabilities	-	(4,783,645)	(77,964)	-		
Net assets	20,215,033	22,841,070	174,780,764	270,536,228		
Share in net assets	606,451	685,232	90,885,997	67,634,057		
Carrying amount of NCI	606,451	685,232	90,885,997	67,634,057	P545,446	P160,357,183
Revenue	817,050	53,207,481	31,463,211	-		
Net income (loss)	(600,078)	5,390,493	4,700,579	(294,509)		
Other comprehensive income	-	579,510	49,624	-		
Total comprehensive income (loss)	(600,078)	5,970,003	4,750,203	(294,509)		
Profit (loss) allocated to NCI	(18,002)	161,715	2,444,301	(73,627)	(161,715)	2,352,672
Other comprehensive income allocated to NCI	-	17,385	25,804	-	-	43,189
Cash flows from (used in) operating activities	932,532	8,077,618	(5,697,088)	(294,509)		
Cash flows used in investing activities	(938,464)	(759,932)	(20,577)	-		
Cash flows from financing activities	60,201	-	-	294,509		
Net increase (decrease) in cash and cash equivalents	P54,269	P7,317,686	(P5,717,665)	P -		

December 31, 2015						
	HSAPI	FMCMI	CCPC	PLHI	Intra-group Elimination	Total
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	20,505,525	16,659,335	170,128,249	270,830,737		
Share in net assets	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)	(769,283)	(205,569)	11,642,150	(295,203)		
Profit (loss) 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 (used in) operating activities	467,152	2,222,012	22,252,926	(398,391)		
Cash flows used in investing activities	(83,000)	(1,221,237)	(22,758)	-		
Cash flows from (used in) financing activities	(384,001)	273,561	(21,430,337)	398,391		
Net increase in cash and cash equivalents	P151	P1,274,336	P799,831	P -		

6. Cash and Cash Equivalents

This account consists of:

	2017	2016
Cash on hand	P57,998	P57,997
Cash in banks	34,660,007	42,930,823
Short-term investments	229,670,000	224,852,634
	P264,388,005	P267,841,454

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 0.75% to 1.50% in 2017, 0.75% to 1.50% in 2016 and 0.45 to 1.52% in 2015. Total interest earned on cash in banks and short-term investments in 2017, 2016 and 2015 amounted to P4,924,356, P3,499,174 and P2,617,929, 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 P67,357,783 and P39,075,315 as at December 31, 2017 and 2016, respectively. The fair value of the debt securities amounted to nil and P2,945,668 as at December 31, 2017 and 2016, respectively. The fair values have been determined based on closing bid prices at reporting date.

The unrealized gain (loss) amounted to P6,052,587, P2,414,547 and (P2,708,098) in 2017, 2016, and 2015, respectively (Note 26) while the realized gain on sale amounted to P3,294,213, P3,278,281 and P2,383,973 in 2017, 2016 and 2015, respectively (Note 26).

Dividend income amounted to P1,696,142, P559,354 and P317,107 in 2017, 2016 and 2015 respectively.

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).

Management does not have any plans to sell or dispose the shares twelve months after December 31, 2017.

9. Installment Contract Receivables

Installment contract receivables pertain to real estate sales. These are collectible in various installment periods between 1 to 10 years and earn interest per annum based on contract. Interest income earned amounted to P13,765,302, P10,982,997 and P14,485,828 in 2017, 2016 and 2015 respectively.

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

	<i>Note</i>	2017	2016
Due in one year or less - net		P13,895,923	P14,431,330
Due after one year		58,636,222	51,014,766
	32, 33	P72,532,145	P65,446,096

Allowance for impairment losses on installment contract receivables amounted to P737,171 and P2,318,169 as at December 31, 2017 and 2016, respectively.

The reconciliation of the changes in the allowance for impairment losses on contract receivables is shown below:

	<i>Note</i>	2017	2016
Balance at beginning of year		P2,318,169	P2,869,901
Impairment loss		-	404,224
Reversal of impairment		-	(955,956)
Write-off		(1,580,998)	-
Balance at end of year	32	P737,171	P2,318,169

Reversal of prior year impairment losses relates to current year cancellations of installment contracts receivable which are previously provided with allowance.

10. Trade and Other Receivables

This account consists of:

	Note	2017	2016
Due from project developers	28	P39,039,439	P56,312,771
Receivables on patient services		15,445,278	15,049,793
Receivables from contractors		12,741,843	12,741,843
Receivables from real estate buyers		2,227,085	2,792,437
Rent receivables		1,441,605	1,663,142
Interest receivables		561,834	581,370
Others		4,965,907	5,137,587
		76,422,991	94,278,943
Less allowance for impairment		18,808,554	18,808,554
	32, 33	P57,614,437	P75,470,389

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

Receivables on patient services are normally due within 30 to 60 days. The following is the aging profile:

	2017		2016	
	Gross Amount	Impairment	Gross Amount	Impairment
Current	P 3,862,416	P -	P6,012,631	P -
Past due 1-120 days	4,804,154	-	1,659,203	-
More than 120 days	6,778,708	6,066,711	7,377,959	6,066,711
	P15,445,278	P6,066,711	P15,049,793	P6,066,711

Receivables from contractors pertains to advance payment made to the contractors which is fully impaired.

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

Others consist of receivables from employees and suppliers.

11. Inventories

Inventories are stated at cost and consist of:

	Note	2017	2016
Real Estate			
Houses and lots		P149,925,977	P153,845,761
Condominium units and parking slots	28	21,427,294	23,424,270
Healthcare			
Medical supplies		1,298,819	1,260,905
		P172,652,090	P178,530,936

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

	<i>Note</i>	2017	2016
Balance at beginning of year		P153,845,761	P162,678,601
Recovery from cancelled contracts		-	1,591,916
Construction in progress		29,631,324	18,576,471
		183,477,085	182,846,988
Cost of houses and lots sold	23	(33,551,108)	(29,001,227)
Balance at end of year		P149,925,977	P153,845,761

The movements in condominium units and parking slots follow:

	<i>Note</i>	2017	2016
Balance at beginning of year		P23,424,270	P22,622,240
Recovery from cancelled accounts		792,000	3,158,947
		24,216,270	25,781,187
Transfer to investment property	16	(2,788,976)	(2,356,917)
Balance at end of year		P21,427,294	P23,424,270

In 2017 and 2016, the Company transferred condominium units from inventories to investment properties to lease out the unit to third parties.

Medical supplies charged to cost of services amounted to P7,313,278, P7,276,174 and P6,557,176 in 2017, 2016 and 2015, 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 nil, P4,672,785 and P5,493,090 in 2017, 2016 and 2015, 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.

The loan and related interest were fully paid in 2016.

- b) On July 14, 2015, the Parent Company entered into a Exchangeable Loan Agreement (the "Exchangeable Agreement") with Premiere Holdings 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 P1,000,000, P910,000 and P582,000 in 2017, 2016 and 2015, respectively.

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 share based on the Exchangeable Agreement.

13. Assets Held for Sale/Investment in and Advances to a Joint Venture

This account consists of investment and advances in SLPI:

	<i>Note</i>	2017	2016
Investment	19, 28	P100,000,000	P100,000,000
Accumulated equity in net losses		(57,841,300)	(57,841,300)
Accumulated impairment losses		-	(42,158,700)
		42,158,700	-
Advances		319,124,167	319,124,167
Accumulated impairment losses		-	(84,685,611)
		361,282,867	234,438,556
Assets held for sale		(361,282,867)	-
		P -	P234,438,556

The funds invested and provided to the Joint Venture ("JV") were used to acquire a parcel of land located in Tagaytay City.

In 2017, management committed to a plan to divest the Company's entire shareholdings in the JV.

Management believes that the previously recognized impairment losses no longer exist as the prevailing real estate prices in the vicinity have significantly gone up. This is mainly driven by the sustained high GDP growth in the last 7 years and township projects in the nearby areas such as Laguna and Cavite where land values are being unlocked by an aggressive expansion of road networks. The Group initially estimated the recoverable amount based largely on the fair value of the property using the valuations performed by an independent appraiser. This resulted in the reversal of the impairment loss amounting to P126,844,311 as at December 31, 2017.

The divestment was subsequently consummated on April 5, 2018 with the Group recovering the full cost of its investment and advances plus a reasonable rate of return.

In 2017, the Group classified its investment in and advances to JV as assets held for sale.

The fair value of the property, as determined by the appraiser, amounting to P964,300,000 is based on Level 3 hierarchy. The fair value is based on the sales comparison and anticipated land development approach.

The accumulated unabsorbed net income of the joint venture amounted to P82,185,186 as at December 31, 2016. This pertains to the changes in fair value of the investment property, net of tax. The Group does not recognize the changes in FV of the investment property to be consistent with its policy of carrying the investment property at cost.

The Group estimated the recoverable amount of the property based on its fair value.

The following summarizes the financial position and financial performance of the joint venture as at and for the year ended December 31, 2016:

Percentage ownership	50%
Current assets	P3,899,688
Noncurrent assets	964,843,000
Current liabilities	139,663,071
Noncurrent liabilities	749,026,646
Net assets (liabilities)	P80,052,971
Net loss/total comprehensive loss	(P8,625,465)
Group's share in total comprehensive loss	(P4,312,733)

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

	2016
Net assets	P80,052,971
Subscription receivable	84,317,400
Adjusted net assets	164,370,371
Multiply by share in net assets	50%
Share in adjusted net assets	82,185,186
Unabsorbed net income	(82,185,186)
Carrying value of interest in joint venture	P -

14. Goodwill

The goodwill is attributed to the Group's acquisition of control over HSAPI and FMCI.

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. Growth rates and operating margins used to estimate future performance are equally based on past performance and experience of growth rates and operating margins achievable in the relevant industry. Cash flows beyond the five-year period are extrapolated using a constant growth rate of 6%. 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 2017 and 2016. The discount rate also imputes the risk of the cash-generating unit compared to the respective risk of the overall market and equity risk premium.

15. Property and Equipment - net

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, 2016		P120,132,721	P162,698,613	P18,304,954	P56,741,083	P31,025,965	P21,345,171	P410,248,507
Additions		-	148,438	484,193	323,291	534,257	3,827,149	5,317,328
December 31, 2016		120,132,721	162,847,051	18,789,147	57,064,374	31,560,222	25,172,320	415,565,835
Additions		-	1,050,610	467,991	3,456,590	1,509,300	5,715,536	12,200,027
December 31, 2017		120,132,721	163,897,661	19,257,138	60,520,964	33,069,522	30,887,856	427,765,862
Accumulated Depreciation and Amortization								
January 1, 2016		-	27,957,992	10,059,774	53,564,593	26,089,348	14,704,082	132,375,789
Depreciation and amortization	23, 24	-	4,017,693	1,977,893	1,537,126	1,642,889	3,487,416	12,663,017
December 31, 2016		-	31,975,685	12,037,667	55,101,719	27,732,237	18,191,498	145,038,806
Depreciation and amortization	23, 24	-	3,788,526	2,007,518	837,683	1,699,803	2,852,981	11,186,511
December 31, 2017		-	P35,764,211	14,045,185	55,939,402	29,432,040	21,044,479	156,225,317
Carrying Amount								
December 31, 2016		P120,132,721	130,871,366	P6,751,480	P1,962,655	P3,827,985	P6,980,822	P270,527,029
December 31, 2017		P120,132,721	P128,133,450	P5,211,953	P4,581,562	P3,637,482	P9,843,377	P271,540,545

Depreciation and amortization expense included as part of cost of services amounted to P837,683, P1,536,370 and P2,068,110 in 2017, 2016 and 2015, respectively (Note 23) while those charged to operating expenses amounted to P10,348,828, P11,126,647 and P11,734,135 in 2017, 2016 and 2015, 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 a condominium 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	November 26, 2016	P818,366,000
Sto. Tomas, Batangas	December 1, 2016	223,907,000
San Jose del Monte, Bulacan	December 6, 2016	372,891,000

As at December 31, 2017 and 2016, 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.

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	2017	2016
Cost			
Balance at beginning of year		P732,625,485	P729,516,469
Additions and capitalized expenditures		639,286	752,099
Transfer from real estate inventories	11	2,788,976	2,356,917
Balance at end of year		736,053,747	732,625,485
Allowance for Impairment		(30,052,467)	(30,052,467)
Accumulated Depreciation			
Balance at beginning of year		(5,898,655)	(4,050,180)
Depreciation for the year	24	(1,933,520)	(1,848,475)
Balance at end of year		(7,832,175)	(5,898,655)
		P698,169,105	P696,674,363

The cost of the parcels of land amounted to P658,966,199 and P658,326,914 as at December 31, 2017 and 2016, respectively.

The unpaid balance on the acquisition of land of P16,851,530 as at December 31, 2017 and 2016, is included in "Accounts payable" under the "Accounts payable and others" 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, 2017 and 2016, some of the parcels of land are still in the process of being titled.

17. Other Current and Noncurrent Assets

Other current assets consist of:

	2017	2016
Prepaid taxes	P17,905,102	P15,479,894
Input VAT	2,953,061	1,905,336
Prepaid commission	4,154,756	3,867,046
Refundable deposits	1,092,231	611,934
Prepaid insurance	819,075	846,363
Construction bond	241,900	141,900
Others	2,050,270	1,112,462
	P29,216,395	P23,964,934

Input VAT arises from the purchase of investment property, construction costs and 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:

	2017	2016
Input VAT - net of current portion	P37,155,422	P36,527,019
Refundable deposits	1,089,606	1,580,393
Others	678,581	678,581
	P38,923,609	P38,785,993

18. Accounts Payable and Others

This account consists of:

	Note	2017	2016
Accounts payable	16	P76,945,740	P69,973,370
Customer deposits		46,200,285	40,692,122
Payable to directors, officers and employees	21	22,608,511	2,558,426
Payable to non-controlling interest		16,875,000	15,114,650
Accrued expenses		14,296,027	23,668,951
Deposits for document processing		7,742,214	7,842,623
Payable to government agencies		3,767,653	3,765,626
Others		5,988,254	6,086,491
	32, 33	P194,423,684	P169,702,259

Accounts payable is normally on a 30-to-60-day credit terms.

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

Payable to non-controlling interest as at December 31, 2017 represents the dividends declared by CCPC which will be paid anytime in 2018. The payable as at December 31, 2016 consists of financing for the acquisition and development of the land in Biñan, Laguna and expense reimbursements of CCPC which the Group fully paid in 2017.

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

19. Subscriptions Payable

As at December 31, 2017 and 2016, 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:

	2017		2016	
	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	18,415,232,480	P1,841,523,248	18,415,232,480	P1,841,523,248
Subscriptions receivable	(119,640,900)	(11,964,090)	(119,640,900)	(11,964,090)
Treasury stocks	(4,815,232,520)	(481,523,252)	(4,815,232,520)	(481,523,252)
	13,480,359,060	P1,348,035,906	13,480,359,060	P1,348,035,906

21. Related Party Transactions

Other than those disclosed in Notes 13 and 19, the Group's significant transactions and balances with related parties as of and for the years ended December 31, 2017 and 2016 are as follows:

Category/Transaction	Year	Note	Amount of the Transaction	Outstanding Balance	Terms	Conditions
Under Common Control						
<i>Directors Fee and Other Remunerations</i>	2017	24	P8,451,624	P8,451,624	Non-interest bearing; payable upon demand	Unsecured
	2016	24	2,655,558	2,655,558		
Stockholder						
Guild Securities, Inc. (GSI)						
Commissions and receivables	2017		79,760	-	Non-interest bearing; payable upon demand	Unsecured; no impairment
	2016		14,631	-		
	2017	18		P8,451,624		
	2016	18		P2,655,558		

- The directors are entitled to receive profit sharing based on the performance by the Company.
- GSI, a stockholder, is also the Parent Company's broker in its trading of financial assets at FVPL. In 2017, 2016 and 2015, commissions charged by GSI amounted to P79,760, P14,631 and P52,292, respectively. The said commission is included in the other operating expenses of the Company (Note 24).

- Salaries and other benefits given to key management personnel amounted to P9,218,702, P8,164,442 and P8,138,211 in 2017, 2016 and 2015, respectively.

All transactions with related parties are unsecured and are to be settled in cash.

22. Real Estate Sales

This account consists of:

	2017	2016	2015
Sale of houses and lots	P69,427,675	P61,122,951	P114,059,791
Sale of condominium units and parking slots	-	-	2,868,274
	P69,427,675	P61,122,951	P116,928,065

23. Cost of Sales

This account consists of:

	2017	2016	2015
Cost of real estate sales	P33,551,108	P29,001,227	P61,111,744
Cost of services	21,330,428	18,820,814	18,774,729
Cost of goods sold	112,134	142,631	179,040
	P54,993,670	P47,964,672	P80,065,513

Cost of real estate sales consists of:

	Note	2017	2016	2015
Cost of houses and lots sold	11	P33,551,108	P29,001,227	P38,060,669
Cost of condominium units and parking slots sold		-	-	2,861,519
Cost of Batangas property sold		-	-	20,189,556
		P33,551,108	P29,001,227	P61,111,744

Cost of services consists of:

	Note	2017	2016	2015
Salaries and employee benefits	25	P9,452,971	P6,901,007	P6,910,713
Medical supplies	11	7,313,278	7,276,174	6,577,176
Depreciation	15	837,683	1,536,370	2,068,110
Outside services		738,630	702,724	675,845
Others		2,987,866	2,404,539	2,542,885
		P21,330,428	P18,820,814	P18,774,729

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	2017	2016	2015
Salaries and employee benefits	25	P29,970,799	P27,292,444	P29,331,606
Directors and officers profit sharing remuneration		22,370,870	1,889,255	2,354,000
Depreciation and amortization	15, 16	12,282,347	12,975,122	13,294,365
Outsourced services		5,968,551	6,107,360	4,891,362
Taxes and licenses		5,869,753	6,459,345	6,393,492
Commission	28	5,271,817	4,307,040	6,191,132
Meetings and seminars		4,774,646	4,341,110	4,379,054
Professional fees		3,763,194	4,128,765	4,252,419
Transportation and travel		3,579,269	2,905,865	3,479,703
Association dues		2,537,958	3,074,508	1,817,651
Committee Meetings		1,960,000	2,103,000	2,020,000
Repairs and maintenance		1,760,278	1,547,325	1,639,823
Utilities		1,706,611	1,617,265	1,853,811
Insurance		1,283,393	1,216,687	1,146,481
Postage and communication		1,079,037	1,097,409	991,050
Directors' fees		994,667	766,333	588,556
Advertising		908,193	1,177,889	1,521,830
Supplies		805,258	655,824	629,963
Representation and entertainment		422,448	958,655	933,942
Rent		39,300	36,889	34,189
Cancelation costs		-	-	2,459,129
SEC filing fees		-	-	5,050
Land distribution cost		-	-	-
Other operating expenses		6,886,431	3,105,088	10,510,532
		P114,234,820	P87,763,178	P100,719,140

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:

	Note	2017	2016	2015
Salaries and wages		P32,447,267	P28,334,052	P30,897,361
Retirement expense	30	2,071,382	2,158,103	1,937,560
Other employee benefits		19,819,034	3,701,296	3,407,398
		54,337,683	34,193,451	36,242,319
Amount charged to cost of services	23	(9,452,971)	(6,901,007)	(6,910,713)
	24	P44,884,712	P27,292,444	P29,331,606

Other benefits include the profit share of the officers as the Company.

26. Other Income (Charges)

This account consists of:

	Note	2017	2016	2015
Reversal of impairment on investment in and advances to a joint venture	13	P126,844,311	P -	P -
Change in fair value of financial assets at FVPL	7	6,052,587	2,414,547	(2,708,098)
Interest income	6	4,924,356	3,499,174	2,617,929
Realized gain on sale of financial assets at FVPL	7	3,294,213	3,278,281	2,383,973
Gain (loss) from cancelled contracts and forfeited customer deposits		2,985,362	(5,258,472)	329,889
Unrealized foreign exchange gain (loss)		939	(999,919)	2,529,198
Impairment loss on installment contract receivables	9	-	(404,224)	(2,869,901)
Others		11,077,352	8,425,565	6,179,660
		P155,179,120	P10,954,952	P8,462,650

Others 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:

	2017	2016	2015
Current:			
Regular corporate income tax	P5,729,375	P4,223,592	P4,480,147
MCIT	1,137,317	1,374,830	1,710,265
Final tax	978,560	611,322	525,121
	7,845,252	6,209,744	6,715,553
Deferred	945,776	685,060	672,808
	P8,791,028	P6,894,804	P7,388,341

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:

	2017	2016	2015
Income before income tax	P137,585,694	P19,627,311	P19,686,784
Tax computed at 30%	P41,275,708	P5,888,193	P5,906,035
Tax effects of:			
Change in unrecognized deferred tax assets	6,948,324	1,158,638	877,759
Non-taxable income	(38,053,293)	(1,875,655)	(901,103)
Interest income subject to final tax	(1,942,326)	(436,862)	(784,838)
Expired NOLCO and MCIT	161,943	94,412	123,855
Non-deductible expenses	400,672	2,066,078	2,166,633
	P8,791,028	P6,894,804	P7,388,341

The deferred tax assets consist of the carryforward benefits of the MCIT of FMCM amounting to P945,776 as at December 31, 2016 and was fully utilized in 2017.

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:

	2017		2016	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
Allowance for impairment on investment properties	P30,052,467	P9,015,740	P30,052,467	P9,015,740
Allowance for impairment on trade and other receivables	18,808,554	5,642,566	18,808,554	5,642,566
Retirement liability	13,137,307	3,941,192	13,355,359	4,006,608
NOLCO	10,434,421	10,434,421	2,293,427	2,293,427
Unrealized gross profit	(3,558,028)	(1,067,408)	1,191,917	357,575
MCIT	2,107,382	2,107,382	970,065	970,065
Allowance for impairment on installment contract receivables	737,171	121,267	2,318,169	695,451
Accrued expenses	54,303	16,291	54,303	16,291
Unrealized foreign exchange gain	(939)	(282)	(999,919)	(299,976)
	P71,772,638	P30,311,053	P68,044,342	P22,697,747

The details of MCIT are as follows:

Year Incurred	Amount	Applied	Balance	Date of Expiration
2014	P395,168	(P395,168)	P -	December 31, 2017
2015	736,656	(550,608)	186,048	December 31, 2018
2016	784,017	-	784,017	December 31, 2019
2017	1,137,317	-	1,137,317	December 31, 2020
Total	P3,053,158	(P945,776)	P2,107,382	

The details of NOLCO are as follows:

Year Incurred	Amount	Expired/ Applied	Balance	Date of Expiration
2014	P539,813	P539,813	P -	December 31, 2017
2015	859,069	-	859,069	December 31, 2018
2016	894,545	-	894,545	December 31, 2019
2017	8,680,597	-	8,680,597	December 31, 2020
Total	P10,974,024	(P539,813)	P10,434,211	

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 total condominium units and parking slots.

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

2017	Joint Operation with SLRDI	Joint Operation with DMCI	Total
Real estate sales	P69,427,675	P -	P69,427,675
Cost of real estate sold	33,551,108	-	33,551,108
	P35,876,567	P -	P35,876,567

2016	Joint Operation with SLRDI	Joint Operation with DMCI	Total
Real estate sales	P61,122,951	P -	P61,122,951
Cost of real estate sold	29,001,227	-	29,001,227
	P32,121,724	P -	P32,121,724

2015	Joint Operation with SLRDI	Joint Operation with DMCI	Total
Real estate sales	P32,424,341	P2,868,274	P35,292,615
Cost of real estate sold	13,938,392	2,861,519	16,799,911
	P18,485,949	P6,755	P18,492,704

As at December 31, 2017 and 2016, 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 development 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 P5,271,817, P4,307,040 and P6,191,132 in 2017, 2016 and 2015, 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:

	2017	2016
Within one year	P14,934,280	P11,274,719
After one year but not more than five years	9,123,964	8,627,261
	P24,058,244	P19,901,980

Rent income recognized amounted to P11,318,984, P10,121,141 and P7,713,869 in 2017, 2016 and 2015, 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 Group's latest actuarial valuation was made on December 31, 2017 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:

	2017	2016
Present value of defined benefit obligation at beginning of year	P13,355,359	P12,119,432
Actuarial gains	(2,289,434)	(922,176)
Current service cost	1,359,659	1,491,196
Interest costs	711,723	666,907
Present value of defined benefit obligation at end of year	P13,137,307	P13,355,359

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

	2017	2016	2015
Current service cost	P1,359,659	P1,491,196	P1,370,131
Interest costs	711,723	666,907	567,429
	P2,071,382	P2,158,103	P1,937,560

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

	2017	2016	2015
Discount rates	5.84%	5.38%	5.52%
Expected rate of salary increases	5.00%	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)	P384,463
Future salary increase rate (1% increase)	794,765

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:

	2017				
	Carrying Amount	Contractual Cash Flows	Less than 5 Years	5 Years but Less than 10 Years	More than 10 Years
Defined benefit obligation	P13,137,307	P277,510,822	P6,179,611	P8,971,524	P262,359,687

	2016				
	Carrying Amount	Contractual Cash Flows	Less than 5 Years	5 Years but Less than 10 Years	More than 10 Years
Defined benefit obligation	P13,355,359	P150,893,405	P9,668,395	P490,148	P140,734,862

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

Funding Policy

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

31. Basic and Diluted Earnings Per Share

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

	2017	2016	2015
Net income attributable to equity holders of the Parent Company	P120,967,897	P10,379,835	P6,344,524
Divided by weighted average number of outstanding common shares	13,599,999,960	13,599,999,960	13,599,999,960
Basic/diluted earnings per share	P0.00889	P0.000763	P0.000467

The Group does not have dilutive or potential dilutive shares as at December 31, 2017, 2016 and 2015.

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

This note presents information about the Group's objectives, policies and processes for measuring 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 securing the Group's short-to-medium term cash flows by minimizing the exposure to 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, trade and other receivables, loans receivable, advances to a joint venture accounts and other payables (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	2017	2016
Cash in banks and cash equivalents*	6	P264,330,007	P267,783,457
Installment contract receivables	9	72,532,145	65,446,096
Trade and other receivables - net	10	57,614,437	75,470,389
Loans receivable	12	10,000,000	10,000,000
Advances to joint venture	13	319,124,167	-
Refundable deposits and construction bond**	17	2,423,737	2,334,227
		P726,024,493	P421,034,169

* 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, 2017 and 2016, 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, 2017				Total
	Neither Past Due nor Specifically Impaired			Past Due or	
	High Grade	Standard Grade	Substandard Grade	Individually Impaired	
Cash in bank and cash equivalents*	P264,330,007	P -	P -	P -	P264,330,007
Installment contract receivables	-	72,532,145	-	737,171	73,269,316
Trade and other receivables	-	52,648,530	4,965,907	18,808,554	76,422,991
Loans receivable	-	10,000,000	-	-	10,000,000
Advances to joint venture	-	319,124,167	-	-	319,124,167
Refundable deposits and performance bond**	-	2,423,737	-	-	2,423,737
	P264,330,007	P456,728,579	P4,965,907	P19,545,725	P745,570,218

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

	As at December 31, 2016				Total
	Neither Past Due nor Specifically Impaired			Past Due or	
	High Grade	Standard Grade	Substandard Grade	Individually Impaired	
Cash in bank and cash equivalents*	P267,783,457	P -	P -	P -	P267,783,457
Installment contract receivables	-	65,446,096	-	2,318,169	67,764,265
Trade and other receivables	-	70,056,426	5,413,963	18,808,554	94,278,943
Loans receivable	-	10,000,000	-	-	10,000,000
Refundable deposits and performance bond**	-	2,334,227	-	-	2,334,227
	P267,783,457	P147,836,749	P5,413,963	P8,384,880	P429,419,049

**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, trade and other receivables, loans receivable, advances to joint venture, 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:

2017	Due on Demand	Within 6 Months	6 - 12 Months	Total
Accounts payable and others*	P16,875,000	P119,838,532	P -	P136,713,532
Subscriptions payable	42,158,700	-	-	42,158,700
	P59,033,700	P119,838,532	P -	P178,872,232

*Excluding payable to government agencies, customers' deposits and deposit for document processing amounting to P57,710,152.

2016	Due on Demand	Within 6 Months	6 - 12 Months	Total
Accounts payable and others*	P15,212,887	P70,118,128	P32,070,873	P117,401,888
Subscriptions payable	42,158,700	-	-	42,158,700
	P57,371,587	P70,118,128	P32,070,873	P159,560,588

*Excluding payable to government agencies, customers' deposits and deposit for document processing amounting to P52,300,371.

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				
2017	P67,357,783	P -	P -	P67,357,783
2016	42,020,983	-	-	42,020,983
AFS				
2017	-	-	47,344,659	47,344,659
2016	-	-	47,344,659	47,344,659

During both years, 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 P3,367,889 and P2,101,049 for the years ended December 31, 2017 and 2016, 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, 2017, the Company is compliant with the minimum public float requirement by the Philippine Stock Exchange (PSE).

Debt-to-equity ratio is as follows:

	2017	2016
Total liabilities	P251,760,746	P226,939,374
Total equity	1,861,001,498	1,746,792,398
	0.14:1	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, trade and other receivables, construction bond, advances to joint venture, accounts and other payables (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 values of installment contract receivables and loans receivable approximate their carrying amounts as their interest rates approximate the market rates for similar instruments.

The fair values of refundable deposits and construction bond approximate their carrying amounts because the difference in the present values and carrying amounts 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.



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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, in accordance with Philippine Standards on Auditing, the financial statements of Crown Equities, Inc. and Subsidiaries (the "Group") as at December 31, 2017 and 2016, and for the years ended December 31, 2017 and 2016, included in this Form 17-A, and have issued our report thereon dated April 16, 2018.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements of the Group taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Company's management. Such additional components include:

- Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration;
- Map of Group of Companies within which the Group belongs;
- Schedule of Philippine Financial Reporting Standards and Interpretations; and
- Supplementary Schedules of Annex 68-E.

This supplementary information is presented for purposes of complying with the Securities Regulation Code Rule 68, As Amended, and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

R.G. MANABAT & CO.

DINDO MARCO M. DIOSO
Partner
CPA License No. 0095177
SEC Accreditation No. 1387-AR-1, Group A, valid until May 31, 2020
Tax Identification No. 912-365-765
BIR Accreditation No. 08-001987-30-2016
Issued October 18, 2016; valid until October 17, 2019
PTR No. 6615134MD
Issued January 3, 2018 at Makati City

April 16, 2018
Makati City, Metro Manila

Crown Equities, Inc. and Subsidiaries
SEC Supplementary Schedules and Other Documents
December 31, 2017

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Crown Equities, Inc. and Subsidiaries
Schedule A - Marketable Securities -
(Current Marketable Equity Securities and
Other Short-term cash Investments)
December 31, 2017

Name of issuing entity & association of each issue	Number of shares	Amount shown on the balance sheet*
Fair Value Through Profit or Loss:		
ABOITIZ POWER	25,000	1,038,750
ASIA UNITED BANK	9,000	538,200
BELLE CORPORATION	75	291
BOULEVARD HLDGS	5,000,000	355,000
BLOOMBERRY	7,000	76,300
BASIC ENERGY CORP	3,333	747
CEMEX HOLDINGS PHILIPPINES, INC.	50,000	244,000
COAL ASIA HOLDINGS, INC.	300,000	93,000
COSCO CAPITAL	27,000	207,900
CENTURY PROPERTIES GROUP INC.	300,000	147,000
CYBER BAY CORPORATION	1,200,000	546,000
CHINA BANKING CORPORATION	17,972	598,468
DA VINCI	10,000	53,900
DOUBLE DRAGON PROP. CORP. (PREFERRED	23,200	2,424,400
D&L INDUSTRIES, INC.	11,000	121,660
EAGLE CEMENT	30,000	443,400
ENERGY DEVELOPMENT CO.	9,009	51,712
IP E-GAMES VENTURES, INC.	10,000,000	
EXPORT AND INDUSTRY BANL, INC	3,310,000	
EMPIRE EAST LAND INC	400,000	260,000
EMPERADOR INC.	50,000	367,500
EASTWEST BANK	18,078	577,592
FIRST GEN	10,000	170,000
GLOBAL ESTATE	300,000	429,000
GMA NET, INC.	170,000	992,800
HOLCIM PHILIPPINES, INC	37,800	407,484
INTEGRATED MICRO	35,000	658,700
MANILA MINING	11,808,988	111,004
MANILA ELECTRIC COMPANY	200	65,720
METRO RETAIL GROUP INC	35,000	136,500
MANILA JOCKEY	18,480	92,400
MANILA WATER COMPANY, INC	35,000	981,750
NATIONAL REINSURANCE CORP	1,300,000	1,248,000
NEXT GENESIS CORP	15,000	-
ORIENTAL PETROLEUM AND MINERAL "A"	117,021,003	1,404,252
ORIENTAL PETROLEUM AND MINERAL "B"	30,000,000	360,000
PHIL. BUSINESS BANK	216,000	2,587,680
PETRON CORP.	112,300	1,029,791
PREMIER HORIZON	800,000	292,000
PREMIUM LEISURE CORP	300,000	405,000
PHIL. STOCK EXCHANGE	4,100	984,000
SFA SEMICON PHILIPPINES CORP	90,000	179,100
TRAVELLER'S INTL HOTEL GROUP	90,000	358,200
SEMIRARA MINING	210,000	7,728,000
SWIFT FOODS	300,000	40,200
SHANG PROPERTIES INC	417,277	1,306,077
STA. LUCIA LAND	100,000	101,000
SAN MIGUEL CORP	1,500	167,400
SAN MIGUEL CORP PREFERRED 2G	13,100	1,009,355
SSI GROUP, INC.	140,000	462,000
PHINMA ENERGY CORPORATION	100,000	157,000
PHINMA PETROLEUM & GEOTHERMAL, INC	2,172	4,387
PLDT	20	29,600
TOP FRONTIER	500	143,000
UNION BANK OF THE PHILS	3,300	285,945
VULCAN INDUSTRIAL CORP	200,000	156,000
XURPAS, INC.	15,000	83,550
ZEUS HOLDINGS	1,350,000	255,150
BYD COMPANY LIMITED	32,640	14,156,451
MUSCLE PHARM CORP	3,003	85,260
PLATFORM SPECIALTY PRODUCTS	4,000	2,008,339
CAPITALAND MALL TRUST	45,600	3,619,591
SINGAPORE TELECOMMUNICATIONS LTD.	25,000	3,326,008
FRASERS COMMERCIAL TRUST	170,000	9,439,528
ALLERGAN PLC	214	1,754,741
Total		P 67,357,783

Crown Equities, Inc. and Subsidiaries
Schedule C
Amounts Receivable from Related Parties which are Eliminated
During the Consolidation of Financial Statements
December 31, 2017

<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	78,443,638	P	78,443,638
Crown Central Properties, Corp.		15,846,209		15,625,000
		<u>94,289,847</u>		<u>94,068,638</u>
Allowance for impairment	(54,623,137)	(25,079,084)
	<u>P</u>	<u>39,666,710</u>	<u>P</u>	<u>68,989,554</u>

Crown Equities, Inc. and Subsidiaries
Schedule D - Non-Current Marketable Equity Securities, Other Long-Term Investments in Stock, and Other Investments
December 31, 2017

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*	
<i>Investments at equity:</i> Asian Alliance Holdings & Development Corp.	90,004,634 shares	P 47,344,659	-	-	-	90,004,634 shares	P 47,344,659	-
<i>Investments at equity:</i> 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, 2017

<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 319,124,167	P 319,124,167
Allowance for impairment	(84,685,611)	-
	<u>P 234,438,556</u>	<u>P 319,124,167</u> *

**Amount shown is part of Assets Held for Sale in the balance sheet.*

Crown Equities Inc. and Subsidiaries
Schedule F

Intangible Assets - Other Assets
December 31, 2017

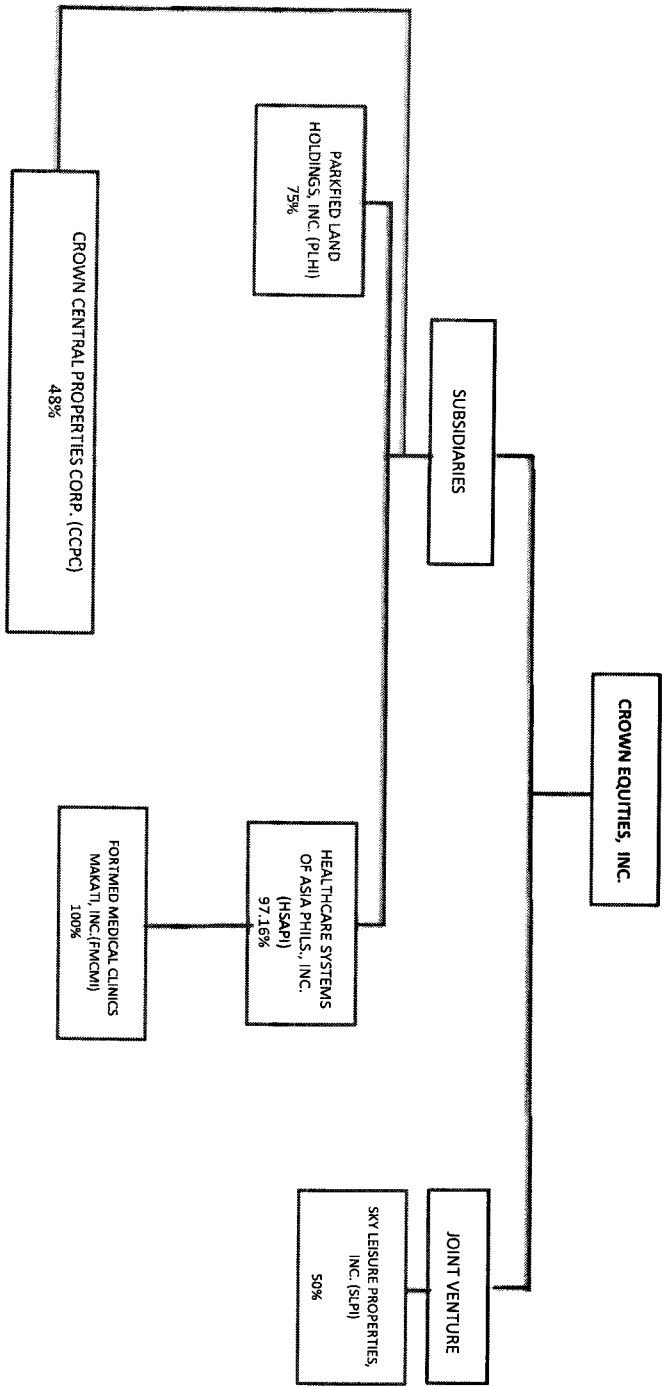
<i>Description</i>	<i>Beginning balance</i>	<i>Additions at cost</i>	<i>Deduction</i>			<i>Ending balance</i>
			<i>Charged to cost and expenses</i>	<i>Charged to other accounts</i>	<i>Other changes (additions (deductions))</i>	
Goodwill	P 21,740,604	P -	P -	P -	P -	P 21,740,604

Crown Equities, Inc. and Subsidiaries
 Schedule J - Capital Stock
 December 31, 2017

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	24,000,000,000	13,599,999,960	-	-	435,052,568	13,164,947,392

* includes indirectly held but beneficially owned shares

Crown Equities, Inc. and Subsidiaries
Map of Conglomerate
December 31, 2017



CROWN EQUITIES, INC. AND SUBSIDIARIES
SCHEDULE OF ALL PHILIPPINE FINANCIAL REPORTING STANDARDS
AND INTERPRETATIONS AS AT DECEMBER 31, 2017

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements				
	Conceptual Framework Phase A: Objectives and qualitative characteristics	✓		
PFRSs Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	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			✓
	Annual Improvements to PFRSs 2014 - 2016 Cycle: Deletion of short-term exemptions for first-time adopters			✓
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'			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions			✓
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			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS EFFECTIVE AS OF DECEMBER 31, 2017		Adopted	Not Adopted	Not Applicable
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9, Financial Instruments with PFRS 4, Insurance 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	✓		
	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 (2014)		✓	
	Amendments to PFRS 9: Prepayment Features with Negative Compensation			✓
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	✓		
	Amendments 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			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
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	✓		
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception	✓		
	Annual Improvements to PFRSs 2014 - 2016 Cycle: Clarification of the scope of the standard			✓
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			✓
PFRS 15	Revenue from Contracts with Customers		✓	
PFRS 16	Leases		✓	
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	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	✓		
	Amendments to PAS 7: Disclosure Initiative	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
PAS 12	Income Taxes	✓		
	Amendment to PAS 12: Deferred Tax: Recovery of Underlying Assets	✓		
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses	✓		
PAS 16	Property, Plant and Equipment	✓		
	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	✓		
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 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			✓
	Annual Improvements to PFRSs 2014 - 2016 Cycle: Measuring an associate or joint venture at fair value			✓
	Amendments to PAS 28: Long-term Interests in Associates and Joint Ventures			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
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 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			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS EFFECTIVE AS OF DECEMBER 31, 2017		Adopted	Not Adopted	Not Applicable
PAS 40	Investment Property	✓		
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Inter-relationship of PFRS 3 and PAS 40 (Amendment to PAS 40)	✓		
	Amendments to PAS 40: Transfers of Investment Property		✓	
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	<i>Determining Whether an Arrangement Contains a Lease</i>	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	<i>Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment</i>			✓
IFRIC 7	<i>Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies</i>			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	<i>Interim Financial Reporting and Impairment</i>			✓
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			✓
IFRIC 22	Foreign Currency Transactions and Advance Consideration			✓
IFRIC 23	Uncertainty over Income Tax Treatments			✓
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	No Adopted	Not Applicable
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 2009-01	Framework.23 and PAS 1.23 - Financial statements 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			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
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			✓
PIC Q&A 2015-01	Conforming Changes to PIC Q&As - Cycle 2015			✓
PIC Q&A 2016-01	Conforming Changes to PIC Q&As - Cycle 2016			✓
PIC Q&A 2016-02	PAS 32 and PAS 38 - Accounting Treatment of Club Shares Held by an Entity			✓
PIC Q&A 2016-04	Application of PFRS 15 "Revenue from Contracts with Customers" on Sale of Residential Properties under Pre-Completion Contracts		✓	
PIC Q&A 2017-01	Conforming Changes to PIC Q&As - Cycle 2017			✓
PIC Q&A 2017-02	PAS 2 and PAS 16 - Capitalization of operating lease cost as part of construction costs of a building			✓
PIC Q&A 2017-03	PAS 28 - Elimination of profits and losses resulting from transactions between associates and/or joint ventures			✓
PIC Q&A 2017-04	PAS 24 - Related party relationships between parents, subsidiary, associate and non-controlling shareholder	✓		
PIC Q&A 2017-05	PFRS 7 - Frequently asked questions on the disclosure requirements of financial instruments under PFRS 7, Financial Instruments: Disclosures	✓		
PIC Q&A 2017-06	PAS 2, 16 and 40 - Accounting for Collector's Items			✓
PIC Q&A 2017-07	PFRS 10 - Accounting for reciprocal holdings in associates and joint ventures			✓
PIC Q&A 2017-08	PFRS 10 - Requirement to prepare consolidated financial statements where an entity disposes of its single investment in a subsidiary, associate or joint venture			✓
PIC Q&A 2017-09	PAS 17 and Philippine Interpretation SIC-15 - Accounting for payments between and among lessors and lessees			✓
PIC Q&A 2017-10	PAS 40 - Separation of property and classification as investment property			✓
PIC Q&A 2017-11	PFRS 10 and PAS 32 - Transaction costs incurred to acquire outstanding non-controlling interest or to sell non-controlling interest without a loss of control			✓
PIC Q&A 2017-12	Subsequent Treatment of Equity Component Arising from Intercompany Loans			✓
PIC Q&A 2018-01	Voluntary changes in accounting policy		✓	
PIC Q&A 2018-02	Non-controlling interests and goodwill impairment test		✓	
PIC Q&A 2018-03	Fair value of PPE and depreciated replacement cost			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
PIC Q&A 2018-04	Inability to measure fair value reliably for biological assets within the scope of PAS 41			✓
PIC Q&A 2018-05	Maintenance requirement of an asset held under lease			✓
PIC Q&A 2018-06	Cost of investment in subsidiaries in SFS when pooling is applied			✓
PIC Q&A 2018-07	Cost of an associate, joint venture, or subsidiary in separate financial statements		✓	
PIC Q&A 2018-08	Accounting for the acquisition of non-wholly owned subsidiary that is not a business			✓
PIC Q&A 2018-09	Classification of deposits and progress payments as monetary or non-monetary items			✓
PIC Q&A 2018-10	Scope of disclosure of inventory write-down		✓	

Legend:

Adopted - means a particular standard or interpretation is relevant to the operations of the entity (even if it has no effect or no material effect on the financial statements), for which there may be a related particular accounting policy made in the financial statements and/or there are current transactions the amounts or balances of which are disclosed on the face or in the notes of the financial statements.

Not Adopted - means a particular standard or interpretation is effective but the entity did not adopt it due to either of these two reasons: 1) The entity has deviated or departed from the requirements of such standard or interpretation; or 2) The standard provides for an option to early adopt it but the entity decided otherwise.

Not Applicable - means the standard or interpretation is not relevant at all to the operations of the entity.

Crown Equities, Inc.
Schedule M - Key Performance Indicators
December 31, 2017

Indicator	As of			Formula
	Dec-17	Dec-16	Dec-15	
Current Ratio	2.40	2.98	2.87x	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Cash Ratio	1.40	1.25	1.05x	$\frac{\text{Cash and Cash equivalents}}{\text{Current Liabilities}}$
Debt-Equity Ratio	0.13	0.13	0.12x	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$
Debt-Asset Ratio	0.12	0.11	0.11x	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$
Asset-Equity Ratio	1.13	1.13	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	0.8329	0.0882	0.0641	$\frac{\text{Net Income}}{\text{Net Revenue}}$
Investment Ratio	0.50	0.47	0.48x	$\frac{\text{Total Investment and Advances}}{\text{Total Asset}}$
Return on Assets	0.0619	0.0065	0.0063	$\frac{\text{Net Income}}{\text{Average Total Assets}}$
Earnings Per Share	0.00871	0.00076	0.00047	$\frac{\text{Net Income after Minority Interest}}{\text{Total Shares Subscribed}}$

CROWN EQUITIES, INC. AND SUBSIDIARIES
SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS – PARENT
AVAILABLE FOR DIVIDEND DECLARATION

Unappropriated Retained Earnings, January 1, 2017	P61,820,594
Adjustments:	
Adjustments in previous years' reconciliation	4,233,117
Unappropriated Retained Earnings, as adjusted, January 1, 2017	57,587,477
Net income for the current year based on the face of AFS	P156,142,017
Less: Non-actual/unrealized income, net of tax:	
Equity in net income of associate/ joint venture	-
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	(939)
Fair value adjustment (M2M gains)	(2,758,374)
Fair value adjustment of Investment Property resulting in gain	-
Adjustment due to deviation from PFRS/GAAP – gain	-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-
Deferred income tax benefit for the year	-
Subtotal	153,382,704
Add: Non-actual losses, net of tax:	
Depreciation on revaluation increment (after tax)	-
Adjustment due to deviation from PFRS/GAAP - loss	-
Loss on fair value adjustment of investment property (after tax)	-
Subtotal	-
Add: Net income actually earned during the year	153,382,704
Less: Others	
Dividend declaration during the period	-
TOTAL RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION, DECEMBER 31, 2017	P210,970,181