

# COVER SHEET

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S.E.C. Registration Number

**D O U B L E D R A G O N P R O P E R T I E S C O R P .**  
**A N D S U B S I D I A R I E S**  
 ( F o r m e r l y I n j a p L a n d  
 C o r p o r a t i o n )

(Company's Full Name)

P e o p l e ' s H o t e l , F u e n t e s a n d  
 D e l g a d o S t r e e t s , I l o i l o C i t y

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

Rizza Marie Joy Sia

Contact Person

856-7111

Company Telephone Number

1 2   3 1  
 Month      Day

1 7 - A

FORM TYPE

1 1   1 1  
 Month      Day  
 Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes.

SEC No. 200930354  
File No. \_\_\_\_\_

**DOUBLEDRAGON PROPERTIES CORP.**  
(Company's Full Name)

**People's Hotel, Fuentes and Delgado Streets**  
(Company's Address)

**856 7111**  
(Telephone Number)

**December 31**  
(Fiscal Year ending)

**SEC Form 17-A Annual Report**  
(Form Type)

**N/A**  
Amendment Designation

**December 31, 2014**  
Period Ended Date

**N/A**  
(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

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, 2014
2. Commission ID No. CS200930354 3. BIR Tax ID No. 287-191-423-000
4. Exact name of issuer as specified in its charter: DoubleDragon Properties Corp.
5. Province, country or other jurisdiction of incorporation / organization: Philippines
6. Industry Classification Code:  (SEC Use Only)
7. Address of issuer's principal office and Postal Code: 5th Floor People's Hotel Fuentes and Delgado Sts., Iloilo City 5000
8. Issuer's telephone number, including area code: (632) 856-7111
9. Former name, former address & former fiscal year if changed since last report N/A
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
<u>Common Shares P0.10 par value</u>	<u>2,229,730,000</u>

11. Are any or all of the securities listed on a Stock Exchange?  
Yes [x] No [ ]  
If yes, state the name of such Stock Exchange and the classes of securities listed:  
Philippine Stock Exchange, 2,229,730,000 P0.10 par value, Common Shares

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)  
Yes [x] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.  
Yes [x] No [ ]

13. Aggregate market value of the voting stock held by non-affiliates: P4,287,975,000 as of December 31, 2014.

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## PART I – BUSINESS AND GENERAL INFORMATION

### ITEM 1. Business

#### Business Development

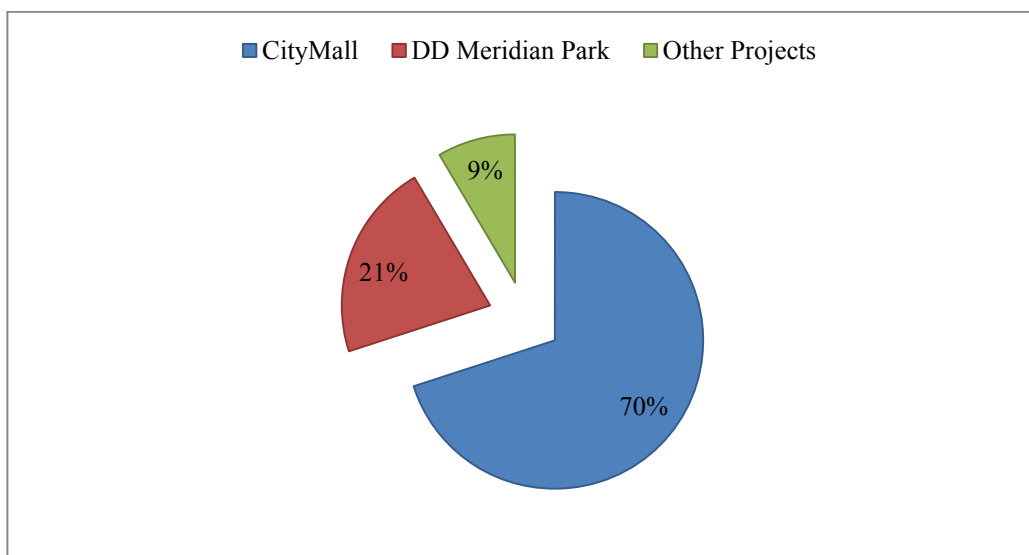
**DoubleDragon Properties Corp. (“DoubleDragon”)**, formerly Injap Land Corporation, was originally incorporated by Edgar ‘Injap’ Sia II primarily to engage in the business of real estate development.

On August 2012, Honeystar Holdings Corp. (“Honeystar”) the holding company of Tony Tan Caktiong and family bought fifty percent 50% of the outstanding shares of the Company and in the same month the SEC approved the Company’s application to change its name to “DoubleDragon Properties Corp.” marking the beginning of a prosperous venture in real estate between the Sia and Tan family.

DoubleDragon, formerly Injap Land Corporation, was incorporated and registered with the Philippine Securities and Exchange Commission (“SEC”) on December 9, 2009 with corporate offices at People’s Hotel, Fuentes and Delgado Streets, Iloilo City.

DoubleDragon held an initial public offering for 26% of the Company’s outstanding shares equivalent to 579,730,000 shares at P2.00 per share last April 7, 2014 . DoubleDragon’s stock is listed at the Philippine Stock Exchange (“PSE”) under the stock symbol “DD”.

DoubleDragon’s vision is to be one of the top 5 largest property companies in the Philippines by 2020 through the build up of 1 Million square meters of leasable space significantly through the rollout out of 100 CityMalls and the completion of DD Meridian Park. The leasable space portfolio the Company is will be building out is expected to be contributed by the Company’s projects as follows:



## **Business of the Issuer**

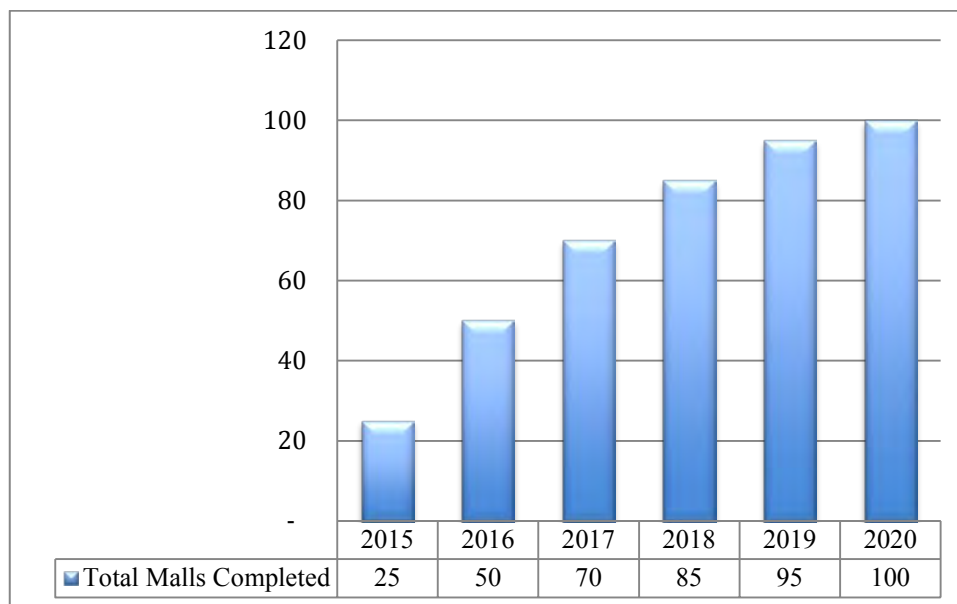
### **CityMall**

CityMall is envisioned to be the first and largest branded independent community mall brand in the country. CityMall will have the first mover advantage in choosing prime locations in the heart of every community with particular focus in developing provinces across the country. Each CityMall is already substantially tenanted by the Jollibee and SM Group retail brands even prior to opening.

CityMalls will have a standard look and feel and will average about 7,000 square meters of retail space. CityMalls have the distinct feature of being “Greenergized”, as each one will be powered by solar panels and will source water through a rainwater harvesting system.

CityMalls will be rolled out by the Company’s subsidiary CityMall Commercial Centers Inc. (CityMall) which is 66% owned by DoubleDragon and 34% by SM Investments Corp. (SMIC). CityMalls are community malls that will be located in developing provinces in the Philippines.

The expected schedule for completion of CityMalls is as follows:



### **DD Meridian Park**

DD Meridian Park is a 4.8 hectare project in the Bay Area of Pasay City located along the corner of Diosdado Macapagal Boulevard and EDSA Extension. The project will feature a commercial compound for BPOs and corporate offices and an area intended for future development.

The first phase of the project is the construction of DoubleDragon Plaza, an 11-storey complex with commercial space in the ground floor and business process outsourcing (BPO) towers from the 5<sup>th</sup> floor onwards. DoubleDragon Plaza intends to secure a Silver Rating in Leadership in Energy & Environmental Design (LEED) certification.

To receive LEED certification, the project must satisfy prerequisites and earn points to achieve different levels of certification.

Once completed, the project is estimated to have a total construction floor area of over 33 hectares and generate over P1.6 Billion in annual rental revenue.

DD Meridian Park will be developed by the Company's subsidiary DD-Meridian Park Development Corp., which is 70% owned by DoubleDragon.

## **Other Projects**

### **Skysuites Tower**

DoubleDragon Properties Corp. acquired Skysuites Tower last September 1, 2014 from the Rizal Commercial Banking Corporation (RCBC).

Skysuites Tower is 38-storey commercial, office and residential skyscraper that sits on a 2,812 square meter prime property at the corner of EDSA and Quezon Avenue, a few meters away from the MRT station. As designed, the structure will have two towers, a semi-circular residential tower and a curvilinear office tower on top of a 5-storey podium which houses commercial and parking levels that connects the two towers. The residential tower will house 977 loft units, 672 of which have been sold as of the end of 2014.

DoubleDragon will continue both the construction and sale of the remaining inventory of the residential units and intends to retain the commercial and office spaces for recurring rental income.

The project is expected to contribute a total of P5.2 Billion in revenues.

### **W.H. Taft Residences**

The Company's first project in Metro Manila is the 31-storey W.H. Taft Residences, a condominium development situated adjacent to De La Salle University (DLSU) in Taft Ave., Manila. W.H. Taft Residences is an ideal base for students from DLSU Manila, College of St. Benilde, and St. Scholastica's College all of which are within walking distance from the project. Residents of the project will also enjoy a full range of student-inspired features and amenities such as wireless internet connection, a multi-purpose hall convertible into seminar, study, or focus group discussion areas, a swimming pool, multi-level flood free podium parking, and commercial establishments on the ground and second floors to cater to day-to-day needs of its residents.

W.H. Taft Residences offers 533 low-density studios and one bedroom residential units to maintain residents privacy and provide a conducive environment ideal for studying. The ground floor and the second floor of the project consist of a 17-unit commercial strip while the parking levels are located from the 3<sup>rd</sup> to the 6<sup>th</sup> floor. The project amenities are located on the 7<sup>th</sup> floor while the rest of the floors above consist of residential units. As of the end of 2014, a total of 404 units have been sold and

assigned with a total value of P1.03B while there are still 146 units available for sale with a total value of P660M. W.H. Taft Residences started turning over units to buyers on December 2014 and is slated for full turnover by the second quarter of 2015.

#### Dragon8 Shopping Center

Dragon8 Shopping Center is a 6-storey modern shopping center located on a 5,972sqm corner lot along C.M. Recto and Dagupan Streets in Divisoria, Manila. The prime location of the project will allow the Company to take advantage of the growing demand of “Tiangge” malls in the vicinity as well as provide diversified revenue streams for the company from recurring income. Renovation and construction only commenced last June 2014 and the grand launch of the shopping center is scheduled within the second quarter of 2015.

The Company is offering 16-year leasehold rights over the ground and second floor commercial units while the third floor, which will house a textile center in addition to other commercial and retail locators, will be available for monthly leases. The shopping center will also include a food court. The 4<sup>th</sup> to 6<sup>th</sup> level will provide 600 parking spaces for the convenience of its shoppers.

#### Umbria Commercial Center

Umbria Commercial Center is a new landmark located in Biñan, Laguna which is set to transform the retail landscape in Southern Luzon. This multi-storey commercial structure is inspired by the umbrella-like structures of the world-renowned L’Umbracle Gardens in Valencia, Spain. Occupying 1 hectare of prime real estate with a gross floor area of approximately 16,000 square meters once completed, this project will showcase an exciting and convenient tenant mix like specialty shops, casual dining, cafes and deli shops; convenience and drug store; wellness and beauty centers; and a supermarket.

Umbria Commercial Center will be built by the Company’s subsidiary Piccadilly Circus Landing Inc., which is a 50-50 joint venture between DoubleDragon and Aryanna Group of Investments Inc.

#### Injap Tower

The Company’s landmark project in Iloilo, Injap Tower, is a 21-storey commercial and condotel tower located along West Diversion Road, Iloilo City. Situated right across SM Iloilo, the tower is Iloilo’s first high-rise building as well as the tallest building in Western Visayas.

Injap Tower features two commercial units on the ground floor, multi-level parking, and 196 fully furnished condotel units. Amenities and facilities of the tower include a swimming pool, 24-hour security, four elevators, several retail shops and the Horizon Café on the top floor. ASYA Design Partners designed Injap Tower while D.A. Abcede & Associates managed the construction. To make the Tower even more accessible, an overpass was constructed connecting Injap Tower to SM Iloilo. The Tower was completed in May 2014.

### The Uptown Place

The Uptown Place is a five-storey premium commercial and residential condominium located along General Luna Street, Iloilo City. The project is across the University of the Philippines Iloilo and consists of 236 residential units ranging from 21sqm studios up to as large as 73sqm three bedroom units with selling prices ranging from P1.85M to P6.79M. The ground floor consists commercial for lease. The project was completed on March 2014. As of end December 2014, 158 residential units and 87 parking slots have been sold with a total value of P446M. Current inventory of unsold units amounts to P222M.

### Iloilo-Guimaras Ferry Terminal

In 2012, the Company entered into a joint venture with the City Government of Iloilo (“City Government”) to construct and operate the 1.3 hectare ferry terminal complex that will link Iloilo and Guimaras. Based on the Agreement, the Company will operate and maintain the terminal for a period of 25 years, renewable for another 25 years upon agreement of the parties. The contract includes a revenue-sharing arrangement with the City Government who will ensure that no other port or terminal servicing the Iloilo-Guimaras leg will operate during the term of the agreement and any agreed extension thereafter.

The Iloilo-Guimaras Ferry Terminal Project will be located at the old Rotary Park in Fort San Pedro, Iloilo City and will include a state-of-the-art ferry terminal building, a pump boat refueling station, and a CityMall. Construction of the project started February 2015 and is targeted for completion by the end of 2015.

### People’s Condominium

People’s Condominium is the Company’s first project and is also the first condominium project ever built in Iloilo City. It is a 6-storey condominium with 71 semi-furnished studios, one, two and three bedroom units. It is located at the KAPIDECO estate in Barangay San Rafael, Mandurriao, Iloilo City. Constructed on January 2011 and turned over to buyers on November 2011, all units were sold out soon after preselling activities were commenced.

### Happy Homes Mandurriao

Happy Homes Mandurriao is a project of Zion Land Development PH, Inc. a subsidiary of DoubleDragon. Happy Homes is an affordable community located in the fast growing Mandurriao district of Iloilo City. There are a total of 624 lots available for development and as of end December 2014 a total of 195 residential units have been sold amounting to a total contract price of P415.3M. Happy Homes offers four variations of units with assorted lot and house sizes, lot areas vary from 36sqm to 135sqm while floor areas vary from 54sqm to 72sqm with contract prices ranging from P1.2M to P3.1M. Each unit is built upon receipt of 10% downpayment from the buyer and can be turned over in four to six months from start of construction.

### FirstHomes Mandurriao

FirstHomes Subdivision is the Company's first horizontal housing project. Located in Navais, Mandurriao, Iloilo City. FirstHomes is a gated townhouse project offering 111 units within a sprawling 1.3 hectare property. The project was completed in October 2012 and is currently 95% sold with only 6 four-bedroom units left in inventory with a total value of P24.3M. As of end December 2014, the Company has sold over P231.6M in total contracts consisting of 106 units.

FirstHomes offers semi-furnished two, three and four bedroom units equipped with modern utilities and features modern minimalist design and a wide range of amenities including swimming pools, community parks, clubhouse, and CCTV security systems.

### **Competition**

The Company competes with other local companies in the real estate industry that are likewise developing malls, residential (both horizontal and vertical) as well as office buildings. However, the Company's CityMall is the first and largest branded independent community mall of its kind and will have a competitive edge not only because of its choice of prime locations in underserved areas but also due to the strength of its shareholders and the retail brands they represent which enables CityMall to be substantially tenanted even prior to opening.

### **Suppliers**

The Company and its subsidiaries have a broad range of suppliers for the various projects that it is developing and is not dependent on any one supplier.

There is no scarcity of the Company's raw materials and they are easily sourced in the market hence the Company is not, nor is it expected to be, dependent upon one or a limited number of suppliers for its essential raw materials or any other items.

### **Dependence on Certain Customers**

The Company and its subsidiaries are not dependent on a single or a few customer / client base. The group has a broad base of individual and corporate customers / clients.

### **Transactions With and/or Dependence on Related Parties**

The Company, in the normal course of business, enters into transactions with related companies primarily consisting of lease of properties and advances for real estate transactions, working capital requirements and other business-related purposes. Rental for leased properties are within market rates while there are no interest on advances. Related parties are able to settle their obligations in connection with

transactions with the Company and the Company does not foresee risks or contingencies arising from these transactions.

All transactions with related companies are done on market terms and at an arm's length basis. See Note 20 ( Related Party Transactions) of the Notes to the Consolidated Financial Statements.

### **Governmental regulations and environmental laws**

The Company and its subsidiaries meet all governmental, environment, health and safety requirements. The Company has not experienced significant governmental, environment, health or safety problems.

### **Employees**

As of December 31, 2014, the Group had 100 employees, which include 16 coming from the Parent Company's subsidiaries. The Parent Company had 74 employees as of the same period. The Parent Company or its subsidiaries are not subject to any Collective Bargaining Agreements (CBA).

### **Risks**

DoubleDragon and its subsidiaries are exposed to financial, operating, and administrative risks, which are normal in the course of the business.

Normal risks relating to the Company and its business include the following :

- (1) Significant competition in the real estate industry
- (2) Availability of prime properties viable for future projects
- (3) Timeliness in the completion of projects may affect reputation and financial performance
- (4) Liability may arise from construction defects and other building-related claims
- (5) No assurance of successful implementation of business plans and strategies
- (6) Changes in accounting principles for real estate sales will change revenue recognition of sale of units
- (7) Ability to obtain financing or inability to meet debt covenants set by the Lenders/Debtors of the Company
- (8) Titles of land owned may be contested by third parties
- (9) Changes in environmental laws may lead to an increase in operating expenses due to the need for compliance
- (10) Risk of a domestic asset price bubble in the Philippine real estate industry
- (11) Foreclosure risk of the Company's mortgaged assets in the event of default

### **ITEM 2. Properties**

The Company and its subsidiaries own, lease and enter into joint venture agreements covering several tracts of land for community malls, office, residential and other types of developments.

Leased properties of the Company’s subsidiary CityMall are long-term in nature and range from 26 to 30 years. The projects that the Company acquires through joint venture usually entail the Company taking majority stake in exchange for the development of the property except in the case of Piccadilly Circus Landing Inc., which is a 50-50 joint venture between DoubleDragon and Aryanna Group of Investments Inc.

**ITEM 3. Legal Proceedings**

The Company and its subsidiaries are not involved in any discussion of legal proceedings.

**ITEM 4. Submission of Matters to a Vote of Security Holders**

There are no matters submitted to a vote of security holders during the calendar year covered by this report.

**PART II – OPERATIONAL AND FINANCIAL INFORMATION**

**ITEM 5. Market for Registrant’s Common Equity and Related Stockholders Matters**

**Market Information**

The Company’s shares of stock are traded in the Philippine Stock Exchange and were listed on the exchange last April 7, 2014.

<b>2014</b>		
Stock Prices	High	Low
2nd Quarter	₱9.90	₱3.00
3rd Quarter	₱9.84	₱7.24
4th Quarter	₱8.13	₱7.28

As of February 27, 2015 the closing price of the Company’s shares of stock is ₱7.71 per share.

**Shareholder and Dividend Information**

The number of shareholders of record as of February 27, 2015 was 99. Capital Stock issued and outstanding as of February 27, 2015 was 2,229,730 shares at par value of ₱0.10 per share. Foreign ownership limit for DoubleDragon is 891,892,000 or 40% of the issued and outstanding shares. Total shares owned by Foreign shareholders as of February 27, 2015 was 236,748,584.

As of December 31, 2014, there are no restrictions that would limit the ability of the Company to pay dividends to the common stockholders.

The Company has approved a dividend policy that would entitle the stockholders to receive the dividends equivalent up to 30% of the prior year’s net income after tax subject to (i) the availability of unrestricted earnings, (ii) implementation of business

plans, (iii) contractual obligations, and (iv) working capital requirements. The declaration and payment of dividends is subject to compliance annually or as often as the Board of Directors may deem appropriate, in cash or in kind and/or in additional shares from its surplus profits. The ability of the Company to pay dividends will depend on its retained earnings level and financial condition.

The Top 20 stockholders as of December 31, 2014 are as follows:

<b>Name</b>	<b>No. of Shares</b>	<b>Percentage</b>
1 Injap Investments Inc.	824,996,999	37.00%
2 Honeystar Holdings Corp.	824,996,999	37.00%
3 BDO Securities Corp.	223,911,000	10.04%
4 PCD Nominee Corp.	349,142,996	15.66%
5 Lanning III, Ernest Smith	1,000,000	0.04%
6 Bellosillo, Josue N. Bellosillo or Clifton K	668,300	0.03%
7 Tan, Earlwayne W.	550,000	0.02%
8 Parreno, Novie Mae S.	461,000	0.02%
9 Dumancas, Charles Anthony M.	400,000	0.02%
10 Fermin, Ailene B.	258,400	0.01%
11 Sy, Geronimo L.	250,000	0.01%
12 Bocala, Katherine T.	200,000	0.01%
13 Tiutan, Ricardo G.	150,000	0.01%
14 Corpin, Glenn E.	100,000	0.00%
15 Tan, Albert S.	100,000	0.00%
16 Sa-onoy, Maria Ephie Angela Gicaro	100,000	0.00%
17 Javelosa, Miguel J.	100,000	0.00%
18 Sy, Gilbert Ko	100,000	0.00%
19 Dewara Christine A.	100,000	0.00%
20 Chua, Charisse Lim	100,000	0.00%
Number of Listed Common Shares	2,229,730,000	
Total Number of Non-Public Shares	1,658,000,000	
Total Number of Shares Owned by the Public	571,730,000	
Public Ownership Percentage	25.64%	

The following security were issued as exempt from the registration requirements of the Securities Regulation Code (SRC) and therefore have not been registered with the Securities and Exchange Commission:

(1) On October 30, 2014 the Group obtained a total of P7.4 billion unsecured 7-year fixed rate corporate notes subscribed to by various financing institutions through bi-lateral loan agreements. The loan payments are to be made in seven consecutive annual installments to commence at the end of the 12<sup>th</sup> month after the initial borrowing date. The proceeds from these borrowings were used by the Group to partly finance its capital expenditures, primarily for the development of DD Meridian Park, Dragon8 Shopping Center, The SkySuites Tower, the roll-out of the first 12 CityMalls and for general corporate purposes.

Please refer to Note 14 of the 2014 consolidated financial statements for the details of the Company's fixed rate bonds.

There are no existing or planned stock options / stock warrants offerings.

## ITEM 6. Management's Discussion and Analysis or Plan of Operation

### Calendar Year Ended December 31, 2014 and 2013

#### RESULTS OF OPERATION

	2014	2013	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2014	2013
<b>REVENUES</b>						
Real estate sales	1,073,008,556	511,069,901	561,938,655	110.0%	62.7%	77.2%
Unrealized gains from change in fair values of Inv. Prop.	455,732,211	127,161,634	328,570,577	258.4%	26.6%	19.2%
Sale of mall stall units	140,493,171	-	140,493,171	100.0%	8.2%	0.0%
Rental income	6,046,194	4,029,842	2,016,352	50.0%	0.4%	0.6%
Interest income	30,644,040	18,867,956	11,776,084	62.4%	1.8%	2.9%
Others	4,577,884	806,514	3,771,370	467.6%	0.3%	0.1%
	<b>1,710,502,056</b>	<b>661,935,847</b>	<b>1,048,566,209</b>	<b>158.4%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>COST AND EXPENSES</b>						
Cost of real estate sales	573,338,423	373,754,564	199,583,859	53.4%	33.5%	56.5%
Cost of sale of mall stall units	24,073,820	-	24,073,820	100.0%	1.4%	0.0%
Selling and marketing expenses	70,679,172	23,616,394	47,062,778	199.3%	4.1%	3.6%
General and administrative expenses	200,830,656	84,963,724	115,866,932	136.4%	11.7%	12.8%
Interest expense	37,501,634	9,123,095	28,378,539	311.1%	2.2%	1.4%
	<b>906,423,705</b>	<b>491,457,777</b>	<b>414,965,928</b>	<b>84.4%</b>	<b>53.0%</b>	<b>74.2%</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>804,078,351</b>	<b>170,478,070</b>	<b>633,600,281</b>	<b>371.7%</b>	<b>47.0%</b>	<b>25.8%</b>
<b>INCOME TAX EXPENSE</b>	<b>243,230,803</b>	<b>48,423,362</b>	<b>194,807,441</b>	<b>402.3%</b>	<b>14.2%</b>	<b>7.3%</b>
<b>NET INCOME/TOTAL COMPREHENSIVE INCOME</b>	<b>560,847,548</b>	<b>122,054,708</b>	<b>438,792,840</b>	<b>359.5%</b>	<b>32.8%</b>	<b>18.4%</b>
<b>Attributable to:</b>						
Equity holders of the Parent Company	555,890,174	106,649,057	449,241,117	421.2%	32.5%	16.1%
Non-controlling interest	4,957,374	15,405,651	(10,448,277)	-67.8%	0.3%	2.3%
	<b>560,847,548</b>	<b>122,054,708</b>	<b>438,792,840</b>	<b>359.5%</b>	<b>32.8%</b>	<b>18.4%</b>

#### Revenues

Consolidated revenues grew by 158.4% to P1.71 billion from last year's P661.9 million. Of the P1.71 billion consolidated revenues, P1.07 billion are from Real Estate Sales, which increased by 110% from P511 million last year. The sales take up of existing projects such as W.H. Taft Residences, The Uptown Place, Injap Tower and FirstHomes Subdivision remains strong; while the Company's new projects launched in 2014 namely: The SkySuites Tower, Zion Land and Dragon8 Shopping Center contributed significantly to the increase in Real Estate Sales for the year. The market continues to indicate strong acceptance of DoubleDragon's well-designed and high-quality projects.

Rental income of P6 million is recognized from a subsidiary. The Company started its series of launches of CityMalls, which are expected to contribute to revenues in the form of rental income starting 2015.

Interest income from cash held in banks increased by 62.4% to P30.6 million, from P18.8 million recognized last year.

Other income of P4.5 million recognized this period is mainly coming from forfeiture of reservation fees.

## **Cost and Expenses**

Cost of Real Estate Sales amounted to P573.3 million increased by P199.5 million from P373.7 million. Consolidated cost of sales rate decreased from 73.1% to 55.7% due to the lower cost of sales percentage of new business and developments and tighter cost controls and firmer monitoring of project costs, which resulted to improved gross margin and net income.

Selling expenses amounted to P70.6 million, higher by P47 million from P23.6 million from last year due to increased selling cost and advertising and marketing efforts. General and administrative expenses amounted to P200.8 million, higher by P115.8 million from last year's P85.0 million due to increase in personnel cost, business taxes, professional services acquired, depreciation and leases.

Interest expense on bank loans is capitalized as borrowing costs. Capitalized interest is the interest incurred on loans used directly to finance the development and construction of the Company's projects during the development stage until the date of completion. The capitalized interest is added to the cost of the projects, instead of being expensed on the current period's income statement. This capitalized interest forms part of the projects' cost reported on the Balance Sheet, and will be part of the projects' depreciation expense that will be reported in future Income Statements.

## **Net Income**

The Company's consolidated net income for 2014 grew by P438.8 million (360%) to P560.8 million from P122.1 million posted in the previous year due to significant increase in consolidated revenues driven by strong sales take-up of DD's existing business and new projects, investments and developments, coupled with the decrease in the consolidated cost of sales rate

## FINANCIAL POSITION

	Audited		Horizontal Analysis		Vertical Analysis	
	December 31, 2014	December 31, 2013	Increase (Decrease)		2014	2013
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash	3,817,191,234	113,304,028	3,703,887,206	3269.0%	20.7%	6.3%
Receivables	732,366,911	310,071,769	422,295,142	136.2%	4.0%	17.3%
Real estate inventories	2,243,407,876	747,630,282	1,495,777,594	200.1%	12.1%	41.6%
Mall Stall Units for Sale	205,115,350	-	205,115,350	100.0%	1.1%	0.0%
Due from related parties	1,030,070	-	1,030,070	100.0%	0.0%	0.0%
Prepaid expenses and other current assets	423,201,167	138,191,808	285,009,359	206.2%	2.3%	7.7%
<b>Total Current Assets</b>	<b>7,422,312,608</b>	<b>1,309,197,887</b>	<b>6,113,114,721</b>	<b>466.9%</b>	<b>40.2%</b>	<b>72.9%</b>
<b>Noncurrent Assets</b>						
Noncurrent installment contracts receivable	206,412,607	75,223,490	131,189,117	174.4%	1.1%	4.2%
Property and equipment - net	95,859,524	20,439,323	75,420,201	369.0%	0.5%	1.1%
Intangible assets - net	68,960,899	3,583,723	65,377,176	1824.3%	0.4%	0.2%
Investment property	10,467,018,818	309,002,797	10,158,016,021	3287.4%	56.7%	17.2%
Other noncurrent assets	214,318,100	79,094,214	135,223,886	171.0%	1.2%	4.4%
<b>Total Noncurrent Assets</b>	<b>11,052,569,948</b>	<b>487,343,547</b>	<b>10,565,226,401</b>	<b>2167.9%</b>	<b>59.8%</b>	<b>27.1%</b>
	<b>18,474,882,556</b>	<b>1,796,541,434</b>	<b>16,678,341,122</b>	<b>928.4%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>LIABILITIES AND EQUITY</b>						
<b>Current Liabilities</b>						
Accounts payable and other liabilities	840,247,846	145,606,543	694,641,303	477.1%	4.5%	8.1%
Short-term notes payable	649,000,000	300,000,000	349,000,000	116.3%	3.5%	16.7%
Customers' deposits	230,608,277	117,326,861	113,281,416	96.6%	1.2%	6.5%
Due to related parties	280,679,292	37,677,427	243,001,865	645.0%	1.5%	2.1%
Income tax payable	12,223,080	12,820,088	(597,008)	-4.7%	0.1%	0.7%
<b>Total Current Liabilities</b>	<b>2,012,758,495</b>	<b>613,430,919</b>	<b>1,399,327,576</b>	<b>228.1%</b>	<b>10.9%</b>	<b>34.1%</b>
<b>Noncurrent Liabilities</b>						
Long-term notes payable	7,729,243,372	540,000,000	7,189,243,372	1331.3%	41.8%	30.1%
Customers' deposits - Net of Current Portion	176,410,072	-	176,410,072	100.0%	1.0%	0.0%
Other noncurrent payable	552,925,699	-	552,925,699	100.0%	3.0%	0.0%
Deferred tax liability - net	173,369,486	28,022,792	145,346,694	518.7%	0.9%	1.6%
<b>Total Noncurrent Liabilities</b>	<b>8,631,948,629</b>	<b>568,022,792</b>	<b>8,063,925,837</b>	<b>1419.6%</b>	<b>46.7%</b>	<b>31.6%</b>
<b>Total Liabilities</b>	<b>10,644,707,124</b>	<b>1,181,453,711</b>	<b>9,463,253,413</b>	<b>801.0%</b>	<b>57.6%</b>	<b>65.8%</b>
<b>Equity</b>						
<b>Equity Attributable to Equity Holders of the Parent Company</b>						
Capital stock	222,973,000	165,000,000	57,973,000	35.1%	1.2%	9.2%
Additional paid-in capital	1,358,237,357	318,625,580	1,039,611,777	326.3%	7.4%	17.7%
Retained earnings	661,823,627	106,269,584	555,554,043	522.8%	3.6%	5.9%
	<b>2,243,033,984</b>	<b>589,895,164</b>	<b>1,653,138,820</b>	<b>280.2%</b>	<b>12.1%</b>	<b>32.8%</b>
<b>Non-controlling Interest</b>	<b>5,587,141,448</b>	<b>25,192,559</b>	<b>5,561,948,889</b>	<b>22077.7%</b>	<b>30.2%</b>	<b>1.4%</b>
<b>Total Equity</b>	<b>7,830,175,432</b>	<b>615,087,723</b>	<b>7,215,087,709</b>	<b>1173.0%</b>	<b>42.4%</b>	<b>34.2%</b>
<b>Total Liabilities and Equity</b>	<b>18,474,882,556</b>	<b>1,796,541,434</b>	<b>16,678,341,122</b>	<b>928.4%</b>	<b>100.0%</b>	<b>100.0%</b>

On the Balance Sheet side, consolidated total assets as of December 31, 2014 amounted to P18.475 billion, an increase of 928.4% from P1.796 billion in the previous year. Consolidated total liabilities increased by 801% to P10.645 billion from P1.181 billion in the previous year.

### Current Assets

Total Current Assets amounted to P7.422 billion as of December 31, 2014, higher by 466.9% from P1.309 billion in the previous year.

Cash amounted to P3.817 billion as of December 31, 2014 increased by P3.703 billion from P113.3 million in December 31, 2013. Cash are mostly generated from the P7.4 billion 7-Year Corporate Notes issued last October 2014.

Receivables amounted to P732.366 million as of December 31, 2014, increased by P422.295 million (136.2%) from P310.1 million in December 31, 2013. Receivables from the sale of newly acquired project, The SkySuites Tower, sale of mall stall units of Dragon8 Shopping Center Divisoria, sale from Zion Land Development PH Inc., and incremental sales from additional construction accomplishments and sales from new buyers of existing projects contributed to the increase in receivables.

Real estate inventories amounted to P2.243 billion as of December 31, 2014, increased by P1.495 billion (200.1%) from P747.6 million in December 31, 2013. Acquisition costs of the new project, The SkySuites Tower, additional construction accomplishments of existing projects, full blast construction of W.H. Taft Residences, and inventories from Zion Land brought the increase in real estate inventories. The full swing construction of Dragon8 Shopping Center gave rise to Mall Stall Units for Sale amounting to P205.115 million. This account did not exist in the previous year as Dragon8 Shopping Center was acquired and launched only in 2014.

Prepaid expenses and other current assets amounting to P423.201 million as of December 31, 2014 increased by P285.009 million (206.2%) from P138.2 million in December 31, 2013. Accumulated input taxes on expenditures related to construction and property development and creditable withholding taxes brought the increase in other current assets.

### **Noncurrent Assets**

Noncurrent installment contracts receivable increased to P206.412 million from P75.223 million in the previous year. This represents the portion of receivables from the sale of units from its horizontal and vertical projects collectible in two to three years' time.

Property and equipment amounted to P95.85 million as of December 31, 2014 increased by P75.42 million (369.0 %) from P20.4 million in December 31, 2013. Intangible assets amounted to P68.96 million as of December 31, 2014 increased by P65.377 million from P3.6 million in the previous year. Additional software licenses were acquired during the period and contributed to the net increase in intangible assets.

Investment Property significantly increased to P10.467 billion, an increase of P10.158 billion from P309.0 million in December 31, 2013. This significant increase is mainly attributable to the Investment Property of a new subsidiary, the DD-Meridian Park Development Corp., accounting for P8.489 billion of the increase. The increase is also brought by the acquisition and full swing renovation of Dragon8 Shopping Center in Divisoria.

Other noncurrent assets as of December 31, 2014 amounted to P214.318 million increased by P135.223 million (171.0%) in December 31, 2013. The increase is mainly from the security deposits made for the lease of the land for various CityMall locations.

### **Current Liabilities**

Accounts payable and other liabilities amounted to P840.24 million as of December 31, 2014 increased by P694.64 million from P145.6 million in December 31, 2013. The bulk of such increase is attributable to Trade Payables arising from services provided by the contractors and subcontractors for actual progress billings related to existing and new developmental projects. Part of the increase is a result of the

acquisition of The SkySuites Tower and the interest expenses related to the 7-Year Corporate Notes.

Short-term notes payable amounted to P649 million as of December 31, 2014 increased by P349.0 million from P300.0 million in December 31, 2013. This pertains to the current portion of the Company's Notes Payable of P7.729 billion. In 2013, DoubleDragon obtained unsecured short-term and long-term borrowing from local financing institutions which are payable on various dates up to 2016. In 2014, the Company obtained additional unsecured short-term borrowings, the proceeds of which were used for the development of the Company's on-going projects and working capital purposes.

Customers' deposits amounted to P230.608 million as of December 31, 2014 increased by P113.281 million (96.6%) from P117.3 million in the previous year. The significant increase in sales is the primary driver for the increase in customers' deposits. Customer's deposits represent non-refundable reservation fees paid to the Company by prospective buyers which are to be applied against the installment contracts receivable upon recognition of revenue. This account also includes excess collections from buyers over the related revenue recognized based on the percentage of completion method.

#### **Noncurrent Liabilities**

Noncurrent Liabilities amounted to P8.631 billion as of year-end 2014, as against P568.022 million in the previous year. On October 30, 2014, the Company obtained a total of P7.4 billion unsecured bilateral long-term loans from various financial institutions. The proceeds from these borrowings were used by the Company to partly finance its capital expenditures, primarily for the development of The Meridian Park, Dragon8 Shopping Center, The SkySuites Tower and rollout of the first 12 CityMalls and for general corporate purposes. Other noncurrent liabilities consists mainly of the payables to RCBC in relation to the acquisition of The SkySuites Tower.

#### **Equity Attributable to Holders of the Parent Company**

Capital stock with par value of P.10 per share increased by P57.973 million (35.1 %) from P165.0 million in December 31, 2013 to P222.973 million as of December 31, 2014. The increase resulted from the initial public offering made on April 7, 2014. The common shares outstanding as of December 31, 2014 is 2,229,730,000 shares. Additional paid in capital increased by P1 .04 billion (327.5%) from P318.6 million in December 31, 2013 to P1.36 billion as of December 31, 2014 also as a result of the initial public offering. Retained earnings attributable to the holders of the Parent Company increased by P555.55 million (522.8%) from P106.3 million in December 31 , 2013 t o P661.82 million as of December 31, 2014. The increase is due to the cumulative earnings recognized by the Company.

#### **Equity of Non-controlling Interest**

Non-controlling interest (NCI) increased by P5.561 billion to P5.587 billion from P25.2 million in December 31 , 2013. The increase is mainly coming from the

Company's new subsidiary, DD-Meridian Park Development Corp., business combinations and cumulative earnings attributable to non-controlling interest.

## KEY PERFORMANCE INDICATORS

The following are the major financial ratios of the Company for the years ended December 31, 2014 and 2013

	12/31/2014	12/31/2013
Current Ratio	3.69	2.13
Asset to Equity	2.36	2.92
Debt to Equity Ratios		
On Gross Basis	1.07x	1.37x
On Net Basis	0.58x	1.18x
Return on Equity	39.2%	20.1%
Net Income to Revenue	32.5%	16.1%
Revenue Growth	158.4%	8.8%
Net Income Growth	421.23%	15.64%
EBITDA	846,624,809	184,041,617

The formulas by which the Company calculates the foregoing performance indicators are as follows:

1. Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	
2. Asset to Equity Ratio	$\frac{\text{Total Assets}}{\text{Total Stockholders' Equity}}$	
3. Debt to Equity Ratio (Gross Basis)	$\frac{\text{Total Interest Bearing Short-Term and Long-Term Debt}}{\text{Total Equity}}$	
4. Debt to Equity Ratio (Net Basis)	$\frac{\text{Total Interest Bearing Short-Term and Long-Term Debt less Cash and Cash Equivalent}}{\text{Total Equity}}$	
5. Return on Equity	$\frac{\text{Net Income Attributable to Owners of the Parent}}{\text{Average Equity Attributable to the Owners of the Parent}}$	
6. Net Income to Revenue	$\frac{\text{Net Income Attributable to Owners of the Parent}}{\text{Total Revenue}}$	
7. Revenue Growth	$\frac{\text{Total Revenue (Current Period)}}{\text{Total Revenue (Prior Period)}} - 1$	
8. Income Growth	$\frac{\text{Net Income Attributable to Owners of the Parent (Current Period)}}{\text{Net Income Attributable to Owners of the Parent (Prior Period)}} - 1$	
9. EBITDA	Income from Operations + Depreciation and Amortization	

## Calendar Year Ended December 31, 2013 and 2012

### RESULTS OF OPERATION

	2013	2012	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2013	2012
<b>REVENUES</b>						
Real estate sales	511,069,901	596,499,877	(85,429,976)	-14.3%	77.2%	98.1%
Unrealized gains from change in fair values of Inv. Prop.	127,161,634	-	127,161,634	0.0%	19.2%	0.0%
Rental income	4,029,842	-	4,029,842	0.0%	0.6%	0.0%
Interest income	18,867,956	11,813,552	7,054,404	59.7%	2.9%	1.9%
Others	806,514	14,908	791,606	5309.9%	0.1%	0.0%
	<b>661,935,847</b>	<b>608,328,337</b>	<b>53,607,510</b>	<b>8.8%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>COST AND EXPENSES</b>						
Cost of real estate sales	373,754,564	446,484,724	(72,730,160)	-16.3%	56.5%	73.4%
Selling and marketing expenses	23,616,394	11,005,463	12,610,931	114.6%	3.6%	1.8%
General and administrative expenses	84,963,724	19,181,680	65,782,044	342.9%	12.8%	3.2%
Interest expense	9,123,095	-	9,123,095	0.0%	1.4%	0.0%
	<b>491,457,777</b>	<b>476,671,867</b>	<b>14,785,910</b>	<b>3.1%</b>	<b>74.2%</b>	<b>78.4%</b>
<b>INCOME BEFORE INCOMETAX</b>	<b>170,478,070</b>	<b>131,656,470</b>	<b>38,821,600</b>	<b>29.5%</b>	<b>25.8%</b>	<b>21.6%</b>
<b>INCOME TAX EXPENSE</b>	<b>48,423,362</b>	<b>39,435,376</b>	<b>8,987,986</b>	<b>22.8%</b>	<b>7.3%</b>	<b>6.5%</b>
<b>NET INCOME/TOTAL COMPREHENSIVE INCOME</b>	<b>122,054,708</b>	<b>92,221,094</b>	<b>29,833,614</b>	<b>32.4%</b>	<b>18.4%</b>	<b>15.2%</b>
<b>Attributable to:</b>						
Equity holders of the Parent Company	106,649,057	92,221,094	14,427,963	15.6%	16.1%	15.2%
Non-controlling interest	15,405,651	-	15,405,651	0.0%	2.3%	0.0%
	<b>122,054,708</b>	<b>92,221,094</b>	<b>29,833,614</b>	<b>32.4%</b>	<b>18.4%</b>	<b>15.2%</b>

DoubleDragon's reported net income for the year ended 31 December 2013 rose by 32.45% to P122.05 Million. Bulk of the Company's total revenues is comprised of real estate revenues, followed by unrealized fair value gains from the Company's investment properties. Consistent with its plan to generate a healthy mix of developmental and recurring revenue streams, the Company also began recognizing a minimal amount of rental revenues in 2013. Profitability improved as net profit margins and EBITDA margins for the year increased by 18.43%, and 27.80% respectively.

### Results of Operation as at 31 December 2013 compared to as at 31 December 2012

#### 0.14x Decrease in Real Estate Sales

The decrease in real estate sales was due to a number of sales which did not meet sales recognition criteria as of period end.

#### 0.60x Increase in Interest Income

The increase was due to the interest income recognized from discounting of installment contracts receivables.

#### 0.16x Decrease in Cost of Real Estate Sales

The decrease corresponds to a 1.4% relative decrease in sales recognized for the period.

#### 1.15x Increase in Selling Expenses

The increase in selling expenses is due to the Company's aggressive marketing efforts that aided in closing of new sales.

#### 3.43x Increase in General and Administrative Expenses

The increase in general and administrative expenses is due to additional overhead arising from the expansion of the Company's operations.

## FINANCIAL POSITION

	Audited		Horizontal Analysis		Vertical Analysis	
	December 31, 2013	December 31, 2012	Increase (Decrease)		2013	2012
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash	113,304,028	17,014,084	96,289,944	565.9%	6.3%	2.0%
Receivables	310,071,769	146,270,088	163,801,681	112.0%	17.3%	17.0%
Real estate inventories	747,630,282	508,362,119	239,268,163	47.1%	41.6%	59.1%
Due from related parties	-	27,230,023	(27,230,023)	-100.0%	0.0%	3.2%
Prepaid expenses and other current assets	138,191,808	36,318,915	101,872,893	280.5%	7.7%	4.2%
<b>Total Current Assets</b>	<b>1,309,197,887</b>	<b>735,195,229</b>	<b>574,002,658</b>	<b>78.1%</b>	<b>72.9%</b>	<b>85.5%</b>
<b>Noncurrent Assets</b>						
Noncurrent installment contracts receivable	75,223,490	40,525,701	34,697,789	85.6%	4.2%	4.7%
Property and equipment - net	20,439,323	11,865,985	8,573,338	72.3%	1.1%	1.4%
Intangible assets - net	3,583,723	2,060,928	1,522,795	73.9%	0.2%	0.2%
Investment property	309,002,797	44,739,211	264,263,586	590.7%	17.2%	5.2%
Other noncurrent assets	79,094,214	25,740,287	53,353,927	207.3%	4.4%	3.0%
<b>Total Noncurrent Assets</b>	<b>487,343,547</b>	<b>124,932,112</b>	<b>362,411,435</b>	<b>290.1%</b>	<b>27.1%</b>	<b>14.5%</b>
	<b>1,796,541,434</b>	<b>860,127,341</b>	<b>936,414,093</b>	<b>108.9%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>LIABILITIES AND EQUITY</b>						
<b>Current Liabilities</b>						
Accounts payable and other liabilities	145,606,543	115,398,921	30,207,622	26.2%	8.1%	13.4%
Short-term notes payable	300,000,000	-	300,000,000	100.0%	16.7%	0.0%
Customers' deposits	117,326,861	166,322,775	(48,995,914)	-29.5%	6.5%	19.3%
Due to related parties	37,677,427	9,484,825	28,192,602	297.2%	2.1%	1.1%
Income tax payable	12,820,088	25,004,712	(12,184,624)	-48.7%	0.7%	2.9%
<b>Total Current Liabilities</b>	<b>613,430,919</b>	<b>316,211,233</b>	<b>297,219,686</b>	<b>94.0%</b>	<b>34.1%</b>	<b>36.8%</b>
<b>Noncurrent Liabilities</b>						
Payable to other creditors - noncurrent	-	67,843,874	(67,843,874)	-100.0%	0.0%	7.9%
Long-term notes payable	540,000,000	-	540,000,000	100.0%	30.1%	0.0%
Deferred tax liability - net	28,022,792	3,609,838	24,412,954	676.3%	1.6%	0.4%
<b>Total Noncurrent Liabilities</b>	<b>568,022,792</b>	<b>71,453,712</b>	<b>496,569,080</b>	<b>695.0%</b>	<b>31.6%</b>	<b>8.3%</b>
<b>Total Liabilities</b>	<b>1,181,453,711</b>	<b>387,664,945</b>	<b>793,788,766</b>	<b>204.8%</b>	<b>65.8%</b>	<b>45.1%</b>
<b>Equity</b>						
<b>Equity Attributable to Equity Holders of the Parent Company</b>						
Capital stock	165,000,000	60,000,000	105,000,000	175.0%	9.2%	7.0%
Additional paid-in capital	318,625,580	320,000,000	(1,374,420)	-0.4%	17.7%	37.2%
Retained earnings	106,269,584	92,462,396	13,807,188	14.9%	5.9%	10.7%
	<b>589,895,164</b>	<b>472,462,396</b>	<b>117,432,768</b>	<b>24.9%</b>	<b>32.8%</b>	<b>54.9%</b>
<b>Non-controlling Interest</b>	<b>25,192,559</b>	<b>-</b>	<b>25,192,559</b>	<b>100.0%</b>	<b>1.4%</b>	<b>0.0%</b>
<b>Total Equity</b>	<b>615,087,723</b>	<b>472,462,396</b>	<b>142,625,327</b>	<b>30.2%</b>	<b>34.2%</b>	<b>54.9%</b>
<b>Total Liabilities and Equity</b>	<b>1,796,541,434</b>	<b>860,127,341</b>	<b>936,414,093</b>	<b>108.9%</b>	<b>100.0%</b>	<b>100.0%</b>

As of 31 December 2013, the Company had total assets of P1.80 Billion. Likewise, the Company remains liquid with current assets amounting to P1.31 Billion as against its current obligations of P487.34 Million.

The Company's assets are comprised primarily of real estate inventory, receivables and investment property. The 47.1% increase in real estate inventory was driven by the ramp-up in the construction of its projects.

DoubleDragon's receivables are composed mainly of installment contracts receivables from buyers. As of 31 December 2013 none of its receivables have been classified as 'Past Due' or 'Impaired'. Bulk of these receivables is expected to be collected upon turnover of the Injap Tower and The Uptown Place projects.

The Investment Property account represents properties held by the Company for rental income or for capital appreciation. This account increased by 5.91x year-on-year as the Company acquired additional land and commercial units of The Uptown Place and Injap Tower.

To further fuel its growth, the Company acquired debt financing in the form of bank loans during the year. Debt-to-Equity ratio remains healthy at 1.37x.

In 2013, the Company paid out cash dividends of P155 per share. The increase in the Company's authorized capital stock from Eight Hundred Thousand to 500 Million shares with par value of P1.00 per share was also approved during the year. Out of the aforementioned increase in authorized capital stock, a total of 105 Million common shares with an aggregate value of P105 Million have been subscribed and fully paid in cash.

### **Financial Condition as at 31 December 2013 compared to as at 31 December 2012**

#### **5.66x Increase in Cash**

The increase in cash was due to the loans availed primarily for land banking and property development.

#### **1.12x Increase in Receivables**

The increase in receivables is brought about by the recognition of incremental sales from additional construction accomplishments and sales from new buyers.

#### **0.47x Increase in Real Estate Inventory**

The increase in real estate inventory was due to additional construction accomplishments of existing projects and full blast construction of the Company's latest project, W.H. Taft Residences.

#### **1.00x Decrease in Due from Related Parties**

The decrease in due from related parties was attributable to the settlement of respective parties of outstanding amounts due from them.

#### **2.80x Increase in Prepaid Expenses**

The increase in prepaid expenses was largely due to the recognition of input taxes on expenditures related to construction and property development.

#### **0.86x Increase in Noncurrent Installment Contract**

Noncurrent installment contracts represent the portion of receivables from the sale of condominium and subdivision units collectible in two to three years' time. The carrying amounts of the instalment contracts receivable on the Company's balance sheet are based on the total receivable amount discounted by credit adjusted market rates.

#### **0.72x Increase in Property and Equipment**

The increase in property and equipment pertains to the fixed assets of Piccadilly Circus Landing, Inc., a 50% subsidiary of the Company acquired during the year.

#### **5.91x Increase in Investment Property**

The increase in investment property was due to acquisition of additional investment property and the change in the fair value of existing investment properties. The Group recognized unrealized gain from change in fair values of investment property amounting to PhP127.16 Million in 2013. The land has a total fair market value of about P80.99 Million in 2013. On the other hand, the commercial units under construction of The Uptown Place and Injap Tower have total fair market values of

about P169.28 Million. As of December 2013, construction on Injap Tower and The Uptown Place projects are 81% and 92% complete, respectively.

As a result of changes implemented in 2013 in the business model and plan for all commercial units of the Injap Tower previously intended for sale and included in the “Real Estate Inventories” account, real estate inventories with fair value of P89.85 Million were transferred to “Investment Property” account due to change in use from intended for sale to leasing purposes.

**2.07x Increase in Other Noncurrent Assets**

The increase in other noncurrent asset is attributable to the P60M restricted cash set aside for the development of Umbria Commercial Center.

**0.26x Increase in Trade and Other Payables**

The increase in trade and other payables was largely due to accruals and actual progress billings related to existing projects.

**0.29x Decrease in Customers’ Deposit**

The decrease in customers’ deposit is due to the recognition of the related sales and the application of the deposit to the installment contracts receivable.

**2.97x Increase in Due to Related Party**

The increase in the due to related party account was brought about by the advances granted to the Company by Injap Investments for working capital requirements.

**1.75x Increase in Capital Stock**

The increase in capital stock is due to the required additional subscription amounting to P105 Million paid in full by the shareholders to effect the increase in authorized capital stock.

**0.15x Increase in Retained Earnings**

The increase in retained earnings was due to the recognition of P122.05 Million net income for the year ending 31 December 2013 vis-à-vis P92.22 Million recognized in the previous year.

**KEY PERFORMANCE INDICATORS**

The following are the major financial ratios of the Company for the years ended December 31, 2013 and 2012:

	<b>12/31/2013</b>	<b>12/31/2012</b>
Current Ratio	2.13	2.33
Asset to Equity	2.92	1.82
Debt to Equity Ratios		
On Gross Basis	1.37x	0
On Net Basis	1.18x	0
Return on Equity	20.1%	36.8%
Net Income to Revenue	16.1%	15.2%
Revenue Growth	8.8%	409.9%
Net Income Growth	15.64%	2029.83%
EBITDA	184,041,617	132,747,580

The formulas by which the Company calculates the foregoing performance indicators are as follows:

1. Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	
2. Asset to Equity Ratio	$\frac{\text{Total Assets}}{\text{Total Stockholders' Equity}}$	
3. Debt to Equity Ratio (Gross Basis)	$\frac{\text{Total Interest Bearing Short-Term and Long-Term Debt}}{\text{Total Equity}}$	
4. Debt to Equity Ratio (Net Basis)	$\frac{\text{Total Interest Bearing Short-Term and Long-Term Debt less Cash and Cash Equivalent}}{\text{Total Equity}}$	
5. Return on Equity	$\frac{\text{Net Income Attributable to Owners of the Parent}}{\text{Average Equity Attributable to the Owners of the Parent}}$	
6. Net Income to Revenue	$\frac{\text{Net Income Attributable to Owners of the Parent}}{\text{Total Revenue}}$	
7. Revenue Growth	$\frac{\text{Total Revenue (Current Period)}}{\text{Total Revenue (Prior Period)}}$	-1
8. Income Growth	$\frac{\text{Net Income Attributable to Owners of the Parent (Current Period)}}{\text{Net Income Attributable to Owners of the Parent (Prior Period)}}$	-1
9. EBITDA	Income from Operations + Depreciation and Amortization	

## ITEM 7. Financial Statements

Please see the attached consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules.

## ITEM 8. Changes in and Disagreements With Accountants and Financial Disclosure

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

## PART III – CONTROL AND COMPENSATION INFORMATION

### ITEM 9. Directors and Executive Officers of the Registrant

The incumbent Directors and Executive Officers of the Company are as follows:

<u>Office</u>	<u>Name</u>	<u>Age</u>	<u>Citizenship</u>
Chairman	Edgar J. Sia II	38	Filipino
Co-Chairman	Tony Tan Caktiong	62	Filipino
Director and President	Ferdinand J. Sia	36	Filipino
Director and CFO	Rizza Marie Joy J. Sia	25	Filipino
Director and Corp. Secretary	William Tan Untiong	61	Filipino
Director	Joseph Tanbuntiong	51	Filipino
Independent Director	Gary P. Cheng	50	Filipino

Independent Director	Vicente S. Perez, Jr. Chief Justice Artemio	56	Filipino
Adviser to the Board	V. Panganiban	78	Filipino
Adviser to the Board	Ernesto Tanmantiong	56	Filipino

### **Board of Directors**

The Directors of the Company are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting and until their respective successors have been appointed or elected and qualified.

The following are the business experience/s of the company's Directors:

**Edgar J. Sia II** is the Chairman and Chief Executive Officer of Injap Investments Inc. and the Founder and Vice Chairman of Mang Inasal Philippines, Inc. Mr. Sia also serves as Chairman and Chief Executive Officer of Hotel of Asia Inc. (Hotel 101) since 2013 and People's Hotel Corp. He concurrently serves as Vice Chairman and Director of Contemporain Foods Inc. (JCo Donut Philippines) and CSI Hotels (Jinjiang Inn Philippines), and Board Advisor of Philippine Bank of Communications since 2009, Maxicare Healthcare Corporation, and Enderun Colleges.

**Tony Tan Caktiong** is the Chairman of Honeystar Holdings Corporation and the Founder and current Chairman of Jollibee Foods Corp. since 1978. Mr. Tan Caktiong is also a director of Philippine Long Distance Co. (PLDT) since 2008 and First Gen Corporation since 2005. He graduated from the University of Santo Tomas in 1975 with a degree in chemical engineering.

**Ferdinand J. Sia** is the President and Chief Operating Office of Injap Investments Inc. He serves as President of People's Hotel Corp., and Director of Hotel of Asia, Inc. and Mang Inasal Philippines, Inc. since 2011 and 2006, respectively. He graduated from the University of the Philippines Visayas with a degree in Bachelor of Arts in Political Science and took up law in Arellano University College of Law.

**Rizza Marie Joy J. Sia** is the Treasurer and Chief Finance Officer of Injap Investments Inc. She serves as the Treasurer of People's Hotel Corp. and as a Director of Hotel of Asia since 2008. She graduated from the University of the Philippines Visayas with a degree in Bachelor of Science in Accountancy and is a Certified Public Accountant.

**William Tan Untiong** has been a Director of Jollibee Foods Corp. since 1993 and likewise serves as a director and treasurer of Honeystar Holdings Corporation. He is the Vice President for Real Estate of Jollibee Foods Corp since 1989.

**Joseph Tanbuntiong** is the President of Jollibee Philippines starting July 1, 2013. He is the former President of Red Ribbon Philippines, having served there since 2008. He graduated from Ateneo de Manila University with a degree in Management Engineering.

**Gary P. Cheng\*** is an investment banking professional with ~~o20~~ 20 years of corporate finance and capital markets experience. He is currently the Managing Director and co-founder of Fortman Cline Capital Markets Limited since 2008. Dr.

Cheng served as the former President/CEO of Amalgamated Investment Bancorporation from 2003 and 2008 and former Vice President of Investment Banking at J.P. Morgan from 1993 to 2001 where he was variously based in Hong Kong, New York and London. Dr Cheng obtained his doctorate in Philosophy from the University of Leeds, England in 1991.

**Vicente S. Perez, Jr.\*** served as the Secretary of the Department of Energy from 2001 to 2005, Undersecretary of the Department of Trade and Industry and Managing Director of the Board of Investments in 2001. From 2005-2006, Mr. Perez was Chairman of the Philippine Infrastructure Corporation and Chairman of Executive Committee of the Philippine National Bank. Apart from being one of the independent directors of the Company, he also serves as President of Alternergy Philippine Holdings Corp., Alternergy Wind One Corporation (Pililia), Alternergy Sembrano Wind Corporation, and Alternergy Abra De Ilog Wind Corporation and as Chairman of Merritt Advisory Partners, Inc., Kadluan Management Corporation and Kadluan Properties, Inc. He is also the current Chairman of WWF Philippines and a trustee of WWF - International. Mr. Perez has a Masters in Business Administration - International Finance from the Wharton School University of Pennsylvania

### **Advisers to the Board**

**Chief Justice Artemio V. Panganiban** is a retired Chief Justice of the Republic of the Philippines. He sits as independent director of several listed companies including Meralco, Petron Corporation, Bank of the Philippine Islands, First Philippine Holdings Corp., Philippine Long Distance Telephone Company (PLDT); Metro Pacific Investment Corp., and GMA among others.

**Ernesto Tanmantiong** serves as President and Chief Executive Officer of Jollibee Foods Corp. He is Executive Vice President and Chief Operating Officer of JFC Philippines. He is also a Director of Mang Inasal Phils. Inc., Red Ribbon Bakeshop Inc., Chowking Food Corp., Honeystar Holding Corp. and various other companies.

*\*Independent Director - the Company has complied with the Guidelines set forth by SRC (Securities Regulation Code) Rule 38 regarding the Nomination and Election of Independent Director.. The Company's By-Laws incorporate the procedures for the nomination and election of independent director/s in accordance with the requirements of the said Rule*

### **Period of Directorship**

<b><u>Name</u></b>	<b><u>Period Served</u></b>
Edgar J. Sia II	2012 to present
Tony Tan Caktiong	2012 to present
Ferdinand J. Sia	2012 to present
Rizza Marie Joy J. Sia	2012 to present
William Tan Untiong	2012 to present
Joseph Tanbuntiong	2012 to present
Gary P. Cheng	2012 to present
Vicente S. Perez, Jr.	2012 to present

The Directors of the Company are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting and until their respective successors have been appointed or elected and qualified. The same set of directors will be nominated in the coming regular annual stockholders' meeting. The Directors possess all the qualifications and none of the disqualifications provided for in the SRC and its Implementing Rules and Regulations.

Nomination of Independent Directors shall be conducted by the Nomination Committee prior to the stockholders' meeting. The Nomination Committee shall prepare a Final List of Candidates from those who have passed the Guidelines, Screening Policies and Parameters for nomination of independent directors and which list shall contain all the information about these nominees. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Director. No other nomination shall be entertained or allowed on the floor during the actual annual stockholders' meeting. In case of resignation, disqualification or cessation of independent directorship and only after notice has been made with the Commission within five (5) days from such resignation, disqualification or cessation, the vacancy shall be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum, upon the nomination of the Nomination Committee otherwise, said vacancies shall be filled by stockholders in a regular or special meeting called for that purpose. An Independent Director so elected to fill a vacancy shall serve only for the unexpired term of his or her predecessor in office.

### **Family Relationships**

Mr. Edgar J. Sia II, Mr. Ferdinand J. Sia and Ms. Rizza Marie Joy J. Sia are siblings while Mr. Tony Tan Caktiong, Mr. William Tan Untiong, Mr. Joseph Tanbuntiong and Mr. Ernest Tanmantiong are also siblings. There are no other family relationships known to the registrant other than the ones disclosed herein.

### **Significant Employees**

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

### **Certain Relationships and Related Transactions**

There are no known related party transactions other than those described in Note 20 (Related Party Transactions) of the Notes to the Consolidated Financial Statements.

### **Involvement in Legal Proceedings**

The Company is not aware of any of the following events having occurred during the past five years up to the date of this report that are material to an evaluation of the ability or integrity of any director, nominee for election as Director, executive officer, underwriter or controlling person of the Company:

- (1) any bankruptcy petition filed by or against any business of which such person

was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

(2) any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

(3) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and

(4) being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

(5) a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

#### **ITEM 10. Compensation of Directors and Executive Officers**

Injap Investments, through an Executive Management Services Agreement, provides executive, corporate, strategic, administrative and financial oversight services related to the real estate business of the Company. Total fees paid under this agreement amounted to Three Million Philippine Pesos (P3,000,000) for 2013 and Three Million Philippine Pesos (P3,000,000) for 2014, which covers the top three key officers of the Company.

For the calendar year ended 31 December 2013 and 2014 the total salaries and allowances and bonuses paid to all other officers as a group unnamed are as follows

#### **SUMMARY ANNUAL COMPENSATION TABLE**

Name and Principal Position	Year	Salary	
Accounting Head, Corporate Services Head, Design Head, Information Technology Head, Internal Audit Head, Investor Relations Head, Leasing Head, Legal Head , Marketing Head, Procurement Head, Security Head, Technical Head , Treasury & Corporate Planning Head	2015	₱21,794,000	estimate
	2014	₱12,540,000	actual
	2013	₱ 4,946,318	actual

Except as stated above, the directors did not receive other allowances or per diems for the past and ensuing year. There are no other existing arrangements/agreements under

which directors are to be compensated during the last completed fiscal year and the ensuing year.

There are no outstanding warrants or options held by directors and officers. There are no actions to be taken with regard to election, any bonus or profit-sharing, change in pension/retirement plan, granting of or extension of any options, warrants or rights to purchase any securities.

#### **ITEM 11. Security Ownership of Certain Beneficial Owners and Management**

As of December 31, 2014, the following are the owners of the Company's common stock in excess of 5% of total outstanding shares:

<b>Name</b>	<b>No. of Shares</b>	<b>Percentage</b>
1 Injap Investments Inc.	824,996,999	37.00%
2 Honeystar Holdings Corp.	824,996,999	37.00%
3 BDO Securities Corp.	244,784,200	11.01%
4 UniCapital Securities Inc	112,168,838	5.05%

There are no persons holding more than 5% of a class under a voting trust or any similar agreements as of balance sheet date.

#### **Change in Control**

The Company is not aware of any change in control or arrangement that may result in a change in control of the Company since the beginning of its last fiscal year.

There are no existing or planned stock warrant offerings. There are no arrangements that may result in a change in control of the Company.

#### **ITEM 12. Certain Relationships and Related Transactions**

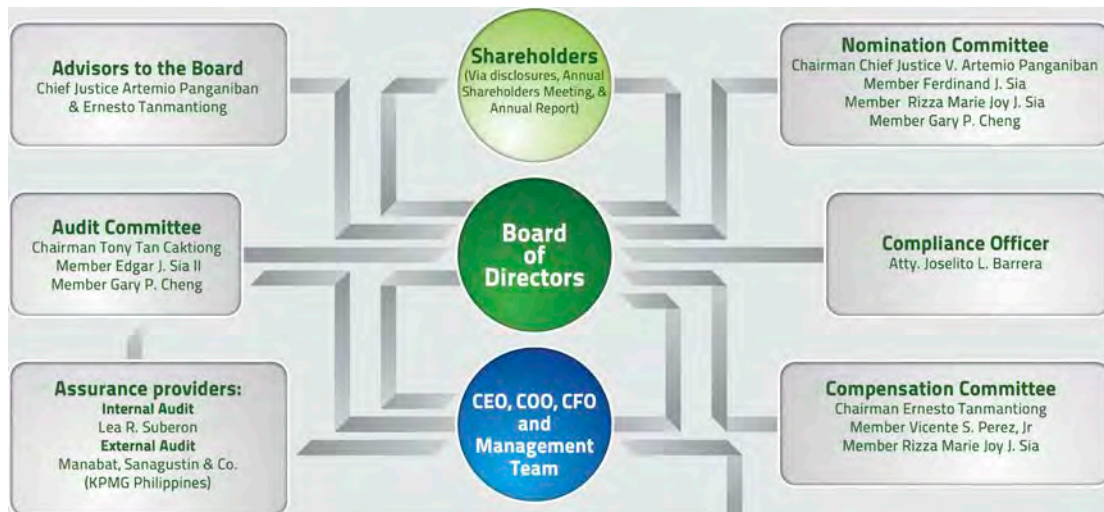
Please refer to Item 1, Transactions With and/or Dependence on Related Parties.

### **PART IV – CORPORATE GOVERNANCE**

#### **ITEM 13. Corporate Governance**

On 12 November 2013, the Board of Directors of the Company approved and adopted a Manual of Corporate Governance in compliance with the requirements of the Revised Code of Corporate Governance under SEC Memorandum Circular No. 6, Series of 2009.

Below is a diagram of our Corporate Governance Structure :



## PART V – EXHIBITS AND SCHEDULES

### ITEM 14. Exhibits and Reports on SEC Form 17-C

- (a) Exhibits - See accompanying Index to Exhibits (page 31).

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

- (18) Subsidiaries of the Registrant

The other exhibits, as indicated in the Index to Exhibits are either not applicable to the Company or require no answer.

- (b) Reports on SEC Form 17-C

Reports on SEC Form 17-C (Current Report) have been filed during the last six months period covered by this report.

INDEX TO EXHIBITS  
Form 17-A

<b>No.</b>	<b>Page No.</b>
(3) Plan of Acquisition, Reorganization, Arrangement, Liquidation, or Succession	*
(5) Instruments Defining the Rights of Security Holders, Including Indentures	*
(8) Voting Trust Agreement	*
(9) Material Contracts	*
(10) Annual Report to Security Holders, Form 11-Q or Quarterly Report to Security Holders	*
(13) Letter re Change in Certifying Accountant	*
(16) Report Furnished to Security Holders	*
(18) Subsidiaries of the Registrant	32
(19) Published Report Regarding Matters Submitted to Vote of Security Holders	*
(20) Consent of Experts and Independent Counsel	*
(21) Power of Attorney	*
(29) Additional Exhibits	*

\* These Exhibits are either not applicable to the Company or require no answer.

## **EXHIBIT 18 SUBSIDIARIES OF THE REGISTRANT**

Please refer to *Note 1* of the accompanying Notes to the Consolidated Financial Statements for details.

**DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES**  
**(Formerly Injap Land Corporation)**  
**INDEX TO THE FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY SCHEDULES**  
**FORM 17-A, ITEM 7**

**Consolidated Financial Statements**

---

Statement of Management's Responsibility for Financial Statements  
Independent Auditors' Report  
Consolidated Balance Sheets as at December 31, 2014 and 2013  
Consolidated Statements of Comprehensive Income  
    For the years ended December 31, 2014, 2013 and 2012  
Consolidated Statements of Changes in Stockholders' Equity  
    For the years ended December 31, 2014, 2013 and 2012  
Consolidated Statements of Cash Flows  
    For the years ended December 31, 2014, 2013 and 2012  
Notes to Consolidated Financial Statements

**Supplementary Schedules**

Independent Auditors' Report on Supplementary Schedules 114  
SRC Annex 68-E Schedules

- A. Financial Assets
- B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related parties)
- C. Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial Statements
- D. Intangible Assets - Other Assets
- E. Long-term Debt
- F. Indebtedness to Related Parties
- G. Guarantees of Securities of Other Issuers
- H. Capital Stock

Computation of Public Ownership  
Financial Ratios - Key Performance Indicators  
Reconciliation of Retained Earnings for Dividend Declaration  
Conglomerate Map  
Tabular Schedule of Effective Standards and Interpretations under the PFRS 137  
Annual Corporate Governance Report



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of DoubleDragon Properties Corp. and Subsidiaries (the "Group"), is responsible for the preparation and fair presentation of the financial statements as at December 31, 2014, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

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

Signature [Handwritten Signature]

Edgar J. Sia II CEO/Chairman

Signature [Handwritten Signature]

Ferdinand J. Sia COO/President

Signature [Handwritten Signature]

Rizza Marie Joy J. Sia CFO/Treasurer

Signed this 18th day of March 2015

SUBSCRIBED AND SWORN TO BEFORE ME THIS APR 08 2015 AT MAKATI CITY... NO. ISSUED AT

ATTY. VIRGINIO R. BATALLA NOTARY PUBLIC FOR MAKATI CITY APPOINTMENT NO. M 32 UNTIL DECEMBER 31, 2016 ROLL OF ATTY. NO. 48348 MCLE COMPLIANCE NO. IV-0016933/4-10-2013 IBP NO. 706782 - LIFETIME MEMBER PTR. NO. 474 - 8510 JAN 05, 2015 EXECUTIVE BLDG. CENTER MAKATI AVE., COR., JUPITER

Note: The SMR of the group covered under Part II of the SEC Rule 68, As Amended should be SIGNED UNDER OATH.

# COVER SHEET

For  
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	9	3	0	3	5	4
---	---	---	---	---	---	---	---	---	---	---

Company Name

D	O	U	B	L	E	D	R	A	G	O	N	P	R	O	P	E	R	T	I	E	S	C	O	R	P	.
A	N	D	S	U	B	S	I	D	I	A	R	I	E	S												
(	F	o	r	m	e	r	l	y	I	n	J	a	p	L	a	n	d									
C	o	r	p	o	r	a	t	i	o	n	)															

Principal Office ( No./Street/Barangay/City/Town)Province)

F	u	e	n	t	e	s	a	n	d	D	e	l	g	a	d	o	S	t	r	e	e	t	s		
I	l	o	i	l	o	C	i	t	y																

Form Type

--	--	--	--

Department requiring the report

--	--	--	--

Secondary License Type, If Applicable

--	--	--	--

### COMPANY INFORMATION

Company's Email Address

--

Company's Telephone Number/s

--

Mobile Number

--

No. of Stockholders

--

Annual Meeting  
Month/Day

<b>December 12</b>
--------------------

Fiscal Year  
Month/Day

<b>December 31</b>
--------------------

### CONTACT PERSON INFORMATION

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

Name of Contact Person

Rizza Marie Joy Sia
---------------------

Email Address

--

Telephone  
Number/s

856-7111
----------

Mobile Number

--

Contact Person's Address

--

**Note:** 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.

**DOUBLEDRAGON PROPERTIES CORP. AND  
SUBSIDIARIES**  
(Formerly Injap Land Corporation)

**CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2014, 2013 and 2012



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

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Branches: Subic · Cebu · Bacolod · Iloilo

## REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders  
DoubleDragon Properties Corp.  
People's Hotel, Fuentes and Delgado Streets  
Iloilo City

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of DoubleDragon Properties Corp. (formerly Injap Land Corporation) and Subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, 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, 2014, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Consolidated Financial Statements*

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

#### *Auditors' Responsibility*

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

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

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



*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of DoubleDragon Properties Corp. and Subsidiaries as at December 31, 2014 and 2013, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2014 in accordance with Philippine Financial Reporting Standards.

**R.G. MANABAT & CO.**

ADOR C. MEJIA

Partner

CPA License No. 0029620

SEC Accreditation No. 0464-AR-2, Group A, valid until March 24, 2016

Tax Identification No. 112-071-634

BIR Accreditation No. 08-001987-10-2013

Issued May 9, 2013; valid until May 8, 2016

PTR No. 4748117MC

Issued January 5, 2015 at Makati City

March 18, 2015

Makati City, Metro Manila



**R.G. Manabat & Co.**  
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Branches: Subic · Cebu · Bacolod · Iloilo

**REPORT OF INDEPENDENT AUDITORS  
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE  
SECURITIES AND EXCHANGE COMMISSION**

The Board of Directors and Stockholders  
DoubleDragon Properties Corp. and Subsidiaries  
People's Hotel, Fuentes and Delgado Streets  
Iloilo City

We have audited the accompanying consolidated financial statements of DoubleDragon Properties Corp. (formerly Injap Land Corporation) and Subsidiaries as at and for the year ended December 31, 2014, on which we have rendered our report dated March 18, 2015.

In compliance with Securities Regulation Code Rule 68, As Amended, we are stating that the said Company has a total number of 98 stockholders owning one hundred (100) or more shares each.

**R.G. MANABAT & CO.**

**ADOR C. MEJIA**

Partner

CPA License No. 0029620

SEC Accreditation No. 0464-AR-2, Group A, valid until March 24, 2016

Tax Identification No. 112-071-634

BIR Accreditation No. 08-001987-10-2013

Issued May 9, 2013; valid until May 8, 2016

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Issued January 5, 2015 at Makati City

March 18, 2015  
Makati City, Metro Manila

**DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES**  
**(Formerly Injap Land Corporation)**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

		December 31	
	<i>Note</i>	2014	2013
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4, 25	P3,817,191,234	P113,304,028
Receivables	5, 25	732,366,911	310,071,769
Real estate inventories	6	2,243,407,876	747,630,282
Mall stall units for sale	7	205,115,350	-
Due from related parties	20, 25	1,030,070	-
Prepaid expenses and other current assets - net	8, 12, 20, 21, 25	423,201,167	138,191,808
<b>Total Current Assets</b>		<b>7,422,312,608</b>	<b>1,309,197,887</b>
<b>Noncurrent Assets</b>			
Receivables - net of current portion	5, 25	206,412,607	75,223,490
Property and equipment - net	9	95,859,524	20,439,323
Intangible assets and goodwill - net	10	68,960,899	3,583,723
Investment property	11	10,467,018,818	309,002,797
Other noncurrent assets	12, 21, 25	214,318,100	79,094,214
<b>Total Noncurrent Assets</b>		<b>11,052,569,948</b>	<b>487,343,547</b>
		<b>P18,474,882,556</b>	<b>P1,796,541,434</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and other current liabilities	6, 13, 25	P840,247,846	P145,606,543
Short-term notes payable	14, 25	649,000,000	300,000,000
Current portion of customers' deposits	15	230,608,277	117,326,861
Due to related parties	20, 25	280,679,292	37,677,427
Income tax payable		12,223,080	12,820,088
<b>Total Current Liabilities</b>		<b>2,012,758,495</b>	<b>613,430,919</b>
<b>Noncurrent Liabilities</b>			
Long-term notes payable - net of debt issue costs	14, 25	7,729,243,372	540,000,000
Customers' deposits - net of current portion	15	176,410,072	-
Deferred tax liabilities - net	22	173,369,486	28,022,792
Other noncurrent liabilities	16, 25	552,925,699	-
<b>Total Noncurrent Liabilities</b>		<b>8,631,948,629</b>	<b>568,022,792</b>
<b>Total Liabilities</b>		<b>10,644,707,124</b>	<b>1,181,453,711</b>

*Forward*

		<b>December 31</b>	
	<i>Note</i>	<b>2014</b>	<b>2013</b>
<b>Equity Attributable to Equity Holders of the Parent Company</b>	<i>24</i>		
Capital stock		<b>P222,973,000</b>	P165,000,000
Additional paid-in capital		<b>1,358,237,357</b>	318,625,580
Retained earnings		<b>661,823,627</b>	106,269,584
		<b>2,243,033,984</b>	589,895,164
<b>Non-controlling Interest</b>	<i>1, 26</i>	<b>5,587,141,448</b>	25,192,559
<b>Total Equity</b>		<b>7,830,175,432</b>	615,087,723
		<b>P18,474,882,556</b>	P1,796,541,434

*See Notes to the Consolidated Financial Statements.*

**DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES**  
**(Formerly Injap Land Corporation)**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

		<b>Years Ended December 31</b>		
	<i>Note</i>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>INCOME</b>				
Real estate sales	20	<b>P1,073,008,556</b>	P511,069,901	P596,499,877
Unrealized gains from change in fair values of investment property	11	<b>455,732,211</b>	127,161,634	-
Sale of mall stall units		<b>140,493,171</b>	-	-
Interest income	4, 5, 12	<b>30,644,040</b>	18,867,956	11,813,552
Rent income	11, 21	<b>6,046,194</b>	4,029,842	-
Others		<b>4,577,884</b>	806,514	14,908
		<b>1,710,502,056</b>	661,935,847	608,328,337
<b>COST AND EXPENSES</b>				
Cost of real estate sales	17	<b>573,338,423</b>	373,754,564	446,484,724
General and administrative expenses	19	<b>200,830,656</b>	84,963,724	19,181,680
Selling expenses	18	<b>70,679,172</b>	23,616,394	11,005,463
Interest expense	14, 16	<b>37,501,634</b>	9,123,095	-
Cost of sales of mall stall units	7, 17	<b>24,073,820</b>	-	-
		<b>906,423,705</b>	491,457,777	476,671,867
<b>INCOME BEFORE INCOME TAX</b>		<b>804,078,351</b>	170,478,070	131,656,470
<b>INCOME TAX EXPENSE</b>	22			
Current		<b>116,808,650</b>	24,010,409	35,825,538
Deferred		<b>126,422,153</b>	24,412,953	3,609,838
		<b>243,230,803</b>	48,423,362	39,435,376
<b>NET INCOME/TOTAL COMPREHENSIVE INCOME</b>		<b>P560,847,548</b>	P122,054,708	P92,221,094
<b>Attributable to:</b>				
Equity holders of the Parent Company		<b>P555,890,174</b>	P106,649,057	P92,221,094
Non-controlling interest	26	<b>4,957,374</b>	15,405,651	-
		<b>P560,847,548</b>	P122,054,708	P92,221,094
<b>Basic/Diluted Earnings Per Share</b>	23	<b>P0.2835</b>	P0.8632	P2.0494

*See Notes to the Consolidated Financial Statements.*

**DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES**  
**(Formerly Injap Land Corporation)**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

**Years Ended December 31**

	Note	2014		2013		2012	
		Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
<b>EQUITY</b>							
<b>ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>							
<b>CAPITAL STOCK</b>							
Authorized	24						
Common shares -							
P0.10 par value -							
November 12, 2013							
P1 par value -							
April 10, 2013							
P100 par value - 2012		5,000,000,000	P500,000,000	500,000,000	P500,000,000	800,000	P80,000,000
Issued and outstanding shares							
Balance at beginning of year		165,000,000	P165,000,000	600,000	P60,000,000	-	P -
Stock issuances during the year		579,730,000	57,973,000	105,000,000	105,000,000	600,000	60,000,000
Change in par value - P1 to P0.10		1,485,000,000	-	-	-	-	-
Change in par value - P100 to P1		-	-	59,400,000	-	-	-
Balance at end of year		2,229,730,000	222,973,000	165,000,000	165,000,000	600,000	60,000,000
Subscribed shares							
579,730,000 - 2014							
105,000,000 - 2013							
600,000 - 2012							
Balance at beginning of year		-	-	-	-	280,000	28,000,000
Collection of subscriptions receivable		-	-	-	-	20,000	2,000,000
Additional subscriptions		579,730,000	57,973,000	105,000,000	105,000,000	300,000	30,000,000
Stock issuances		(579,730,000)	(57,973,000)	(105,000,000)	(105,000,000)	(600,000)	(60,000,000)
Balance at end of year		-	-	-	-	-	-
		2,229,730,000	222,973,000	165,000,000	165,000,000	600,000	60,000,000
<b>ADDITIONAL PAID-IN CAPITAL</b>							
Balance at beginning of year	24	-	318,625,580	-	320,000,000	-	-
Stock issuances during the year		-	1,101,487,000	-	-	-	320,000,000
Stock issuance costs		-	(61,875,223)	-	(1,374,420)	-	-
Balance at end of year		-	1,358,237,357	-	318,625,580	-	320,000,000
<b>RETAINED EARNINGS</b>							
Balance at beginning of year		-	106,269,584	-	92,462,396	-	241,302
Net income for the year		-	555,890,175	-	106,649,057	-	92,221,094
Stock issuance costs		-	(336,132)	-	(117,975)	-	-
Cash dividends declared	24	-	-	-	(92,723,894)	-	-
Balance at end of year		-	661,823,627	-	106,269,584	-	92,462,396

Forward

**Years Ended December 31**

	<i>Note</i>	2014		2013		2012	
		Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
<b>NON-CONTROLLING INTEREST</b>							
Balance at beginning of year	26	-	P25,192,559	-	P -	-	P -
Share capital		-	5,467,744,924	-	-	-	-
Effects of business combination		-	89,246,591	-	9,904,883	-	-
Net income for the year		-	4,957,374	-	15,405,651	-	-
Stock issuance costs		-	-	-	(117,975)	-	-
Balance at end of year		-	5,587,141,448	-	25,192,559	-	-
		-	P7,830,175,432	-	P615,087,723	-	P472,462,396

*See Notes to the Consolidated Financial Statements.*

**DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES**  
**(Formerly Injap Land Corporation)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

		<b>Years Ended December 31</b>		
	<i>Note</i>	2014	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income before income tax		P804,078,351	P170,478,070	P131,656,470
Adjustments for:				
Interest expense	14, 16	37,501,634	9,123,095	-
Depreciation and amortization	9, 10, 19	5,044,824	4,440,452	1,091,110
Unrealized gains from change in fair values of investment property	11	(455,732,211)	(127,161,634)	-
Interest income	4, 5, 12	(30,644,040)	(18,867,956)	(11,813,552)
Operating income before working capital changes		360,248,558	38,012,027	120,934,028
Decrease (increase) in:				
Receivables		(525,418,327)	(197,878,306)	(161,639,116)
Real estate inventories	27	(1,495,777,594)	(328,241,212)	(446,948,907)
Mall stall units for sale		(205,115,350)	-	-
Due from related parties		(1,030,070)	27,230,023	(27,224,052)
Prepaid expenses and other current assets		(325,021,914)	(101,872,891)	(27,419,419)
Increase (decrease) in:				
Accounts payable and other current liabilities		706,128,794	27,265,104	114,629,013
Customers' deposits		289,691,488	(48,995,914)	148,755,293
Payable to other creditors		-	(67,843,874)	67,843,874
Due to related parties		243,001,865	11,999,698	(73,013,212)
Cash absorbed by operations		(953,292,550)	(640,325,345)	(284,082,498)
Interest received		2,274,515	18,246,792	11,813,552
Interest paid		(50,346,301)	(6,218,426)	-
Income tax paid		(58,468,179)	(36,195,033)	(10,820,826)
Net cash used in operating activities		(1,059,832,515)	(664,492,012)	(283,089,772)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Additions to property and equipment	9	(14,374,708)	(11,827,288)	(11,642,664)
Additions to intangible assets and goodwill	10	(66,285,903)	(2,183,939)	(2,329,824)
Additions to investment property	11, 27	(9,767,465,400)	(32,436,012)	(18,811,101)
Increase in other noncurrent assets		(134,920,674)	(53,353,927)	(25,575,287)
Effects of business combinations		89,246,591	417,386	-
Increase in non-controlling interest		5,467,744,924	-	-
Net cash used in investing activities		(4,426,055,170)	(99,383,780)	(58,358,876)

*Forward*

		<b>Years Ended December 31</b>		
	<i>Note</i>	2014	2013	2012
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issuance of capital stock	24	P1,097,584,777	P112,889,630	P252,000,000
Proceeds from availment of notes, net of debt issue costs	14	8,688,222,998	840,000,000	100,000,000
Payment of notes	14	(1,050,000,000)	-	-
Cash dividends paid	24	-	(92,723,894)	-
Increase in other noncurrent liabilities		453,967,116	-	-
Net cash provided by financing activities		9,189,774,891	860,165,736	352,000,000
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>3,703,887,206</b>	96,289,944	10,551,352
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	4	<b>113,304,028</b>	17,014,084	6,462,732
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	4	<b>P3,817,191,234</b>	P113,304,028	P17,014,084

*See Notes to the Consolidated Financial Statements.*

**DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES**  
**(Formerly Injap Land Corporation)**  


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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**1. Reporting Entity**

DoubleDragon Properties Corp., (the “Parent Company” or “DD”), formerly Injap Land Corporation, was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 9, 2009 primarily to engage in the business of real estate development including but not limited to residential and condominium projects, to acquire by purchase or lease land and interest in land, to own, hold, impose, promote, develop, subdivide and manage any land owned, held or occupied by the Parent Company, to construct, manage or administer buildings such as condominiums, apartments, hotels, restaurants, stores or other structures and to mortgage, sell, lease or otherwise dispose of land, interests in land and buildings or other structures at any time. The Parent Company started commercial operations in November 2010.

On August 1, 2012, the SEC approved the Parent Company’s application to change its corporate name to “DoubleDragon Properties Corp.”

The Parent Company’s shares are listed at the Philippine Stock Exchange (“PSE”) since April 7, 2014 under the stock symbol “DD” (see Note 24).

The consolidated financial statements include the accounts of DD and the following subsidiaries (collectively referred to as the “Group”):

Subsidiaries	Percentage of Ownership	
	2014	2013
DoubleDragon Sales Corp. (DDSC) <sup>(a)</sup>	100	100
One Eleven Property Management Corp. (OEPMC) <sup>(a)</sup>	100	100
DD-Meridian Park Development Corp. (DD-MPDC) <sup>(b)</sup>	70	-
Zion Land Development Ph, Inc. (ZLDPI) <sup>(c)</sup>	70	-
CityMall Commercial Centers Inc. (CMCCI) <sup>(d)</sup>	66	100
Piccadilly Circus Landing Inc. (PCLI) <sup>(e)</sup>	50	50

(a) Consolidated effective January 1, 2012.

(b) Consolidated effective October 27, 2014.

(c) Consolidated effective May 23, 2014.

(d) Consolidated effective December 27, 2013.

(e) Consolidated effective August 1, 2013.

The following were the changes in the Group’s structure during 2014:

DD-MPDC was incorporated and registered with the SEC on October 27, 2014 primarily to engage in the business of real estate development including but not limited to residential and condominium projects, to acquire by purchase or lease land and interest in land, to own, hold, impose, promote, develop, subdivide and manage any land owned, held or occupied by the entity, to construct, manage or administer buildings such as condominiums, apartments, hotels, restaurants, stores or other structures and to mortgage, sell, lease or otherwise dispose of land, interests in land and buildings or other structures at any time.

The consolidated financial statements also include the balances of Prime DDG Commercial Centers Inc. ("PDDG"), a 70% owned subsidiary of CMCCI. PDDG was incorporated and registered with the SEC on April 28, 2014 primarily to engage in the business of commercial shopping centers or malls, and for the attainment of this purpose, to construct, build, develop, operate and maintain commercial center or malls and to perform all acts or trades necessary for its operation and maintenance, including but not limited to the preservation of commercial spaces for rent, amusement centers, movie theater, performing arts center, children's play area and hobby or gaming centers, parking lots and other service facilities, within the compound or premises of the shopping centers.

ZLDPI was incorporated and registered with the SEC on September 15, 2011 primarily to engage, operate and hold or manage real estate business, to acquire by purchase, lease, donation or otherwise, own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, and hold for investment or otherwise, real estate of all kinds, whether improved, managed or otherwise, deal in or dispose of buildings, houses, apartments, townhouses, condominiums, and other structure of whatever kind, together with the appurtenances or improvements found thereon. ZLDPI started its commercial operations in 2014.

DD-MPDC and PDDG have not started commercial operations as at December 31, 2014.

The following were the changes in the Group's structure in prior years:

OEPMC was incorporated and registered with the SEC on January 17, 2012 primarily to engage in maintaining, preserving, preparing and cleaning buildings, condominiums, townhouses, hotels, amusement or recreational places, counters, office premises, factories, shops, equipment and facilities.

PCLI was incorporated and registered with the SEC on October 10, 2012 primarily to engage in owning, using, improving, developing, subdividing, selling, exchanging, leasing and holding for investment or otherwise, real estate of all kinds, including buildings, houses, apartments and other structures. PCLI started its commercial operations in 2013.

DDSC was incorporated and registered with the SEC on November 12, 2012 primarily to engage in the business of selling or marketing real estate products, including but not limited to land, buildings, condominium units, town houses, apartments, house and lot packages and all other forms of real estate products.

CMCCI was incorporated and registered with the SEC on December 27, 2013 primarily to engage in the business of commercial shopping centers or malls, and for the attainment of this purpose, to construct, build, develop, operate and maintain commercial center or malls and to perform all acts or trades necessary for its operation and maintenance, including but not limited to the preservation of commercial spaces for rent, amusement centers, movie theater, performing arts center, children's play area and hobby or gaming centers, parking lots and other service facilities, within the compound or premises of the shopping centers.

OEPMC, DDSC and CMCCI have not started commercial operations as at December 31, 2014.

The above companies are all incorporated in the Philippines. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

The following table summarizes the information relating to the DD's subsidiary that has material NCI, before any intra-group eliminations.

	<u>December 31, 2014</u>
	<u>DD-MPDC</u>
<b>NCI percentage</b>	<b>30.00%</b>
Current assets	<b>P1,266,157,162</b>
Noncurrent assets	<b>7,340,038,938</b>
Current liabilities	<b>(151,200,749)</b>
<b>Net assets</b>	<b>8,454,995,351</b>
Carrying amount of NCI	<b>5,352,147,712</b>
Net loss (total comprehensive loss)	<b>(13,076,967)</b>
Net loss/total comprehensive loss allocated to NCI	<b>(3,923,090)</b>
Cash flows from operating activities	<b>(109,893,688)</b>
Cash flows from investing activities	<b>(1,759,777,070)</b>
Cash flows from financing activities	<b>3,119,847,696</b>
<b>Net increase in cash and cash equivalents</b>	<b>P1,250,176,938</b>

The Parent Company's registered office address is People's Hotel located in Fuentes and Delgado Streets, Iloilo City. The Parent Company also maintains its corporate office at 16<sup>th</sup> Floor 6750 Building, Ayala Avenue, Makati City.

## **2. Basis of Preparation**

### Statement of Compliance

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

The consolidated financial statements were approved and authorized for issuance by the Board of Directors (BOD) on March 18, 2015.

### Basis of Measurement

The consolidated financial statements have been prepared using the historical cost basis of accounting except for investment property that is measured at fair value.

### Functional and Presentation Currency

The consolidated financial statements are presented in Philippine peso, which is also the Group's functional currency, and all financial information presented in Philippine peso has been rounded off to the nearest peso, unless otherwise stated.

### Use of Estimates and Judgments

The consolidated financial statements prepared in accordance with PFRS require management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported in the consolidated financial statements at the reporting date. However, uncertainty about these estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

### 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 effects on the amounts recognized in the consolidated financial statements:

#### *Determination of Functional Currency*

Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency has been determined to be the Philippine peso. It is the currency of the primary economic environment in which the Group operates and the currency that mainly influences its revenues and expenses.

#### *Classifying Financial Instruments*

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

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

Financial assets are classified as financial assets at fair value through profit or loss (FVPL), held-to-maturity (HTM) investments, loans and receivables and available-for-sale (AFS) financial assets. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or other financial liabilities.

#### *Distinction between Real Estate Inventories and Investment Property*

The Group determines whether a property will be classified as real estate inventories or investment property. In making this judgment, the Group considers whether the property is held for sale in the ordinary course of business (real estate inventories) or which is held primarily to earn rental and capital appreciation and is not substantially for use by, or in the operations of the Group (investment property).

#### *Distinction between Investment Property and Property and Equipment*

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

#### *Property Acquisitions and Business Combinations*

The Group acquires subsidiaries that own real estate properties. At the time of acquisition, the Group considers whether the acquisition represents the acquisition of a business. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made with regard to the extent to which significant processes are acquired. The significance of any process is judged with reference to the guidance in PAS 40 on ancillary services. When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized.

#### *Determination of Control*

The Parent Company determines control when it is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. The Parent Company controls an entity if and only if the Parent Company has all of the following:

- a. power over the entity;
- b. exposure, or rights, to variable returns from its involvement with the entity; and
- c. the ability to use its power over the entity to affect the amount of the Parent Company's returns (see Note 26).

#### *Collectability of the Sales Price*

In determining whether the sales prices are collectable, the Group considers that initial and continuing investments by the buyer of about 10% would demonstrate the buyer's commitment to pay.

#### *Assessing Lease Agreements*

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and arrangement conveys a right to use the asset.

#### *Operating Leases - Group as a Lessee*

The Group has entered into various lease agreements as a lessee. The Group has determined that the lessor retains all significant risks and rewards of ownership of these properties which are leased out under operating lease arrangements.

#### *Operating Leases - Group as a Lessor*

The Group has entered into various lease agreements as a lessor to lease out its commercial spaces to various lessees. The Group has determined that it retains all significant risks and rewards of ownership of the property which are leased out under operating lease arrangements.

#### Estimates

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

#### *Revenue and Cost Recognition*

The Group's revenue and cost recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and costs. The Group's revenue from real estate sales is recognized based on the percentage of completion. It is measured principally on the basis of the estimated completion of a physical proportion of contract work by reference to the actual costs incurred to date over the estimated total costs of the project. Changes in estimate may affect the reported amounts of revenue in real estate sales and receivables. There were no changes in the assumptions or basis for estimation during the year.

Revenue and cost recognized related to real estate contracts amounted to P1,073.01 million and P573.34 million, respectively, in 2014, and P511.07 million and P373.75 million, respectively, in 2013 and P596.50 million and P446.48 million, respectively, in 2012 (see Notes 17 and 20).

#### *Estimating Allowance for Impairment Losses on Receivables, Due from Related Parties and Refundable Deposits*

The Group performs regular review of the age and status of its receivables, due from related parties and refundable deposits, designed to identify accounts with objective evidence of impairment and provides those with the appropriate allowance for impairment losses. The level of this allowance is evaluated by the Group on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Group's relationship with debtors, their payment behavior and known market factors. The amount and timing of recorded expenses for any period would differ if the Group made different judgment or utilized different estimates. An increase in the Group's allowance for impairment losses on receivables, due from related parties and refundable deposits would increase the Group's recorded general and administrative expenses and decrease current and noncurrent assets.

No allowance for impairment losses are recognized for receivables, due from related parties and refundable deposits as at December 31, 2014 and 2013. The carrying amounts of Group's receivables, due from related parties and refundable deposits amounted to P978.78 million, and P396.20 million as at December 31, 2014 and 2013, respectively (see Notes 5, 8, 12 and 20).

#### *Estimating Net Realizable Value (NRV) of Real Estate Inventories and Mall Stall Units for Sale*

The Group reviews its real estate inventories and mall stall units for sale for probable decline in value. This includes considering certain indications such as significant change in asset usage and plans relating to the real estate projects and mall stall units for sale. Where the carrying amount of real estate inventories and mall stall units for sale exceeds their NRV, the real estate inventories and mall stall units for sale are considered impaired and are written down to their NRV. The NRV is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sale. In determining the recoverability of the real estate inventories and mall stall units for sale, management considers whether those real estate inventories and mall stall units for sale are damaged or if their selling prices have declined.

No real estate inventories and mall stall units for sale were written down to their NRVs in 2014, 2013 and 2012. The carrying amounts of the Group's real estate inventories and mall stall units for sale amounted to P2,448.52 million and P747.63 million as at December 31, 2014 and 2013, respectively (see Notes 6 and 7).

*Estimating Useful Lives of Property and Equipment and Intangible Asset with Definite Useful Life*

The Group estimates the useful lives of property and equipment and intangible asset with definite useful life (computer software license) based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment and computer software license are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, the estimation of the useful lives of property and equipment and computer software license 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 the property and equipment and computer software license would increase recorded depreciation and amortization expenses and decrease noncurrent assets.

The Group's accumulated depreciation of property and equipment amounted to P8.90 million and P5.28 million as at December 31, 2014 and 2013, respectively. The carrying amount of the Group's property and equipment amounted to P95.86 million and P20.44 million as at December 31, 2014 and 2013, respectively (see Note 9).

The Group's accumulated amortization of computer software license amounted to P1.84 million and P.93 million as at December 31, 2014 and 2013, respectively. The carrying amount of the Group's computer software license amounted to P3.56 million and P3.58 million as at December 31, 2014 and 2013, respectively (see Note 10).

*Fair Value Measurement of Investment Property*

Starting 2013, the Group carries its investment property at fair value, with changes in fair value being recognized in profit or loss. The Group engages independent valuation specialists to determine the fair value. For the investment property, the appraisers used a valuation technique based on comparable market data available for such property.

Unrealized gains from change in fair values of investment property recognized in profit or loss amounted to P455.73 million, P127.16 million and nil in 2014, 2013 and 2012, respectively. The carrying amount of the Group's investment property amounted to P10,467.02 million and P309.00 million as at December 31, 2014 and 2013, respectively (see Note 11).

*Assessing Impairment on Nonfinancial Assets*

PFRS requires that an impairment review be performed on property and equipment and intangible asset with definite useful life (computer software license) when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Determining the recoverable amount of assets requires 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 financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amount and any resulting impairment loss could have a material adverse impact on the financial performance.

There were no impairment losses required to be recognized in 2014, 2013, and 2012 based on management's assessment.

#### *Assessing Impairment of Goodwill*

The Company determines whether goodwill is impaired at least annually. This requires estimation of 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 amounted to P65.40 million and nil as at December 31, 2014 and 2013, respectively (see Note 10). There were no impairment losses required to be recognized in 2014, 2013, and 2012 based on management's assessment.

#### *Estimating Realizability of Deferred Tax Asset (DTA)*

The Company reviews its DTA 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 DTA to be utilized. The Company reviews its projected performance in assessing the sufficiency of future taxable income.

The carrying amount of deferred tax asset amounted to P43.17 million and P10.13 million as at December 31, 2014 and 2013, respectively (see Note 22).

#### *Provisions and Contingencies*

The Group, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account.

No provision for probable losses arising from legal contingencies was recognized in the Group's consolidated financial statements in 2014, 2013 and 2012.

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### **3. Summary of Significant Accounting Policies**

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

#### Adoption of Amendments to Standards

The Group has adopted the following amendments to standards starting January 1, 2014 and accordingly, changed its accounting policies. The adoption of these amendments to standards did not have any significant impact on the Group's consolidated financial statements.

- *Offsetting Financial Assets and Financial Liabilities (Amendments to PAS 32)*. These amendments clarify that:
  - an entity currently has a legally enforceable right to set-off if that right is:
    - not contingent on a future event; and
    - enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties; and
  - gross settlement is equivalent to net settlement if and only if the gross settlement mechanism has features that:
    - eliminate or result in insignificant credit and liquidity risk; and
    - process receivables and payables in a single settlement process or cycle.

- *Recoverable Amount Disclosures for Non-financial Assets (Amendments to PAS 36)*. These narrow-scope amendments to PAS 36 address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments clarified that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

#### New and Revised Standards and Amendments to Standards Not Yet Adopted

A number of new and revised standards and amendments to standards have already been issued by the IASB that are effective for annual periods beginning after January 1, 2014. Although already issued by the FRSC, the Board of Accountancy has yet to approve these new and revised standards and amendments to standards for local adoption. However, the Group has not applied the following new and revised standards and amendments to standards in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements.

#### *Effective July 1, 2014*

- *Annual Improvements to PFRS: 2010 - 2012 and 2011 - 2013 Cycles* - Amendments were made to a total of nine standards, with changes made to the standards on business combinations and fair value measurement in both cycles. Most amendments will apply prospectively for annual periods beginning on or after July 1, 2014. Earlier application is permitted, in which case the related consequential amendments to other PFRS would also apply. Special transitional requirements have been set for amendments to the following standards: PFRS 2, PAS 16, PAS 38 and PAS 40. The following are the said improvements or amendments to PFRS, none of which has a significant effect on the consolidated financial statements of the Group:
  - *Classification and measurement of contingent consideration (Amendment to PFRS 3)*. The amendment clarifies the classification and measurement of contingent consideration in a business combination. When contingent consideration is a financial instrument, its classification as a liability or equity is determined by reference to PAS 32 Financial Instruments: Presentation, rather than to any other PFRSs. Contingent consideration that is classified as an asset or a liability is always subsequently measured at fair value, with changes in fair value recognized in profit or loss.

Consequential amendments are also made to *PAS 39 Financial Instruments: Recognition and Measurement* and *PFRS 9 Financial Instruments* to prohibit contingent consideration from subsequently being measured at amortized cost. In addition, *PAS 37 Provisions, Contingent Liabilities and Contingent Assets* is amended to exclude provisions related to contingent consideration.

- *Disclosures on the aggregation of operating segments (Amendment to PFRS 8)*. PFRS 8 has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. The disclosures include: a brief description of the operating segments that have been aggregated; and the economic indicators that have been assessed in determining that the operating segments share similar economic characteristics. In addition, this amendment clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

- *Scope of portfolio exception (Amendment to PFRS 13)*. The scope of the PFRS 13 portfolio exception - whereby entities are exempted from measuring the fair value of a group of financial assets and financial liabilities with offsetting risk positions on a net basis if certain conditions are met - has been aligned with the scope of PAS 39 and PFRS 9.

PFRS 13 has been amended to clarify that the portfolio exception potentially applies to contracts in the scope of PAS 39 and PFRS 9 regardless of whether they meet the definition of a financial asset or financial liability under PAS 32 - e.g. certain contracts to buy or sell non-financial items that can be settled net in cash or another financial instrument.

- *Definition of 'related party' (Amendment to PAS 24)*. The definition of a 'related party' is extended to include a management entity that provides key management personnel (KMP) services to the reporting entity, either directly or through a group entity. For related party transactions that arise when KMP services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the KMP services. The reporting entity will also need to disclose other transactions with the management entity under the existing disclosure requirements of PAS 24 - e.g. loans.
- *Inter-relationship of PFRS 3 and PAS 40 (Amendment to PAS 40)*. PAS 40 has been amended to clarify that an entity should assess whether an acquired property is an investment property under PAS 40 and perform a separate assessment under PFRS 3 to determine whether the acquisition of the investment property constitutes a business combination. Entities will still need to use judgment to determine whether the acquisition of an investment property is an acquisition of a business under PFRS 3.

*Effective January 1, 2016*

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to PFRS 10 and PAS 28)*. The amendments address an inconsistency between the requirements in PFRS 10 and in PAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

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

*Effective January 1, 2018*

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

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

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

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

The Group will assess the impact of the above new and amendments to standards on the consolidated financial statements upon adoption in their respective effective dates.

Basis of Consolidation

*Business Combinations*

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the fair value of consideration transferred, measured at acquisition date and the amount of any NCI in the acquiree. For each business combination, the acquirer measures the NCI in the acquiree at fair value of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in general and administrative expenses.

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

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

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports in the consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period which is no longer than one year from the acquisition date, the provisional amounts recognized at acquisition date are retrospectively adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the Group recognizes additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date.

#### *Subsidiaries*

Subsidiaries are entities controlled by the Group. In accordance with PFRS 10, *Consolidated Financial Statements*, the Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement in the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

#### *Non-controlling Interests (NCI)*

NCI represent the portion of profit or loss and net assets or liabilities not held by the Group and are presented separately in the consolidated statements of comprehensive income and within stockholders' equity in the consolidated statements of financial position, separately from equity attributable to owners of the Group. Losses applicable to the NCI in a subsidiary (including components of other comprehensive income) are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

#### *Loss of Control*

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

#### *Transactions Eliminated on Consolidation*

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognized in assets and liabilities, are eliminated in full. Unrealized losses are eliminated unless costs cannot be recovered.

#### Financial Instruments

Financial assets comprise cash and cash equivalents, receivables, due from related parties and refundable deposits. Financial liabilities consist of accounts payable and other current liabilities, notes payable, due to related parties and security deposits.

#### *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, are 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 or received. The initial measurement of financial instruments, except for those designated at fair value through profit or loss (FVPL), includes directly attributable transaction costs.

Subsequent to initial recognition, the Group classifies its financial assets into the following categories: held-to-maturity (HTM) investments, available-for-sale (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 the Group's financial assets and liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

The Group has no HTM investments, AFS financial assets, financial assets and liabilities at FVPL as at December 31, 2014 and 2013.

#### *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, fair value is determined by using the appropriate valuation techniques. Valuation techniques include the discounted cash flow approach, price comparison to similar instruments for which market observation prices exist, options pricing models and other relevant valuation models.

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

- Level 1: quoted 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 or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

### *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets 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 "Interest income" 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.

The Group's cash and cash equivalents, receivables, due from related parties and refundable deposits under "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts are included in this category.

Cash includes cash on hand and in banks which is 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 from the date of acquisition and are subject to an insignificant risk of changes in value.

### *Other Financial Liabilities*

This category pertains to financial liabilities that are not designated or classified at FVPL upon the inception of the liability. These include liabilities arising from operations or borrowings. Other financial liabilities are measured initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest rate method of amortization (or accretion) for any related premium, discount and directly attributable transaction costs. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

The Group's accounts payable and other current liabilities, notes payable, due to related parties and other noncurrent liabilities (excluding payables to government agencies and unearned rent income) accounts are included in this category.

### Debt Issue Costs

Debt issue costs are considered as an adjustment to the effective yield of the related debt and are deferred and amortized using the effective interest rate method. When a loan is paid, the related unamortized debt issue costs at the date of repayment are recognized in profit or loss.

### Derecognition of Financial Assets and Liabilities

#### *Financial Assets*

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

- the rights 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 an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset the maximum amount of consideration that the Group could be required to pay.

#### *Financial Liabilities*

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or 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.

#### Impairment of Financial Assets

The Group assesses at reporting date whether a financial asset or a group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For assets carried at amortized cost such as loans and receivables, the Group first assesses whether objective evidence of impairment exists for financial assets that are individually significant or collectively for financial assets that are not individually significant. If no objective evidence of impairment has been identified for a significant financial asset that was individually assessed, the Group includes the asset as part of a group of financial assets pooled according to their credit risk characteristics and collectively assesses the group 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.

Evidence of impairment for specific impairment purposes may include indications that the borrower or a group of borrowers is experiencing financial difficulty, default or delinquency in principal or interest payments, or may enter into bankruptcy or other form of financial reorganization intended to alleviate the financial condition of the borrower. For collective impairment purposes, evidence of impairment may include observable data on existing economic conditions or industry-wide developments indicating that there is a measurable decrease in the estimated future cash flows of the related assets.

If there is objective evidence of impairment, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). Time value is generally not considered when the effect of discounting the cash flows is not material.

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

#### Classification of Financial Instruments between Debt and Equity

A financial instrument is classified as debt if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

A financial instrument is an equity instrument only if: (a) the instrument includes no contractual obligation to deliver cash or another financial asset to another entity; and (b) if the instrument will or may be settled in the issuer's own equity instruments, it is either:

- a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or
- a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

#### Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated 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 gross in the consolidated statements of financial position.

#### Real Estate Inventories

Real estate inventories are properties that are acquired and developed or constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation. They consist of acquisition cost of land and other related development costs, amount paid to contractors for construction and development, capitalized borrowings and other capitalized costs.

These are carried at the lower of cost or NRV. The NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs to make the sale.

The cost of real estate inventories recognized in profit or loss is determined with reference to the specific costs incurred on the property and allocated to saleable area based on relative size.

#### Mall Stall Units for Sale

Mall stall units for sale are carried at the lower of cost or NRV. Cost consists of the costs incurred in the development and improvement of the property. NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs to make the sale.

The cost of mall stall units for sale recognized in profit or loss is determined with reference to the specific costs incurred on the property and allocated to saleable area based on relative size.

#### Prepaid Expenses

Prepaid expenses represent expenses not yet incurred but already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are recognized in profit or loss as they are consumed in operation or expire with the passage of time. These typically comprise prepayments for commissions, taxes and licenses and rentals.

#### Property and Equipment

Property and equipment are carried at cost less accumulated depreciation, amortization and impairment losses, if any.

Initially, an item of property and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use. Subsequent expenditures are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow to the Group. All other subsequent expenditures are recognized in profit or loss.

The estimated useful lives of property and equipment, exclusive of land which has an indefinite useful life, are as follows:

	Useful Life in Years
Leasehold improvements	5 or lease term, whichever is shorter
Equipment and showroom	5
Furniture and fixtures	5

Construction in progress represents structures under construction and is stated at cost. This includes the costs of construction and equipment and other direct costs. Borrowing costs that are directly attributed to the construction are capitalized during the construction period. Construction in progress is not depreciated until such time that the relevant assets are ready for use.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the property and equipment. Leasehold improvements are amortized over the estimated useful life of the improvements or the term of the lease, whichever is shorter.

The estimated useful lives and depreciation and amortization methods are reviewed periodically to ensure that they are consistent with the expected pattern of economic benefits from those assets.

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and accumulated depreciation, amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in profit or loss.

### Intangible Assets and Goodwill

#### *Goodwill*

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired (bargain purchase gain), the difference is recognized in the profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit 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.

Where goodwill acquired in a business combination has yet to be allocated to identifiable CGUs because the initial accounting is incomplete, such provisional goodwill is not tested for impairment unless indicators of impairment exist and the Group can reliably allocate the carrying amount of goodwill to a CGU or group of CGUs that are expected to benefit from the synergies of the business combination.

When subsidiaries are sold, the difference between the selling price and the subsidiary's net asset plus goodwill associated with the investment are recognized in profit or loss.

#### *Computer Software Licenses*

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software. Costs associated with maintaining computer software are expensed as incurred. Capitalized costs are amortized on a straight-line basis over an estimated useful lives of five years as the lives of these intangible assets are considered limited.

The carrying amount of intangible assets is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

### Investment Property

Investment property consists of properties held to earn rentals and/or for capital appreciation. Initially, investment property is measured at cost including certain transaction costs. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. The fair value of investment property is determined by independent real estate valuation experts based on recent real estate transactions with similar characteristics and location to those of the Group's investment property. Gains or losses arising from changes in the fair values of investment property are included in profit or loss in the period in which they arise.

Investment property of the Group is mainly composed of land, building and construction-in-progress.

Investment property is derecognized either when it is disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement and disposal of investment property is recognized in profit or loss in the period of retirement or disposal.

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

For a transfer from investment property to owner-occupied property or real estate inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

### Impairment of Nonfinancial Assets

The carrying amounts of the Group's nonfinancial assets excluding goodwill such as property and equipment and intangible asset with definite useful life (computer software license) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized in profit or loss whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

The recoverable amount of a nonfinancial asset is the greater of the asset's fair value less costs of disposal and its value in use. The fair value less costs of disposal is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date while value in use is the present value of estimated future cash flows expected to be generated from continuing use 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 the time value of money and the risks specific to the asset. For an asset that does not generate cash flows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized. Reversals of impairment are recognized in profit or loss.

#### Capital Stock

Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity, net of any tax effects.

#### Additional Paid-in Capital

Additional paid-in capital represents the amount received in excess of the par value of the capital stock issued.

Stock issuance costs are transaction costs that are directly attributable to the issuance of new shares accounted for as a deduction from equity, net of any related income tax benefit. Such costs are deducted from additional paid-in capital arising from the share issuance. If the additional paid-in capital is insufficient to absorb such expenses, the excess shall be charged to stock issuance costs to be reported as a contra equity account as a deduction from the following in the order of priority: (1) additional paid-in capital from previous stock issuance; (2) retained earnings.

#### Retained Earnings

Retained earnings consist of the cumulative income and loss from current and previous years' operations.

#### Revenue Recognition

##### *Real Estate Sales*

Revenue is measured at the fair value of the consideration received or receivable, net of discounts. Revenue is recognized to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

*Income from Sale of Real Estate.* For financial reporting purposes, revenue is recognized using the percentage of completion method as permitted by the Philippine Interpretations Committee and FRSC when all the following conditions are met:

- Equitable interest is transferred to the buyer;
- The Group is obliged to perform significant acts;
- The amount of revenue can be measured reliably; and
- It is probable that the economic benefits will flow to the Group.

Under this method, revenue is recognized as the related obligation is fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work.

Nonrefundable reservation fees paid by prospective buyers which are to be applied against the receivable upon recognition of revenue and the excess collections from buyers over the related revenue recognized based on the percentage of completion method are included in the "Customers' deposits" account in the consolidated statements of financial position.

For income tax reporting purposes, income is recognized in full upon collection of at least 25% of the total contract price in the year of sale. Otherwise, revenue from sale is deferred and recognized as income based on collection of installments.

Revenues and costs relative to forfeited or back out sales are reversed in the current year as they occur.

Estimated loss on unsold units is recognized immediately when it is probable that the total project cost will exceed total contract price.

#### *Sale of Mall Stall Units*

Revenue from sale of mall stall units in the Dragon8 Shopping Center (the "Dragon8") is recognized on the accrual basis when the collectability of sales price is reasonably assured.

#### *Interest Income*

Interest income is recognized as it accrues using the effective interest method. On the other hand, interest income from banks which is presented net of final tax is recognized when earned.

#### *Rental Income*

Rental income on investment property is recognized in profit or loss on a straight-line basis over the lease term.

#### *Other Income*

Other income consists of income other than those generated in the ordinary course of business. This is recognized on an accrual basis.

#### Cost and Expense Recognition

Costs and expenses are recognized when they are incurred and are reported in the consolidated financial statements in the periods to which they relate.

#### *Cost of Real Estate Sales*

Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of residential land and condominium units sold before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works.

Cost of sale of mall stall units is recognized consistent with the revenue recognition method applied. The cost of sale of mall stall units consists of the costs incurred in the development and improvement of the property.

#### *Land and Land Development Costs*

Land and land development costs represent the cost for acquiring the land and preparing it for condominium site and residential lots.

#### *Construction Costs and Other Project Costs*

Construction costs and other project costs pertain to accumulated costs for materials, labor and overhead incurred as at reporting date.

### Borrowing Costs

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

### Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

#### *Operating Leases*

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term, unless other systematic basis is more representative of the time pattern of the Group's benefit.

### Employee Short-term Benefits

The Group recognizes a liability, net of amounts already paid, and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Group to its employees include compensation, social security contributions, short-term compensated absences, bonuses and other non-contributory benefits.

### Income Taxes

#### *Current Income Tax*

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the reporting date.

#### *Deferred Income Tax*

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax liabilities (DTL) are recognized for all taxable temporary differences. DTA are recognized for all deductible temporary differences, to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences can be utilized. Deferred tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.

The carrying amount of DTA 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 DTA to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at the reporting date.

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

Current tax and deferred tax are recognized in profit or loss.

#### Value-added Tax

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 “Prepaid expenses and other current assets” or “Accounts payable and other current liabilities” accounts in the consolidated statements of financial position.

#### Operating Segment

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 has only one reportable or operating segment in which operating results are reviewed regularly by the Group’s management’s committee to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

#### Earnings Per Share

Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding during the year, after giving retroactive effect to any stock dividends declared during the year. Diluted earnings per share is consistent with the computation of the basic earnings per share while giving effect to all dilutive potential common shares that were outstanding during the period. Net income attributable to common shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares.

#### Related Party Transactions and Relationships

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities, which are under common control with the reporting entity, or between and/or among the reporting entity and its key management personnel, directors, or its stockholders.

#### Provisions and Contingencies

A provision is recognized when the Group has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Provisions are revisited at each reporting date and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects the 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.

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to the consolidated financial statements 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.

#### Events After the Reporting Date

Post period-end events that provide evidence of conditions that existed at the end of the reporting period (adjusting events) are recognized in the consolidated financial statements. Post period-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

#### 4. Cash and Cash Equivalents

This account consists of:

	<i>Note</i>	2014	2013
Cash on hand		P742,000	P100,000
Cash in banks	25	1,266,449,234	113,204,028
Short-term placements	25	2,550,000,000	-
		<b>P3,817,191,234</b>	<b>P113,304,028</b>

Cash in banks earn annual interest at the respective bank deposit rates. Short-term placements are made for varying periods of up to three months depending on the immediate cash requirements of the Group, and earn annual interest at the respective short-term placement rates ranging from 1.75% to 2.00% in 2014. Interest income from cash in banks and short-term placements amounted to P5.84 million, P0.22 million, and P0.20 million in 2014, 2013, and 2012, respectively.

#### 5. Receivables

This account consists of:

	<i>Note</i>	2014	2013
Installment contracts receivable	25	P472,213,749	P303,716,760
Advances to contractors		177,043,785	-
Receivables from mall stall unit owners	25	60,181,228	-
Other receivables	25	22,928,149	6,355,009
		<b>P732,366,911</b>	<b>P310,071,769</b>

The details of installment contracts receivable follow:

	<i>Note</i>	2014	2013
Installment contracts receivable		<b>P629,297,280</b>	P558,675,016
Less unearned interest income and revenue		<b>6,556,584</b>	179,734,766
Net installment contracts receivable		<b>622,740,696</b>	378,940,250
Less noncurrent portion	25	<b>150,526,947</b>	75,223,490
Current portion		<b>P472,213,749</b>	P303,716,760

Installment contracts receivable from real estate buyers pertain to receivables from the sale of condominium and subdivision units. These receivables are collectable in monthly installments over a period of one to five years. These non-interest bearing installment contracts receivable are discounted using effective annual interest rates ranging from 2.11% to 4.30% that are specific to the tenor of the installment contracts receivable. Titles to real estate properties are not transferred to the buyers until full payment has been made.

The details of receivables from mall stall unit owners follow:

	<i>Note</i>	2014	2013
Installment receivables from mall stall units' owners		<b>P120,336,239</b>	P -
Less unearned interest income		<b>4,269,352</b>	-
Net installment receivables from mall stall units' owners		<b>116,066,887</b>	-
Less noncurrent portion	25	<b>55,885,659</b>	-
Current portion		<b>P60,181,228</b>	P -

Receivables from mall stall unit buyers pertain to receivables from the sale of mall stall units in Dragon8 (see Note 7). These receivables are collectible in monthly installments over a period of one and a half to four years. These non-interest bearing installment receivables from mall stall unit owners are discounted using effective annual interest rates ranging from 1.92% to 3.37% that are specific to the tenor of the installment receivables.

Other receivables include advances for marketing events, official business trips and other approved disbursements that are not yet liquidated as of cut-off date. These advances are subject for liquidation within 30 days. This account also includes receivables from buyers for taxes and registration fees advanced on their behalf.

The Group did not recognize an allowance for impairment losses on receivables as at December 31, 2014 and 2013.

The total interest income recognized from the installment contracts receivable and receivables from mall stall unit owners amounted to P24.50 million, P18.37 million and P11.59 million in 2014, 2013 and 2012, respectively.

## 6. Real Estate Inventories

Real estate inventories represent the cost of construction and development of completed and in-progress commercial and residential units.

Details of the account consist of:

	<i>Note</i>	2014	2013
<i>DD</i>			
The SkySuites Tower	13, 16	<b>P1,288,242,818</b>	P -
W.H. Taft Residences		<b>445,956,788</b>	256,125,575
Injap Tower	11	<b>259,613,530</b>	197,815,746
The Uptown Place		<b>118,802,747</b>	217,878,508
FirstHomes		<b>28,146,603</b>	75,810,453
<i>ZLDPI</i>	26		
Happy Homes Village		<b>102,645,390</b>	-
		<b>P2,243,407,876</b>	P747,630,282

On November 5, 2012, the Group acquired and took over the development of W.H. Taft Residences (the "W.H. Taft"), a condominium project along Taft Avenue in the City of Manila, from Philtown Properties, Inc. (Philtown). The Group also acquired the land where the W.H. Taft is located from the Landowner. The development of the W.H. Taft was formerly initiated under a joint venture agreement between Philtown and the Landowner.

The Group entered into a joint venture agreement with Injap Investments, Inc. ("III") for the joint development of The Uptown Place at General Luna St., Iloilo City and Injap Tower at Mandurriao District, Iloilo City (the "Projects"). The agreement stipulates that III shall contribute land and the Group shall finance and develop the Projects and be exclusively responsible for the management and supervision of the construction of the Projects. In consideration for III's land contribution, the Group delivered some saleable units of the Projects to III. The costs incurred in the development of the Projects are recorded as part of "Real estate inventories" and "Investment property" accounts in the consolidated statements of financial position.

On September 1, 2014, the Group acquired from Rizal Commercial Banking Corporation (the "RCBC") the unfinished commercial, office and residential The SkySuites Tower in Quezon City for a total consideration of P700 million payable over four years. The Group was required to deliver to RCBC an irrevocable standby letter of credit to guarantee the payment of the remaining balance payable to RCBC. At the closing date of the transaction, RCBC delivered to the Group the physical possession and control over The SkySuites Tower. Portion of the total acquisition cost of The SkySuites Tower and cost to be incurred in its development and completion was recognized as part of "Real estate inventories" and "Investment property" accounts in the consolidated statements of financial position for the parts pertaining to residential units for sale and commercial and office units held for leasing, respectively (see Note 11).

Real estate inventories recognized as "Cost of real estate sales" amounted to P573.34 million, P373.75 million and P446.48 million in 2014, 2013 and 2012, respectively (see Note 17).

No provision for impairment was recognized on real estate inventories in 2014, 2013 and 2012.

## 7. Mall Stall Units for Sale

On June 16, 2014, the Group acquired a parcel of land and an unfinished building located in Divisoria, Manila which was renamed as Dragon8. The Dragon8 consists of commercial spaces for lease and stall units which are being offered for sale. Portion of the total acquisition cost of the Dragon8 and cost to be incurred in its development and completion were recognized as part of "Mall stall units for sale" and "Investment property" accounts for the parts pertaining to mall stall units for sale, and commercial spaces held for lease and common areas, respectively (see Note 11).

Mall stall units for sale recognized as "Cost of sales of mall stall units" amounted to P24.07 million in 2014 and nil in 2013 and 2012, respectively (see Note 17).

## 8. Prepaid Expenses and Other Current Assets

This account consists of:

	<i>Note</i>	<b>2014</b>	<b>2013</b>
Input VAT - net	<i>12</i>	<b>P238,512,429</b>	<b>P82,737,097</b>
Prepaid expenses:			
Tax		<b>130,580,784</b>	<b>4,938,360</b>
Commission		<b>14,283,190</b>	<b>12,765,229</b>
Rent	<i>12, 20, 21</i>	<b>13,173,673</b>	<b>3,336,409</b>
Others		<b>4,924,604</b>	<b>2,686,567</b>
Advances to suppliers		<b>4,449,526</b>	<b>-</b>
Refundable deposits	<i>12, 21, 25</i>	<b>1,839,578</b>	<b>-</b>
Creditable withholding tax		<b>1,059,778</b>	<b>21,052,767</b>
Other current assets		<b>14,377,605</b>	<b>10,675,379</b>
		<b>P423,201,167</b>	<b>P138,191,808</b>

Input VAT represents accumulated input taxes from purchases of goods and services for business operation and purchases of materials and services for the building and leasehold construction which can be applied against future output VAT.

Creditable withholding taxes pertain to taxes withheld by the Group's customers which can be applied against any future income tax liability.

## 9. Property and Equipment

The movements and balances of this account consist of:

	Land*	Leasehold Improvements	Equipment and Showroom	Furniture and Fixtures	Construction in Progress	Total
<b>Cost</b>						
Balance, January 1, 2013	P -	P4,795,639	P3,345,194	P3,782,816	P1,439,886	P13,363,535
Additions	-	5,765,652	2,431,822	296,182	3,979,270	12,472,926
Transfer/reclassification	-	(120,280)	2,092,763	-	(2,092,763)	(120,280)
Balance, December 31, 2013	-	10,441,011	7,869,779	4,078,998	3,326,393	25,716,181
Additions	-	619,286	4,856,997	1,529,783	7,368,642	14,374,708
Transfer/reclassification	80,986,000	(5,625,000)	-	-	(10,695,035)	64,665,965
<b>Balance, December 31, 2014</b>	<b>80,986,000</b>	<b>5,435,297</b>	<b>12,726,776</b>	<b>5,608,781</b>	<b>-</b>	<b>104,756,854</b>
<b>Accumulated Depreciation and Amortization</b>						
Balance, January 1, 2013	-	572,933	604,102	320,515	-	1,497,550
Depreciation and amortization	-	1,394,901	1,573,994	810,413	-	3,779,308
Balance, December 31, 2013	-	1,967,834	2,178,096	1,130,928	-	5,276,858
Depreciation and amortization	-	945,220	2,321,271	869,606	-	4,136,097
Transfer/reclassification	-	(515,625)	-	-	-	(515,625)
<b>Balance, December 31, 2014</b>	<b>-</b>	<b>2,397,429</b>	<b>4,499,367</b>	<b>2,000,534</b>	<b>-</b>	<b>8,897,330</b>
<b>Carrying Amount</b>						
December 31, 2013	P -	P8,473,177	P5,691,683	P2,948,070	P3,326,393	P20,439,323
<b>December 31, 2014</b>	<b>P80,986,000</b>	<b>P3,037,868</b>	<b>P8,227,409</b>	<b>P3,608,247</b>	<b>P -</b>	<b>P95,859,524</b>

\* The "Land" account pertains to DD's investment property acquired in 2013 which is being leased out to its subsidiary, CMCCI. For consolidation purposes, the aforesaid property is recognized as part of "Property and Equipment - Land" account since it is owner-occupied. Moreover, the recognized rental income of DD in 2014 was accordingly eliminated in the consolidated statement of comprehensive income.

## 10. Intangible Assets and Goodwill

This account consists of:

	<i>Note</i>	2014	2013
Goodwill	26	P65,396,523	P -
Computer software licenses - net		3,564,376	3,583,723
		<b>P68,960,899</b>	<b>P3,583,723</b>

Goodwill comprises the excess of the acquisition costs over the fair value of the identifiable assets and liabilities of ZLDPI acquired by the Group during the year. The goodwill was computed based on preliminary fair values of net assets acquired (see Note 26).

The movements and balances of the "Computer software license" account consist of:

	<i>Note</i>	2014	2013
<b>Cost</b>			
Balance at beginning of year		P4,513,763	P2,329,824
Additions		889,380	2,183,939
Balance at end of year		<b>5,403,143</b>	<b>4,513,763</b>
<b>Accumulated Amortization</b>			
Balance at beginning of year		930,040	268,896
Amortization for the year	19	908,727	661,144
Balance at end of year		<b>1,838,767</b>	<b>930,040</b>
		<b>P3,564,376</b>	<b>P3,583,723</b>

The computer software licenses have been built, installed or supplied by the manufacturer ready to operate or require some customization based on the Group's specific requirements.

## 11. Investment Property

This account consists of:

	Note	Land	Building	Construction in Progress	Total
January 1, 2013		P31,416,000	P -	P13,323,211	P44,739,211
Additions/reclassifications		44,369,909	-	(12,811,101)	31,558,808
Investment property of a consolidated subsidiary*		15,692,891	-	-	15,692,891
Transfer from real estate inventories	6	-	-	89,850,253	89,850,253
Unrealized gains from change in fair values of investment property		47,728,887	-	79,432,747	127,161,634
December 31, 2013		139,207,687	-	169,795,110	309,002,797
Additions/reclassifications	6, 7	264,739,982	168,405,796	646,373,361	1,079,519,139
Investment property of a consolidated subsidiary**		7,642,636,573	-	847,339,783	8,489,976,356
Transfer from real estate inventories	6, 27	-	193,559,789	3,894,491	197,454,280
Transfer to/from property and equipment	9	(80,986,000)	5,625,000	10,695,035	(64,665,965)
Unrealized gains from change in fair values of investment property		59,431,427	85,563,415	310,737,369	455,732,211
<b>December 31, 2014</b>		<b>P8,025,029,669</b>	<b>P453,154,000</b>	<b>P1,988,835,149</b>	<b>P10,467,018,818</b>

\* Transfer pertains to investment property of PCLI, a subsidiary consolidated in 2013.

\*\* Transfer pertains to investment property of DD-MPDC, a subsidiary consolidated in 2014.

The following table provides the fair value hierarchy of the Group's investment property as at December 31, 2014 and 2013:

Date of Valuation	Level 2	
	2014	2013
Land	<b>P8,025,029,669</b>	P139,207,687
Commercial	<b>2,195,253,920</b>	169,795,110
Corporate/office	<b>246,735,229</b>	-
	<b>P10,467,018,818</b>	P309,002,797

The Group's investment property is stated at fair value, which has been determined based on valuations performed by an accredited independent appraiser. The fair values of the investment property were arrived at using the Market Data Approach for land and Cost Approach and Income Approach for buildings.

Market data approach is an approach that considers available market evidences. The aforesaid approach is based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the establishment of comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property.

Cost approach is a comparative approach to the value of the building and improvements or another asset that considers as a substitute for the purchase of a given property, the possibility of constructing another property that is a replica of, or equivalent to, the original or one that could furnish equal utility with no undue cost resulting from delay. It is based on the reproduction cost (new) of the subject property or asset, less total (accrued) depreciation, plus the value of the land to which an estimate of entrepreneurial incentive or developer's profit/loss is commonly added.

Income Approach provides an indication of value by converting cash flows to a single capital value. This can be applied through a number of different methods such as discounted cash flows, capitalized cash flows and excess cash flows. The income approach relies on present-value techniques to translate future amounts to the present time and it seeks to identify the future economic benefits to be generated by an entity and to compare them with a required rate of return.

The Group recognized unrealized gain from change in fair values of investment property amounting to P455.73 million, P127.16 million and nil in 2014, 2013 and 2012, respectively.

In 2013, the Group implemented changes in the business model and plan for all commercial units of the Injap Tower (see Note 6) previously intended for sale and included in “Real estate inventories” account in the consolidated statements of financial position. Based on the revised business model and plan, these commercial units are no longer intended for sale but are being carried now for leasing purposes. Therefore, real estate inventories with fair values of P89.85 million were transferred to “Investment Property” account due to change in use.

In 2014, the Group approved the change in the business model and plan for certain condominium units of Injap Tower previously intended for sale. Beginning 2014, these condominium units are no longer intended for sale but are being carried now for rental purposes. As a result of the foregoing transaction, real estate inventories with fair values of P193.56 million were transferred to “Investment property” account due to change in use.

Rent income earned from the investment property amounted to P6.05 million, P4.03 million and nil in 2014, 2013 and 2012, respectively, which is shown as part of “Rent income” account in the consolidated statements of comprehensive income. The operating lease commitments of the Group as a lessor are fully disclosed in Note 21.

The total direct operating expense recognized in profit or loss arising from the Group’s investment property that generated rental income amounted to P3.12 million, P0.47 million and nil in 2014, 2013 and 2012, respectively. On the other hand, the Group recognized total direct operating expense of P11.81 million for investment property that are not yet leased out in 2014.

## 12. Other Noncurrent Assets

This account consists of:

	<i>Note</i>	<b>2014</b>	<b>2013</b>
Restricted cash		<b>P60,000,000</b>	P60,000,000
Input VAT - net of current portion	8	<b>78,552,761</b>	-
Refundable deposits - net of current portion	21, 25	<b>37,134,552</b>	10,908,714
Prepaid rent - net of current portion	21	<b>35,953,785</b>	-
Deposit to a contractor		-	8,058,000
Others		<b>2,677,002</b>	127,500
		<b>P214,318,100</b>	<b>P79,094,214</b>

Restricted cash pertains to the sum of money of PCLI set aside for a project development.

Prepaid rent included as part of "Prepaid expenses and other current assets" account in the consolidated statements of financial position pertains to advance rentals which will be applied as payment of rent within 12 months after reporting date. The noncurrent portion of prepaid rent is to be applied as payment for rentals for more than twelve months after reporting date.

Refundable deposits pertain to non-interest bearing deposits paid to and held by the Group's lessors which are refundable at the end of the lease term. The refundable deposits included as part of "Prepaid expenses and other current assets" account in the consolidated statements of financial position pertain to deposits to lessors with terms of one year or less. Noncurrent refundable deposits included in "Other noncurrent assets" account are discounted using the effective annual interest rates ranging from 4.75% to 5.14% that are specific to the tenor of the refundable deposits. The difference between the discounted and face values of the refundable deposits was recognized as part of "Prepaid rent" account which is amortized on a straight-line basis over the lease term and is recognized in profit or loss as additional rent expense in "General and administrative expenses - Rent" account. On the other hand, interest is accreted on these refundable deposits using the effective interest rate method and is recognized as part of "Interest income" account in the consolidated statements of comprehensive income.

The details of refundable deposits follow:

	<i>Note</i>	<b>2014</b>	2013
Refundable deposits		<b>P68,796,097</b>	P10,908,714
Less discount on refundable deposits		<b>29,821,967</b>	-
Net refundable deposits		<b>38,974,130</b>	10,908,714
Less current portion	8	<b>1,839,578</b>	-
Noncurrent portion		<b>P37,134,552</b>	P10,908,714

The movements in the unamortized discount on refundable deposits follow:

	<b>2014</b>
Additions	<b>P30,125,180</b>
Accretion	<b>(303,213)</b>
<b>December 31, 2014</b>	<b>P29,821,967</b>

Interest income earned for these refundable deposits amounted to P0.30 million in 2014 and nil in 2013 and 2012.

### 13. Accounts Payable and Other Current Liabilities

This account consists of:

	<i>Note</i>	2014	2013
Trade payables	25	P398,964,694	P93,174,186
Payable to RCBC	6, 16, 25	100,000,000	-
Retention payable	25	84,205,820	17,907,101
Payable to a landowner	25	38,077,716	-
Commission payable	25	15,614,883	4,945,042
Accrued expenses:	25		
Interest		132,054,368	3,204,920
Tax		31,886,124	-
Project cost		7,120,090	1,068,851
Professional fee		1,216,254	-
Others		11,482,387	4,662,183
Output tax		74,284	6,967,118
Withholding tax payable		-	549,540
Other payables	25	19,551,226	13,127,602
		<b>P840,247,846</b>	<b>P145,606,543</b>

As a result of the acquisition of The SkySuites Tower, the Group recognized a total non-interest bearing liability to RCBC of P665 million as at December 31, 2014 payable over four years and presented as part of “Accounts payable and other current liabilities” and “Other noncurrent liabilities” accounts in the consolidated statements of financial position. The total amount of the Group’s obligation to RCBC was discounted using effective interest rate of 2.98%. Interest is accreted on this non-interest bearing liability using the effective interest rate method and is recognized as part of “Interest expense” account in the consolidated statements of comprehensive income.

Trade payables are liabilities arising from services provided by the contractors and subcontractors. These are non-interest bearing and are normally settled within 30 days.

Retention payable pertains to the amount retained by the Parent Company from its payment to contractors to cover cost of contractors’ noncompliance with the construction of the Group’s projects.

Commission payable is recognized by the Group once the unit is considered sold. The amount to be paid is based on the pay-out rate as agreed between the agents and the Group. Generally, the Group pays out 60% of the total amount payable and the remaining balance is paid to the agents upon full collection of the contract price.

Other payables include obligations to various government agencies after being withheld from various income recipients.

#### 14. Notes Payable

This account consists of:

	<i>Note</i>	2014	2013
Balance at beginning of the year		<b>P840,000,000</b>	P -
Availments		<b>8,685,000,000</b>	840,000,000
Payments		<b>(1,050,000,000)</b>	-
	25	<b>8,475,000,000</b>	840,000,000
Less current portion		<b>649,000,000</b>	300,000,000
Noncurrent portion		<b>7,826,000,000</b>	540,000,000
Less debt issue costs		<b>96,756,628</b>	-
		<b>P7,729,243,372</b>	P540,000,000

In 2013, the Group obtained unsecured short-term and long-term borrowings from local financing institutions which are payable on various dates up to 2016. In 2014, the Group obtained additional unsecured short-term borrowings amounting to P1.285 billion. The proceeds from these borrowings were used for working capital purposes more specifically in the development of Group's on-going projects. The interest rates on these short-term and long-term borrowings are repriced monthly based on negotiated rates or prevailing market rates.

On October 30, 2014, the Group obtained a total of P7.40 billion unsecured bilateral long-term loans from various financing institutions. The loan payments are to be made in seven consecutive annual installments to commence at the end of the 12th month after the initial borrowing date. The Group pays interest on the outstanding principal amount of the loan on each interest payment date for the interest period then ending at a fixed rate per annum determined on the interest rate setting date equal to the higher of: (i) the applicable benchmark rate as determined by the lender by reference to the PDST-R2 rate plus a spread of 2.35% or (ii) 5.25%. The proceeds from these borrowings were used by the Group to partly finance its capital expenditures, primarily for the development of The Meridian Park, the Dragon8, The SkySuites Tower and roll-out of the first 12 CityMalls and for general corporate purposes. As a result of the aforesaid transaction, the Group incurred debt issue costs amounting to P98.77 million.

The movements in debt issue costs are as follows:

	2014
Addition	<b>P98,773,337</b>
Amortization	<b>(2,016,709)</b>
Balance at end of year	<b>P96,756,628</b>

Interest expense, exclusive of the capitalized borrowing costs, recognized in profit or loss amounted to P37.50 million, P9.12 million and nil in 2014, 2013, and 2012, respectively. The amount of borrowing costs capitalized amounted to P89.50 million and P8.23 million as at December 31, 2014 and 2013 using 3.9510% and 3.4853% as capitalization rates, respectively. Amounts due beyond one year are shown under "Long-term notes payable - net of debt issue costs" account in the consolidated statements of financial position.

## 15. Customers' Deposits

Customers' deposits represent nonrefundable reservation fees paid to the Group by prospective buyers which are to be applied against the installment contracts receivable upon recognition of revenue. This account also includes excess collections from buyers over the related revenue recognized based on the percentage of completion method.

The breakdown of customers' deposits as at December 31 is as follows:

	2014	2013
Current	<b>P230,608,277</b>	P117,326,861
Noncurrent	<b>176,410,072</b>	-
	<b>P407,018,349</b>	P117,326,861

## 16. Other Noncurrent Liabilities

This account consists of:

	Note	2014	2013
Payable to RCBC	6, 13, 25	<b>P507,492,642</b>	P -
Accrued rent expense	21, 25	<b>25,406,401</b>	-
Security deposits	21, 25	<b>16,705,271</b>	-
Unearned rent income	21	<b>3,321,385</b>	-
		<b>P552,925,699</b>	P -

Accrued rent expense pertains to the excess of rent expense over rental payments made to lessors in accordance with PAS 17, *Leases*.

The security deposits account pertains to deposits collected from tenants for the lease of the Group's investment property. These deposits are non-interest bearing and refundable at the end of the lease term. Security deposits are discounted using the effective interest rates ranging from 3.37% to 3.97% that are specific to the tenor of the deposits. The difference between the discounted value and face values of security deposits was recognized as part of "Unearned rent income" account which is amortized on a straight-line basis over the lease term and is recognized in profit or loss as additional rent income in the "Rent income" account in the consolidated statements of comprehensive income. Interest is accreted on these security deposits using the effective interest rate method and is recognized as part of "Interest expense" account in the consolidated statements of comprehensive income.

Interest expense for the amortization of security deposits amounted to P0.20 million in 2014.

The details of security deposits follow:

	2014
Gross amount	<b>P19,477,399</b>
Less discount	<b>2,772,128</b>
Net amount	<b>P16,705,271</b>

The movement in the unamortized discount on security deposits follows:

	2014
Additions	P2,930,617
Accretion	(158,489)
Net amount	P2,772,128

#### 17. Cost of Real Estate and Mall Stall Units for Sale

The cost of real estate sales consists of:

	<i>Note</i>	2014	2013	2012
Construction costs		P507,769,212	P295,428,194	P389,127,081
Land and land development costs		39,013,812	58,285,966	47,810,169
Other project costs		26,555,399	20,040,404	9,547,474
	6	P573,338,423	P373,754,564	P446,484,724

The cost of sales of mall stall units consists of:

	<i>Note</i>	2014	2013	2012
Construction costs		P18,854,478	P -	P -
Land and land development costs		5,219,342	-	-
	7	P24,073,820	P -	P -

#### 18. Selling Expenses

This account consists of:

	<i>Note</i>	2014	2013	2012
Marketing		P35,393,295	P13,150,414	P5,732,453
Commission		20,582,135	3,313,737	3,727,177
Salaries, wages and other benefits		8,314,980	2,647,601	1,261,174
Rent	20, 21	4,896,180	3,476,695	97,001
Transportation and travel		354,296	985,776	152,818
Representation		290,086	42,171	34,840
Miscellaneous		848,200	-	-
		P70,679,172	P23,616,394	P11,005,463

## 19. General and Administrative Expenses

This account consists of:

	Note	2014	2013	2012
Taxes and licenses		<b>P95,634,330</b>	P14,655,461	P1,533,404
Salaries, wages and other benefits		<b>31,297,507</b>	15,126,912	1,150,837
Rent	20, 21	<b>18,661,175</b>	15,993,588	4,929,111
Electricity and water		<b>13,269,254</b>	7,920,360	1,048,296
Outsourced services		<b>8,539,047</b>	3,287,587	703,353
Professional fees		<b>6,563,099</b>	8,147,983	2,943,311
Depreciation and amortization	9, 10	<b>5,044,824</b>	4,440,452	1,091,110
Management fees	20	<b>2,678,571</b>	2,678,571	3,000,000
Transportation and travel		<b>2,582,871</b>	1,342,289	520,961
Printing and office supplies		<b>2,383,344</b>	1,545,959	493,896
Representation		<b>1,454,426</b>	1,365,343	427,274
Communication		<b>1,442,310</b>	1,091,369	179,122
Donations		<b>1,220,547</b>	923,100	-
Repairs and maintenance		<b>983,592</b>	2,167,221	94,411
Insurance		<b>973,837</b>	201,339	452,881
Miscellaneous		<b>8,101,922</b>	4,076,190	613,713
		<b>P200,830,656</b>	P84,963,724	P19,181,680

## 20. Related Party Transactions

The Group, in the normal course of business, has transactions with its related parties as follows:

Category	Year	Ref	Amount of Transaction	Outstanding Balances		Terms and Conditions
				Due from Related Parties	Due to Related Parties	
Parent Company Sales	2013	a	P86,917,998	P -	P -	20% down payment and 80% upon turnover; non-interest bearing; unsecured
Management fees	2014	b	2,678,571	-	-	Demandable; non-interest bearing; unsecured
	2013	b	2,678,571	-	2,678,571	Demandable; non-interest bearing; unsecured
Rent	2014	c	3,395,181	-	-	Demandable; non-interest bearing; unsecured
	2013	c	3,587,668	-	-	Demandable; non-interest bearing; unsecured
Cash advances received	2014	d	(34,118,786)	880,070	-	Demandable; non-interest bearing; unsecured; no impairment
	2013	d	-	-	34,998,856	Demandable; non-interest bearing; unsecured
Subsidiaries						
Cash advances granted	2013	d	3,143,391	-	-	Demandable; non-interest bearing; unsecured
Other Related Parties						
Land acquired	2014	e	280,679,292	-	280,679,292	Demandable; non-interest bearing; unsecured
Cash advances granted	2014	d	150,000	150,000	-	Demandable; non-interest bearing; unsecured; no impairment
	2014			<b>P1,030,070</b>	<b>P280,679,292</b>	
	2013			P -	<b>P37,677,427</b>	

a. *Sale of Real Estate Inventories*

The Group sold condominium units to entities with control or significant influence over the Group and key management personnel amounting to nil and P30.70 million in 2014 and 2013, respectively.

b. *Executive Management Services Agreement*

The Group entered into an agreement with a shareholder for executive corporate, strategic, administrative and financial oversight services relative to the real estate business of the Group. The term of this agreement is one year effective January 1, 2012. This is renewable under the same terms and conditions upon mutual agreement of the parties. The fee, which includes staffing costs for services rendered by the shareholder, amounted to P2.68 million in 2014 and 2013.

c. *Lease of Showroom*

The Group leases showroom and sales office from III and Jollibee Foods Corporation, respectively. The terms of the lease are three to five years, renewable for the same period under the same terms and conditions. The rent shall escalate by 7% to 10% each year (see Note 21).

d. *Cash Advances*

The amount pertains to unsecured, non-interest bearing advances granted to and received from related parties for working capital requirements. These advances are generally settled within one year from the date of grant.

e. *Land Acquisitions*

The Group has outstanding liabilities to minority shareholders of PDDG and DD-MPDC for the acquisition of certain parcels of land which will be used in the on-going CityMalls and The Meridian Park.

The above-stated unsecured, non-interest bearing liabilities are to be settled by the Group in 2015.

There is no information on key management compensation as it is already covered by Executive Management Services Agreement.

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## 21. Leases

### Group as Lessee

The Group leases office and parking spaces and showroom. The terms of the lease are for periods ranging from one to five years, renewable for the same period under the same terms and conditions. The rent shall escalate by an average of 5% to 10% each year.

In 2014, the Group also entered into various noncancellable operating lease agreements covering certain parcels of land wherein some of the CityMalls will be situated or are being constructed. The terms of the leases are for periods ranging from 26 to 31 years. The rent shall escalate by an average of 5% to 10% each year.

The Group is required to pay advance rental payments and refundable deposit on its leases. These are shown under "Prepaid expenses and other current assets" and "Other noncurrent assets" accounts, respectively, in the consolidated statements of financial position (see Notes 8 and 12).

Rent expense included as part of "Selling and General and administrative expenses" accounts amounted to P23.56 million, P19.47 million and P5.03 million in 2014, 2013 and 2012, respectively (see Notes 18 and 19). Rent expense capitalized as part of "Investment Property - Construction in-progress" account amounted to P34.42 million and nil as at December 31, 2014 and 2013, respectively (see Note 11).

The scheduled maturities of noncancellable minimum future rental payments are as follows:

	2014	2013
Less than one year	P98,312,773	P18,684,892
Between one and five years	332,672,844	47,533,463
More than five years	1,832,629,530	-
	<b>P2,263,615,147</b>	<b>P66,218,355</b>

#### Group as Lessor

The Group leases a parcel of land included in its investment property under an operating lease agreement. The lease is for a period of ten years from March 30, 2013 until March 29, 2023 and includes an annual escalation rate of 5% starting on the third year and every year thereafter.

In 2014, the Group also leased out some of its commercial units in DD's Injap Tower and The Uptown Place projects and in CMCCI's community malls to tenants who in return are required to pay advance rentals and certain amounts of deposits shown under "Other noncurrent liabilities" account in the consolidated statements of financial position (see Note 16).

Rent income amounted to P6.05 million, P4.03 million and nil in 2014, 2013 and 2012, respectively.

The scheduled maturities of noncancellable minimum future rental collections are as follows:

	2014	2013
Less than one year	P28,525,700	P4,173,029
Between one and five years	130,714,345	20,865,144
More than five years	87,243,174	13,539,908
	<b>P246,483,219</b>	<b>P38,578,081</b>

## **22. Income Taxes**

Income tax expense for the years ended December 31 consists of:

	2014	2013	2012
Current	P116,808,650	P24,010,409	P35,825,538
Deferred	126,422,153	24,412,953	3,609,838
	<b>P243,230,803</b>	<b>P48,423,362</b>	<b>P39,435,376</b>

The reconciliation of the income tax expense computed at the statutory income tax rate to the actual income tax expense as shown in profit or loss is as follows:

	2014	2013	2012
Income before income tax	<b>P804,078,351</b>	P170,478,070	P131,656,470
Income tax at the statutory income tax rate	<b>P241,223,505</b>	P51,143,421	P39,496,941
Income tax effects of:			
Nondeductible expenses	<b>3,367,203</b>	2,618,978	-
Interest income subjected to final tax	<b>(1,195,639)</b>	(5,339,037)	(61,565)
Nontaxable income	<b>(164,266)</b>	-	-
	<b>P243,230,803</b>	P48,423,362	P39,435,376

The components of the Group's net deferred tax liabilities (DTL), relating to temporary differences are shown below.

	2014	2013
Unrealized gain on fair value measurement	<b>(P175,754,713)</b>	(P38,148,491)
Excess of financial realized gross profit over taxable realized gross profit	<b>(17,388,646)</b>	-
Borrowing costs	<b>(15,809,221)</b>	-
Unearned rent income	<b>(7,583,768)</b>	-
DTL	<b>(216,536,348)</b>	(38,148,491)
NOLCO	<b>43,166,862</b>	332,013
Accrued rent expense	-	1,526,373
Excess of taxable realized gross profit over financial realized gross profit	-	8,267,313
DTA	<b>43,166,862</b>	10,125,699
Net DTL	<b>(P173,369,486)</b>	(P28,022,792)

The details of the Group's NOLCO which are available for offsetting against future taxable income are as follows:

Year Incurred	Amount Incurred	Applied	Expired	Remaining Balance	Year of Expiration
2014	P142,659,379	P -	P -	P142,659,379	2017
2013	351,545	-	-	351,545	2016
2012	377,582	-	-	377,582	2015
	<b>P143,388,506</b>	<b>P -</b>	<b>P -</b>	<b>P143,388,506</b>	

The NOLCO pertains to net losses sustained by the Group's subsidiaries.

### 23. Earnings Per Share

Earnings per share (EPS) is computed as follows:

	2014	2013	2012
Income attributable to the equity holders of the Parent Company (a)	<b>P555,890,174</b>	P106,649,057	P92,221,094
Adjusted weighted average number of shares outstanding (b)	<b>1,961,047,500</b>	123,550,000	45,000,000
Basic and diluted EPS (a/b)	<b>P0.2835</b>	P0.8632	P2.0494

### 24. Equity

The Parent Company was originally 100%-owned by III, a domestic corporation.

On June 29, 2012, III entered into an agreement with Honeystar Holdings Corporation (HHC), a domestic corporation. HHC invested in the Parent Company by subscribing to 300,000 new common shares for a total issue price of P250.00 million or P833.33 per share. This represents 50% of the outstanding capital stock of the Parent Company as at December 31, 2012. Consequently, HHC enjoys all rights, privileges and benefits, and has all the corresponding obligations of a shareholder owning 50% of the outstanding capital stock of the Parent Company. The Parent Company is now a joint venture between III and HHC.

On March 7, 2012 and April 30, 2012, the Parent Company issued promissory notes amounting to P90.00 million and P10.00 million, respectively to a bank. The notes bear an annual interest rate of 5%. These promissory notes were assumed by III through conversion of the liability to additional paid-in capital as agreed in the ISA.

On October 10, 2013, the BOD declared cash dividends of P155 per share, amounting to P92.72 million to stockholders of record as of April 10, 2013. The dividends were paid by the Parent Company on June 10 and 20, 2013.

On April 10, 2013, the BOD approved the increase in the Parent Company's authorized capital stock from .80 million common shares at P100 par value per share to 500 million common shares at P1 par value per share. Out of the aforementioned increase in authorized capital stock, a total of 105 million common shares with aggregate par value of P105 million have been subscribed and fully paid in cash equally between III and HHC. In relation to the foregoing, the Parent Company incurred stock issuance costs amounting to P1.37 million in 2013 which is charged under "Additional paid-in capital" account in the consolidated statements of financial position. The aforesaid increase in authorized capital stock was approved by the SEC on November 25, 2013.

On November 12, 2013, the BOD approved the decrease in the Parent Company's par value of capital stock from P1 to P.10 per share. The decrease in par was approved by the SEC on February 10, 2014.

On March 24, 2014, in accordance with the certificate of permit to offer securities for sale issued by the SEC, 579,730,000 common shares of the Parent Company with par value of P0.10 per share were registered and offered for sale at an offer price of P2.00 per share. As at December 31, 2014, the Parent Company's public ownership percentage is 15.60%. The total number of shareholders of the Parent Company is 98 as at December 31, 2014.

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## **25. Financial Risk and Capital Management Objectives and Policies**

### Objectives and Policies

The Group has significant exposure to the following financial risks primarily from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Interest Rate Risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital.

The main purpose of the Group's dealings in financial instruments is to fund its respective operations and capital expenditures. The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

The BOD has overall responsibility for the establishment and oversight of the Group's risk management framework. The BOD has established the Executive Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee identifies all issues affecting the operations of the Group and reports regularly to the BOD on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. All risks faced by the Group are incorporated in the annual operating budget. Mitigating strategies and procedures are also devised to address the risks that inevitably occur so as not to affect the Group's operations and forecasted results. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's principal financial assets include cash and cash equivalents, receivables, due from related parties and refundable deposits. These financial assets are used to fund the Group's operations and capital expenditures.

### Credit Risk

Credit risk represents the risk of loss the Group would incur if credit customers and counterparties fail to perform their contractual obligations. The risk arises principally from the Group's cash and cash equivalents, receivables, due from related parties and refundable deposits. The objective is to reduce the risk of loss through default by counterparties.

Exposure to credit risk is monitored primarily through credit reviews and analysis of receivables on a continuous basis. Customer payments are facilitated by post-dated checks. Exposure to bad debts is not significant as titles to real estate properties are not transferred to the buyers until full payment has been made. There are no large concentrations of credit risk given the Group's diverse customer base.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting period follows:

	Note	2014	2013
Cash and cash equivalents*	4	P3,816,449,234	P113,204,028
Receivables***	5	758,331,373	385,295,259
Due from related parties	20	1,030,070	-
Refundable deposits**	8, 12, 21	38,974,130	10,908,714
		<b>P4,614,784,807</b>	<b>P509,408,001</b>

\*Excluding "Cash on hand" account.

\*\* This is presented as part of "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts.

\*\*\*Excluding "Advances to contractors" account, etc.

The following is the aging analysis per class of financial assets that are past due but not impaired as at December 31:

2014	Neither Past Due nor Impaired	Past Due but not Impaired			Total
		1 to 30 Days	31 to 60 Days	More than 60 Days	
Cash and cash equivalents*	P3,816,449,234	P -	P -	P -	P3,816,449,234
Receivables***	758,331,373	-	-	-	758,331,373
Due from related parties	1,030,070	-	-	-	1,030,070
Refundable deposits**	38,974,130	-	-	-	38,974,130
	<b>P4,614,784,807</b>	<b>P -</b>	<b>P -</b>	<b>P -</b>	<b>P4,614,784,807</b>

\*Excluding "Cash on hand" account.

\*\* This is presented as part of "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts.

\*\*\*Excluding "Advances to contractors" account, etc.

2013	Neither Past Due nor Impaired	Past Due but not Impaired			Total
		1 to 30 Days	31 to 60 Days	More than 60 Days	
Cash and cash equivalents*	P113,204,028	P -	P -	P -	P113,204,028
Receivables***	385,295,259	-	-	-	385,295,259
Refundable deposit	10,908,714	-	-	-	10,908,714
	<b>P509,408,001</b>	<b>P -</b>	<b>P -</b>	<b>P -</b>	<b>P509,408,001</b>

\*Excluding "Cash on hand" account.

\*\* This is presented as part of "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts.

\*\*\*Excluding "Advances to contractors" account, etc.

The following is the credit quality of the Group's financial assets:

	2014			Total
	High Grade	Medium Grade	Low Grade	
Cash and cash equivalents*	P3,816,449,234	P -	P -	P3,816,449,234
Receivables***	758,331,373	-	-	758,331,373
Due from related parties	1,030,070	-	-	1,030,070
Refundable deposits**	38,974,130	-	-	38,974,130
	<b>P4,614,784,807</b>	<b>P -</b>	<b>P -</b>	<b>P4,614,784,807</b>

\*Excluding "Cash on hand" account.

\*\* This is presented as part of "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts.

\*\*\*Excluding "Advances to contractors" account, etc.

	2013			Total
	High Grade	Medium Grade	Low Grade	
Cash and cash equivalents*	P113,204,028	P -	P -	P113,204,028
Receivables	385,295,259	-	-	385,295,259
Refundable deposits**	10,908,714	-	-	10,908,714
	P509,408,001	P -	P -	P509,408,001

\*Excluding "Cash on hand" account.

\*\* This is presented as part of "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts.

The Group assessed the credit quality of unrestricted cash as high grade since this is deposited in reputable banks with low probability of insolvency.

Receivable assessed as high grade pertains to receivable from buyer that had no default in payment; medium grade pertains to receivable from buyer who has history of being 31 to 60 days past due; and low grade pertains to receivable from buyer who has history of being over 60 days past due. Receivable balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts. The Group performs credit investigation and evaluation of each buyer to establish paying capacity and creditworthiness. The Group believes that no impairment allowance is necessary in respect of trade receivables that were past due but not impaired.

The credit risks for due from related parties and refundable deposits are considered negligible since these accounts have high probability of collection and there is no current history of default.

#### Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risks by forecasting projected cash flows and maintaining balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational working capital requirements. Management closely monitors the Group's future and contingent obligations and set up required cash reserves as necessary in accordance with internal requirements.

#### Interest Rate Risk

The Group interest risk management policy is to minimize interest rate cash flow risk exposures to changes in interest rates. The Group has short-term and long-term bank borrowings with fixed interest rates. Therefore, the Group is not subject to the effect of changes in interest rates.

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

	As at December 31, 2014				
	Carrying Amount	Contractual Cash Flow	1 Year or Less	1 Year - 5 Years	More than 5 Years
<b>Financial Liabilities</b>					
Accounts payable and other current liabilities*	P788,736,212	P788,736,212	P788,736,212	P -	P -
Notes payable**	8,475,000,000	8,475,000,000	549,000,000	526,000,000	7,400,000,000
Due to related parties	280,679,292	280,679,292	280,679,292	-	-
Other noncurrent liabilities***	549,604,314	549,604,314	-	539,991,237	9,613,077

\* Excluding statutory obligations.

\*\* This includes both current and noncurrent portions of the account.

\*\*\* Excluding "Unearned rent income" account.

	As at December 31, 2013				
	Carrying Amount	Contractual Cash Flow	1 Year or Less	1 Year - 5 Years	More than 5 Years
Financial Liabilities					
Accounts payable and other current liabilities*	P138,097,903	P138,097,903	P138,097,903	P -	P -
Notes payable**	840,000,000	840,000,000	300,000,000	540,000,000	-
Due to related parties	37,677,427	37,677,427	37,677,427	-	-

\* Excluding statutory obligations.

\*\* This includes both current and noncurrent portions of the account.

### Fair Values

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

#### *Cash and Cash Equivalents/Receivables/Due from Related Parties/Accounts Payable and Other Current Liabilities/Short-term Notes Payable/Due to Related Parties*

The carrying amounts of cash and cash equivalents, receivables, due from related parties, accounts payable and other current liabilities, short-term notes payable and due to related parties approximate their fair values due to the relatively short-term nature of these financial instruments.

#### *Refundable Deposits/Payables to RCBC/Security Deposits*

Refundable deposits, payables to RCBC and security deposits are reported at its present value, which approximates the cash amount that would fully satisfy the obligation as at reporting date. These are classified as current assets or liabilities when they become receivable or payable within a year.

#### *Long-term Notes Payable*

The carrying amount of the long-term notes payable approximates its fair value since this is an interest bearing financial liability.

### Capital Management

The Group's objectives when managing capital are to increase the value of shareholders' investment and maintain high growth by applying free cash flows to selective investments. The Group sets strategies with the objective of establishing a versatile and resourceful financial management and capital structure.

The BOD monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The BOD also monitors the level of dividends to shareholders.

The BOD seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group defines capital as equity, which includes capital stock, additional paid-in capital and retained earnings. There were no changes in the Group's approach to capital management as at December 31, 2014 and 2013. The Group is not subject to externally-imposed capital requirements.

## 26. Business Combinations

### *2013 Acquisition: PCLI*

On May 7, 2013, the Group entered into an Investment and Shareholders Agreement (ISA) with the Aryanna Group of Investments Inc. (“Aryanna”) to acquire 50% interest in PCLI. A total of P10.00 million cash was paid by the Parent Company to acquire the 50% interest in PCLI. In addition to the equity investment, the Group will extend P90.00 million loan to PCLI. The ISA provides that in case of a voting deadlock in the Board and/or at the shareholder level in respect of all matters relating the agreement, the issue shall be resolved in favor of the Parent Company, thereby providing it with the ability to exercise control over PCLI. Accordingly, the Parent Company consolidated PCLI from acquisition date.

PCLI was incorporated on October 10, 2012. It is set to develop Umbria Commercial Center, a 16,000 square meter premier lifestyle commercial center development in Binan, Laguna and is currently leasing its property to a Jollibee store in the same area. The investment in PCLI is in line with the Group’s plan to increase its leasable footprint and thereby generate recurring revenues.

In 2013, the Group used preliminary fair values of the identifiable net assets in calculating the goodwill as at acquisition date amounting to P48 thousand. The amount of goodwill was not material to the Group’s financial statements. In 2014, the Group finalized its purchase price allocation which resulted to a bargain purchase gain amounting to P20.18 million. The said bargain purchase gain did not have a material impact to the 2013 consolidated statement of financial position and consolidated statement of comprehensive income. Consequently, prior year’s financial information was not restated.

The following summarizes the final fair market values of identifiable assets and liabilities assumed at the acquisition date:

	2013
<b>Assets</b>	
Cash	P19,917,387
Property and equipment - net	56,670,358
	<u>76,587,745</u>
<b>Liabilities</b>	
Accounts payable and other current liabilities	37,848
Due to related parties	16,192,904
	<u>16,230,752</u>
<b>Net Assets</b>	<u>P60,356,993</u>
Acquisition cost	P10,000,000
50% Interest in PCLI	30,178,497
<b>Bargain purchase gain</b>	<u>(P20,178,497)</u>

The summarized financial information of PCLI is as follows:

	2014	2013
Total assets	<b>P151,994,612</b>	P136,933,185
Total liabilities	<b>92,849,213</b>	86,499,202
Net income	<b>8,665,163</b>	30,765,050

*2014 Acquisition: ZLDPI*

On May 23, 2014, the Group entered into an ISA with ZLDPI to acquire 70% interest of the latter. Similar with the Parent Company's line of business, ZLDPI is also engaged in real estate development industry specifically in building horizontal residential projects. A total of P140 million cash was paid by the Parent Company to acquire the 70% interest in ZLDPI. The ISA provides that the Parent Company shall enjoy all the rights, privileges and benefits, and have all the corresponding obligations, of a shareholder owning 70% of the outstanding capital stock of ZLDPI, including board representation as of execution of the agreement or cut-off date. It is also explicitly written in the ISA that the Parent Company will be the managing company. Based on the foregoing, the Parent Company acquired effective control and management of ZLDPI as at May 23, 2014. Accordingly, in accordance with PFRS 3, *Business Combination*, the Parent Company's acquisition date of ZLDPI is May 23, 2014. However, for convenience purposes, the Group used May 31, 2014 as the cut-off date in determining the net assets of ZLDPI. ZLDPI was incorporated on September 15, 2011. ZLDPI is planned to be the Parent Company's horizontal residential project arm in the Visayas region.

The purchase price consideration has been allocated to the identifiable assets and liabilities on the basis of provisional values at the date of acquisition which are summarized as follows:

	<b>2014</b>
<b>Assets</b>	
Cash	P1,520,543
Receivables	3,810,464
Real estate inventories	259,762,376
Property and equipment - net	661,170
	<b>265,754,553</b>
<b>Liabilities</b>	
Accounts payable and other current liabilities	4,530,209
Customers' deposits	22,469,968
Advances from stockholders	132,177,981
	<b>159,178,158</b>
<b>Net Assets</b>	<b>P106,576,395</b>
Acquisition cost	P140,000,000
70% Interest in ZLDPI	74,603,476
<b>Goodwill</b>	<b>P65,396,524</b>

The Parent Company's share in the fair values of the ZLDPI's net assets amounted to P74.60 million, which resulted in a goodwill of P65.40 million recognized as part of "Intangible assets and goodwill - net" account in the consolidated statements of financial position (see Note 10).

The summarized financial information of ZLDPI as at and for the year ended December 31, 2014 follows:

	<b>2014</b>
Total assets	P307,966,375
Total liabilities	103,158,704
Net income	22,158,037

The NCI has been measured at the proportionate share of the value of the net identifiable assets acquired and liabilities assumed.

The Group's goodwill amounted to P65.40 million as at December 31, 2014 arising from ZLDPI's acquisition consists largely of the synergy and economies of scale expected from combining the operations of ZLDPI.

The Group did not incur any acquisition-related costs.

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**27. Note to Consolidated Statement of Cash Flows**

The Group's noncash activities pertain to the transfer from "Real estate inventories" to "Investment property" account amounting to P193.56 million and P89.85 million (see Notes 6 and 11) and other noncash items which pertain to business combination in 2014 and 2013 (see Note 26).



**R.G. Manabat & Co.**  
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## **REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION**

The Board of Directors and Stockholders  
DoubleDragon Properties Corp.  
People's Hotel, Fuentes and Delgado Streets  
Iloilo City

We have audited in accordance with Philippine Standards on Auditing, the separate financial statements of DoubleDragon Properties Corp. (the "Company") as at and for the years ended December 31, 2014 and 2013, and have issued our report dated March 18, 2015.

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

- Map of the Conglomerate;
- Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration; and
- Schedule of Philippine Financial Reporting Standards.
- 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 separate financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audits of the separate financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the separate financial statements taken as a whole.

### **R.G. MANABAT & CO.**

ADOR C. MEJIA

Partner

CPA License No. 0029620

SEC Accreditation No. 0464-AR-2, Group A, valid until March 24, 2016

Tax Identification No. 112-071-634

BIR Accreditation No. 08-001987-10-2013

Issued May 9, 2013; valid until May 8, 2016

PTR No. 4748117MC

Issued January 5, 2015 at Makati City

March 18, 2015

Makati City, Metro Manila

**DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES**  
**SCHEDULE A - FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

Name of Issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (ii)  (PhP)	Valued based on market quotation at end of reporting period (iii)  (PhP)	Income received and accrued  (PhP)
Cash and cash equivalents	N/A	3,816,449,234	3,816,449,234	5,894,902
Receivables	N/A	758,331,373	758,331,373	-
Due from related parties	N/A	1,030,070	1,030,070	-
Refundable deposits	N/A	38,974,130	38,974,130	-

**DOUBLED DRAGON PROPERTIES CORP. AND SUBSIDIARIES**  
**SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES,**  
**RELATED PARTIES AND PRINCIPAL STOCKHOLDERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

Name and Designation of debtor (i)	Balance at beginning of period (PhP)	Additions (PhP)	Amounts collected (ii) (PhP)	Amounts written off (iii) (PhP)	Current (PhP)	Not Current (PhP)	Balance at end of period (PhP)
<i>Accounts Receivable</i>							
Injap Investments Inc. (Parent Company)	14,852,056	-	-	-	14,852,056	-	14,852,056
Edgar Sia (Chairman)	3,340,800	-	-	-	3,340,800	-	3,340,800
Ferdinanrd Sia (President)	2,870,400	-	-	-	2,870,400	-	2,870,400
Rizza Marie Joy Sia (Treasurer)	3,497,600	-	-	-	3,497,600	-	3,497,600
<i>Notes Receivable</i>							
Piccadilly Circus Landing, Inc. (Subsidiary) 3% p.a., no fixed term of repayment	60,000,000	-	-	-	-	-	60,000,000

**DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES**  
**SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES**  
**WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

Name and Designation of debtor (i)	Balance at beginning of period (PhP)	Additions (PhP)	Amounts collected (ii) (PhP)	Amounts written off (iii) (PhP)	Current (PhP)	Not Current (PhP)	Balance at end of period (PhP)
<i>Advances</i>							
CityMall Commercial Centers, Inc. (Subsidiary)	-	3,048,319,424	-	-	3,048,319,424	-	3,048,319,424
One Eleven Property Management Corp. (Subsidiary)	694,305	3,413,180	-	-	4,107,485	-	4,107,485
Prime DDG Commercial Centers Inc. (Subsidiary)	-	17,168	-	-	17,168	-	17,168
DoubleDragon Sales Corp. (Subsidiary)	308,519	316,125	-	-	624,644	-	624,644
DD-Meridian Park Development Corp. (Subsidiary)	-	13,947,434	-	-	13,947,434	-	13,947,434
			-	-			
<i>Notes Receivable</i>							
Piccadilly Circus Landing, Inc. (Subsidiary) 3% p.a., no fixed term of repayment	60,000,000	-	-	-	-	60,000,000	60,000,000

3,127,016,155

**DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES**  
**SCHEDULE D - INTANGIBLE ASSETS - OTHER ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

Description (i)	Beginning balance  (PhP)	Additions at cost (ii)  (PhP)	Charged to cost and expenses  (PhP)	Charged to other accounts  (PhP)	Other changes additions (deductions) (iii) (PhP)	Ending balance  (PhP)
Software licenses	3,583,723	889,380	908,727	-	-	3,564,376

**DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES**  
**SCHEDULE E - LONG-TERM DEBT**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

Title of Issue and type of obligation (i)	Amount authorized by indenture  (PhP)	Amount shown under caption "Current portion of long-term debt" in related balance sheet (ii) (PhP)	Amount shown under caption "Long-Term Debt" in related balance sheet (iii) (PhP)
Loans	1,075,000,000	575,000,000	500,000,000
Notes	7,400,000,000	74,000,000	7,326,000,000

**DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES**  
**SCHEDULE F - INDEBTEDNESS TO RELATED PARTIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

Name of related party (i)	Balance at beginning of period  (PhP)	Balance at end of period (ii)
Injap Investments Inc. (Parent Company)	37,677,427	-

The amount pertains to unsecured, non-interest bearing advances granted to and received from related parties for working capital requirements. These advances are generally settled within one year from the date of grant.

**DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES**  
**SCHEDULE G - GURANTEES OF SECURITES OF OTHER ISSUERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding (i)	Amount owned by person for which statement is filed	Nature of guarantee (ii)
N/A	N/A	N/A	N/A	N/A

**DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES**  
**SCHEDULE H - CAPITAL STOCK**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

Title of Issue (i)	Number of Shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties (ii)	Directors, officers and employees	Others (iii)
Common shares	5,000,000,000	2,229,730,000	-	1,658,000,000	10	571,730,000

**DOUBLEDRAAGON PROPERTIES CORP. AND SUBSIDIARIES**  
**COMPUTATION OF PUBLIC OWNERSHIP**  
**AS OF DECEMBER 31, 2014**

	Direct	Indirect	Total Direct and Indirect Shares	% to Total Issued and Outstanding Shares
<b>Number of Common Shares Issued and Outstanding</b>	2,229,730,000	-	2,229,730,000	100.00%
<b>Directors</b>				
Edgar J. Sia II	1,000	-	1,000	0.00%
Tony Tan Caktiong	1,000	-	1,000	0.00%
Ferdinand J. Sia	1,000	-	1,000	0.00%
Rizza Marie Joy J. Sia	1,000	-	1,000	0.00%
William Tan Untiong	3,501,000	-	3,501,000	0.16%
Joseph Tanbuntiong	4,001,000	-	4,001,000	0.18%
Gary P. Cheng	250,001	-	250,001	0.01%
Vicente S. Perez, Jr.	250,001	-	250,001	0.01%
<b>Subtotal</b>	<b>8,006,002</b>	<b>-</b>	<b>8,006,002</b>	<b>0.36%</b>
<b>Principal/Substantial Stockholders</b>				
Honeystar Holdings Corp.	824,996,999	-	824,996,999	37.00%
Injap Investments Inc.	824,996,999	-	824,996,999	37.00%
<b>Subtotal</b>	<b>1,649,993,998</b>	<b>-</b>	<b>1,649,993,998</b>	<b>74.00%</b>
<b>Total Shares held by Directors, Officers, Principal/Substantial Stockholders and Affiliates</b>	<b>1,658,000,000</b>	<b>-</b>	<b>1,658,000,000</b>	<b>74.36%</b>
<b>Total Number of Shares Owned by the Public</b>	<b>571,730,000</b>	<b>-</b>	<b>571,730,000</b>	<b>25.64%</b>

**DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES**  
**FINANCIAL RATIOS - KEY PERFORMANCE INDICATORS**  
**AS OF DECEMBER 31, 2014**

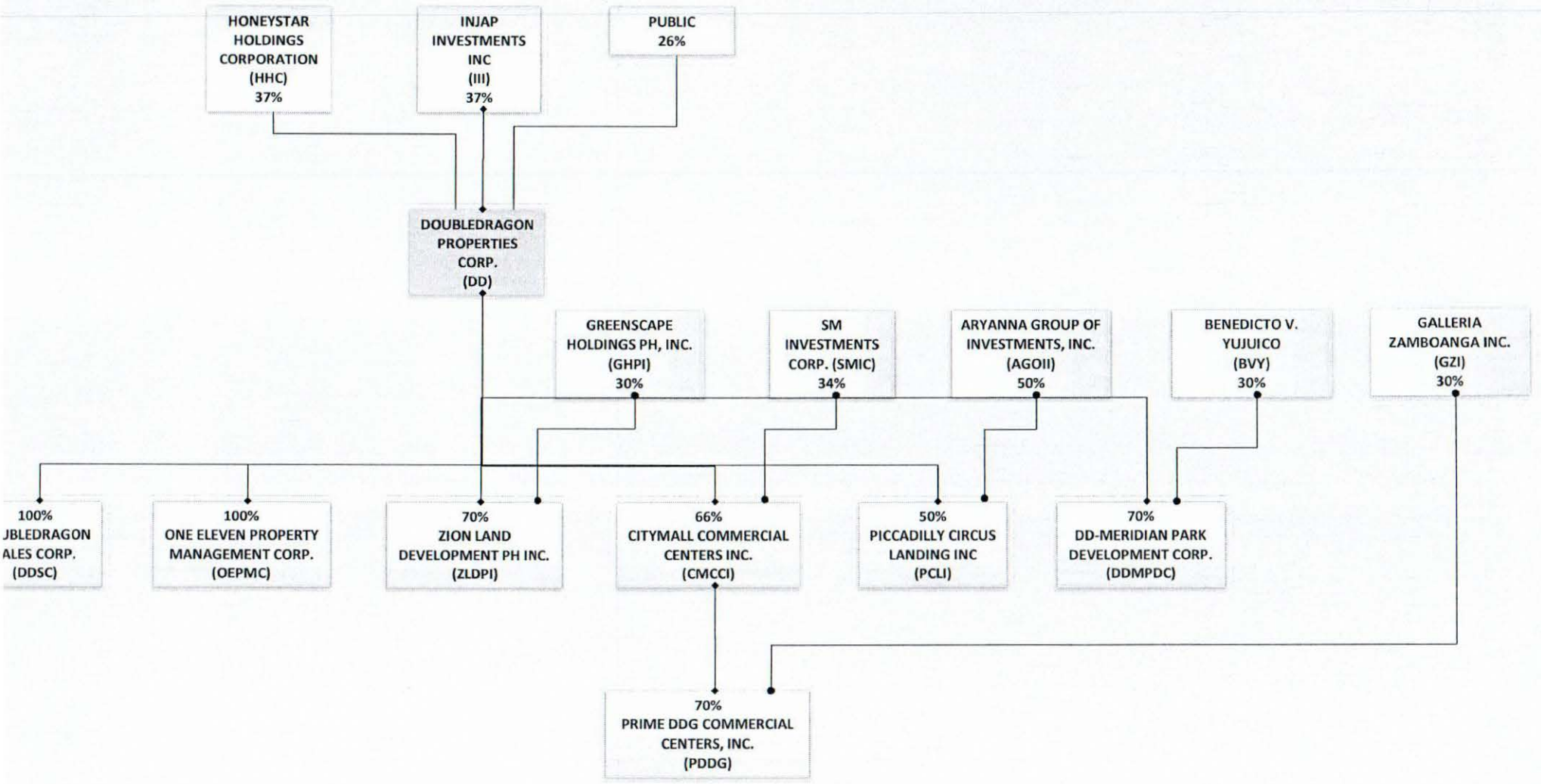
		<u>2014</u>	<u>2013</u>
1. Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	3.69	2.13
2. Asset to Equity Ratio	$\frac{\text{Total Assets}}{\text{Total Stockholders' Equity}}$	2.36	2.92
3. Debt to Equity Ratio (Gross Basis)	$\frac{\text{Total Interest Bearing Short-Term and Long-Term Debt}}{\text{Total Equity}}$	1.07 x	1.37 x
4. Debt to Equity Ratio (Net Basis)	$\frac{\text{Total Interest Bearing Short-Term and Long-Term Debt less Cash and Cash Equivalent}}{\text{Total Equity}}$	0.58 x	1.18 x
5. Return on Equity	$\frac{\text{Net Income Attributable to Owners of the Parent}}{\text{Average Equity Attributable to the Owners of the Parent}}$	39.24%	20.08%
6. Net Income to Revenue	$\frac{\text{Net Income Attributable to Owners of the Parent}}{\text{Total Revenue}}$	32.50%	16.11%
7. Revenue Growth	$\frac{\text{Total Revenue (Current Period)}}{\text{Total Revenue (Prior Period)}}$ <span style="float: right;">-1</span>	158.41%	8.81%
8. Income Growth	$\frac{\text{Net Income Attributable to Owners of the Parent (Current Period)}}{\text{Net Income Attributable to Owners of the Parent (Prior Period)}}$ <span style="float: right;">-1</span>	421.23%	15.64%
9. EBITDA	Income from Operations + Depreciation and Amortization	Php846,624,809.00	Php184,041,617.00

**RECONCILIATION OF RETAINED EARNINGS  
AVAILABLE FOR DIVIDEND DECLARATION  
AS AT DECEMBER 31, 2014**

**DoubleDragon Properties Corp.  
(Formerly Injap Land Corporation)  
People's Hotel, Fuentes and Delgado Streets  
Iloilo City**

<b>Unappropriated Retained Earnings, beginning</b>	<b>P88,701,896</b>
<b>Adjustments:</b> (see adjustments in previous year's reconciliation)	<b>(58,628,168)</b>
<b>Unappropriated Retained Earnings, as adjusted, beginning</b>	<b>30,073,728</b>
<b>Add: Net income based on the face of AFS</b>	<b>P552,442,350</b>
<b>Less: Non-actual/unrealized income net of tax</b>	
Equity in net income of associate/joint venture	-
Unrealized foreign exchange gain (loss) - net (except those attributable to Cash and Cash Equivalents)	-
Unrealized actuarial gain (loss)	-
Fair value adjustments (M2M gains)	-
Fair value adjustments of Investment Property resulting to gain	<b>273,306,449</b>
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	-
<b>Add: Non-actual losses</b>	
Depreciation on revaluation increment (after tax)	-
Adjustment due to deviation from PFRS/GAAP - loss	-
Loss on fair value adjustment of investment property (after tax)	-
<b>Net income actual/realized</b>	<b>279,135,901</b>
<b>Add (Less):</b>	
Dividend declarations during the period	-
Appropriations of Retained Earnings during the period	-
Reversals of appropriations	-
Effects of prior period adjustments	-
Treasury shares	-
<b>Unappropriated Retained Earnings, as adjusted, ending</b>	<b>P309,209,629</b>

**DOUBLEDRAGON PROPERTIES CORP.  
AND SUBSIDIARIES**



**DOUBLEDRAGON PROPERTIES CORP.**

**(Formerly Injap Land Corporation)**

People's Hotel, Fuentes and Delgado Streets  
Iloilo City

**SCHEDULE OF PHILIPPINE FINANCIAL REPORTING STANDARDS  
AND INTERPRETATIONS**

<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b> Effective as of December 31, 2014		<b>Adopted</b>	<b>Not Adopted</b>	<b>Not Applicable</b>
<b>Framework for the Preparation and Presentation of Financial Statements</b> Conceptual Framework Phase A: Objectives and qualitative characteristics		✓	-	-
<b>PFRSs Practice Statement Management Commentary</b>		-	✓	-
<b>Philippine Financial Reporting Standards</b>				
<b>PFRS 1 (Revised)</b>	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	-	-	✓
<b>PFRS 2</b>	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'	-	-	✓
<b>PFRS 3 (Revised)</b>	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	-	-	✓
<b>PFRS 4</b>	Insurance Contracts	-	-	✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	-	-	✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
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	✓	-	-
	Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39	-	-	✓
PFRS 9 (2014)	Financial Instruments	-	✓	-
PFRS 10	Consolidated Financial Statements	✓	-	-
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	-	✓	-
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception	-	-	✓
PFRS 11	Joint Arrangements	-	-	✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations	-	-	✓

<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b> Effective as of December 31, 2014		<b>Adopted</b>	<b>Not Adopted</b>	<b>Not Applicable</b>
<b>PFRS 12</b>	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	-	-	✓
<b>PFRS 13</b>	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	-	✓	-
<b>PFRS 14</b>	Regulatory Deferral Accounts	-	-	✓
<b>Philippine Accounting Standards</b>				
<b>PAS 1 (Revised)</b>	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	-	-	✓
<b>PAS 2</b>	Inventories	✓	-	-
<b>PAS 7</b>	Statement of Cash Flows	✓	-	-
<b>PAS 8</b>	Accounting Policies, Changes in Accounting Estimates and Errors	✓	-	-
<b>PAS 10</b>	Events after the Reporting Period	✓	-	-
<b>PAS 11</b>	Construction Contracts	-	-	✓
<b>PAS 12</b>	Income Taxes	✓	-	-
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	-	-	✓
<b>PAS 16</b>	Property, Plant and Equipment	✓	-	-
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Property, Plant and Equipment - Classification of Servicing Equipment	-	-	✓
	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	-	-	✓
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)	-	-	✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
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 PAS 27: Equity Method in Separate Financial Statements	-	-	✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures	-	-	✓
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	✓	-	-

<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b> Effective as of December 31, 2014		<b>Adopted</b>	<b>Not Adopted</b>	<b>Not Applicable</b>
<b>PAS 39</b>	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	-	-	✓
<b>PAS 40</b>	Investment Property	✓	-	-
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Inter-relationship of PFRS 3 and PAS 40	✓	-	-
<b>PAS 41</b>	Agriculture	-	-	✓
<b>Philippine Interpretations</b>				
<b>IFRIC 1</b>	Changes in Existing Decommissioning, Restoration and Similar Liabilities	-	-	✓
<b>IFRIC 2</b>	Members' Share in Co-operative Entities and Similar Instruments	-	-	✓
<b>IFRIC 4</b>	Determining Whether an Arrangement Contains a Lease	✓	-	-
<b>IFRIC 5</b>	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	-	-	✓
<b>IFRIC 6</b>	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	-	-	✓
<b>IFRIC 7</b>	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies	-	-	✓
<b>IFRIC 9</b>	Reassessment of Embedded Derivatives	-	-	✓
	Amendments to Philippine Interpretation IFRIC - 9 and PAS 39: Embedded Derivatives	-	-	✓
<b>IFRIC 10</b>	Interim Financial Reporting and Impairment	✓	-	-
<b>IFRIC 12</b>	Service Concession Arrangements	-	-	✓
<b>IFRIC 13</b>	Customer Loyalty Programmes	-	-	✓
<b>IFRIC 14</b>	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	-	-	✓

<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b> Effective as of December 31, 2014		<b>Adopted</b>	<b>Not Adopted</b>	<b>Not Applicable</b>
<b>IFRIC 16</b>	Hedges of a Net Investment in a Foreign Operation	-	-	✓
<b>IFRIC 17</b>	Distributions of Non-cash Assets to Owners	-	-	✓
<b>IFRIC 18</b>	Transfers of Assets from Customers	-	-	✓
<b>IFRIC 19</b>	Extinguishing Financial Liabilities with Equity Instruments	-	-	✓
<b>IFRIC 20</b>	Stripping Costs in the Production Phase of a Surface Mine	-	-	✓
<b>IFRIC 21</b>	Levies	-	-	✓
<b>SIC-7</b>	Introduction of the Euro	-	-	✓
<b>SIC-10</b>	Government Assistance - No Specific Relation to Operating Activities	-	-	✓
<b>SIC-15</b>	Operating Leases - Incentives	✓	-	-
<b>SIC-25</b>	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	-	✓	-
<b>SIC-27</b>	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓	-	-
<b>SIC-29</b>	Service Concession Arrangements: Disclosures.	-	-	✓
<b>SIC-31</b>	Revenue - Barter Transactions Involving Advertising Services	-	-	✓
<b>SIC-32</b>	Intangible Assets - Web Site Costs	-	-	✓
<b>Philippine Interpretations Committee Questions and Answers</b>				
<b>PIC Q&amp;A 2006-01</b>	PAS 18, Appendix, paragraph 9 - Revenue recognition for sales of property units under pre-completion contracts	✓	-	-
<b>PIC Q&amp;A 2006-02</b>	PAS 27.10(d) - Clarification of criteria for exemption from presenting consolidated financial statements	-	-	✓
<b>PIC Q&amp;A 2007-01- Revised</b>	PAS 1.103(a) - Basis of preparation of financial statements if an entity has not applied PFRSs in full	-	-	✓
<b>PIC Q&amp;A 2007-03</b>	PAS 40.27 - Valuation of bank real and other properties acquired (ROPA)	-	-	✓
<b>PIC Q&amp;A 2007-04</b>	PAS 101.7 - Application of criteria for a qualifying NPAE	-	-	✓
<b>PIC Q&amp;A 2008-01- Revised</b>	PAS 19.78 - Rate used in discounting post-employment benefit obligations	-	-	✓
<b>PIC Q&amp;A 2008-02</b>	PAS 20.43 - Accounting for government loans with low interest rates under the amendments to PAS 20	-	-	✓
<b>PIC Q&amp;A 2009-01</b>	Framework.23 and PAS 1.23 - Financial statements prepared on a basis other than going concern	-	-	✓
<b>PIC Q&amp;A 2009-02</b>	PAS 39.AG71-72 - Rate used in determining the fair value of government securities in the Philippines	✓	-	-

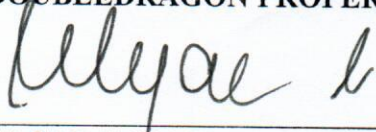
<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b> Effective as of December 31, 2014		<b>Adopted</b>	<b>Not Adopted</b>	<b>Not Applicable</b>
<b>PIC Q&amp;A 2010-01</b>	PAS 39.AG71-72 - Rate used in determining the fair value of government securities in the Philippines	✓	-	-
<b>PIC Q&amp;A 2010-02</b>	PAS 1R.16 - Basis of preparation of financial statements	✓	-	-
<b>PIC Q&amp;A 2010-03</b>	PAS 1 Presentation of Financial Statements - Current/non-current classification of a callable term loan	-	-	✓
<b>PIC Q&amp;A 2011-01</b>	PAS 1.10(f) - Requirements for a Third Statement of Financial Position	-	-	✓
<b>PIC Q&amp;A 2011-02</b>	PFRS 3.2 - Common Control Business Combinations	-	-	✓
<b>PIC Q&amp;A 2011-03</b>	Accounting for Inter-company Loans	✓	-	-
<b>PIC Q&amp;A 2011-04</b>	PAS 32.37-38 - Costs of Public Offering of Shares	✓	-	-
<b>PIC Q&amp;A 2011-05</b>	PFRS 1.D1-D8 - Fair Value or Revaluation as Deemed Cost	-	-	✓
<b>PIC Q&amp;A 2011-06</b>	PFRS 3, Business Combinations (2008), and PAS 40, Investment Property - Acquisition of Investment properties - asset acquisition or business combination?	✓	-	-
<b>PIC Q&amp;A 2012-01</b>	PFRS 3.2 - Application of the Pooling of Interests Method for Business Combinations of Entities Under Common Control in Consolidated Financial Statements	-	-	✓
<b>PIC Q&amp;A 2012-02</b>	Cost of a New Building Constructed on the Site of a Previous Building	-	-	✓
<b>PIC Q&amp;A 2013-01</b>	Applicability of SMEIG Final Q&As on the Application of IFRS for SMEs to Philippine SMEs	-	-	✓
<b>PIC Q&amp;A 2013-03</b>	PAS 19 - Accounting for Employee Benefits under a Defined Contribution Plan subject to Requirements of Republic Act (RA) 7641, The Philippine Retirement Law	-	-	✓

**SIGNATURES**

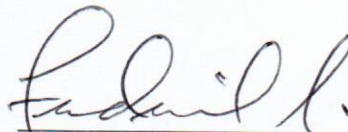
Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on APR 15 2015.

By:

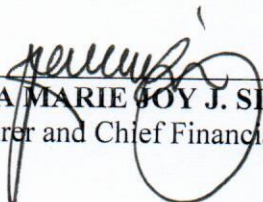
**DOUBLED DRAGON PROPERTIES CORP.**



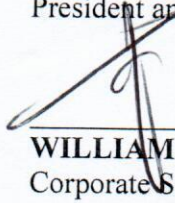
**EDGAR J. SIA II**  
Chairman and Chief Executive Officer



**FERDINAND J. SIA**  
President and Chief Operating Officer



**RIZZA MARIE JOY J. SIA**  
Treasurer and Chief Financial Officer




**WILLIAM TAN UNTIONG**  
Corporate Secretary

**SUBSCRIBED AND SWORN** to before me this APR 15 2015 at CITY OF MANILA affiants exhibiting to me their competent evidence of identity, to wit:

- 1) EDGAR J. SIA II with Passport No. EB8173899 issued by DFA Manila expiring on May 28, 2018
- 2) FERDINAND J. SIA with Passport No. EC1251976 issued by DFA NCR East expiring on May 28, 2019
- 3) RIZZA MARIE JOY J. SIA with Passport No. EB9154343 issued by DFA Manila expiring on September 15, 2018
- 4) WILLIAM TAN UNTIONG with Passport No. EB2764690 issued by DFA Manila expiring on June 21, 2016

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**ATTY. SOCRATES G. MARANAN**  
NOTARY PUBLIC UNTIL DEC. 31, 2015  
IBP No. 901984, MLA. 10-22-13 Until 12-31-15  
PTR No. 3760290 MLA. 12-12-14 Until 12-31-15  
NC No. 2014-023/ ROA No. 31923  
MCLE No. IV-0018168/ CP #09157914910