

COVER SHEET

SEC Registration Number

A	S	0	9	4	-	0	0	0	0	8	8
---	---	---	---	---	---	---	---	---	---	---	---

COMPANY NAME

S	M		P	R	I	M	E		H	O	L	D	I	N	G	S	,		I	N	C	.		A	N	D		S	U
B	S	I	D	I	A	R	I	E	S																				

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

1	0	t	h		F	l	o	o	r	,		M	a	l	l		o	f		A	s	i	a		A	r	e	n	a
A	n	n	e	x		B	u	i	l	d	i	n	g	,		C	o	r	a	l		W	a	y		c	o	r	.
J	.	W	.		D	i	o	k	n	o		B	l	v	d	.	,		M	a	l	l		o	f		A	s	i
a		C	o	m	p	l	e	x	,		B	r	g	y	.		7	6	,		Z	o	n	e		1	0	,	
C	B	P	-	1	A	,		P	a	s	a	y		C	i	t	y		1	3	0	0							

Form Type

1	7	-	Q
---	---	---	---

Department requiring the report

--	--	--	--

Secondary License Type, If Applicable

--	--	--	--

COMPANY INFORMATION

Company's Email Address

--

Company's Telephone Number

831-1000

Mobile Number

--

No. of Stockholders

2,463

Annual Meeting
Month/Day

--

Fiscal Year
Month/Day

June 30

CONTACT PERSON INFORMATION

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

Name of Contact Person

Mr. John Nai Peng C. Ong

Email Address

--

Telephone Number/s

831-1000

Mobile Number

--

CONTACT PERSON'S ADDRESS

--

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

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

SM Prime Holdings, Inc.
and Subsidiaries

Unaudited Interim Condensed Consolidated
Financial Statements
As at June 30, 2016
and for the Three-Month and Six-Month
Periods Ended June 30, 2016 and 2015
(with Comparative Audited Consolidated
Balance Sheet as at December 31, 2015)

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES**INTERIM CONSOLIDATED BALANCE SHEET****June 30, 2016****(With Comparative Audited Figures as at December 31, 2015)***(Amounts in Thousands)*

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5, 20 and 23)	₱17,115,406	₱25,869,908
Investments held for trading (Notes 6, 20, 23 and 24)	901,464	843,256
Receivables (Notes 7, 15, 20, 23 and 24)	33,194,134	31,354,286
Condominium and residential units for sale (Note 8)	6,591,327	8,164,981
Land and development - current portion (Note 9)	24,322,178	19,814,615
Available-for-sale investments - current portion (Notes 10, 20, 23 and 24)	683,856	642,274
Prepaid expenses and other current assets (Notes 11, 20, 23 and 24)	11,511,030	11,302,871
Total Current Assets	94,319,395	97,992,191
Noncurrent Assets		
Investments in associates and joint ventures (Note 14)	22,429,241	22,080,000
Available-for-sale investments - net of current portion (Notes 10, 20, 23 and 24)	21,687,741	19,689,781
Property and equipment - net (Note 12)	1,677,117	1,680,382
Investment properties - net (Note 13)	239,860,671	230,340,399
Land and development - net of current portion (Note 9)	20,086,939	23,105,553
Derivative assets (Notes 23 and 24)	2,363,215	2,600,799
Deferred tax assets – net	971,624	846,111
Other noncurrent assets (Notes 15, 20, 23 and 24)	36,883,016	35,493,223
Total Noncurrent Assets	345,959,564	335,836,248
	₱440,278,959	₱433,828,439
LIABILITIES AND EQUITY		
Current Liabilities		
Loans payable (Notes 16, 20, 23 and 24)	₱795,000	₱4,675,000
Accounts payable and other current liabilities (Notes 17, 20, 23 and 24)	37,980,121	38,819,156
Current portion of long-term debt (Notes 18, 20, 23 and 24)	6,693,206	25,041,044
Income tax payable	983,403	955,533
Total Current Liabilities	46,451,730	69,490,733
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 18, 20, 23 and 24)	147,387,983	125,952,441
Tenants' and customers' deposits (Notes 17, 23 and 24)	14,347,119	13,218,264
Liability for purchased land - net of current portion (Notes 17, 23 and 24)	2,016,005	2,081,708
Deferred tax liabilities - net	2,198,838	2,488,990
Other noncurrent liabilities (Notes 17, 23 and 24)	4,932,268	4,753,456
Total Noncurrent Liabilities	170,882,213	148,494,859
Total Liabilities (Carried Forward)	217,333,943	217,985,592

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
Total Liabilities (Brought Forward)	₱217,333,943	₱217,985,592
Equity Attributable to Equity Holders of the Parent		
Capital stock (Notes 19 and 25)	33,166,300	33,166,300
Additional paid-in capital - net	39,304,027	39,304,027
Cumulative translation adjustment	765,468	1,005,978
Net unrealized gain on available-for-sale investments (Note 10)	18,661,288	16,621,547
Net fair value changes on cash flow hedges	(39,441)	428,799
Remeasurement loss on defined benefit obligation	(50,458)	(50,458)
Retained earnings (Note 19):		
Appropriated	42,200,000	42,200,000
Unappropriated	89,126,392	83,168,103
Treasury stock (Notes 19 and 25)	(3,355,474)	(3,355,474)
Total Equity Attributable to Equity Holders of the Parent	219,778,102	212,488,822
Non-controlling Interests	3,166,914	3,354,025
Total Equity	222,945,016	215,842,847
	₱440,278,959	₱433,828,439

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, Except Per Share Data)

	For the Six Months Ended June 30	
	2016	2015
REVENUE		
Rent (Note 20)	₱21,954,431	₱19,439,959
Sales:		
Real estate	13,028,616	12,277,880
Cinema and event ticket	2,376,064	2,350,992
Others (Note 20)	1,872,641	1,790,990
	39,231,752	35,859,821
COSTS AND EXPENSES (Note 21)	21,386,585	19,649,578
INCOME FROM OPERATIONS	17,845,167	16,210,243
OTHER INCOME (CHARGES)		
Interest expense (Notes 20 and 22)	(1,951,687)	(2,110,850)
Interest and dividend income (Notes 10, 20 and 22)	528,428	558,318
Gain on sale of available-for-sale investments (Notes 10 and 20)	–	7,410,363
Others - net (Notes 6 and 18)	(245,747)	(130,010)
	(1,669,006)	5,727,821
INCOME BEFORE INCOME TAX	16,176,161	21,938,064
PROVISION FOR INCOME TAX		
Current	3,229,715	2,890,096
Deferred	58,247	99,258
	3,287,962	2,989,354
NET INCOME	₱12,888,199	₱18,948,710
Attributable to		
Equity holders of the Parent (Notes 19 and 25)	₱12,590,019	₱18,654,979
Non-controlling interests (Note 19)	298,180	293,731
	₱12,888,199	₱18,948,710
Basic/Diluted earnings per share (Note 25)	₱0.437	₱0.647

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME

(Amounts in Thousands)

	For the Six Months Ended June 30	
	2016	2015
NET INCOME	₱12,888,199	₱18,948,710
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive income transferred to profit or loss:		
Realized gain from sale of available-for-sale investments (Note 10)	–	(7,410,363)
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:		
Unrealized gain (loss) due to changes in fair value in available-for-sale investments (Note 10)	2,039,741	(603,998)
Net fair value changes on cash flow hedges	(468,240)	147,704
Cumulative translation adjustment	(240,510)	93,880
	1,330,991	(7,772,777)
TOTAL COMPREHENSIVE INCOME	₱14,219,190	₱11,175,933
Attributable to		
Equity holders of the Parent (Notes 19 and 27)	₱13,921,010	₱10,882,202
Non-controlling interests (Note 19)	298,180	293,731
	₱14,219,190	₱11,175,933

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, Except Per Share Data)

	Three-Month Periods Ended June 30	
	2016	2015
REVENUE		
Rent (Note 20)	₱11,201,251	₱10,000,084
Sales:		
Real estate	7,482,252	6,923,155
Cinema and event ticket	1,316,971	1,371,944
Others (Note 20)	985,129	914,339
	20,985,603	19,209,522
COSTS AND EXPENSES (Note 21)	11,527,159	10,474,748
INCOME FROM OPERATIONS	9,458,444	8,734,774
OTHER INCOME (CHARGES)		
Interest expense (Notes 20 and 22)	(956,394)	(1,022,868)
Interest and dividend income (Notes 10, 20 and 22)	257,548	221,229
Gain on sale of available-for-sale investments (Notes 10 and 20)	-	62
Others - net (Notes 6 and 18)	(196,371)	(114,314)
	(895,217)	(915,891)
INCOME BEFORE INCOME TAX	8,563,227	7,818,883
PROVISION FOR (BENEFIT FROM) INCOME TAX		
Current	1,746,317	1,407,232
Deferred	(89,807)	235,463
	1,656,510	1,642,695
NET INCOME	₱6,906,717	₱6,176,188
Attributable to		
Equity holders of the Parent (Notes 19 and 25)	₱6,754,137	₱6,023,639
Non-controlling interests	152,580	152,549
	₱6,906,717	₱6,176,188
Basic/Diluted earnings per share (Note 25)	₱0.234	₱0.209

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME

(Amounts in Thousands)

	Three-Month Periods Ended June 30	
	2016	2015
NET INCOME	₱6,906,717	₱6,176,188
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive income transferred to profit or loss:		
Realized gain from sale of available-for-sale investments (Note 10)	–	(62)
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods (net of tax):		
Unrealized gain (loss) due to changes in fair value in available-for-sale investments (Note 10)	2,072,662	(2,008,222)
Net fair value changes on cash flow hedges	(144,045)	98,341
Cumulative translation adjustment	(83,738)	91,732
	1,844,879	(1,818,211)
TOTAL COMPREHENSIVE INCOME	₱8,751,596	₱4,357,977
Attributable to		
Equity holders of the Parent	₱8,599,016	₱4,205,428
Non-controlling interests	152,580	152,549
	₱8,751,596	₱4,357,977

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2016 AND 2015

(Amounts in Thousands)

Equity Attributable to Equity Holders of the Parent (Notes 19 and 25)												
	Capital Stock (Notes 19 and 25)	Additional Paid-in Capital - Net	Cumulative Translation Adjustment	Net Unrealized Gain (Loss) on Available- for-Sale Investments (Note 10)	Net Fair Value Changes on Cash Flow Hedges	Remeasurement Loss on Defined Benefit Obligation	Retained Earnings (Note 19)		Treasury Stock (Notes 19 and 25)	Non-controlling Interests	Total Equity	
							Appropriated	Unappropriated		Total		
At December 31, 2015 (Audited)	₱33,166,300	₱39,304,027	₱1,005,978	₱16,621,547	₱428,799	(₱50,458)	₱42,200,000	₱83,168,103	(₱3,355,474)	₱212,488,822	₱3,354,025	₱215,842,847
Net income for the period	–	–	–	–	–	–	–	12,590,019	–	12,590,019	298,180	12,888,199
Other comprehensive loss	–	–	(240,510)	2,039,741	(468,240)	–	–	–	–	1,330,991	–	1,330,991
Total comprehensive income (loss) for the period	–	–	(240,510)	2,039,741	(468,240)	–	–	12,590,019	–	13,921,010	298,180	14,219,190
Cash dividends	–	–	–	–	–	–	–	(6,642,223)	–	(6,642,223)	–	(6,642,223)
Cash dividends received by a subsidiary	–	–	–	–	–	–	–	10,493	–	10,493	–	10,493
Cash dividends received by non-controlling interests	–	–	–	–	–	–	–	–	–	–	(485,291)	(485,291)
At June 30, 2016 (Unaudited)	₱33,166,300	₱39,304,027	₱765,468	₱18,661,288	(₱39,441)	(₱50,458)	₱42,200,000	₱89,126,392	(₱3,355,474)	₱219,778,102	₱3,166,914	₱222,945,016
At December 31, 2014 (Audited)	₱33,166,300	₱39,302,194	₱840,430	₱25,905,440	₱249,332	(₱141,524)	₱42,200,000	₱60,921,048	(₱3,355,530)	₱199,087,690	₱3,150,513	₱202,238,203
Net income for the period	–	–	–	–	–	–	–	18,654,979	–	18,654,979	293,731	18,948,710
Other comprehensive income (loss)	–	–	93,880	(8,014,361)	147,704	–	–	–	–	(7,772,777)	–	(7,772,777)
Total comprehensive income (loss) for the period	–	–	93,880	(8,014,361)	147,704	–	–	18,654,979	–	10,882,202	293,731	11,175,933
Cash dividends	–	–	–	–	–	–	–	(6,064,618)	–	(6,064,618)	–	(6,064,618)
Cash dividends received by a subsidiary	–	–	–	–	–	–	–	9,581	–	9,581	–	9,581
Cash dividends received by non-controlling interests	–	–	–	–	–	–	–	–	–	–	(387,200)	(387,200)
At June 30, 2015 (Unaudited)	₱33,166,300	₱39,302,194	₱934,310	₱17,891,079	₱397,036	(₱141,524)	₱42,200,000	₱73,520,990	(₱3,355,530)	₱203,914,855	₱3,057,044	₱206,971,899

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	Six-Month Periods Ended June 30	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱16,176,161	₱21,938,064
Adjustments for:		
Depreciation and amortization (Notes 12 and 13)	3,744,732	3,378,546
Interest expense (Note 22)	1,951,687	2,110,850
Interest and dividend income (Notes 6, 10 and 22)	(528,428)	(558,318)
Equity in net earnings of associates and joint ventures (Note 14)	(329,690)	(54,243)
Loss (gain) on:		
Unrealized foreign exchange	122,664	91,700
Mark-to-market on investments held for trading (Note 6)	(58,208)	24,349
Sale of available-for-sale investments (Note 10)	–	(7,410,363)
Fair value changes on derivatives – net	–	(18,091)
Operating income before working capital changes	21,078,918	19,502,494
Decrease (increase) in:		
Receivables	(1,822,212)	(5,183,982)
Condominium and residential units for sale	3,079,847	1,463,934
Land and development	(2,887,285)	(377,251)
Prepaid expenses and other current assets	(210,694)	(375,327)
Increase (decrease) in:		
Accounts payable and other current liabilities	62,458	(135,080)
Tenants' and customers' deposits	1,153,617	400,025
Cash generated from operations	20,454,649	15,294,813
Income tax paid	(3,198,799)	(2,699,629)
Cash provided by operating activities	17,255,850	12,595,184
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of:		
Available-for-sale investments (Note 10)	309	7,465,539
Investments held for trading	–	10,000
Dividends received	248,881	225,035
Interest received	288,538	384,524
Additions:		
Investment properties (Note 13)	(14,695,115)	(21,260,725)
Property and equipment (Note 12)	(124,914)	(105,188)
Increase in investments and advances to associates and joint ventures (Note 14)	(81,000)	(15,443,151)
Increase in other noncurrent assets	(1,262,496)	(2,476,796)
Net cash used in investing activities	(15,625,797)	(31,200,762)

(Forward)

	Six-Month Periods Ended June 30	
	2016	2015
CASH FLOWS FROM FINANCING ACTIVITIES		
Availments of bank loans and long-term debt (Notes 16 and 18)	₱23,235,532	₱16,792,200
Payments of:		
Long-term debt (Note 18)	(20,042,425)	(2,074,280)
Dividends (Note 19)	(7,117,021)	(6,442,237)
Bank loans (Note 16)	(4,215,000)	(3,355,000)
Interest	(2,161,059)	(1,945,046)
Net cash provided by (used in) financing activities	(10,299,973)	2,975,637
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	(84,582)	(24,712)
NET DECREASE IN CASH AND CASH EQUIVALENTS		
	(8,754,502)	(15,654,653)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		
	25,869,908	35,245,206
CASH AND CASH EQUIVALENTS AT END OF PERIOD		
	₱17,115,406	₱19,590,553

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

1. Corporate Information

SM Prime Holdings, Inc. (SMPH or the Parent Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on January 6, 1994. SMPH and its subsidiaries (collectively known as “the Company”) are incorporated to acquire by purchase, exchange, assignment, gift or otherwise, and to own, use, improve, subdivide, operate, enjoy, sell, assign, transfer, exchange, lease, let, develop, mortgage, pledge, traffic, deal in and hold for investment or otherwise, including but not limited to real estate and the right to receive, collect and dispose of, any and all rentals, dividends, interest and income derived therefrom; the right to vote on any proprietary or other interest on any shares of stock, and upon any bonds, debentures, or other securities; and the right to develop, conduct, operate and maintain modernized commercial shopping centers and all the businesses appurtenant thereto, such as but not limited to the conduct, operation and maintenance of shopping center spaces for rent, amusement centers, movie or cinema theatres within the compound or premises of the shopping centers, to construct, erect, manage and administer buildings such as condominium, apartments, hotels, restaurants, stores or other structures for mixed use purposes.

SMPH’s shares of stock are publicly traded in the Philippine Stock Exchange (PSE).

As at June 30, 2016, SMPH is 49.70% and 25.71% directly-owned by SM Investments Corporation (SMIC) and the Sy Family, respectively. SMIC, the ultimate parent company, is a Philippine corporation which listed its common shares with the PSE in 2005. SMIC and all its subsidiaries are herein referred to as the “SM Group”.

The registered office and principal place of business of 10th Floor, Mall of Asia Arena Annex Building, Coral Way cor. J.W. Diokno Blvd., Mall of Asia Complex, Brgy. 76, Zone 10, CBP-1A, Pasay City 1300.

2. Basis of Preparation

The accompanying interim condensed consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, investments held for trading and available-for-sale (AFS) investments which have been measured at fair value.

Statement of Compliance

The interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. The interim condensed consolidated financial statements are presented in Philippine peso, which is the Parent Company’s functional and presentation currency under Philippine Financial Reporting Standards (PFRS). All values are rounded to the nearest thousand peso, except when otherwise indicated.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Company’s annual audited consolidated financial statements as at December 31, 2015.

Basis of Consolidation

The interim condensed consolidated financial statements include the accounts of the Parent Company and all of its subsidiaries. As at June 30, 2016, there were no significant changes in the composition of the Company and in the Parent Company's ownership interests in its subsidiaries (see Note 14).

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Except as otherwise stated, there were no significant changes in the significant accounting judgments, estimates, and assumptions used by the Company for the six-month period ended June 30, 2016.

3. Summary of Significant Accounting and Financial Reporting Policies

Changes in Accounting Policies and Disclosures

The accounting policies and method of computation adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2015, except for the following amendments which the Company has adopted starting January 1, 2016:

- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments), will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. These amendments did not have any impact on the Company's interim condensed consolidated financial statements.
- PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and PAS 28, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception* (Amendments), clarify that the exemption in PFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity that measures all of its subsidiaries at fair value and that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity parent is consolidated. The amendments also allow an investor (that is not an investment entity and has an investment entity associate or joint venture), when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments did not have any impact on the Company's interim condensed consolidated financial statements.
- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (Amendments), require that a joint operator that is accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained.

In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. These amendments did not have any impact on the Company's interim condensed consolidated financial statements.

- PAS 1, *Presentation of Financial Statements – Disclosure Initiative* (Amendments), are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in PFRS. They clarify the following:
 - That entities shall not reduce the understandability of their financial statements by either obscuring material information with immaterial information; or aggregating material items that have different natures or functions
 - That specific line items in the statement of income and OCI and the statement of financial position may be disaggregated
 - That entities have flexibility as to the order in which they present the notes to financial statements
 - That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Annual Improvements to PFRSs (2012-2014 cycle)

The annual improvements contain non-urgent but necessary amendments to the following standards and are applied prospectively:

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*, is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification. The Company shall consider this amendment for future non-current assets held for sale and discontinued operations transactions.
- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*, requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments. The amendment has no impact on the Company's financial position or performance.
- PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements* (Amendments), is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report. The amendments affect disclosures only and have no impact on the Company's financial position or performance.

- PAS 19, *Employee Benefits - Regional Market Issue Regarding Discount Rate*, is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. The amendment has no impact on the Company's financial position or performance.
- PAS 34, *Interim Financial Reporting - Disclosure of Information 'Elsewhere in the Interim Financial Report'*, is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The amendments affect disclosures only and have no impact on the Company's financial position or performance.

4. Segment Information

For management purposes, the Company is organized into business units based on their products and services, and has four reportable operating segments as follows: mall, residential, commercial and hotels and convention centers.

Mall segment develops, conducts, operates and maintains the business of modern commercial shopping centers and all businesses related thereto such as the conduct, operation and maintenance of shopping center spaces for rent, amusement centers, or cinema theaters within the compound of the shopping centers.

Residential and commercial segments are involved in the development and transformation of major residential, commercial, entertainment and tourism districts through sustained capital investments in buildings and infrastructure.

Hotels and convention centers segment engages in and carry on the business of hotel and convention centers and operates and maintains any and all services and facilities incident thereto.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with the operating profit or loss in the interim condensed consolidated financial statements.

The amount of segment assets and liabilities and segment profit or loss are based on measurement principles that are similar to those used in measuring the assets and liabilities and profit or loss in the interim condensed consolidated financial statements, which is in accordance with PFRS.

Inter-segment Transactions

Inter-segment transactions are eliminated in the interim condensed consolidated financial statements.

Business Segment Data

Six-month period ended June 30, 2016 (Unaudited)						
	Mall	Residential	Commercial	Hotels and Convention Centers	Eliminations/ Adjustments	Consolidated Balances
<i>(In Thousands)</i>						
Revenue:						
External customers	P23,584,562	P13,248,958	P1,099,432	P1,298,800	P-	P39,231,752
Inter-segment	27,479	-	27,079	1,250	(55,808)	-
	P23,612,041	P13,248,958	P1,126,511	P1,300,050	(P55,808)	P39,231,752
Segment results:						
Income before income tax	P11,360,162	P3,568,843	P750,493	P197,722	P298,941	P16,176,161
Provision for income tax	(2,666,730)	(413,691)	(148,719)	(58,822)	-	(3,287,962)
Net income	P8,693,432	P3,155,152	P601,774	P138,900	P298,941	P12,888,199
Net income attributable to:						
Equity holders of the Parent	P8,395,252	P3,155,152	P601,774	P138,900	P298,941	P12,590,019
Non-controlling interests	298,180	-	-	-	-	298,180
Other information:						
Capital expenditures	P12,158,608	P6,902,243	P593,667	P1,563,349	P-	P21,217,867
Depreciation and amortization	3,311,689	84,872	189,546	158,625	-	3,744,732

Six-month period ended June 30, 2015 (Unaudited)						
	Mall	Residential	Commercial	Hotels and Convention Centers	Eliminations/ Adjustments	Consolidated Balances
<i>(In Thousands)</i>						
Revenue:						
External customers	P21,639,163	P12,484,304	P712,337	P1,024,017	P-	P35,859,821
Inter-segment	12,328	-	34,503	1,500	(48,331)	-
	P21,651,491	P12,484,304	P746,840	P1,025,517	(P48,331)	P35,859,821
Segment results:						
Income before income tax	P10,409,998	P3,327,267	P353,285	P233,792	P7,613,722	P21,938,064
Provision for income tax	(2,459,742)	(375,297)	(89,210)	(65,105)	-	(2,989,354)
Net income	P7,950,256	P2,951,970	P264,075	P168,687	P7,613,722	P18,948,710
Net income attributable to:						
Equity holders of the Parent	P7,656,525	P2,951,970	P264,075	P168,687	P7,613,722	P18,654,979
Non-controlling interests	293,731	-	-	-	-	293,731
Other information:						
Capital expenditures	P15,911,237	P8,377,236	P792,363	P1,032,851	P-	P26,113,687
Depreciation and amortization	2,977,111	92,892	150,022	158,521	-	3,378,546

June 30, 2016 (Unaudited)						
	Mall	Residential	Commercial	Hotels and Convention Centers	Eliminations	Consolidated Balances
<i>(In Thousands)</i>						
Segment assets	P290,279,621	P109,077,038	P29,270,855	P12,515,099	(P863,654)	P440,278,959
Segment liabilities	P164,772,074	P50,393,023	P2,104,857	P927,643	(P863,654)	P217,333,943

December 31, 2015 (Audited)						
	Mall	Residential	Commercial	Hotels and Convention Centers	Eliminations	Consolidated Balances
<i>(In Thousands)</i>						
Segment assets	P288,774,713	P106,901,237	P28,474,242	P10,804,808	(P1,126,561)	P433,828,439
Segment liabilities	P163,608,532	P52,698,181	P2,162,977	P642,463	(P1,126,561)	P217,985,592

For the six-month periods ended June 30, 2016 and 2015, there were no revenue transactions with a single external customer which accounted for 10% or more of the consolidated revenue from external customers.

Seasonality

The Company's operations have no significant seasonality.

5. Cash and Cash Equivalents

Cash and cash equivalents comprised the following:

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
	<i>(In Thousands)</i>	
Cash on hand and in banks (see Note 20)	₱1,160,138	₱2,943,394
Temporary investments (see Note 20)	15,955,268	22,926,514
	₱17,115,406	₱25,869,908

Interest income earned from cash in banks and temporary investments amounted to ₱206 million and ₱215 million for the six-month periods ended June 30, 2016 and 2015, respectively (see Note 22).

6. Investments Held for Trading

This account consists of investments in Philippine and United States (U.S.) corporate bonds and listed common shares. The Philippine government and corporate bonds have yields ranging from 6.14% to 7.28% and 3.40% to 8.50% as at June 30, 2016 and December 31, 2015 respectively. Investments in Philippine corporate bonds amounting to ₱10.3 million and ₱25.0 million matured in June and August 2015, respectively. The Philippine-denominated and U.S. dollar-denominated corporate bonds will mature in 2017.

The movements in this account are as follows:

	June 30, 2016 (Six Months) (Unaudited)	December 31, 2015 (One Year) (Audited)
	<i>(In Thousands)</i>	
At beginning of the period	₱843,256	₱967,511
Mark-to-market gain (loss) during the period	58,208	(101,087)
Unrealized foreign exchange gain (loss)	-	12,525
Disposals - net	-	(35,693)
At end of the period	₱901,464	₱843,256

Mark-to-market gain (loss) on changes in fair value of investments held for trading are included under "Others - net" account in the interim consolidated statements of income.

Interest income earned from investments held for trading amounted to ₱9 million for the six-month periods ended June 30, 2016 and 2015 (see Note 22).

Dividend income earned from investments held for trading amounted to ₱15 million and nil for the six-month periods ended June 30, 2016 and 2015, respectively.

7. Receivables

This account consists of:

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
<i>(In Thousands)</i>		
Trade:		
Sale of real estate	₱35,156,377	₱31,073,388
Rent:		
Third parties	4,106,858	4,387,765
Related parties (see Note 20)	2,152,230	2,422,175
Others (see Note 20)	131,839	146,823
Receivable from a co-investor	264,391	270,674
Due from related parties (see Note 20)	185,542	101,069
Accrued interest (see Note 20)	92,508	108,998
Nontrade	54,116	31,265
Others (see Note 20)	2,086,502	1,740,603
	44,230,363	40,282,760
Less allowance for impairment	1,016,403	965,859
	43,213,960	39,316,901
Less noncurrent portion of receivables from sale of real estate (see Note 15)	10,019,826	7,962,615
	₱33,194,134	₱31,354,286

Receivables, except for those that are impaired, are assessed by the Company's management as not impaired, good and collectible.

Interest income earned from receivables amounted to ₱25 million and ₱32 million for the six-month periods ended June 30, 2016 and 2015, respectively (see Note 22).

The movements in the allowance for impairment related to receivables from sale of real estate and other receivables are as follows:

	June 30, 2016 (Six Months) (Unaudited)	December 31, 2015 (One Year) (Audited)
<i>(In Thousands)</i>		
At beginning of the period	₱965,859	₱352,847
Provision for impairment - net	50,544	613,012
At end of the period	₱1,016,403	₱965,859

8. Condominium and Residential Units for Sale

This account consists of:

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
	<i>(In Thousands)</i>	
Condominium units for sale	₱6,280,522	₱7,780,550
Residential units and subdivision lots	310,805	384,431
	₱6,591,327	₱8,164,981

The movements in “Condominium units for sale” account are as follows:

	June 30, 2016 (Six Months) (Unaudited)	December 31, 2015 (One Year) (Audited)
	<i>(In Thousands)</i>	
At beginning of the period	₱7,780,550	₱7,177,902
Transfer from land and development (see Note 9)	1,487,908	5,720,176
Cost of real estate sold (see Note 21)	(2,987,936)	(5,117,528)
At end of the period	₱6,280,522	₱7,780,550

Condominium units for sale pertain to the completed projects of SM Development Corporation (SMDC), Highlands Prime, Inc. and Costa Del Hamilo, Inc. These are stated at cost as at June 30, 2016 and December 31, 2015.

The movements in “Residential units and subdivision lots” account are as follows:

	June 30, 2016 (Six Months) (Unaudited)	December 31, 2015 (One Year) (Audited)
	<i>(In Thousands)</i>	
At beginning of the period	₱384,431	₱400,983
Transfer from land and development (see Note 9)	18,285	304,988
Cost of real estate sold (see Note 21)	(91,911)	(321,540)
At end of the period	₱310,805	₱384,431

Residential units and subdivision lots for sale are stated at cost as at June 30, 2016 and December 31, 2015.

9. Land and Development

This account consists of:

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
	<i>(In Thousands)</i>	
Land and development	P42,590,353	P41,053,508
Land held for future development	1,818,764	1,866,660
	44,409,117	42,920,168
Less noncurrent portion	20,086,939	23,105,553
	P24,322,178	P19,814,615

The movements in “Land and development” account are as follows:

	June 30, 2016 (Six Months) (Unaudited)	December 31, 2015 (One Year) (Audited)
	<i>(In Thousands)</i>	
At beginning of the period	P41,053,508	P40,856,084
Development cost incurred	6,127,101	11,165,617
Land acquisitions	552,676	1,203,487
Capitalized borrowing cost	167,414	407,549
Cost of real estate sold (see Note 21)	(3,871,337)	(6,600,008)
Transfer to condominium and residential units for sale (see Note 8)	(1,506,193)	(6,025,164)
Reclassified from property and equipment (see Note 12)	-	1,327
Others	67,184	44,616
At end of the period	P42,590,353	P41,053,508

Land and development include land and cost of ongoing residential projects.

The movements in “Land held for future development” are as follows:

	June 30, 2016 (Six Months) (Unaudited)	December 31, 2015 (One Year) (Audited)
	<i>(In Thousands)</i>	
At beginning of the period	P1,866,660	P1,601,748
Acquisition and transferred-in costs and others	(47,896)	264,912
At end of the period	P1,818,764	P1,866,660

The average rates used to determine the amount of borrowing costs eligible for capitalization range from 3.83% to 5.06% and 4.17% to 5.20% for the periods ended June 30, 2016 and December 31, 2015, respectively..

Land and development is stated at cost as at June 30, 2016 and December 31, 2015. There is no allowance for inventory write down as at June 30, 2016 and December 31, 2015.

10. Available-for-sale Investments

This account consists of investments in:

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
	<i>(In Thousands)</i>	
Shares of stock:		
Listed (see Note 20)	₱22,362,266	₱20,323,495
Unlisted	9,331	8,560
	22,371,597	20,332,055
Less noncurrent portion	21,687,741	19,689,781
	₱683,856	₱642,274

On February 25, 2015, the Company sold a portion of its listed shares of stock to SMIC based on a 5% discount to 30-day volume-weighted average price as of trade date resulting to a realized gain amounting to ₱7,410 million shown as component of “Other Income” in the interim consolidated statements of income (see Note 20).

Dividend income from investments in listed and unlisted shares of stock amounted to ₱241 million and ₱242 million for the six-month periods ended June 30, 2016 and 2015, respectively.

Unrealized gain on changes in fair value amounting to ₱2,040 million for the six-month period ended June 30, 2016 and unrealized loss on changes in fair value amounting to ₱604 million for the six-month period ended June 30, 2015 were included under other comprehensive income.

11. Prepaid Expenses and Other Current Assets

This account consists of:

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
	<i>(In Thousands)</i>	
Advances and deposits	₱5,068,049	₱4,829,512
Input and creditable withholding taxes	2,763,236	3,467,461
Prepaid taxes and other prepayments	2,757,975	2,108,087
Cash in escrow (see Note 20)	484,151	437,639
Supplies and inventories	405,166	402,347
Others	32,453	57,825
	₱11,511,030	₱11,302,871

12. Property and Equipment

The movements in this account are as follows:

	Land and Improvements	Buildings and Leasehold Improvements	Data Processing Equipment	Transportation Equipment	Furniture, Fixtures and Equipment	Construction in Progress	Total
<i>(In Thousands)</i>							
Cost							
Balance at December 31, 2014	₱217,317	₱2,312,344	₱237,491	₱154,709	₱1,136,860	₱7,827	₱4,066,548
Additions	207	42,180	65,308	87,199	66,112	2,755	263,761
Disposals/retirements	–	(3,553)	(10)	(3,097)	(33,662)	–	(40,322)
Reclassifications (see Notes 9 and 13)	–	(727,330)	(133,075)	8,725	(551,122)	(10,582)	(1,413,384)
Balance at December 31, 2015	217,524	1,623,641	169,714	247,536	618,188	–	2,876,603
Additions	766	10,752	16,678	66,418	44,514	1,692	140,820
Disposals/retirements	–	(1,512)	(175)	(1,224)	(24,018)	–	(26,929)
Balance at June 30, 2016	₱218,290	₱1,632,881	₱186,217	₱312,730	₱638,684	₱1,692	₱2,990,494
Accumulated Depreciation and Amortization							
Balance at December 31, 2014	₱23	₱906,748	₱157,586	₱80,517	₱663,287	₱–	₱1,808,161
Depreciation and amortization (see Note 21)	73	128,812	33,417	25,486	83,645	–	271,433
Disposals/retirements	–	(716)	(199)	(1,866)	(9,693)	–	(12,474)
Reclassifications(see Notes 9 and 13)	–	(422,637)	(83,659)	15,590	(380,193)	–	(870,899)
Balance at December 31, 2015	96	612,207	107,145	119,727	357,046	–	1,196,221
Depreciation and amortization (see Note 21)	57	49,906	16,793	17,257	44,165	–	128,178
Disposals/retirements	–	–	–	(1,224)	(9,798)	–	(11,022)
Balance at June 30, 2016	₱153	₱662,113	₱123,938	₱135,760	₱391,413	₱–	₱1,313,377
Net Book Value							
As at December 31, 2015	₱217,428	₱1,011,434	₱62,569	₱127,809	₱261,142	₱–	₱1,680,382
As at June 30, 2016	218,137	970,768	62,279	176,970	247,271	1,692	1,677,117

13. Investment Properties

The movements in this account are as follows:

	Land and Improvements	Buildings and Improvements	Building Equipment, Furniture and Others	Construction in Progress	Total
<i>(In Thousands)</i>					
Cost					
Balance as at December 31, 2014	₱40,778,555	₱132,389,872	₱25,006,748	₱38,616,275	₱236,791,450
Additions	18,391,404	16,979,710	1,811,820	9,190,394	46,373,328
Reclassifications (see Note 12)	281,629	14,761,945	2,284,279	(15,920,011)	1,407,842
Translation adjustment	64,091	99,036	12,795	78,218	254,140
Disposals	(310,664)	(2,833,882)	(101,076)	–	(3,245,622)
Balance as at December 31, 2015	59,205,015	161,396,681	29,014,566	31,964,876	281,581,138
Additions	2,510,499	5,332,482	1,553,671	4,997,660	14,394,312
Reclassifications (see Note 15)	(129,947)	6,964,750	406,937	(7,654,482)	(412,742)
Translation adjustment	(27,161)	(520,470)	(58,768)	(311,696)	(918,095)
Disposals	(170,991)	–	(21,373)	–	(192,364)
Balance as at June 30, 2016	₱61,387,415	₱173,173,443	₱30,895,033	₱28,996,358	₱294,452,249
Accumulated Depreciation and Amortization					
Balance as at December 31, 2014	₱1,435,566	₱28,636,739	₱14,079,766	₱–	₱44,152,071
Depreciation and amortization (see Note 21)	217,002	4,204,068	2,274,449	–	6,695,519
Reclassifications (see Note 12)	9,908	397,325	459,452	–	866,685
Translation adjustment	4,041	16,752	5,437	–	26,230
Disposals	(41,085)	(360,637)	(98,044)	–	(499,766)
Balance as at December 31, 2015	1,625,432	32,894,247	16,721,060	–	51,240,739
Depreciation and amortization (see Note 21)	116,516	2,366,637	1,133,401	–	3,616,554
Reclassifications (see Note 15)	59,978	(45,281)	(66,218)	–	(51,521)
Translation adjustment	(18,143)	(73,419)	(26,776)	–	(118,338)
Disposals	(77,921)	–	(17,935)	–	(95,856)
Balance as at June 30, 2016	₱1,705,862	₱35,142,184	₱17,743,532	₱–	₱54,591,578
Net Book Value					
As at December 31, 2015	₱57,579,583	₱128,502,434	₱12,293,506	₱31,964,876	₱230,340,399
As at June 30, 2016	59,681,553	138,031,259	13,151,501	28,996,358	239,860,671

In 2016, shopping mall complex under construction mainly pertains to costs incurred for the development of SM Cagayan de Oro Premier, SM Puerto Princesa, SM Olongapo 2, SM Tianjin and the ongoing redevelopment of SM Mall of Asia, SM Sucat and expansions of SM Baguio, SM Center Molino, SM City San Pablo and SM Xiamen.

Construction contracts with various contractors related to the construction of the on-going projects amounted to ₱95,607 million and ₱106,136 million as at June 30, 2016 and December 31, 2015, respectively, inclusive of overhead, cost of labor and materials and all other costs necessary for the proper execution of the works. The outstanding contracts are valued at ₱15,094 million and ₱24,304 million as at June 30, 2016 and December 31, 2015, respectively.

Interest capitalized to the construction of investment properties amounted to ₱1,216 million and ₱2,039 million and capitalization rates used range from 2.35% to 5.40% and from 2.06% to 6.07%, for the periods ended June 30, 2016 and December 31, 2015, respectively.

The fair value of investment properties amounted to ₱540,040 million as at February 28, 2013 as determined by an independent appraiser who holds a recognized and relevant professional qualification. The valuation of investment properties was based on market values using income approach. The fair value represents the amount at which the assets can be exchanged between a knowledgeable, willing seller and a knowledgeable, willing buyer in an arm's length transaction at the date of valuation, in accordance with International Valuation Standards as set out by the International Valuation Standards Committee.

Below are the significant assumptions used in the valuation:

Discount rate	10.00%
Capitalization rate	7.40%
Average growth rate	5.00%

Investment properties are categorized under Level 3 fair value measurement.

While the valuation of the investment properties as at June 30, 2016 is still on-going, the Company's management believes that there were no conditions present in 2016 and 2015 that would significantly reduce the fair value of the investment properties from that determined on February 28, 2013.

The Company has no restriction on the realizability of its investment properties and no obligation to either purchase, construct or develop or for repairs, maintenance and enhancements.

14. Investments in Associates and Joint Ventures

This account consists of:

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
	<i>(In Thousands)</i>	
Investments in associates	₱16,762,972	₱16,579,209
Investment in joint ventures	5,666,269	5,500,791
	₱22,429,241	₱22,080,000

Investments in Associates

This pertains to investments in the following companies:

- OCLP Holdings, Inc. (OHI)
- Fei Hua Real Estate Company (FHREC)

On May 7, 2015, SMPH acquired 39.96% collective ownership interest in OHI, through acquisition of 100% interest in six (6) holding entities, for a total consideration of ₱15,433 million, which approximates the proportionate share of SMPH in the fair values of the identifiable net assets of OHI based on the provisional amounts. OHI owns strategic residential, commercial and landbank areas in key cities in Metro Manila.

As at June 30, 2016, OHI's total assets, total liabilities and total equity amounted to ₱20,535 million, ₱16,666 million and ₱3,869 million, respectively, and the carrying value of investment in OHI amounted to ₱15,669 million, which consists of its proportionate share in the net assets of OHI amounting to ₱1,661 million and fair value adjustments and others totaling ₱14,008 million. The share in profit and total comprehensive income amounted to ₱210 million for the six-month period ended June 30, 2016.

The carrying value of investment in FHREC amounted to ₱1,084 million and ₱1,109 million as at June 30, 2016 and December 31, 2015, respectively, with cumulative equity in net earnings amounting to ₱813 million and ₱832 million as at June 30, 2016 and December 31, 2015, respectively.

Investment in Joint Ventures

This significantly pertains to the 51% ownership interest of the Company in Waltermart. Waltermart is involved in shopping mall operations and currently owns 21 malls across Metro Manila and Luzon.

The aggregate carrying values of investments in Waltermart amounted to ₱5,625 million and ₱5,501 million as at June 30, 2016 and December 31, 2015, respectively. These consist of the acquisition costs totaling ₱5,145 million and cumulative equity in net earnings and dividend totaling ₱480 million and ₱386 million as at June 30, 2016 and December 31, 2015, respectively. The aggregate share in profit and total comprehensive income, net of dividend received, amounted to ₱94 million and ₱54 million for the six-month periods ended June 30, 2016 and 2015, respectively.

Investments in associates and joint ventures are accounted for using the equity method.

The Company has no outstanding contingent liabilities or capital commitments related to its investments in associates and joint ventures as at June 30, 2016 and December 31, 2015.

15. Other Noncurrent Assets

This account consists of:

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
<i>(In Thousands)</i>		
Receivables from sale of real estate - net of current portion (see Note 7)	₱10,019,826	₱7,962,615
Land use rights (see Note 13)	9,644,221	9,563,565
Bonds and deposits	9,250,592	9,454,397
Time deposits (see Notes 20 and 22)	4,432,150	4,561,849
Deferred input tax	2,342,209	2,805,664
Others	1,194,018	1,145,133
	₱36,883,016	₱35,493,223

Interest income earned from time deposits amounted to ₱31 million and ₱58 million for the six-month periods ended June 30, 2016 and 2015, respectively (see Note 22).

16. Loans Payable

This account consists of unsecured Philippine peso-denominated loans obtained from local banks amounting to ₱795 million and ₱4,675 million as at June 30, 2016 and December 31, 2015, respectively, with due dates of less than one year. These loans bear interest rates of 2.75% in 2016 and 2.50% to 3.00% in 2015.

Interest expense incurred from loans payable amounted to ₱19 million and ₱46 million for the six-month periods ended June 30, 2016 and 2015, respectively (see Note 22).

17. Accounts Payable and Other Current Liabilities

This account consists of:

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
<i>(In Thousands)</i>		
Trade:		
Third parties	₱16,675,657	₱17,460,938
Related parties (see Note 20)	19,592	61,283
Accrued operating expenses:		
Third parties	11,082,328	9,655,008
Related parties (see Note 20)	632,392	709,479
Tenants' and customers' deposits	17,933,657	17,641,578
Liability for purchased land	5,312,925	5,602,380
Deferred output VAT	1,472,366	1,289,236
Accrued interest (see Note 20)	648,547	767,172
<i>(Forward)</i>		

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
Payable to government agencies	445,382	630,989
Nontrade	326,007	321,988
Due to related parties (see Note 20)	71,473	88,869
Others	934,426	864,100
	55,554,752	55,093,020
Less noncurrent portion	17,574,631	16,273,864
	₱37,980,121	₱38,819,156

Accrued operating expenses - third parties consist of:

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
	<i>(In Thousands)</i>	
Utilities	₱4,324,778	₱3,870,702
Marketing and advertising	707,632	650,491
Payable to contractors and others	6,049,918	5,133,815
	₱11,082,328	₱9,655,008

18. Long-term Debt

This account consists of:

	Availment Date	Maturity Date	Interest Rate	Condition	Outstanding Balance	
					June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
<i>(In Thousands)</i>						
Parent Company						
U.S. dollar-denominated loans:						
Five-year term loans	May 6, 2011 – September 3, 2013	March 21, 2016 – March 25, 2018	LIBOR + spread; semi-annual	Unsecured	₱23,530,000	₱50,354,200
Five-year bilateral loans	December 7, 2012 – August 5, 2013	August 30, 2017	LIBOR + spread; semi-annual	Unsecured	2,353,000	2,353,000
Other U.S. dollar loan	November 20, 2013	September 17, 2018	LIBOR + spread; semi-annual	Unsecured	1,176,500	1,176,500
Philippine peso-denominated loans:						
Five-year and ten-year retail bonds	November 25, 2015	February 25, 2021 – November 25, 2025	4.51%-4.80%; quarterly	Unsecured	20,000,000	20,000,000
Five-year, seven-year and ten-year retail bonds	September 1, 2014	March 1, 2020 – September 1, 2024	5.10%-5.74%; quarterly	Unsecured	20,000,000	20,000,000
Seven-year floating rate notes	March 21, 2016 – May 11, 2016	March 21, 2023 – May 11, 2023	PDST-R + margin; quarterly	Unsecured	10,800,000	–
Five-year and ten-year floating and fixed rate notes	June 19, 2012	June 20, 2017 – June 19, 2022	PDST-R2 + margin; 5.91%-6.74%; quarterly	Unsecured	6,528,000	7,226,500
Seven-year and ten-year corporate notes	June 13, 2011 – December 21, 2015	December 20, 2020 – December 21, 2022	PDST-R2 + margin; Fixed 6.65%; quarterly	Unsecured	5,760,000	6,520,000
Five-year, seven-year and ten-year fixed and floating rate notes	January 12, 2012	January 13, 2017 – January 12, 2022	PDST-R2 + margin; 5.86%-6.10%; quarterly	Unsecured	3,993,600	4,229,200
Five-year floating rate notes	March 18, 2011 – June 17, 2011	March 19, 2016 – June 18, 2016	PDST-R + margin; quarterly	Unsecured	–	4,800,000
Other bank loans	August 15, 2006 – June 8, 2015	August 15, 2016 – June 7, 2020	PDST-R2 + margin; 5.00%-9.75%; semi-annual and quarterly	Unsecured	1,525,000	1,525,000
Subsidiaries						
U.S. dollar-denominated loan:						
Five-year term loan	April 23, 2014 – March 21, 2016	April 14, 2019 – January 29, 2021	LIBOR + spread; semi-annual	Unsecured	26,756,335	–
Philippine peso-denominated loans:						
Fixed rate term loans	June 3, 2013 – June 29, 2016	October 4, 2016 – June 27, 2023	3.84%-5.94%; semi-annual and quarterly	Unsecured	19,707,500	21,443,500
Fixed rate corporate notes	June 3, 2013 – June 28, 2014	June 3, 2020 – June 3, 2023	5.25%-5.88%; semi-annual	Unsecured	8,674,900	8,683,100
Four-year and five-year floating rate notes	October 31, 2013 – December 28, 2015	October 31, 2017 – December 28, 2020	PDST-R2 + margin; quarterly	Unsecured	3,400,000	3,200,000
Five-year bilateral loan	October 24, 2011	October 24, 2016	PDST-R2 + margin	Unsecured	500,000	500,000
China yuan renminbi-denominated loan:						
Five-year loans	July 28, 2015 – June 7, 2016	December 31, 2019 – June 1, 2020	CBC rate less 10%; quarterly	Unsecured	518,145	32,249
					155,222,980	152,043,249
Less debt issue cost					1,141,791	1,049,764
					154,081,189	150,993,485
Less current portion					6,693,206	25,041,044
					₱147,387,983	₱125,952,441

LIBOR – London Interbank Offered Rate

PDST-R2 – Philippine Treasury Reference Rates – PM

CBC – Central Bank of China

China yuan renminbi-denominated five-year term loans represent a ¥74 million out of ¥400 million loan facility obtained on July 28, 2015 to finance the construction of shopping malls. The loans are payable in quarterly installments until December 2019 and June 2020. These loans have a floating rate with a quarterly re-pricing set by People's Bank of China. The loans carry interest rates of 4.75% to 5.25% in 2016 and are secured by a portion of investment properties in China.

Debt issue cost pertaining to the loan availments amounted to P306 million. Amortization of debt issue cost for the six-month periods ended June 30, 2016 and 2015 amounted to P214 million and P179 million, respectively.

The loan agreements of the Company provide certain restrictions and requirements principally with respect to maintenance of required financial ratios (i.e., current ratio of not less than 1.00:1.00, debt to equity ratio of not more than 0.70:0.30 to 0.75:0.25 and interest coverage ratio of not less than 2.50:1.00) and material change in ownership or control. As at June 30, 2016 and December 31, 2015, the Company is in compliance with the terms of its loan covenants.

Repayment Schedule

The repayments of long-term debt are scheduled as follows:

	Gross Loan	Debt Issue Cost	Net
	<i>(In Thousands)</i>		
2016	P2,324,093	(P176,342)	P2,147,751
2017	5,029,037	(349,341)	4,679,696
2018	32,192,837	(240,106)	31,952,731
2019	22,117,989	(205,615)	21,912,374
2020	23,327,331	(102,088)	23,225,243
2021	38,809,833	(35,175)	38,774,658
2022	11,379,260	(22,603)	11,356,657
2023	15,409,860	(7,042)	15,402,818
2024	2,601,700	(2,602)	2,599,098
2025	2,031,040	(877)	2,030,163
	P155,222,980	(P1,141,791)	P154,081,189

Interest expense incurred from long-term debt amounted to P1,929 million and P2,044 million for the six-month periods ended June 30, 2016 and 2015, respectively (see Note 22).

19. Equity

Capital Stock

As at June 30, 2016 and December 31, 2015, the Company has an authorized capital stock of 40,000 million with a par value of P1 a share, of which 33,166 million shares were issued.

As at June 30, 2016 and December 31, 2015, the Company has 28,834 million outstanding shares.

Retained Earnings

In 2016, the BOD approved the declaration of cash dividend of ₱0.23 per share or ₱6,642 million to stockholders of record as of April 29, 2016, ₱10 million of which was received by SMDC. This was paid on May 12, 2016.

As at June 30, 2016 and December 31, 2015, the amount of retained earnings appropriated for the continuous corporate and mall expansions amounted to ₱42,200 million. This represents a continuing appropriation for land banking activities and planned construction projects. The appropriation is being fully utilized to cover part of the annual capital expenditure requirement of the Company.

For the year 2016, the Company expects to incur capital expenditures of at least ₱50 billion.

The retained earnings account is restricted for the payment of dividends to the extent of ₱53,332 million and ₱49,834 million as at June 30, 2016 and December 31, 2015, respectively, representing the cost of shares held in treasury amounting to ₱3,355 million as at June 30, 2016 and December 31, 2015 and accumulated equity in net earnings of SMPH subsidiaries, associates and joint ventures totaling ₱49,977 million and ₱46,479 million as at June 30, 2016 and December 31, 2015, respectively. The accumulated equity in net earnings of subsidiaries, associates and joint ventures is not available for dividend distribution until such time that the Parent Company receives the dividends from its subsidiaries, associates and joint ventures.

Treasury Stock

This includes reacquired capital stock and shares held by a subsidiary totaling 4,333 million shares, stated at acquisition cost of ₱3,355 million as at June 30, 2016 and December 31, 2015.

20. Related Party Transactions

The significant related party transactions entered into by the Company with SMIC, banking and retail group and other related parties and the amounts included in the accompanying interim condensed consolidated financial statements with respect to these transactions follow:

	Amount of Transactions		Outstanding Amount [Asset (Liability)]		Terms	Conditions
	June 30, 2016 (Unaudited)	June 30, 2015 (Unaudited)	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)		
<i>(In Thousands)</i>						
Ultimate Parent						
Rent income	₱25,730	₱5,020	₱-	₱-	Noninterest-bearing	Unsecured; not impaired
Rent receivable	-	-	21,938	22,108		
Service fee receivable	-	-	878	17	Noninterest-bearing	Unsecured; not impaired
Due from related parties	-	-	31	449	On demand; noninterest-bearing	Unsecured; not impaired
Rent expense	46,410	45,773	-	-	Noninterest-bearing	Unsecured
Accrued rent payable	-	-	(1,409)	(1,427)	Noninterest-bearing	Unsecured
Due to related parties	-	-	-	(26,707)	On demand; noninterest-bearing	Unsecured
Trade payable	-	-	(791)	(39,855)	Noninterest-bearing	Unsecured
AFS investments	-	-	94,189	84,156	Noninterest-bearing	Unsecured; not impaired
Dividend income	1,035	1,033	-	-	Noninterest-bearing	Unsecured
Gain on sale of AFS investments	-	7,410,301	-	-	Noninterest-bearing	Unsecured
Banking and Retail Group						
Cash and cash equivalents	191,291,080	260,762,631	10,188,085	18,907,056	Interest bearing based on prevailing rates	Unsecured; not impaired
Investments held for trading	-	-	622,106	563,897	Noninterest-bearing	Unsecured; not impaired
Rent income	6,446,278	5,823,066	-	-	Noninterest-bearing	Unsecured; not impaired

	Amount of Transactions		Outstanding Amount [Asset (Liability)]		Terms	Conditions
	June 30, 2016	June 30, 2015	June 30, 2016	December 31, 2015		
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)		
	<i>(In Thousands)</i>					
Rent receivable	-	-	2,085,871	2,371,247		
Service income	346	561	-	-	Noninterest-bearing	Unsecured; not impaired
Management fee income	624	2,005	-	-	Noninterest-bearing	Unsecured; not impaired
Management fee receivable	-	-	28,257	29,405		
Deferred rent income	₱-	₱-	₱-	(₱63,548)	Noninterest bearing	Unsecured
Interest income	75,733	174,518	-	-	Interest-bearing	Unsecured; not impaired
Accrued interest receivable	-	-	41,087	44,534	Noninterest-bearing	Unsecured; not impaired
Due from related parties	-	-	12	19	On demand; noninterest-bearing	Unsecured; not impaired
Time deposits	-	1,436,186	4,351,575	4,410,436	Interest-bearing	Unsecured
Loans payable and long-term debt	335,000	-	(542,500)	(961,624)	Interest-bearing	Combination of secured and unsecured
Interest expense	15,537	34,418	-	-	Interest-bearing; fixed and floating interest rates	Combination of secured and unsecured
Accrued interest payable	-	-	(41)	(638)	Noninterest-bearing	Unsecured
Rent expense	648	144	-	-	Noninterest-bearing	Unsecured
Trade payable	-	1,020	(3,004)	(5,886)	Noninterest-bearing	Unsecured
Due to related parties	-	-	(86)	(3,385)	Noninterest-bearing	Unsecured
Management fee expense	1,414	1,559	-	-	Noninterest-bearing	Unsecured
Accrued management fee	-	-	(554)	(876)	Noninterest-bearing	Unsecured
AFS investments	-	-	11,811,978	10,968,613	Noninterest-bearing	Unsecured; not impaired
Cash in escrow	-	-	484,151	437,639	Interest bearing based on prevailing rates	Unsecured; not impaired
Dividend income	142,745	45,153	-	-	Noninterest-bearing	Unsecured
Other Related Parties						
Rent income	29,294	45,907	-	-	Noninterest-bearing	Unsecured; not impaired
Rent receivable	-	-	44,421	28,820		
Service income	4,161	3,929	-	-	Noninterest-bearing	Unsecured; not impaired
Due from related parties	84,898	330,459	185,499	100,601	On demand; noninterest-bearing	Unsecured; not impaired
Management fee receivable	-	-	7,993	7,993	Noninterest-bearing	Unsecured; not impaired
Rent expense	2,549	16,669	-	-		
Due to related parties	12,610	-	(71,387)	(58,777)	Noninterest-bearing	Unsecured
Accrued expenses	-	5,162	(573,192)	(589,774)	Noninterest-bearing	Unsecured
Management fee expense	577,520	598,565	-	-	Noninterest-bearing	Unsecured
Accrued management fee	-	-	(57,237)	(117,402)	Noninterest-bearing	Unsecured
Trade payable	-	73,702	(15,797)	(15,542)	Noninterest-bearing	Unsecured
AFS investments	-	-	2,486,171	2,140,461	Noninterest-bearing	Unsecured; not impaired
Dividend income	69,878	132,400	-	-	Noninterest-bearing	Unsecured

Compensation of Key Management Personnel

The aggregate compensation and benefits related to key management personnel for the six-month periods ended June 30, 2016 and 2015 consist of short-term employee benefits amounting to ₱220 million and ₱190 million, respectively, and post-employment benefits (pension benefits) amounting to ₱30 million and ₱19 million in both periods.

21. Costs and Expenses

This account consists of:

	June 30, 2016 (Unaudited)	June 30, 2015 (Unaudited)
	<i>(In Thousands)</i>	
Cost of real estate sold (see Notes 8 and 9)	₱6,951,184	₱6,673,583
Depreciation and amortization (see Notes 12 and 13)	3,744,732	3,378,546
<i>(Forward)</i>		

	June 30, 2016 (Unaudited)	June 30, 2015 (Unaudited)
Administrative	₱3,477,588	₱2,967,882
Business taxes and licenses	1,879,914	1,759,935
Marketing and selling expenses	1,771,304	1,471,578
Film rentals	1,305,280	1,268,977
Rent (see Note 20)	692,020	650,200
Management fees (see Note 20)	680,147	617,709
Insurance	206,980	190,927
Others	677,436	670,241
	₱20,709,149	₱19,649,578

Others include bank charges, donations, dues and subscriptions, services fees and transportation and travel.

22. Interest Income and Interest Expense

The details of the sources of interest income and interest expense follow:

	June 30, 2016 (Unaudited)	June 30, 2015 (Unaudited)
		<i>(In Thousands)</i>
Interest income on:		
Cash and cash equivalents (see Note 5)	₱205,787	₱214,873
Time deposits (see Note 15)	30,927	57,896
Investments held for trading (see Note 6)	8,624	9,105
Others (see Note 7)	26,710	34,847
	₱272,048	₱316,721
Interest expense on:		
Long-term debt (see Note 18)	₱1,928,904	₱2,044,320
Loans payable (see Note 16)	19,060	46,172
Others	3,723	20,358
	₱1,951,687	₱2,110,850

23. Financial Risk Management Objectives and Policies

The Company's principal financial instruments, other than derivatives, comprise of cash and cash equivalents, investments held for trading, accrued interest and other receivables, AFS investments and bank loans. The main purpose of these financial instruments is to finance the Company's operations. The Company has other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Company also enters into derivative transactions, principally, cross currency swaps and principal only swaps. The purpose is to manage the interest rate and foreign currency risks arising from the Company's operations and its sources of finance (see Note 24).

The main risks arising from the Company's financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and equity price risk. The Company's BOD and management review and agree on the policies for managing each of these risks.

Interest Rate Risk

The Company's policy is to manage its interest cost using a mix of fixed and floating rate debts. To manage this mix in a cost-efficient manner, it enters into interest rate swaps, in which the Company agrees to exchange, at specified intervals, the difference between fixed and floating rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to economically hedge underlying debt obligations. As at June 30, 2016 and December 31, 2015, after taking into account the effect of interest rate swaps, approximately 60% of its long-term borrowings are at a fixed rate of interest.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's exposure to foreign currency risk arises mainly from its debt issuances which are denominated in U.S. dollars. To manage its foreign currency risk, the Company enters into foreign currency swap contracts, cross-currency swaps, foreign currency call options, non-deliverable forwards and foreign currency range options aimed at reducing and/or managing the adverse impact of changes in foreign exchange rates on financial performance and cash flow.

The Company's foreign currency-denominated monetary assets amounted to US\$238 million (P11,179 million) as at June 30, 2016 and US\$796 million (P37,457 million) as at December 31, 2015. The Company's foreign currency-denominated monetary liabilities amounted to US\$620 million (P29,161 million) and US\$201 million (¥1,337 million) as at June 30, 2016, and US\$802 million (P37,745 million) and US\$764 million (¥4,961 million) as at December 31, 2015.

In translating the foreign currency-denominated monetary assets and liabilities to peso amounts, the exchange rates used were ¥6.6480 to US\$1.00 and ¥6.4937 to US\$1.00, the China Yuan Renminbi to U.S. dollar exchange rate and P47.06 to US\$1.00, the Philippine peso to U.S. dollar exchange rate as at June 30, 2016 and December 31, 2015.

Liquidity Risk

Liquidity risk arises from the possibility that the Company may encounter difficulties in raising funds to meet commitments from financial instruments or that a market for derivatives may not exist in some circumstance.

The Company seeks to manage its liquidity profile to be able to finance capital expenditures and service maturing debts. To cover its financing requirements, the Company intends to use internally generated funds and proceeds from debt and equity issues.

As part of its liquidity risk management program, the Company regularly evaluates its projected and actual cash flow information and continuously assesses conditions in the financial markets for opportunities to pursue fund-raising initiatives. These initiatives may include bank loans, export credit agency-guaranteed facilities and debt capital and equity market issues.

Credit Risk

The Company trades only with recognized, creditworthy related and third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on a regular basis which aims to reduce the Company's exposure to bad debts at a minimum level. Given the Company's diverse base of customers, it is not exposed to large concentrations of credit risk.

Equity Price Risk

The Company's exposure to equity price pertains to its investments in quoted equity shares which are classified as AFS investments in the interim consolidated balance sheets. Equity price risk arises from the changes in the levels of equity indices and the value of individual stocks traded in the stock exchange.

As a policy, management monitors the equity securities in its investment portfolio based on market expectations. Material equity investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by management.

Capital Management

Capital includes equity attributable to the owners of the Parent.

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, pay-off existing debts, return capital to shareholders or issue new shares.

24. Financial Instruments

Fair Values

The following table sets forth the carrying values and estimated fair values of financial assets and liabilities, by category and by class, other than those whose carrying values are reasonable approximations of fair values:

	June 30, 2016 (Unaudited)		December 31, 2015 (Audited)	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	<i>(In Thousands)</i>			
Financial Assets				
Financial assets at FVPL:				
Investments held for trading	₱901,464	₱901,464	₱843,256	₱843,256
Derivative assets	2,363,215	2,363,215	2,600,799	2,600,799
	3,264,679	3,264,679	3,444,055	3,444,055
Loans and receivables:				
Noncurrent portion of receivables from sale of real estate	10,019,826	9,924,400	7,962,615	7,833,491
Available-for-sale investments	22,371,597	22,371,597	20,332,055	20,332,055
	₱35,656,102	₱35,560,676	₱31,738,725	₱31,609,601

	June 30, 2016 (Unaudited)		December 31, 2015 (Audited)	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<i>(In Thousands)</i>				
Financial Liabilities				
Other financial liabilities:				
Liability for purchased land - net of current portion	2,016,005	2,007,312	2,081,708	2,066,418
Long-term debt - net of current portion	147,387,983	151,981,209	125,952,441	133,874,562
Tenants' and customers' deposits	14,347,119	14,210,487	13,218,264	13,121,180
Other noncurrent liabilities*	3,291,430	3,260,083	3,341,067	3,319,530
	₱167,042,537	₱171,459,091	₱144,593,480	₱152,381,690

*Excluding nonfinancial liabilities amounting to ₱1,641 million and ₱1,412 million as at June 30, 2016 and December 31, 2015, respectively.

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

Investments Held for Trading. The fair values are based on the quoted market prices of the instruments.

Derivative Instruments. The fair values are based on quotes obtained from counterparties.

Noncurrent Portion of Receivable from Sale of Real Estate. The estimated fair value of the noncurrent portion of receivables from real estate buyers is based on the discounted value of future cash flows using the prevailing interest rates on sales of the Company's accounts receivable. Average discount rates used is 3.05% and 4.10% as at June 30, 2016 and December 31, 2015, respectively.

AFS Investments. The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business.

Long-term Debt. Fair value is based on the following:

Debt Type	Fair Value Assumptions
Fixed Rate Loans	Estimated fair value is based on the discounted value of future cash flows using the applicable rates for similar types of loans. Discount rates used range from 1.86% to 5.07% and 2.18% to 5.59% as at June 30, 2016 and December 31, 2015, respectively.
Variable Rate Loans	For variable rate loans that re-price every three months, the carrying value approximates the fair value because of recent and regular repricing based on current market rates. For variable rate loans that re-price every six months, the fair value is determined by discounting the principal amount plus the next interest payment amount using the prevailing market rate for the period up to the next repricing date. Discount rates used was 2.04% to 4.41% and 1.95% to 2.37% as at June 30, 2016 and December 31, 2015, respectively.

Tenants' and Customers' Deposits, Liability for Purchased Land and Other Noncurrent Liabilities. The estimated fair value is based on the discounted value of future cash flows using the applicable rates. The discount rates used range from 2.75% to 3.34% and 4.03% to 4.17% as at June 30, 2016 and December 31, 2015, respectively.

The Company assessed that the carrying values of cash and cash equivalents, cash in escrow, bank loans and accounts payable and other current liabilities approximate their fair values due to the short-term nature and maturities of these financial instruments. For AFS investments related to unlisted equity securities, these are carried at cost less allowance for impairment loss since there are no quoted prices and due to the unpredictable nature of future cash flows and lack of suitable methods for arriving at reliable fair value.

There were no financial instruments subject to an enforceable master netting arrangement that were not set-off in the interim consolidated balance sheets.

Fair Value Hierarchy

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

Level 1: Quoted prices in active markets for identical assets or liabilities, except for related embedded derivatives which are either classified as Level 2 or 3;

Level 2: Those measured using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and,

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

The following tables show the fair value hierarchy of Company's financial instruments as at:

	June 30, 2016 (Unaudited)		
	Level 1	Level 2	Level 3
	<i>(In Thousands)</i>		
Financial Assets			
Financial assets at FVPL:			
Investments held-for-trading:			
Bonds	P279,358	P-	P-
Shares	622,106	-	-
Derivative assets	-	2,363,215	-
	901,464	2,363,215	-
Loans and receivables:			
Noncurrent portion of receivables from			
sale of real estate	-	-	9,924,400
Available-for-sale investments	22,362,266	-	9,331
	P23,263,730	P2,363,215	P9,933,731

	June 30, 2016 (Unaudited)		
	Level 1	Level 2	Level 3
Financial Liabilities			
Other financial liabilities:			
Liability for purchased land - net of current portion	-	-	2,007,312
Long-term debt - net of current portion	-	-	151,981,209
Tenants' and customers' deposits	-	-	14,210,487
Other noncurrent liabilities*	-	-	3,260,083
	P-	P-	P171,459,091

*Excluding nonfinancial liabilities amounting to P1,641 million as at June 30, 2016.

	December 31, 2015 (Audited)		
	Level 1	Level 2	Level 3
<i>(In Thousands)</i>			
Financial Assets			
Financial assets at FVPL:			
Investments held-for-trading:			
Bonds	P279,359	P-	P-
Shares	563,897	-	-
Derivative assets	-	2,600,799	-
	843,256	2,600,799	-
Loans and receivables:			
Noncurrent portion of receivables from sale of real estate	-	-	7,833,491
Available-for-sale investments	20,323,495	-	8,560
	P21,166,751	P2,600,799	P7,842,051

Financial Liabilities			
Other financial liabilities:			
Liability for purchased land - net of current portion	-	-	2,066,418
Long-term debt - net of current portion	-	-	133,874,562
Tenants' and customers' deposits	-	-	13,121,180
Other noncurrent liabilities*	-	-	3,319,530
	P-	P-	P152,381,690

*Excluding nonfinancial liabilities amounting to P1,412 million as at December 31, 2015.

During the periods ended June 30, 2016 and December 31, 2015, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

Derivative Financial Instruments

To address the Company's exposure to market risk for changes in interest rates arising primarily from its long-term floating rate debt obligations and to manage its foreign currency risk, the Company entered into various derivative transactions such as interest rate swaps, cross-currency swaps, non-deliverable forwards and non-deliverable currency swaps.

Derivative Financial Instruments Accounted for as Cash Flow Hedges

Cross Currency Swaps. In 2013, SMPH entered into cross-currency swap transactions to hedge both the foreign currency and interest rate exposures on its U.S. dollar-denominated five-year term syndicated loans (the hedged loans) obtained on January 29, 2013 and April 16, 2013 (see Note 18). Details of the hedged loans are as follows:

Under the floating-to-fixed cross-currency swaps, it effectively converted the hedged US dollar-denominated loans into Philippine peso-denominated loans. Details of the floating-to-fixed cross-currency swaps are as follows:

- Swap the face amount of the loans at US\$ for their agreed Philippine peso equivalents (₱8,134 million for \$200 million and ₱6,165 million for \$150 million) with the counterparty banks and to exchange, at maturity date, the principal amount originally swapped.
- Pay fixed interest at the Philippine peso notional amount and receives floating interest on the US\$ notional amount, on a semi-annual basis, simultaneous with the interest payments on the hedged loans.

Principal only Swaps. In 2016, SM Land (China) Limited entered into principal only swap transactions to hedge the foreign currency exposures on its U.S. dollar-denominated five-year term syndicated loan and advances (the hedged items) obtained on February 16, 2016 to March 22, 2016 (see Note 18).

Under the principal only swap, it effectively converted the hedged US dollar-denominated loan and advances into China renminbi-denominated loans. Details of the principal only swap are as follow:

- Swap the face amount of the loans and advances at US\$ for their agreed China renminbi equivalents (¥2,472 million for US\$380 million) with the counterparty banks and net settled at maturity date.
- Pay premium interest based on China renminbi notional amount on a semi-annual basis.

The table below provides the details of SM Land's outstanding principal only swap as at June 30, 2016:

	Notional Amounts <i>(In Thousands)</i>	US\$:¥ Rate	Maturity	Fair Value Loss
Principal only	US\$100,000	6.528	March 23, 2018	(₱46,437)
Principal only	50,000	6.569	March 23, 2018	(53,530)
Principal only	50,000	6.458	January 29, 2021	50,770
Principal only	50,000	6.469	January 29, 2021	39,605
Principal only	50,000	6.480	January 29, 2021	21,048
Principal only	30,000	6.483	January 29, 2021	10,852
Principal only	25,000	6.514	August 30, 2017	(14,072)
Principal only	15,000	6.514	August 30, 2017	(8,481)
Principal only	10,000	6.514	August 30, 2017	288

As the terms of the swaps have been negotiated to match the terms of the hedged items, the hedges were assessed to be highly effective. No ineffectiveness was recognized in the interim consolidated statements of income for the six months ended June 30, 2016.

Details of the hedged loans and advances are as follows:

	Outstanding Principal Balance		Interest Rate	Maturity Date
	<i>(In Thousands)</i>			
Unsecured loan	US\$200,000	₱9,412,000	6-month US LIBOR + 1.70%	January 29, 2018
Unsecured loan	150,000	7,059,000	6-month US LIBOR + 1.70%	March 25, 2018
Unsecured loan	180,000	8,449,369	6-month US LIBOR + 1.45%	January 29, 2021
Unsecured advances	50,000	2,347,047	4.050%	March 23, 2018
Unsecured advances	50,000	2,347,047	4.030%	August 30, 2017
Unsecured advances	100,000	4,694,094	3.520%	March 23, 2018

The table below provides the details of SMPH's outstanding cross-currency swaps as at June 30, 2016:

	Notional Amounts		Receive	Pay	US\$:₱ Rate	Maturity	Fair Value Gain
	<i>(In Thousands)</i>						<i>(In Thousands)</i>
Floating-to-Fixed	US\$150,000	₱6,100,500	6M U.S. LIBOR + 170 bps	3.70%	40.67	January 29, 2018	₱1,040,664
Floating-to-Fixed	50,000	2,033,500	6M U.S. LIBOR + 170 bps	3.70%	40.67	January 29, 2018	347,276
Floating-to-Fixed	50,000	2,055,000	6M U.S. LIBOR + 170 bps	3.90%	41.10	March 23, 2018	322,866
Floating-to-Fixed	50,000	2,055,000	6M U.S. LIBOR + 170 bps	3.90%	41.10	March 23, 2018	328,911
Floating-to-Fixed	50,000	2,055,000	6M U.S. LIBOR + 170 bps	3.90%	41.10	March 23, 2018	323,455

Hedge Effectiveness Results

As the terms of the swaps have been negotiated to match the terms of the hedged loan, the hedges were assessed to be highly effective. The fair value of the outstanding cross-currency swaps amounting to ₱2,363 million gain and ₱2,601 million gain as at June 30, 2016 and December 31, 2015, respectively, which movement was taken to equity under other comprehensive income. No ineffectiveness was recognized in the interim consolidated statements of income for the six-month periods ended June 30, 2016 and 2015. Foreign currency translation gain arising from the hedged loan recognized in the interim consolidated statements of income amounted to ₱231 million and ₱130 million for the six-month periods ended June 30, 2016 and 2015, respectively. Foreign exchange loss equivalent to the same amounts were recycled from equity to the interim consolidated statements of income during the same period.

25. EPS Computation

Basic/diluted EPS is computed as follows:

	June 30, 2016 (Unaudited)	June 30, 2015 (Unaudited)
	<i>(In Thousands, Except Per Share Data)</i>	
Net income attributable to equity holders of the parent (a)	₱12,590,019	₱18,654,979
Common shares issued	33,166,300	33,166,300
Less weighted average number of treasury stock	4,332,692	4,332,787
Weighted average number of common shares outstanding (b)	28,833,608	28,833,513
Earnings per share (a/b)	₱0.437	₱0.647

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES
FINANCIAL RATIOS - KEY PERFORMANCE INDICATORS
AS OF JUNE 30, 2016 and 2015

	June 30	June 30
	2016	2015
i. Current ratio		
<u>Total current assets</u>		
Total current liabilities	2.03	1.24
Acid - Test Ratio		
<u>Total current assets less inventory and prepaid expenses</u>		
Total current liabilities	1.12	0.78
ii. Debt-to-equity ratio		
<u>Total interest-bearing liabilities</u>		
Total equity attributable to equity holders of the parent + Total interest-bearing liabilities	41:59	41:59
Net debt-to-equity ratio		
<u>Total interest-bearing liabilities less cash and cash equivalents and investment securities</u>		
Total equity attributable to equity holders of the parent + Total interest-bearing liabilities less cash and cash equivalents and investment securities	38:62	37:63
Solvency Ratio		
<u>Total assets</u>		
Total liabilities	2.03	2.09
iii. Asset to equity ratio		
<u>Total assets</u>		
Total equity attributable to equity holders of the parent	2.00	1.99
<i>(Annualized)</i>		
iv. Interest Service Coverage		
<u>Earnings before interest, income taxes, depreciation and amortization (EBITDA)</u>		
Interest expense	10.91	9.14
Debt to EBITDA		
<u>Total interest-bearing liabilities</u>		
EBITDA	3.64	3.66
v. Return on equity		
<u>Net income attributable to equity holders of the parent</u>		
Total average equity attributable to equity holders of the parent	12%	11%
Return on investment properties		
<u>Net income attributable to equity holders of the parent</u>		
Total average investment properties (excluding shopping mall complex under construction)	12%	13%

SM Prime Holdings, Inc. and Subsidiaries
Aging of Accounts Receivables
As at June 30, 2016
(Amounts in Thousands)

Trade:	
Sale of real estate	₱35,156,377
Rent:	
Third parties	4,106,858
Related parties	2,152,230
Others	131,839
Receivable from a co-investor	264,391
Due from related parties (see Note 20)	185,542
Accrued interest (see Note 20)	92,508
Nontrade	54,116
Others (see Note 20)	2,086,502
	44,230,363
Less allowance for doubtful accounts	1,016,403
	43,213,960
Less noncurrent portion of receivables from sale of real estate	10,019,826
	₱33,194,134

The aging analyses of receivables follows:

Neither past due nor impaired	₱34,936,604
Past due but not impaired:	
Less than 30 days	2,066,793
31–90 days	2,397,180
91–120 days	733,658
Over 120 days	3,079,725
Impaired	1,016,403
	₱44,230,363

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SM Prime's Recurring Net Income up 12% in 1H 2016 to P12.6 billion

Financial and Operational Highlights*

(In Million Pesos, except for financial ratios and percentages)

	Second Quarter					Six Months Ended June 30				
	2016	% to Revenues	2015	% to Revenues	% Change	2016	% to Revenues	2015	% to Revenues	% Change
Profit and Loss Data										
Revenues	20,986	100%	19,210	100%	9%	39,232	100%	35,860	100%	9%
Costs and Expenses	11,527	55%	10,475	55%	10%	21,387	55%	19,650	55%	9%
Operating Income	9,458	45%	8,735	45%	8%	17,845	45%	16,210	45%	10%
Net Income	6,754	32%	6,024	31%	12%	12,590	32%	11,245	31%	12%
EBITDA	11,162	53%	10,224	53%	9%	21,292	54%	19,295	54%	10%

	June 30 2016	% to Total Assets	Dec 31 2015	% to Total Assets	% Change
Balance Sheet Data					
Total Assets	440,279	100%	433,828	100%	1%
Investment Properties	239,861	54%	230,340	53%	4%
Total Debt	154,876	35%	155,668	36%	-1%
Net Debt	136,859	31%	128,955	30%	6%
Total Equity	219,778	50%	212,489	49%	3%

Financial Ratios	June 30 2016	Dec 31 2015
Debt to Equity	0.41 : 0.59	0.42 : 0.58
Net Debt to Equity	0.38 : 0.62	0.38 : 0.62

	June 30 2016	June 30 2015
Return on Equity	0.12	0.11
Debt to EBITDA	3.64	3.66
Interest Coverage Ratio	10.91	9.14
Operating Income to Revenues	0.45	0.45
EBITDA Margin	0.54	0.54
Net Income to Revenues*	0.32	0.31

* Above financial data reflects core operating income and excludes one-time trading gain on sale of marketable securities amounting to ₱7.41 billion in 2015.

Revenue

SM Prime recorded consolidated revenues of ₱39.23 billion for the first six months of 2016, an increase of 9% from ₱35.86 billion in the same period 2015, primarily due to the following:

Rent

SM Prime recorded consolidated revenues from rent of ₱21.95 billion in 2016, an increase of 13% from ₱19.44 billion in 2015. The increase in rental revenue was primarily due to the new malls and expansion opened in 2015 and 2016, namely, SM Seaside City Cebu, SM City Cabanatuan, SM City San Mateo, SM Center Sangandaan, SM San Jose Del Monte, SM Trece Martires and SM City Iloilo Expansion with a total gross floor area of 941,368 square meters. In addition, retail podiums of Light, Shine, Shell and Green Residences also opened in 2015 and 2016. Out of the total rental revenues, 91% is contributed by the malls and the rest from office and hotels and convention centers. Excluding the new malls and expansions, same-store rental growth is at 7%. Rent from commercial operations also increased due to the opening of SM Cyber West and Five E-Com Center which now enjoy an average occupancy rate of 100% and 99%, respectively, and the expansion of SM Aura office tower in 2015. Also, room rentals from hotels and convention centers contributed to the increase due to improvement in average room rates and occupancy rates and opening of Park Inn Clark in December 2015.

Real Estate Sales

SM Prime recorded a 6% increase in real estate sales in 2016 from ₱12.28 billion to ₱13.03 billion primarily due to higher construction accomplishments of projects launched in 2013 up to 2015 namely Shore, Grass and Air Residences and continued increase in sales take-up of Ready-for-Occupancy (RFO) projects namely Princeton, Jazz, M Place and Mezza II Residences accounting for 54% of total revenues. Actual construction of projects usually starts within twelve to eighteen months from launch date and revenues are recognized in the books based on percentage of completion.

Cinema and Event Ticket Sales

SM Prime cinema and event ticket sales slightly increased by 1% to ₱2.38 billion in 2016 from ₱2.35 billion in 2015. The major blockbusters screened in 2016 were “Captain America: Civil War”, “Batman vs. Superman: Dawn of Justice”, “X-Men: Apocalypse”, “Beauty and the Beastie” and “Deadpool”, accounting for 39% of gross ticket sales. The major blockbusters shown in 2015 were Avengers: Age of Ultron”, “Jurassic World”, “Fast & Furious 7”, “Crazy Beautiful You” and “You’re my Boss” accounting for 40% of gross ticket sales.

Other Revenues

Other revenues increased by 5% to ₱1.87 billion in 2016 from ₱1.79 billion in 2015. The increase was mainly due to opening of new amusement centers as a result of new malls, increase in merchandise sales and hotels’ food and beverages income. This account is mainly composed of amusement income from rides, bowling and ice skating operations, merchandise sales from snackbars and sale of food and beverages in hotels.

Costs and Expenses

SM Prime recorded consolidated costs and expenses of ₱21.39 billion for the first six months of 2016, an increase of 9% from ₱19.65 billion in the same period 2015, as a result of the following:

Costs of Real Estate

Consolidated costs of real estate increased by 4% to ₱6.95 billion in 2016 from ₱6.67 billion in 2015 primarily due to costs related to higher recognized real estate sales. Gross profit margin for residential improved to 47% in 2016 compared to 46% in 2015 as a result of improving cost efficiencies, tighter monitoring and control of construction costs.

Operating Expenses

SM Prime's consolidated operating expenses increased by 11% to ₱14.44 billion in 2016 compared to last year's ₱12.98 billion. Out of the total operating expenses, 72% is contributed by the malls where same-store mall growth in operating expenses is 3%. Contributors to the increase are administrative expenses, depreciation and amortization, business taxes and licenses and marketing and selling expenses, in line with related increase in revenues as well as the opening of new malls and expansions.

Other Income (Charges)

Gain on Sale of Available-for-Sale (AFS) Investments

In 2015, SM Prime recorded a ₱7.41 billion realized gain on sale of AFS investments.

Interest Expense

SM Prime's consolidated interest expense decreased by 8% to ₱1.95 billion in 2016 compared to ₱2.11 billion in 2015 despite the ₱20.0 billion retail bond and new bank loans availed for working capital and capital expenditure requirements mainly due to capitalized interest related to the construction of investment properties.

Interest and Dividend Income

Interest and dividend income decreased by 5% to ₱0.53 billion in 2016 from ₱0.56 billion in 2015. This account is mainly composed of dividend and interest income received from cash and cash equivalents, investments held for trading and AFS investments. The decrease in interest income is due to lower average balance of cash and cash equivalents in 2016 as compared to same period last year. The decrease in dividend income is due to less dividends received on available-for-sale investments held compared to the same period last year.

Other income (charges) - net

Other charges – net increased by 89% to ₱246 million in 2016 from ₱130 million in 2015 due to increase in amortization of debt issue cost as a result of the new loans and other incidental costs related to mall and commercial projects, offset by increase in equity net earnings of associates and joint ventures and 2016 share in net earnings of OCLP Holdings, Inc. not present in same period last year.

Provision for income tax

SM Prime's consolidated provision for income tax increased by 10% to ₱3.29 billion in 2016 from ₱2.99 billion in 2015. The increase is due to the related increase in taxable income as well as expiration of income tax holiday incentives on a number of residential projects.

Net income

As a result of the foregoing and excluding one-time gain on sale of AFS in 2015, core consolidated net income for the six months ended June 30, 2016 increased by 12% to ₱12.59 billion as compared to the same period last year.

Balance Sheet Accounts

Cash and cash equivalents decreased by 34% from ₱25.87 billion to ₱17.12 billion as of December 31, 2015 and June 30, 2016, respectively, due to subsequent usage for working capital, settlement of bank loans and long-term debt and capital expenditures in 2016.

Receivables increased by 6% from ₱31.35 billion to ₱33.19 billion as of December 31, 2015 and June 30, 2016, respectively, mainly due to increase in construction accomplishments of sold units as well as new sales for the period, offset by collections of receivables. Out of the total receivables, 76% pertains to sale of real estate and 19% from leases of shopping mall and commercial spaces.

Condominium and residential units decreased by 19% from ₱8.16 billion to ₱6.59 billion as of December 31, 2015 and June 30, 2016, respectively, mainly due to subsequent sales of RFO units.

Land and development increased by 3% from ₱42.92 billion to ₱44.41 billion as of December 31, 2015 and June 30, 2016, respectively, mainly due to landbanking and construction accomplishments for the period net of cost of sold units and transfers of RFO units to inventories.

Investment properties increased by 4% from ₱230.34 billion to ₱239.86 billion as of December 31, 2015 and June 30, 2016, respectively, primarily because of ongoing new mall projects located in Cagayan de Oro, Puerto Princesa, and Olongapo in the Philippines and Tianjin in China and the ongoing expansions and renovations of SM Mall of Asia and SM City Baguio. Also, the increase is attributable to landbanking and construction costs incurred for ongoing projects of the commercial and the hotel groups namely, Three E-Com, Four E-Com Centers and Conrad Manila.

AFS investments increased by 10% from ₱20.33 billion to ₱22.37 billion as of December 31, 2015 and June 30, 2016, respectively, due to unrealized gain on changes in fair values under this portfolio.

Derivative assets decreased by 9% from ₱2.60 billion to ₱2.36 billion as of December 31, 2015 and June 30, 2016, respectively, mainly resulting from net fair value changes on a \$730 million cross currency / principal only swap transaction designated as a cash flow hedge.

Deferred tax assets increased by 15% from ₱846 million to ₱972 million as of December 31, 2015 and June 30, 2016, respectively, mainly due to NOLCO. Deferred tax liabilities decreased by 12% from ₱2.49 billion to ₱2.20 billion as of December 31, 2015 and June 30, 2016, respectively, mainly due to higher collections on sale of real estate.

Other noncurrent assets, which includes the noncurrent portion of the receivable from real estate, increased by 4% from ₱35.49 billion to ₱36.88 billion as of December 31, 2015 and June 30, 2016, due to construction accomplishments of sold units as well as new sales for the period.

Loans payable decreased by 83% from ₱4.68 billion to ₱0.80 billion as of December 31, 2015 and June 30, 2016, respectively, due to payment of maturing loans.

Accounts payable and other current liabilities decreased by 2% from ₱38.82 billion to ₱37.98 billion as of December 31, 2015 and June 30, 2016, respectively, mainly due to subsequent payment of trade payables.

Long-term debt increased by 2% from ₱150.99 billion to ₱154.08 billion as of December 31, 2015 and June 30, 2016, respectively, due to net loan availments to fund capital expenditures and for working capital requirements.

Tenants' and customers' deposits increased by 9% from ₱13.22 billion to ₱14.35 billion as of December 31, 2015 and June 30, 2016, respectively, due to the new malls and expansions and increase in customers' deposits from residential buyers.

Liability for purchased land decreased by 3% from ₱2.08 billion to ₱2.02 billion as of December 31, 2015 and June 30, 2016, respectively, due to subsequent payments. While other noncurrent liabilities increased by 4% from ₱4.75 billion to ₱4.93 billion as of December 31, 2015 and June 30, 2016, respectively, due to increase in retention payable.

The Company's key performance indicators are measured in terms of the following: (1) debt to equity which measures the ratio of interest bearing liabilities to equity; (2) net debt to equity which measures the ratio of interest bearing liabilities net of cash and cash equivalents and investment held for trading to equity; (3) return on equity (ROE) which measures the ratio of net income to capital provided by stockholders; (4) earnings before interest expense, income taxes, depreciation and amortization (EBITDA); (5) debt to EBITDA which measures the ratio of EBITDA to total interest-bearing liabilities; (6) interest coverage ratio which measures the ratio of EBITDA to interest expense; (7) operating income to revenues which basically measures the gross profit ratio; (8) EBITDA margin which measures the ratio of EBITDA to gross revenues and (9) net income to revenues which measures the ratio of net income to gross revenues. The following discuss in detail the key financial indicators of the Company.

Interest-bearing debt to equity slightly improved to 0.41:0.59 as of June 30, 2016 from 0.42:0.58 as of December 31, 2015 due to net loan payments. While net interest-bearing debt to equity is steady at 0.38:0.62 as of June 30, 2016 and December 31, 2015.

In terms of profitability, ROE increased to 12% as of June 30, 2016 from 11% as of June 30, 2015.

Debt to EBITDA improved to 3.64:1 as of June 30, 2016 from 3.66:1 as of June 30, 2015 due to increase in consolidated operating income. Interest coverage ratio increased to 10.91:1 as of June 30, 2016 from 9.14:1 as of June 30, 2015 as a result of decrease in interest expense and higher EBITDA. EBITDA margin remains at 54% as of June 30, 2016 and June 30, 2015.

Consolidated operating income to revenues is steady at 45% as of June 30, 2016 and June 30, 2015. Net income to revenues improved to 32% as of June 30, 2016 from 31% as of June 30, 2015.

The Company has no known direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation. There were no contingent liabilities or assets in the Company's balance sheet. The Company has no off-balance sheet transactions, arrangements, obligations during the reporting year as of balance sheet date.

There are no known trends, events, material changes, seasonal aspects or uncertainties that are expected to affect the Company's continuing operations.

For the year 2016, the Company expects to incur capital expenditures of approximately ₱50 billion. This will be funded with internally generated funds and external borrowings.

SM Prime's malls business unit has fifty eight shopping malls in the Philippines with 7.5 million square meters of gross floor area and six shopping malls in China with 0.9 million square meters of gross floor area. For the rest of 2016, SM Prime will open two new malls in the Philippines, as well as expansions of SM Center Molino and SM City San Pablo. By end 2016, the malls business unit will have 60 malls in the Philippines and six malls in China with an estimated combined gross floor area of 8.6 million square meters.

SM Prime currently has twenty seven residential projects in the market, twenty six of which are in Metro Manila and one in Tagaytay. As of June 30, 2016, SM Prime has already launched 3 new projects and expansion of existing developments equivalent to 6,000 units in the areas of Las Pinas, Mall of Asia Complex, Bicutan and along Roxas Boulevard and for the rest of the year, SM Prime is still set to launch an additional 6,000 to 8,000 units located in the Mall of Asia Complex, Tagaytay, Quezon City, Bulacan, Cavite and Cabanatuan.

SM Prime's Commercial Properties Group has six office buildings with an estimated gross leasable area of 234,000 square meters. Currently, Three E-Com and Four E-Com Centers are under construction and scheduled for completion in 2017 and 2018, respectively.

SM Prime's hotels and convention centers business unit currently has a portfolio of six hotels with 1,510 saleable rooms, including Conrad Manila in the Mall of Asia Complex in Pasay City which formally opened on June 15, 2016, and four convention centers with 35,640 sq. m. of leasable space.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SM PRIME HOLDINGS, INC.

Registrant

Date: August 1, 2016


JOHN NAI PENG C. ONG
Chief Finance Officer