C O V E R   S H E E T

SEC Registration Number

						1	6	3	4	2

COMPANY NAME

S M   I N V E S T M E N T S   C O R P O R A T I O N   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 ,   O n e   E - C o m   C e n t e r ,
H a r b o r   D r i v e ,   M a l l   o f   A s i a   C o m
p l e x ,   C B P - 1 A ,   P a s a y   C i t y   1 3 0 0

Form Type	Department requiring the report	Secondary License Type, If Applicable
1 7 - Q		

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
–	857-0100	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,256	04/25	03/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Franklin C. Gomez	–	857-0100	–

CONTACT PERSON's ADDRESS

10th Floor, One E-Com Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City 1300

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.*

SEC Number **16342**
PSE Disclosure Security Code

SM INVESTMENTS CORPORATION
(Company's Full Name)

10th Floor, One E-Com Center, Harbor Drive,
Mall of Asia Complex, CBP-IA, Pasay City 1300
(Company's Address)

857- 0100
(Telephone Number)

December 31
(Year Ending)
(month & day)

SEC Form 17-Q
1st Quarter Report
Form Type

Amendment Designation (If applicable)

March 31, 2018
Period Ended Date

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **March 31, 2018**

2. Commission Identification Number **016342** 3. BIR Tax Identification No. **169-020-000**

4. Exact name of registrant as specified in its charter **SM INVESTMENTS CORPORATION**

5. **PHILIPPINES**
   Province, Country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

7. **10th Floor, One E-Com Center, Harbor Drive, Mall of Asia Complex, CBP-IA, Pasay City 1300**
   Address of principal office Postal Code

8. **857-0100**
   Registrant's telephone number, including area code

9. Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding	Amount of Debt Outstanding
COMMON STOCK P10 PAR VALUE	**1,204,582,867**	**N.A.**

11. Are any or all of these securities listed on the Philippine Stock Exchange.
    Yes [**X**] No [ ]

12. Indicate by check mark whether the registrant:

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

Yes [**X**] No [ ]

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

Yes [**X**] No [ ]

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PART I – FINANCIAL INFORMATION

PART I FINANCIAL INFORMATION

Item 1. Interim Condensed Consolidated Financial Statements

SM INVESTMENTS CORPORATION AND SUBSIDIARIES

Interim Condensed Consolidated Financial Statements
As at March 31, 2018
and for the Three-Month Periods Ended March 31, 2018 and 2017
(with Comparative Audited Consolidated Balance Sheet as at
December 31, 2017)

SM INVESTMENTS CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED BALANCE SHEETS

(Amounts in Thousands)

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	**₱64,042,683**	₱74,318,190
Time deposits (Notes 6 and 24)	**7,152,200**	13,237,886
Investments held for trading and sale (Notes 7 and 10)	**1,380,347**	1,347,926
Receivables (Notes 8 and 24)	**29,808,619**	32,352,574
Merchandise inventories - at cost (Note 21)	**30,795,377**	27,778,741
Other current assets (Note 9)	**66,870,719**	63,478,186
Total Current Assets	**200,049,945**	212,513,503
Noncurrent Assets		
Available-for-sale investments (Note 10)	**24,223,237**	25,590,162
Investments in associate companies and joint ventures (Note 11)	**244,212,784**	242,114,427
Time deposits (Notes 6 and 24)	**28,096,769**	26,688,721
Property and equipment (Note 12)	**20,890,289**	21,339,407
Investment properties (Note 13)	**296,827,511**	289,018,265
Land and development (Note 14)	**41,215,557**	40,180,145
Intangibles (Note 15)	**25,561,098**	25,591,232
Deferred tax assets (Note 22)	**2,480,612**	2,489,814
Other noncurrent assets (Notes 15 and 24)	**88,589,924**	74,555,033
Total Noncurrent Assets	**772,097,781**	747,567,206
	₱972,147,726	₱960,080,709

LIABILITIES AND EQUITY		
Current Liabilities		
Bank loans (Notes 16 and 20)	**₱14,474,073**	₱24,172,965
Accounts payable and other current liabilities (Note 17)	**95,863,302**	106,561,455
Income tax payable	**4,186,165**	1,883,871
Current portion of long-term debt (Notes 18 and 20)	**23,720,892**	40,297,133
Dividends payable	**3,443,933**	2,939,590
Total Current Liabilities	**141,688,365**	175,855,014
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 18, 20 and 24)	**323,801,755**	292,555,868
Deferred tax liabilities (Note 22)	**8,100,001**	8,029,579
Tenants' deposits and others (Note 24)	**32,773,910**	29,828,024
Total Noncurrent Liabilities	**364,675,666**	330,413,471
Total Liabilities	**506,364,031**	506,268,485

(Forward)

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
Equity Attributable to Owners of the Parent		
Capital stock (Note 19)	**₱12,045,829**	₱12,045,829
Additional paid-in capital	**76,664,408**	76,439,288
Equity adjustments from common control transactions (Note 19)	**(5,424,455)**	(5,424,455)
Cost of Parent common shares held by subsidiaries	**(25,386)**	(25,386)
Cumulative translation adjustment	**2,024,485**	1,402,623
Net unrealized gain on available-for-sale investments	**13,423,638**	15,324,123
Re-measurement loss on defined benefit asset/obligation	**(701,255)**	(701,255)
Retained earnings (Note 19):		
Appropriated	**37,000,000**	37,000,000
Unappropriated	**200,540,782**	192,071,968
Total Equity Attributable to Owners of the Parent	**335,548,046**	328,132,735
Non-controlling Interests	**130,235,649**	125,679,489
Total Equity	**465,783,695**	453,812,224
	₱972,147,726	₱960,080,709

See accompanying Notes to Consolidated Financial Statements.

SM INVESTMENTS CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands Except Per Share Data)

	Three-Month Periods Ended March 31	
	2018 (Unaudited)	2017 (Unaudited)
REVENUE		
Sales:		
Merchandise	**₱67,395,205**	₱61,323,945
Real estate	**7,433,677**	5,972,731
Rent (Note 20)	**11,408,361**	10,043,920
Equity in net earnings of associate companies and joint ventures	**3,848,607**	3,492,216
Cinema ticket sales, amusement and others	**1,593,588**	1,692,618
Dividend, management fees and others	**3,362,063**	2,828,045
	95,041,501	85,353,475
COST AND EXPENSES		
Cost of sales:		
Merchandise (Note 21)	**49,617,284**	45,470,156
Real estate (Note 14)	**3,783,514**	3,142,101
Selling, general and administrative expenses	**22,215,845**	19,873,412
	75,616,643	68,485,669
OTHER INCOME (CHARGES)		
Interest expense	**(3,803,569)**	(3,426,825)
Interest income	**898,538**	1,032,105
Gain (loss) on fair value changes on derivatives - net	**(166,701)**	16,526
Foreign exchange gain and others	**532,446**	557,888
	(2,539,286)	(1,820,306)
INCOME BEFORE INCOME TAX	**16,885,572**	15,047,500
PROVISION FOR (BENEFIT FROM) INCOME TAX		
Current	**3,445,385**	2,989,253
Deferred	**(6,605)**	68,801
	3,438,780	3,058,054
NET INCOME	**₱13,446,792**	₱11,989,446
Attributable to		
Owners of the Parent	**₱8,468,814**	₱7,694,306
Non-controlling interests	**4,977,978**	4,295,140
	₱13,446,792	₱11,989,446
Basic/Diluted Earnings Per Common Share Attributable to Owners of the Parent (Note 25)	**₱7.03**	₱6.39

See accompanying Notes to Consolidated Financial Statements.

SM INVESTMENTS CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	Three-Month Periods Ended March 31	
	2018 (Unaudited)	2017 (Unaudited)
NET INCOME	**₱13,446,792**	₱11,989,446
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will be reclassified to profit or loss in subsequent periods		
Net unrealized gain (loss) on available-for-sale investments	**(1,444,285)**	1,202,231
Share in unrealized gain (loss) on available-for-sale investments of associates - net	**(691,647)**	566,041
Cumulative translation adjustment	**1,052,187**	(419,534)
Income tax relating to items to be reclassified to profit or loss in subsequent periods	**(86,228)**	(12,884)
	(1,169,973)	1,335,854
TOTAL COMPREHENSIVE INCOME	**₱12,276,819**	₱13,325,300
Attributable to		
Owners of the Parent	**₱7,190,191**	₱9,328,620
Non-controlling interests	**5,086,628**	3,996,680
	₱12,276,819	₱13,325,300

See accompanying Notes to Consolidated Financial Statements.

SM INVESTMENTS CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands Except Per Share Data)

	Equity Attributable to Owners of the Parent											
	Capital Stock	Additional Paid-in Capital	Equity Adjustments from Common Control Transactions	Cost of Parent Common Shares Held by Subsidiaries	Cumulative Translation Adjustment	Net Unrealized Gain (Loss) on Available-for-Sale Investments	Re-measurement Gain (Loss) on Defined Benefit Asset/ Obligation	Appropriated Retained Earnings	Unappropriated Retained Earnings	Total	Non-controlling Interests	Total Equity
As at January 1, 2018	**₱12,045,829**	**₱76,439,288**	**(₱5,424,455)**	**(₱25,386)**	**₱1,402,623**	**₱15,324,123**	**(₱701,255)**	**₱37,000,000**	**₱192,071,968**	**₱328,132,735**	**₱125,679,489**	**₱453,812,224**
Net income	–	–	–	–	–	–	–	–	**8,468,814**	**8,468,814**	**4,977,978**	**13,446,792**
Other comprehensive income	–	–	–	–	**621,862**	**(1,900,485)**	–	–	–	**(1,278,623)**	**108,650**	**(1,169,973)**
Total comprehensive income	–	–	–	–	**621,862**	**(1,900,485)**	–	–	**8,468,814**	**7,190,191**	**5,086,628**	**12,276,819**
Sale of treasury shares held by subsidiary	–	**225,120**	–	–	–	–	–	–	–	**225,120**	–	**225,120**
Cash dividends received by non-controlling interests	–	–	–	–	–	–	–	–	–	–	**(555,791)**	**(555,791)**
Increase in previous year's non-controlling interests	–	–	–	–	–	–	–	–	–	–	**25,323**	**25,323**
As at March 31, 2018 (Unaudited)	**₱12,045,829**	**₱76,664,408**	**(₱5,424,455)**	**(₱25,386)**	**₱2,024,485**	**₱13,423,638**	**(₱701,255)**	**₱37,000,000**	**₱200,540,782**	**₱335,548,046**	**₱130,235,649**	**₱465,783,695**
As at January 1, 2017	₱12,045,829	₱76,347,229	(₱5,424,455)	(₱25,386)	₱1,216,718	₱10,780,430	₱34,895	₱36,000,000	₱169,508,122	₱300,483,382	₱114,263,880	₱414,747,262
Net income	–	–	–	–	–	–	–	–	7,694,306	7,694,306	4,295,140	11,989,446
Other comprehensive income	–	–	–	–	(219,222)	1,853,536	–	–	–	1,634,314	(298,460)	1,335,854
Total comprehensive income	–	–	–	–	(219,222)	1,853,536	–	–	7,694,306	9,328,620	3,996,680	13,325,300
Common control transactions	–	1,072	–	–	–	–	–	–	–	1,072	–	1,072
Decrease in previous year's non-controlling interests	–	–	–	–	–	–	–	–	–	–	(618,214)	(618,214)
As at March 31, 2017 (Unaudited)	₱12,045,829	₱76,348,301	(₱5,424,455)	(₱25,386)	₱997,496	₱12,633,966	₱34,895	₱36,000,000	₱177,202,428	₱309,813,074	₱117,642,346	₱427,455,420

SM INVESTMENTS CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Three-Month Periods Ended March 31	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱16,885,572**	₱15,047,500
Adjustments for:		
Equity in net earnings of associate companies and joint ventures	**(3,848,607)**	(3,492,216)
Interest expense	**3,803,569**	3,426,825
Depreciation and amortization (Notes 12, 13 and 15)	**3,545,541**	3,393,864
Interest income	**(898,538)**	(1,032,105)
Dividend, management fees and others	**(62,122)**	(67,985)
Unrealized foreign exchange gain and others	**(206,700)**	(368,181)
Loss (gain) on fair value changes on derivatives - net	**166,701**	(16,526)
Income before working capital changes	**19,385,416**	16,891,176
Decrease (increase) in:		
Receivables	**2,464,654**	286,701
Merchandise inventories	**(3,016,637)**	(614,680)
Other current assets	**(1,174,346)**	(2,241,813)
Land and development	**(5,165,810)**	(10,380,575)
Increase (decrease) in:		
Accounts payable and other current liabilities	**(5,381,396)**	(11,735,964)
Tenants' deposits and others	**1,515,122**	4,698,663
Net cash generated from operations	**8,627,003**	(3,096,492)
Income tax paid	**(1,160,220)**	(1,251,366)
Net cash provided by (used in) operating activities	**7,466,783**	(4,347,858)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of:		
Available-for-sale and held for trading investments	**177**	318,332
Property and equipment	**13,004**	95,662
Investment properties	–	40,326
Additions to:		
Investment properties (Note 13)	**(6,536,819)**	(7,666,388)
Property and equipment (Note 12)	**(1,028,953)**	(1,146,736)
Investments in associate companies and joint ventures	**(9,282)**	(37,066,668)
Decrease (increase) in:		
Time deposits	**6,008,734**	539,633
Other noncurrent assets	**(14,863,474)**	4,778,235
Dividends received	**1,369,468**	1,002,772
Interest received	**477,125**	592,793
Net cash used in investing activities	**(14,570,020)**	(38,512,039)

(Forward)

	Three-Month Periods Ended March 31	
	2018	2017
CASH FLOWS FROM FINANCING ACTIVITIES		
Availments of:		
Long-term debt	**₱29,766,685**	₱7,466,880
Bank loans	**3,160,000**	28,847,718
Payments of:		
Long-term debt	**(21,011,447)**	(767,699)
Bank loans	**(12,858,891)**	(13,328,041)
Interest	**(3,245,548)**	(1,992,765)
Dividend	**(51,449)**	(530,791)
Net cash provided by (used in) financing activities	**(4,240,650)**	19,695,302
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(11,343,887)**	(23,164,595)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**1,068,380**	179,511
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD (Note 5)	**74,318,190**	74,947,731
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)	**₱64,042,683**	₱51,962,647

See accompanying Notes to Consolidated Financial Statements.

SM INVESTMENTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

SM Investments Corporation (SMIC or Parent Company) was incorporated in the Philippines on January 15, 1960. On June 3, 2009, the Philippine Securities and Exchange Commission (SEC) approved the amendment of the Parent Company's articles of incorporation for the extension of its corporate life for another 50 years from January 15, 2010. Its registered office address is 10th Floor, One E-Com Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City 1300.

The Parent Company and its subsidiaries (collectively referred to as the Group), and its associates and joint ventures are involved primarily in the property, retail and financial services.

The Parent Company's shares of stock are publicly traded in the Philippine Stock Exchange (PSE).

The accompanying consolidated financial statements were authorized for issue by the Board of Directors (BOD), as approved and recommended for approval by the Audit Committee on May 9, 2018.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The interim condensed consolidated financial statements of the Group 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.

The interim condensed consolidated financial statements as at March 31, 2018 and for the three-month periods ended March 31, 2018 and 2017 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 Group's audited consolidated financial statements as at December 31, 2017.

Basis of Consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Parent Company and all of its subsidiaries. As at March 31, 2018, there were no significant changes in the Parent Company's ownership interests in its subsidiaries.

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 amounts reported in the consolidated financial statements and accompanying notes. Changes in these estimates and assumptions could result in outcomes that may require material adjustments to the carrying amounts of the affected assets or liabilities in the future.

Except as otherwise stated, there were no significant changes in accounting judgments, estimates, and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes.

3. Summary of Significant Accounting Policies, Changes and Improvements

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous year except for the adoption of the following amendments to standards and improvements, starting January 1, 2018. Unless otherwise indicated, the adoption did not have any significant impact on the Group's consolidated financial statements.

- Amendments to PFRS 2, *Share-based Payment*, *Classification and Measurement of Share-based Payment Transactions*

  The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

  On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met.

  The amendments are not applicable to the Group.

- Amendments to PFRS 4, *Insurance Contracts*, *Applying PFRS 9*, *Financial Instruments, with PFRS 4*

  The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the new insurance contracts standard. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying PFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after January 1, 2018. An entity may elect the overlay approach when it first applies PFRS 9 and apply that approach retrospectively to financial assets designated on transition to PFRS 9. The entity restates comparative information reflecting the overlay approach if the entity restates comparative information when applying PFRS 9.

  The amendments are not applicable to the Group since it is not engaged in providing insurance nor issuing insurance contracts.

- PFRS 9, *Financial Instruments*

  PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. Retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Group's financial liabilities. The adoption will also have an effect on the Group's application of hedge accounting and on the amount of its credit losses.

The Group is assessing the impact of adopting PFRS 9.

- PFRS 15, *Revenue from Contracts with Customers*

  PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

  The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018.

  The Group is assessing the impact of PFRS 15, specifically as it applies to the property segment, pending resolution of implementation issues affecting the real estate industry as presented to the Philippine Interpretations Committee (PIC) per PIC Q&A No. 2018-12.

- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)

  The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at FVPL. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. The amendments should be applied retrospectively, with earlier application permitted.

  The Group is assessing the impact of the amendments to PAS 28.

- Amendments to PAS 40, *Investment Property*, *Transfers of Investment Property*

  The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

The Group is assessing the impact of these amendments to PAS 40.

- Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC) 22, *Foreign Currency Transactions and Advance Consideration*

  The interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

  The Group is assessing the impact of adopting IFRIC 22.

4. Segment Information

The Group has identified three reportable operating segments as follows: property, retail, and financial services and others.

The property segment is involved in mall, residential and commercial development and hotels and convention centers operations. The 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 and cinemas 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. The hotels and convention centers segment engages in and carries on the business of hotels and convention centers and operates and maintains any and all services and facilities incident thereto.

The retail segment is engaged in the retail/wholesale trading of merchandise such as dry goods, wearing apparels, food and other merchandise.

The financial services and others segment primarily includes the operations of the Parent Company which engages in asset management and capital investments as well as its associate companies which are involved in financial services.

The BOD monitors the operating results of each of its business units 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 consolidated financial statements.

Operating Segment Financial Data

	Three-Month Period Ended March 31, 2018 (Unaudited)				
	Property	**Retail**	**Financial Services and Others**	**Eliminations/ Adjustments**	**Consolidated**
			(In Thousands)		
Revenue:					
External customers	**₱21,752,005**	**₱69,861,400**	**₱3,428,096**	**₱–**	**₱95,041,501**
Inter-segment	**2,912,021**	**47,042**	**(1,465,603)**	**(1,493,460)**	**–**
	₱24,664,026	**₱69,908,442**	**₱1,962,493**	**(₱1,493,460)**	**₱95,041,501**
Segment results:					
Income before income tax	**₱10,486,350**	**₱4,097,312**	**₱124,693**	**₱2,177,217**	**₱16,885,572**
Provision for income tax	**(2,230,475)**	**(1,191,731)**	**(26,460)**	**9,886**	**(3,438,780)**
Net income	**₱8,255,875**	**₱2,905,581**	**₱98,233**	**₱2,187,103**	**₱13,446,792**
Net income attributable to:					
Owners of the Parent	**₱8,105,848**	**₱2,586,495**	**₱98,233**	**(₱2,321,762)**	**₱8,468,814**
Non-controlling interests	**150,027**	**319,086**	**–**	**4,508,865**	**4,977,978**

	Three-Month Period Ended March 31, 2017 (Unaudited)				
	Property	Retail	Financial Services and Others	Eliminations/ Adjustments	Consolidated
			(In Thousands)		
Revenue:					
External customers	₱18,689,026	₱63,549,014	₱3,115,435	₱–	₱85,353,475
Inter-segment	2,779,785	715	(1,378,680)	(1,401,820)	–
	₱21,468,811	₱63,549,729	₱1,736,755	(1,401,820)	₱85,353,475
Segment results:					
Income before income tax	₱9,209,213	₱3,533,997	₱268,661	₱2,035,629	₱15,047,500
Provision for income tax	(1,991,537)	(1,035,424)	(23,930)	(7,163)	(3,058,054)
Net income	₱7,217,676	₱2,498,573	₱244,731	₱2,028,466	₱11,989,446
Net income attributable to:					
Owners of the Parent	₱7,067,864	₱2,271,837	₱244,731	(₱1,890,126)	₱7,694,306
Non-controlling interests	149,812	226,736	–	3,918,592	4,295,140

5. Cash and Cash Equivalents

This account consists of:

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
	(In Thousands)	
Cash on hand and in banks (Note 20)	**₱6,378,698**	₱9,643,938
Temporary investments (Note 20)	**57,663,985**	64,674,252
	₱64,042,683	₱74,318,190

Cash in banks earn interest at the respective bank deposit rates. Temporary investments are made for varying periods of up to three months depending on the immediate cash requirements of the Group. These investments earn interest at prevailing rates.

6. Time Deposits

This account consists of:

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
	(In Thousands)	
Current	**₱7,152,200**	₱13,237,886
Noncurrent	**28,096,769**	26,688,721
	₱35,248,969	₱39,926,607

The time deposits as at March 31, 2018 and December 31, 2017 bear annual interest ranging from 0.5% to 4.9%.

7. Investments Held for Trading and Sale

This account consists of:

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
	(In Thousands)	
AFS investments (Note 10):		
Bonds and corporate notes	**₱730,612**	₱706,626
Shares of stock -		
Listed	**649,735**	641,300
	₱1,380,347	₱1,347,926

8. Receivables

This account consists of:

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
	(In Thousands)	
Trade:		
Real estate buyers	**₱42,772,202**	₱40,400,047
Third-party tenants	**6,749,250**	6,804,584
Related-party tenants (Note 20)	**357,211**	619,948
Others	**106,581**	136,580
Due from related parties (Note 20)	**361,817**	655,580
Management and service fees (Note 20)	**402,170**	373,619
Dividends (Note 20)	**153,688**	270,784
Total	**50,902,919**	49,261,142
Less allowance for impairment loss	**1,085,491**	1,054,498
	49,817,428	48,206,644
Less noncurrent portion of receivables from real estate buyers (Note 15)	**20,008,809**	15,854,070
Current portion	**₱29,808,619**	₱32,352,574

Allowance for impairment loss pertains to receivables from tenants which were identified to be impaired based on specific assessment.

Receivables other than those identified as impaired, are assessed by the Group's management as good and collectible.

9. Other Current Assets

This account consists of:

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
	(In Thousands)	
Land and development (Note 14)	**₱24,705,142**	₱22,518,139
Prepaid taxes and other prepayments	**11,314,489**	9,658,898
Advances and deposits	**8,188,874**	7,231,756
Condominium and residential units for sale (Note 14)	**8,600,131**	8,829,343
Non-trade receivables	**4,150,636**	4,230,014
Receivable from banks	**2,179,464**	3,314,087
Input tax	**1,962,526**	2,743,731
Derivative assets (Note 24)	**2,108,533**	1,794,745
Accrued interest receivable (Note 20)	**854,104**	432,690
Escrow fund (Note 20)	**85,622**	50,881
Others	**2,721,198**	2,673,902
	₱66,870,719	₱63,478,186

10. Available-for-sale Investments

This account consists of:

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
	(In Thousands)	
Shares of stock:		
Listed	**₱21,403,387**	₱23,611,916
Unlisted	**798,912**	61,405
Bonds and corporate notes	**3,379,945**	3,243,297
Club shares	**21,340**	21,470
	25,603,584	26,938,088
Less current portion (Note 7)	**1,380,347**	1,347,926
Noncurrent portion	**₱24,223,237**	₱25,590,162

Investments in bonds and corporate notes bear fixed interest rates ranging from 5.0% to 6.8%. These investments have maturities ranging from April 2018 to October 2023.

11. Investments in Associate Companies and Joint Ventures

The ₱2.1 billion increase in this account pertains mainly to equity in earnings, net of dividends from associate companies and joint ventures.

12. Property and Equipment

The movements in this account follow:

	Buildings and Improvements	Store Equipment and Improvements	Data Processing Equipment	Furniture, Fixtures and Office Equipment	Machinery and Equipment	Leasehold Improvements	Transportation Equipment	Construction in Progress	Total
					(In Thousands)				
Cost									
As at December 31, 2016	₱11,977,397	₱3,045,780	₱6,309,182	₱8,363,062	₱6,942,380	₱15,534,101	₱1,095,571	₱1,208,798	₱54,476,271
Additions	437,660	193,512	532,493	681,080	691,625	1,583,663	25,411	922,547	5,067,991
Reclassifications	84,503	233,269	197,498	260,202	156,851	171,663	(286,072)	(778,239)	39,675
Disposals/retirements	(63,674)	(222,267)	(33,716)	(54,523)	(15,221)	(190,290)	(7,672)	(126,260)	(713,623)
As at December 31, 2017	12,435,886	3,250,294	7,005,457	9,249,821	7,775,635	17,099,137	827,238	1,226,846	58,870,314
Additions	74,552	38,657	60,706	165,409	168,190	215,294	18,418	287,727	1,028,953
Reclassifications	18,260	(32,895)	32,083	(2,508)	35,190	185,544	5,017	(557,199)	(316,508)
Disposals/retirements	–	(43,366)	(2,227)	(1,033)	(1,261)	(958)	–	(4,657)	(53,502)
As at March 31, 2018	**₱12,528,698**	**₱3,212,690**	**₱7,096,019**	**₱9,411,689**	**₱7,977,754**	**₱17,499,017**	**₱850,673**	**₱952,717**	**₱59,529,257**
Accumulated Depreciation and Amortization									
As at December 31, 2016	₱4,259,241	₱2,043,696	₱4,946,410	₱5,311,825	₱4,617,524	₱11,656,144	₱691,214	₱–	₱33,526,054
Depreciation and amortization	850,733	359,189	598,657	867,742	724,850	1,245,592	58,162	–	4,704,925
Reclassifications	(6,370)	10,391	35,354	(15,741)	6,573	(90,344)	(105,408)	–	(165,545)
Disposals/retirements	(58,366)	(208,111)	(27,888)	(45,984)	(13,283)	(173,223)	(7,672)	–	(534,527)
As at December 31, 2017	5,045,238	2,205,165	5,552,533	6,117,842	5,335,664	12,638,169	636,296	–	37,530,907
Depreciation and amortization	177,216	84,885	153,159	211,759	183,886	324,507	13,804	–	1,149,216
Reclassifications	4,361	(39,841)	3,885	13,492	168	22,198	24	–	4,287
Disposals/retirements	–	(41,868)	(1,682)	(523)	(913)	(456)	–	–	(45,442)
As at March 31, 2018	**₱5,226,815**	**₱2,208,341**	**₱5,707,895**	**₱6,342,570**	**₱5,518,805**	**₱12,984,418**	**₱650,124**	**₱–**	**₱38,638,968**
Net Book Value									
As at March 31, 2018	**₱7,301,883**	**₱1,004,349**	**₱1,388,124**	**₱3,069,119**	**₱2,458,949**	**₱4,514,599**	**₱200,549**	**₱952,717**	**₱20,890,289**
As at December 31, 2017	7,390,648	1,045,129	1,452,924	3,131,979	2,439,971	4,460,968	190,942	1,226,846	21,339,407

13. Investment Properties

The movements in this account follow:

	Land and Improvements	Buildings and Improvements	Building Equipment, Furniture and Others	Construction in Progress	Total
			(In Thousands)		
Cost					
As at December 31, 2016	₱69,401,322	₱204,132,187	₱33,075,502	₱24,461,049	₱331,070,060
Effect of common control business combination	–	1,047	929	–	1,976
Additions	3,766,662	4,279,223	1,776,554	15,984,057	25,806,496
Reclassifications	(4,912,312)	11,291,893	1,166,605	(7,702,271)	(156,085)
Translation adjustment	75,699	2,459,685	193,841	215,945	2,945,170
Disposals	(11,538)	(162,144)	(46,326)	–	(220,008)
As at December 31, 2017	68,319,833	222,001,891	36,167,105	32,958,780	359,447,609
Additions	494,214	572,971	465,545	5,004,089	6,536,819
Reclassifications	77,793	2,213,594	77,199	(1,445,510)	923,076
Translation adjustment	107,955	3,248,599	247,429	96,585	3,700,568
Disposals	(7,298)	(347,634)	(7,938)	–	(362,870)
As at March 31, 2018	**₱68,992,497**	**₱227,689,421**	**₱36,949,340**	**₱36,613,944**	**₱370,245,202**
Accumulated Depreciation, Amortization and Impairment Loss					
As at December 31, 2016	₱1,754,581	₱40,096,356	₱19,072,615	₱–	₱60,923,552
Effect of common control business combination	–	527	769	–	1,296
Depreciation and amortization	207,478	6,320,224	2,667,722	–	9,195,424
Reclassifications	–	1,697	–	–	1,697
Translation adjustment	37,530	325,992	95,175	–	458,697
Disposals	(11,538)	(94,504)	(45,280)	–	(151,322)
As at December 31, 2017	1,988,051	46,650,292	21,791,001	–	70,429,344
Depreciation and amortization	45,924	1,645,003	675,264	–	2,366,191
Reclassifications	–	(7,863)	3,127	–	(4,736)
Translation adjustment	50,355	463,928	128,497	–	642,780
Provision for Impairment loss	–	–	3	–	3
Disposals	(7,292)	(763)	(7,836)	–	(15,891)
As at March 31, 2018	**₱2,077,038**	**₱48,750,597**	**₱22,590,056**	**₱–**	**₱73,417,691**
Net Book Value					
As at March 31, 2018	**₱66,915,459**	**₱178,938,824**	**₱14,359,284**	**₱36,613,944**	**₱296,827,511**
As at December 31, 2017	66,331,782	175,351,599	14,376,104	32,958,780	289,018,265

Construction in progress as at March 31, 2018 pertains to construction costs incurred for a) shopping malls namely, SM City Telebastagan, SM City Legaspi, SM Urdaneta Paurido and SM Tianjin Phase 2 as well as the redevelopment of SM Baguio and SM Mall of Asia, and b) commercial buildings including the business process outsourcing towers of SM North EDSA, SM Iloilo Strata and SM Megamall as well as Three E-com and Four E-com.

Interest capitalized to investment properties amounted to ₱709.0 million, and ₱2,299.0 million as at March 31, 2018 and December 31, 2017, respectively. Capitalization rates used range from 2.4% to 5.0%.

The fair value of investment properties is categorized under Level 3 since valuation is based on unobservable inputs.

14. **Land and Development**

Land and Development

Land and development include the cost of land as well as construction cost of ongoing residential projects.

The movements in this account follow:

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
	(In Thousands)	
Balance at beginning of period	**₱62,698,284**	₱51,054,083
Development cost incurred	**4,367,071**	16,779,397
Cost of real estate sold	**(3,205,207)**	(10,554,727)
Transfer to condominium and residential units for sale	**(341,961)**	(8,162,384)
Land acquisition	**2,194,836**	13,111,730
Borrowing cost capitalized	**66**	38,240
Transfer from property and equipment and others	**207,610**	431,945
Balance at end of period	**65,920,699**	62,698,284
Less current portion (Note 9)	**24,705,142**	22,518,139
Noncurrent portion	**₱41,215,557**	₱40,180,145

The average rates used to determine the amount of borrowing cost eligible for capitalization is 3.7% in 2018 and 3.5% to 4.6% in 2017.

Condominium and Residential Units for Sale

Condominium units for sale pertain to completed condominium and residential projects.

The movements in this account follow:

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
	(In Thousands)	
Balance at beginning of period	**₱8,829,343**	₱5,241,346
Transfer from land and development	**341,961**	8,162,384
Recognized as cost of real estate sold	**(578,307)**	(4,705,586)
Repossessed inventories	**5,491**	92,721
Adjustment to cost	**1,643**	38,478
Balance at end of period (Note 9)	**₱8,600,131**	₱8,829,343

15. Intangibles and Other Noncurrent Assets

Intangible Assets

This account consists of:

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
	(In Thousands)	
Goodwill	**₱17,398,491**	₱17,398,491
Less accumulated impairment loss	**91,620**	91,620
Net book value	**17,306,871**	17,306,871
Trademarks and brand names	**8,254,227**	8,284,361
	₱25,561,098	₱25,591,232

Other Noncurrent Assets

This account consists of:

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
	(In Thousands)	
Deposits and advance rentals	**₱45,077,664**	₱33,760,110
Receivables from real estate buyers (Note 8)	**20,008,809**	15,854,070
Land use rights	**11,466,203**	10,630,926
Long-term notes (Notes 20 and 24)	**6,685,195**	6,399,410
Derivative assets (Note 24)	**545,938**	3,546,694
Deferred input VAT	**1,589,934**	1,798,706
Defined benefit asset	**357,029**	376,448
Escrow fund (Note 20)	**132,460**	132,460
Others	**2,726,692**	2,056,209
	₱88,589,924	₱74,555,033

16. Bank Loans

This account consists of:

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
	(In Thousands)	
Peso-denominated:		
Parent Company	**₱–**	₱10,200,000
Subsidiaries	**14,474,073**	13,972,965
	₱14,474,073	₱24,172,965

These loans bear interest ranging from 2.5% to 3.5% in 2018 and 2017.

17. **Accounts Payable and Other Current Liabilities**

This account consists of:

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
	(In Thousands)	
Trade	**₱48,394,849**	₱60,399,742
Accrued expenses	**13,236,118**	11,060,797
Nontrade	**6,398,131**	7,183,147
Tenants and customers' deposits	**10,427,492**	10,208,533
Payable arising from acquisition of land	**4,441,026**	4,252,991
Payable to government agencies	**3,149,576**	4,438,597
Accrued interest (Note 20)	**3,560,152**	2,422,265
Subscription payable	**2,396,790**	2,396,790
Due to related parties (Note 20)	**503,043**	828,679
Gift checks redeemable and others	**3,356,125**	3,369,914
	₱95,863,302	₱106,561,455

18. **Long-term Debt**

This account consists of:

	Availment	Maturity	Interest rate/Term	Security	**March 31, 2018 (Unaudited)**	December 31, 2017 (Audited)
					(In Thousands)	
Parent Company						
U.S. dollar-denominated	October 13, 2010 - March 6, 2018	October 13, 2017 - June 10, 2024	Fixed 4.0%-5.5%; Floating six-month and three-month LIBOR + margin; semi-annual and quarterly	Unsecured	**₱72,079,904**	₱66,531,725
Peso-denominated	July 16, 2012 - September 5, 2017	January 14, 2019 - September 5, 2024	Fixed 4.4%-6.9%; PDST-R2 + margin; semi-annual and quarterly	Unsecured	**73,171,870**	73,171,870
Subsidiaries						
U.S. dollar-denominated	February 14, 2013 - October 16, 2017	January 29, 2018 - June 30, 2022	LIBOR + spread; semi-annual	Unsecured	**36,471,956**	54,387,944
China Yuan Renminbi-denominated	July 28, 2015 - October 16, 2017	December 31, 2019 - October 16, 2022	CBC rate less 10.0%; quarterly	Secured	**3,725,770**	3,445,302
Peso-denominated	January 12, 2012 - March 26, 2018	December 18, 2018 - July 26, 2026	Fixed 3.8%-6.8%; PDST-R2 + margin	Unsecured	**163,906,602**	136,974,407
					349,356,102	334,511,248
Less debt issue cost					**1,833,455**	1,658,247
					347,522,647	332,853,001
Less current portion					**23,720,892**	40,297,133
					₱323,801,755	₱292,555,868

LIBOR – London Interbank Offered Rate
PDST-R2 – Philippine Dealing System Treasury Reference Rate – PM
CBC – Central Bank of China

Repayment Schedule
The repayment schedule of long-term debt as at March 31, 2018 follows:

	Gross Debt	Debt Issue Cost	Net
		(In Thousands)	
Within 1 year	₱23,741,258	₱20,366	₱23,720,892
More than 1 year to 5 years	252,126,723	1,516,520	250,610,203
More than 5 years	73,488,121	296,569	73,191,552
	₱349,356,102	₱1,833,455	₱347,522,647

Covenants
The long-term debt of the Group is covered with certain covenants including adherence to financial ratios. The Parent Company's loan covenants include adherence to certain financial ratios namely: (1) debt-to-equity ratio not to exceed 80:20, and, (2) current ratio at a minimum of 0.30, and, certain restrictions with respect to material change in ownership or control. As at March 31, 2018 and December 31, 2017, the Group is in compliance with the terms of its debt covenants.

19. **Equity**

Capital Stock

a. Common stock

	Number of Shares	
	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
Authorized - ₱10 par value per share	**2,790,000,000**	2,790,000,000
Issued and subscribed:	**1,204,582,867**	1,204,582,867

As at March 31, 2018 and December 31, 2017, the Parent Company is compliant with the minimum public float as required by the PSE.

The total number of shareholders of the Parent Company is 1,256 and 1,252 as at March 31, 2018 and December 31, 2017, respectively.

b. Redeemable preferred shares

	Number of shares	
	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
Authorized - ₱10 par value per share	**10,000,000**	10,000,000

There are no issued and subscribed preferred shares as at March 31, 2018 and December 31, 2017.

Equity Adjustments from Common Control Transactions
Equity adjustments from common control transactions include the following:

- Acquisition of various SM China Companies by SM Prime in 2007.
- Acquisition of various service companies by SM Retail in 2009.
- Corporate restructuring to consolidate the Group's real estate subsidiaries and real estate assets in SM Prime in 2013.
- Merger of SM Retail with other retail affiliates in 2016.
- SM Prime common control business acquisition in 2016.

These acquisitions were considered as a combination of businesses under common control for which pooling of interests method was applied in the preparation of the consolidated financial statements.

Retained Earnings

a. Appropriated

Retained earnings appropriated as at March 31, 2018 is intended for the payment of certain long-term debts and new investments as follows:

	Timeline	Amount
		(In Thousands)
Debt servicing		
US$180.0 million	2018	₱9,000,000
US$360.0 million	2019	18,000,000
New investments	2018–2020	10,000,000
		₱37,000,000

b. Unappropriated

The Parent Company's cash dividend declarations in 2018 and 2017 follow:

Declaration Date	Record Date	Payment Date	Per Share	Total
				(In Thousands)
April 25, 2018	**May 10, 2018**	**May 24, 2018**	**₱8.20**	**₱9,877,580**
April 26, 2017	May 11, 2017	May 25, 2017	7.77	9,359,609

Unappropriated retained earnings include the accumulated equity in net earnings of subsidiaries, associates and joint ventures amounting to ₱185,116.9 million and ₱176,587.5 million as at March 31, 2018 and December 31, 2017, respectively, that is not available for distribution until such time that the Parent Company receives the dividends from the respective subsidiaries, associates and joint ventures.

20. **Related Party Disclosures**

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

The significant transactions with related parties follow:

a. Rent

   The Group has existing lease agreements for office and commercial spaces with related companies (retail and banking group and other related parties under common stockholders).

b. Management and Service Fees

   The Parent Company and SM Retail also receive management and service fees from retail entities under common stockholders for management, consultancy, manpower and other services.

c. Dividend Income

   The Group earns dividend income from certain related parties under common stockholders.

d. Cash Placements and Loans

   The Group has certain bank accounts and cash placements as well as bank loans and debts with BDO and China Bank. Such accounts earn interest at prevailing market rates.

e. Notes Receivable

   The Group has certain notes receivable from Carmen Copper Corporation (see Notes 15 and 24).

f. Others

   The Group, in the normal course of business, has outstanding receivables from and payables to related companies which are unsecured and normally settled in cash.

The related party transactions and outstanding balances follow:

	Transaction Amount		Outstanding Amount			
	March 31, 2018 (Unaudited)	March 31, 2017 (Unaudited)	**March 31, 2018 (Unaudited)**	December 31, 2017 (Audited)	Terms	Conditions
			(In Thousands)			
Banking Group						
Cash placement and investment in marketable securities			**₱82,960,246**	₱98,656,653	Interest-bearing 0.5% to 4.9%	Unsecured; no impairment
Interest receivable			**651,140**	329,829	–	–
Interest income	**522,716**	612,943			–	–
Interest-bearing debt			**25,650,900**	24,493,678	Interest-bearing 1.8% to 5.3%	Unsecured
Interest payable			**90,457**	59,429	–	–
Interest expense	**280,581**	120,099			–	–
Rent receivable			**127,023**	112,099	Noninterest-bearing	Unsecured; no impairment
Rent income	**231,943**	216,171			–	–
Dividend receivable			**2,587**	–	Noninterest-bearing	Unsecured; no impairment
Deposits and advance rentals			**18,256,000**	17,475,500	Interest-bearing 4.3%	No impairment
Management and service fee receivable			**20,404**	23,933	Noninterest-bearing	Unsecured; no impairment
Management and service fee income	**626**	1,224			–	–
Escrow fund			**218,082**	183,341	Interest-bearing 1.4% to 1.6%	Unsecured; no impairment
Retail and Other Entities						
Rent receivable			**230,188**	507,849	Noninterest-bearing	Unsecured; no impairment
Rent income	**487,236**	355,232			–	–
Management and service fee receivable			**85,171**	275,148	Noninterest-bearing	Unsecured; no impairment
Management and service fee income	**129,271**	88,456			–	–
Dividend receivable			**99,180**	99,180	Noninterest-bearing	Unsecured; no impairment
Due from related parties			**361,817**	655,580	Noninterest-bearing	Unsecured; no impairment
Due to related parties			**503,043**	828,679	Noninterest-bearing	Unsecured
Interest receivable			**9,285**	8,888	–	–
Interest income	**83,946**	97,944			–	–
Notes receivable			**6,685,195**	6,399,410	Interest-bearing 5.0% to 10.0%	Unsecured; no impairment

Terms and Conditions of Transactions with Related Parties

The Group did not make any provision for impairment loss relating to amounts owed by related parties.

21. Cost of Merchandise Sales

This account consists of:

	March 31, 2018 (Unaudited)	March 31, 2017 (Unaudited)
	(In Thousands)	
Merchandise inventories at beginning of period	**₱27,778,741**	₱25,825,290
Purchases	**52,633,920**	46,084,836
Total goods available for sale	**80,412,661**	71,910,126
Less merchandise inventories at end of period	**30,795,377**	26,439,970
	₱49,617,284	₱45,470,156

22. Income Tax

The details of the Group's deferred tax assets and liabilities follow:

Deferred tax assets of ₱2,480.6 million and ₱2,489.8 million as at March 31, 2018 and December 31, 2017, respectively, consist of the tax effects of unrealized gain on inter-company sale of investment properties, unamortized past service cost and defined benefit liability, provision for doubtful accounts and others, accrued leases, MCIT, deferred rent expense and NOLCO.

Deferred tax liabilities of ₱8,100.0 million and ₱8,029.6 million as at March 31, 2018 and December 31, 2017, respectively, consist of the tax effects of appraisal increment on investment property, trademarks and brand names, capitalized interest, unrealized gross profit on sale of real estate, accrued/deferred rent income and unamortized past service cost and defined benefit asset. The disproportionate relationship between income before income tax and the provision for income tax is due to various factors such as interest income already subjected to final tax, non-deductible interest expense, equity in net earnings of associates, and dividend income exempt from tax.

23. Financial Risk Management Objectives and Policies

The main risks arising from the Group's financial instruments follow:

- *Interest rate risk.* Fixed rate financial instruments are subject to fair value interest rate risk while floating rate financial instruments are subject to cash flow interest rate risk. Repricing of floating rate financial instruments is mostly done at intervals of three months or six months.

- *Foreign currency risk.* The Group's exposure to foreign currency risk arises as the Parent Company and SM Prime have significant investments and debt issuances which are denominated in U.S. Dollars and China Yuan Renminbi.

- *Liquidity risk.* Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet commitments from financial instruments.

- *Credit risk.* Refers to the risk that a borrower will default on any type of debt by failing to make required payments.

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

The BOD reviews and approves policies for managing each of these risks. The Group's accounting policies in relation to derivatives are set out in Note 3.

Interest Rate Risk
The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations (see Note 18).

The Group maintains a conservative financing strategy and has preference for longer tenor credit with fixed interest rate that matches the nature of its investments. To manage this mix in a cost-efficient manner, the Group enters into interest rate swaps and cross-currency swaps in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed notional amount. The interest rate swaps economically hedge the underlying debt obligations. The cross-currency swaps were designated by the Group under cash flow hedge accounting.

As at March 31, 2018 and December 31, 2017, after taking into account the effect of the swaps, approximately 82.6% and 83.0%, respectively of the Group's borrowings, net of debt issue cost, is kept at fixed interest rates.

Foreign Currency Risk
The Group aims to reduce foreign currency risks by employing on-balance sheet hedges and derivatives such as foreign currency swap contracts, foreign cross-currency swaps, foreign currency call options, non-deliverable forwards and foreign currency range options.

The Group's foreign currency-denominated financial assets and liabilities and their peso equivalents follow:

As at March 31, 2018, the Group's foreign currency-denominated assets and liabilities amounted to ₱63,727.5 million ($1,221.8 million) and ₱66,080.5 million ($1,258.9 million), respectively.

As at December 31, 2017, the Group's foreign currency-denominated assets and liabilities amounted to ₱63,092.5 million ($1,263.6 million) and ₱72,478,.7 million ($1,451.6 million), respectively.

As at March 31, 2018 and December 31, 2017, approximately 30.8% and 34.6%, respectively, of the Group's borrowings, net of debt issue cost, are denominated in foreign-currency.

The following exchange rates were used in translating foreign currency-denominated assets and liabilities into Pesos.

	March 31, 2018	December 31, 2017
Philippine Peso to U.S. Dollar	**₱52.16**	₱49.93

Liquidity Risk
The Group manages its liquidity to ensure adequate financing of capital expenditures and debt service. Financing consists of internally generated funds, proceeds from debt and equity issues, and/or proceeds from sales of assets.

The Group regularly evaluates its projected and actual cash flow information and assesses conditions in the financial markets for opportunities to pursue fund-raising initiatives including bank loans, export credit agency-guaranteed facilities, bonds and equity market issues.

Credit Risk
The Group trades only with recognized and creditworthy related and third parties. The Group policy requires customers who wish to trade on credit terms to undergo credit verification. In addition, receivable balances are monitored on a regular basis to keep exposure to bad debts at the minimum. Given the Group's diverse base of customers, it is not exposed to large concentrations of credit risk.

As at March 31, 2018 and December 31, 2017, the financial assets, except for certain receivables and AFS investments, are generally viewed by management as good and collectible considering the credit history of the counterparties. Past due or impaired financial assets are very minimal in relation to the Group's total financial assets.

Equity Price Risk
Management closely monitors the equity securities in its investment portfolio. Material equity investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by management.

Capital Management
The Group manages its capital structure and makes appropriate adjustments based on changes in economic conditions. Accordingly, the Group may adjust dividend payments to shareholders, secure new and/or pay off existing debts, return capital to shareholders or issue new shares.

The Group monitors its capital gearing by maintaining its net debt at no higher than 50% of the sum of net debt and equity.

The Group's gearing ratios follow:

	March 31, 2018	December 31, 2017
Gross	**52%**	52%
Net	**44%**	43%

24. Financial Instruments

The Group's financial assets and liabilities by category and by class, except for those with carrying amounts that are reasonable approximations of fair values, follow:

			March 31, 2018		
	Carrying Value	**Fair Value**	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
			(In Thousands)		
Assets Measured at Fair Value					
Financial assets at FVPL -					
Derivative assets	**₱2,654,471**	**₱2,654,471**	**₱–**	**₱2,654,471**	**₱–**
Assets for which Fair Values are Disclosed					
Loans and receivables:					
Time deposits - noncurrent portion	**28,096,769**	**28,275,125**	**–**	**–**	**28,275,125**
Receivables - net (including noncurrent portion of receivables from real estate buyers)	**49,817,428**	**48,531,007**	**–**	**–**	**48,531,007**
Other noncurrent assets:					
Deposits and advance rentals	**18,256,000**	**19,608,388**	**–**	**–**	**19,608,388**
Long-term notes	**6,685,195**	**8,453,371**	**–**	**–**	**8,453,371**
	102,855,392	**104,867,891**	**–**	**–**	**104,867,891**
	₱105,509,863	**₱107,522,362**	**₱–**	**₱2,654,471**	**₱104,867,891**
Liabilities Measured at Fair Value					
Financial liabilities at FVPL -					
Derivative liabilities	**₱1,726,262**	**₱1,726,262**	**₱–**	**₱1,726,262**	**₱–**
Liabilities for which Fair Values are Disclosed					
Other Financial Liabilities:					
Long-term debt (noncurrent portion and net of unamortized debt issue cost)	**323,801,755**	**322,029,954**	**–**	**–**	**322,029,954**
Tenants' deposits and others*	**27,758,460**	**25,835,298**	**–**	**–**	**25,835,298**
	351,560,215	**347,865,252**	**–**	**–**	**347,865,252**
	₱353,286,477	**₱349,591,514**	**₱–**	**₱1,726,262**	**₱347,865,252**

**Excluding nonfinancial liabilities amounting to ₱2,613.9 million.*

			December 31, 2017		
	Carrying Value	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
			(In Thousands)		
Assets Measured at Fair Value					
Financial assets at FVPL -					
Derivative assets	₱5,341,439	₱5,341,439	₱–	₱5,341,439	₱–
Assets for which Fair Values are Disclosed					
Loans and receivables:					
Time deposits - noncurrent portion	26,688,721	27,069,511	–	–	27,069,511
Receivables - net (including noncurrent portion of receivables from real estate buyers)	48,206,644	46,831,054	–	–	46,831,054
Other noncurrent assets:					
Deposits and advance rentals	17,475,500	19,323,721	–	–	19,323,721
Long-term notes	6,399,410	8,309,619	–	–	8,309,619
	98,770,275	101,533,905	–	–	101,533,905
	₱104,111,714	₱106,875,344	₱–	₱5,341,439	₱101,533,905
Liabilities Measured at Fair Value					
Financial liabilities at FVPL -					
Derivative liabilities	₱777,408	₱777,408	₱–	₱777,408	₱–
Liabilities for which Fair Values are Disclosed					
Other Financial Liabilities:					
Long-term debt (noncurrent portion and net of unamortized debt issue cost)	292,555,868	297,063,011	–	–	297,063,011
Tenants' deposits and others*	25,939,021	23,705,361	–	–	23,705,361
	318,494,889	320,768,372	–	–	320,768,372
	₱319,272,297	₱321,545,780	₱–	₱777,408	₱320,768,372

**Excluding nonfinancial liabilities amounting to ₱2,495.1 million.*

There were no transfers into and out of Levels 1, 2 and 3 fair value measurements as at March 31, 2018 and December 31, 2017.

Derivative Instruments Accounted for as Cash Flow Hedges

As at March 31, 2018, the Parent Company and SM Prime have outstanding arrangements to hedge both foreign currency and interest rate exposure on its foreign currency-denominated debt. Details follow:

Cross-currency swaps:

	Notional Amount *(In US$)*	Notional Amount *(In PhP)*	Principal	Fair Value	Receive	Pay	US$:₱ Rate	Maturity
	(In Thousands)							
Parent:								
	US$53,000	₱2,761,300	₱2,764,480	₱133,547	LIBOR + spread	5.3%	₱52.10	March 6, 2023
	50,000	2,059,250	2,608,000	551,743	LIBOR + spread	4.1%	41.19	May 15, 2018
	60,000	2,478,000	3,129,600	655,300	LIBOR + spread	4.0%	41.30	May 15, 2018
	70,000	2,888,200	3,651,200	767,943	LIBOR + spread	4.0%	41.26	May 15, 2018
SM Prime:								
	25,000	1,246,900	1,304,000	(162,346)	LIBOR + spread	5.4%	49.88	March 27, 2022
	25,000	1,246,900	1,304,000	(167,242)	LIBOR + spread	5.4%	49.88	March 27, 2022
	50,000	2,580,500	2,608,000	(135,946)	LIBOR + spread	5.0%	51.61	June 30, 2022

Principal only and interest rate swaps:

	Notional Amount	Principal	Fair Value: Principal Only Swap	Fair Value: Interest Rate Swap	US$:CNY Rate	Fixed Rate	Maturity
		(in thousands)					
SM Prime	US$270,000	₱14,083,220	(₱1,203,265)	₱479,223	6.458-6.889	6.2%	January 29, 2021
	150,000	8,586,364	–	66,715	–	3.2%	April 14, 2019

Forward swaps:

	Notional Amount	Principal	Fair Value	Stirke: Low	Stirke: High	Maturity
		(in thousands)				
SM Prime	US$100,000	₱5,709,000	(₱43,595)	6.314	6.485	April 15, 2019
	100,000	5,709,000	(13,868)	6.288	6.496	April 15, 2019

As the terms of the swaps have been negotiated to match the terms of the hedged loans and advances, the hedges were assessed to be highly effective.

25. EPS Computation

	March 31, 2018 (Unaudited)	March 31, 2017 (Unaudited)
	(In Thousands Except Per Share Data)	
Net income attributable to owners of the Parent (a)	**₱8,468,814**	₱7,694,306
Weighted average number of common shares outstanding (b)	**1,204,583**	1,204,583
EPS (a/b)	**₱7.03**	₱6.39

26. Reclassification

The Group reclassified certain consolidated statement of income accounts in 2017 to conform to the 2018 consolidated financial statements presentation and classification. The reclassification has no impact on the 2018 and 2017 profit or loss and equity of the Group.

PART 1 FINANCIAL INFORMATION

Management's Discussion and Analysis or Plan of Operation

Results of Operation
For the Three Months Ended March 31, 2018 and 2017
(amounts in billion pesos)

Accounts	03 / 31 / 2018	03 / 31 / 2017	% Change
Revenue	**P 95.0**	**P 85.4**	**11.4%**
Cost and Expenses	75.6	68.5	10.4%
Income from Operations	**19.4**	**16.9**	**15.2%**
Other Charges	2.5	1.8	39.5%
Provision for Income Tax	3.4	3.1	12.4%
Net Income After Tax	**13.5**	**12.0**	**12.2%**
Non-controlling Interests	5.0	4.3	15.9%
Net Income Attributable to Owners of the Parent	**P 8.5**	**P 7.7**	**10.1%**

SM Investments Corporation and Subsidiaries (the Group) reported P8.5 billion *Net Income Attributable to Owners of the Parent*, 10.1% higher than 2017, and P95.0 billion *Revenues*, 11.4% higher than 2017.

Income from Operations increased by 15.2% to P19.4 billion from P16.9 billion in 2017. *Operating Margin* and *Net Margin* is at 20.4% and 14.1%, respectively.

Merchandise Sales, which grew by 9.9% to P67.4 billion from P61.3 billion in 2018, accounts for 70.9% of total revenues in 2018. The increase is attributable to the opening of 1 *SM Supermarket*, 5 *Savemore* stores, and 7 Specialty stores and strong same-store sales growth.

The *Non-Food* and *Food Group* comprised 48% and 52%, respectively, of merchandise sales in 2018 and 46% and 54% in 2017, respectively.

As of March 31, 2018, *SM Retail* had 1,674 stores nationwide, namely: 59 *SM Stores*, 53 *SM Supermarkets*, 186 *Savemore* stores, 47 *SM Hypermarkets*, 46 *WalterMart* stores and 1,283 Specialty stores.

Real Estate Sales increased by 24.5% to P7.4 billion from P6.0 billion in 2017 due to higher construction accomplishments of projects from 2015 to 2017. These include *Shore 2 and S Residences* in Pasay City, *Fame Residences* in Mandaluyong City, *South Residences* in Las Piñas City, *Spring Residences* in Parañaque City and increase in sales of Ready-for-Occupancy (RFO) projects due to strong demand fueled by international buyers, Overseas Filipino Workers' remittances and rising disposable income of the emerging middle class.

Rent Revenues, derived mainly from the mall operations of SM Prime Holdings, Inc. (SM Prime), increased by 13.6% to P11.4 billion from P10.0 billion in 2017. The increase in *Rent Revenue* is primarily due to the new malls which opened in 2016 and 2017, namely, *SM City San Jose Del Monte, SM City Trece Martires, SM Cherry Congressional, SM City East*

Ortigas, SM CDO Downtown Premier, SM Cherry Antipolo, SM City Puerto Princesa, SM Center Tuguegarao Downtown, SM Center Pulilan, SM Center Lemery and *S Maison* at the Conrad Manila. Excluding the new malls, same-mall rental growth is at 7%.

As of March 31, 2018, *SM Prime* had 68 malls in the Philippines with total GFA of 8.0 million square meters and 7 malls in China with total GFA of 1.3 million square meters.

*Equity in Net Earnings of Associate Companies and Joint Venture*s increased by 10.2% to P3.8 billion from P3.5 billion in 2017 due mainly to the increase in earnings of retail and bank associates and portfolio investments.

Dividend, Management Fees and Others increased by 18.9% to P3.4 billion in 2018 from P2.8 billion in 2017 due mainly to higher management and service fees and other revenues. Other revenues comprise mainly of income from promotional activities, commission from bills payment, prepaid cards and show tickets, advertising income and sponsorship revenues, and food and beverage income of the Hotel Group.

Selling, General and Administrative Expenses increased by 11.8% to P22.2 billion from P19.9 billion in 2017 due mainly to additional operating expenses associated with new/renovated retail stores and malls and new real estate projects.

Other Charges (net) increased by 39.5% to P2.5 billion from P1.8 billion in 2017. *Interest Expense* increased by 11.0% to P3.8 billion from P3.4 billion in 2017 due mainly to new debt availments for working capital and capital expenditure requirements net of capitalized interest. *Interest Income* decreased by 12.9% to P0.9 billion from P1.0 billion in 2017 due mainly to lower balance of cash, time deposits and temporary investments in 2018 compared to 2017. *Gain (Loss) on Fair Value Changes on Derivatives - net* decreased to a loss of P166.7 million from a gain of P16.5 million in 2017 resulting mainly from the mark-to-market valuation of outstanding non-deliverable forward transactions in 2018.

Provision for Income Tax increased by 12.4% to P3.4 billion from P3.1 billion in 2017 due mainly to increase in taxable income. The effective income tax rate is 20.4% in 2018 and 20.3% in 2017.

Non-controlling interests increased by 15.9% to P5.0 billion from P4.3 billion in 2017 due to the increase in net income of certain partly-owned subsidiaries.

Financial Position
As at March 31, 2018 and December 31, 2017
(amounts in billion pesos)

Accounts	03 / 31 / 2018	12 / 31 / 2017	% Change
Current Assets	P 200.0	P 212.5	-5.9%
Noncurrent Assets	772.1	747.6	3.3%
Total Assets	**P 972.1**	**P 960.1**	**1.3%**
Current Liabilities	P 141.7	P 175.9	-19.4%
Noncurrent Liabilities	364.6	330.4	10.4%
Total Liabilities	**506.3**	**506.3**	**0.0%**
Total Equity	**465.8**	**453.8**	**2.6%**
Total Liabilities and Equity	**P 972.1**	**P 960.1**	**1.3%**

Total *Assets* increased by 1.3% to P972.1 billion from P960.1 billion in 2017. On the other hand, total *Liabilities* was maintained at P506.3 billion.

Current Assets

Current Assets decreased by 5.9 % to P200.0 billion from P212.5 billion in 2017.

Cash and Cash Equivalents decreased by 13.8% to P64.0 billion from P74.3 billion in 2017 due mainly to settlement of loans and trade payables.

Receivables decreased by 7.9% to P29.8 billion from P32.4 billion in 2017 due mainly to collections from real estate buyers.

Merchandise Inventories increased by 10.9% to P30.8 billion from P27.8 billion in 2017. Bulk of the increase came from the Food Group.

Other Current Assets increased by 5.3% to P66.9 billion from P63.5 billion in 2017 due mainly to higher prepaid taxes and other prepayments, increase in condominium units for sale and advances and deposits.

Noncurrent Assets

Noncurrent Assets increased by 3.3% to P772.1 billion from P747.6 billion in 2017.

AFS Investments decreased by 5.3% to P24.2 billion from P25.6 billion in 2017 due mainly to decline in market value of certain AFS investments.

Investments in Associate Companies and Joint Ventures increased by 0.9% to P244.2 billion from P242.1 billion in 2017. The increase mainly represents equity in net earnings of associates partly offset by dividends received from associate companies in 2018.

Time Deposits increased by 5.3% to P28.1 billion from P26.7 billion in 2017 due mainly to new investment in time deposits. On the other hand, the current portion of *Time Deposits* decreased by 46.0% to P7.2 billion from P13.2 billion in 2017 due mainly to maturity of certain deposits.

Other Noncurrent Assets increased by 18.8% to P88.6 billion from P74.6 billion in 2017. The increase mainly represents higher receivable from real estate buyers and deposits and advance rentals.

Current Liabilities

Current Liabilities decreased by 19.4% to P141.7 billion from P175.9 billion in 2017.

Bank Loans decreased by 40.1% to P14.5 billion from P24.2 billion in 2017 resulting mainly from loan payments during the period.

Current Portion of Long-term Debt decreased by 41.1% to P23.7 billion from P40.3 billion in 2017 due mainly to loan payments during the period.

Accounts Payable and Other Current Liabilities decreased by 10.0% to P95.9 billion from P106.6 billion in 2017 due mainly to settlement of trade payables.

Dividends Payable increased by 17.2% to P3.4 billion from P2.9 billion in 2017. This represents dividends due to minority stockholders of certain subsidiaries.

Income Tax Payable increased by 122.2% to P4.2 billion in 2018 from P1.9 billion in 2017 due mainly to higher income tax due in 2018.

Noncurrent Liabilities

Noncurrent Liabilities increased by 10.4% to P364.6 billion from P330.4 billion in 2017.

Long-term Debt - Net of Current Portion increased by 10.7% to P323.8 billion from P292.6 billion in 2017 due mainly to new debt availments, partially offset by payments during the period.

Tenants' Deposits and Others increased by 9.9% to P32.8 billion from P29.8 billion in 2017 due mainly to new malls and increase in customers' deposits from residential buyers.

Equity

Total *Equity* increased by 2.6% to P465.8 billion from P453.8 billion in 2017.

Equity Attributable to Owners of the Parent increased by 2.3% to P335.5 billion from P328.1 billion in 2017. This increase resulted mainly from (a) *Cumulative Translation Adjustment* which increased by 44.3% to P2.0 billion from P1.4 billion in 2017. This is related mainly to the translation of the financial accounts of *SM China* malls from China Yuan Renminbi to Philippine Peso, and

(b) 4.4% increase in Retained earnings which represents the P8.5 billion *Net Income Attributable to Owners of the Parent* during the first quarter of 2018. These were partially offset by the 12.4% decrease in *Net Unrealized Gain on AFS Investments* to P13.4 billion from P15.3 billion in 2017 due mainly to the decline in market value of certain AFS investments of the Group

Non-controlling Interests increased by 3.6% to P130.2 billion from P125.7 billion in 2017 due mainly to the increase in net assets of subsidiaries that are not wholly owned.

The Company has no known direct or contingent financial obligation that is material to the Company operations, including any default or acceleration of an obligation. The Company has no off-balance sheet transactions, arrangements, obligations during the reporting year and as of the 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.

Key Performance Indicators

The following are the key financial ratios of the Group as at March 31, 2018 and December 31, 2017 and for the periods ended March 31, 2018 and 2017:

Accounts	03 / 31/ 2018	12 / 31/ 2017
Current Ratio	1.4	1.2
Asset to Equity	2.1	2.1
Debt - equity Ratios:		
On Gross Basis	52 : 48	52 : 48
On Net Basis	44 : 56	43 : 57
Return on Equity	10.4%	10.4%

Accounts	03 / 31/ 2018	03 / 31/ 2017
Revenue Growth	11.4%	8.8%
Net Margin	14.1%	14.0%
Net Income Growth	10.1%	8.2%
EBITDA *(In Billions of Pesos)*	23.0B	20.3B
Interest Cover	6.0x	5.9x

Current Ratio increased to 1.4 from 1.2 in 2017 due mainly to the 5.9% decrease in *Current Assets* with a 19.4% decrease in *Current Liabilities.*

Gross debt-equity ratio remained at 52:48 in 2018 and 2017 but Net debt-equity ratio slid to 44:56 from 43:57 in 2017 due mainly to higher increase in net debt of 8.1% to P263.4 billion from P243.7 billion in 2017.

Revenue growth increased to 11.4% from 8.8% in 2017 while Net income growth increased to 10.1% from 8.2% in 2017 due mainly to higher growth of *Merchandise* and *Real Estate* sales in 2018 compared to 2017.

EBITDA increased by 13.4% to P23.0 billion from P20.3 billion in 2017 due mainly to the 15.2% increase in income from operations. Consequently, Interest Cover slightly increased to 6.0x from 5.9x in 2017.

The manner by which the Company calculates the foregoing indicators is as follows:

1.	Current Ratio	Current Assets / Current Liabilities
2.	Asset to Equity Ratio	Total Assets / Total Equity
3.	Debt – Equity Ratio	
	a. Gross Basis	Total Interest Bearing Debt / Total Equity Attributable to Owners of the Parent + Total Interest Bearing Debt
	b. Net Basis	Total Interest Bearing Debt less cash and cash equivalents (excluding cash on hand), time deposits, investment in bonds held for trading and available for sale / Total Equity Attributable to Owners of the Parent + Total Interest Bearing Debt less cash and cash equivalents (excluding cash on hand), time deposits, investments in bonds held for trading and available for sale
4.	Revenue Growth	Total Revenues (Current Period) / Total Revenues (Prior Period) - 1
5.	Net Margin	Net Income After Tax / Total Revenues
6.	Net Income Growth	Net Income Attributable to Owners of the Parent (Current Period) / Net Income Attributable to Owners of the Parent (Prior Period) - 1
7.	Return on Equity	Net Income Attributable to Owners of the Parent / Average Equity Attributable to Owners of the Parent
8.	EBITDA	Income from Operations + Depreciation & Amortization
9.	Interest Cover	EBITDA / Interest Expense

Expansion Plans / Prospects for the Future

Property Group
For the rest of 2018, SM Prime will be opening 4 new malls in the Philippines. By the end of 2018, there will be 79 malls, 72 in the Philippines and 7 in China with an estimated combined gross floor area of 9.6 million square meters.

In the residential segment, 12,000 to 15,000 residential condominium units that include high-rise and mid-rise buildings and single-detached housing will be launched. These new units will be located in Metro Manila and other key cities in the provinces.

In the commercial segment, the construction of Three E-Com Center and Four E-Com Center in the Mall of Asia Complex will continue with completion scheduled in 2018 and 2020, respectively.

In the hotels and convention centers business unit, SM Prime is set to expand Park Inn - Clark in Pampanga this year.

SM Prime's land banking initiatives will continue in 2018.

Retail Group
In 2018, the Retail Group plans to open 4 *SM Stores,* 4 *SM Supermarkets*, 18 *Savemore* stores, 2 *SM Hypermarkets* and 89 specialty stores.

The above expenditures will be funded through internally generated sources and other capital raising initiatives such as bond issuances and loan availments.

PART I FINANCIAL INFORMATION

Item 3. Aging of Accounts Receivable - Trade

SM Investments Corporation and Subsidiaries
Aging of Accounts Receivable - Trade
As of March 31, 2018
(in Thousands)

Receivable from tenants		
Third-party tenants	₱	6,749,250
Related-party tenants		357,211
Receivable from real estate buyers		
- net of non current portion		22,763,393
Other trade receivable		106,581
Total	₱	29,976,435

Aging:

Neither past due nor impaired	₱	26,314,057
31-90 days		746,045
91-120 days		371,429
Over 120 days		1,459,413
Impaired		1,085,491
Total	₱	29,976,435

PART II - SIGNATURE

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

Registrant: **SM INVESTMENTS CORPORATION**

Franklin C. Gomez
Senior Vice President – Finance
Corporate Information Officer

Date: 5-11-18