SBS PHILIPPINES CORPORATION

(formerly SYTENGCO PHILIPPINES CORPORATION)

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **SBS Philippines Corporation** (the Company), is responsible for the preparation and fair presentation of the Company's financial position as at December 31, 2015 and 2014 and its financial performance and its cash flows for each of the three years in the period ended December 31, 2015 in accordance with Philippine Financial Reporting Standards (PFRS), including the following additional supplemental information filed separately from the basic financial statements:

A. Supplementary Schedules Required under Annex 68-E of the Securities Regulation Code Rule 68
B. Reconciliation of Retained Earnings Available for Dividend Declaration
C. Schedule of PFRS Effective as of December 31, 2015
D. Schedule of Financial Indicators for December 31, 2015 and 2014
E. Map Showing the Relationship Between and Among the Company and its Related Entities

Management responsibility on the financial statements includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements, and the additional supplementary information, and submits the same to the stockholders.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has examined the financial statements of the Company in accordance with Philippine Standards on Auditing and, and in its report to the Board of Directors and stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

Necisto U. Sytengco
Chairman of the Board

Gerry D. Tan
President

Aylene Y. Sytengco
Treasurer

Signed this _____ day of FEB 29 2016

10 Resthaven Street San Francisco Del Monte, Quezon City
Tel. Nos. (632) 371-1111*371-1250* 371-5555*373-5555
Fax. (632) 371-1288*371-1248* 371-1260

E-Mail: imports@sytengco.com / info@sytengco.com
sales@sytengco.com / nes@sytengco.com
Website: www.sytengco.com

SUBSCRIBED AND SWORN to before me this 29TH day of February 2016, affiant(s) exhibiting to me his/their Tax Identification Numbers as follows:

NAMES	**Tax Idenfication No.**
NECISTO U. SYTENGCO	100-910-452
GERRY D. TAN	112-830-452
AYLENE Y. SYTENGCO	213-000-548

Doc No.: 21;
Page No.: 5;
Book No.: 127
Series of 2016.

ATTY. LUIS M. DE VERA
NOTARY PUBLIC
UNTIL DECEMBER 31, 2017
PTR NO. 2152818 C / 01-05-16 / Q.C.
IBP NO. 1023201 / 1-07-16 / Q.C.
ROLL NO. 20761
5TH MCLE NO. 0009642
OFC ADD. PASILIO 13 MUÑOZ MARKET
QUEZON CITY

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Report of Independent Certified Public Accountants to Accompany Income Tax Return

The Board of Directors
SBS Philippines Corporation
(A Subsidiary of Anesy Holdings Corporation)
No. 10 Resthaven Street
San Francisco Del Monte, Quezon City

We have audited the financial statements of SBS Philippines Corporation for the year ended December 31, 2015, on which we have rendered the attached report dated February 29, 2016.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

PUNONGBAYAN & ARAULLO

By: **Renan A. Piamonte**
Partner

CPA Reg. No. 0107805
TIN 221-843-037
PTR No. 5321730, January 4, 2016, Makati City
SEC Group A Accreditation
Partner - No. 1363-A (until Nov. 11, 2016)
Firm - No. 0002-FR-4 (until Apr. 30, 2018)
BIR AN 08-002511-37-2013 (until Oct. 7, 2016)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

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February 29, 2016

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Report of Independent Auditors

The Board of Directors
SBS Philippines Corporation
(A Subsidiary of Anesy Holdings Corporation)
No. 10 Resthaven Street
San Francisco Del Monte, Quezon City

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. Except as discussed under the Basis for Qualified Opinion on the 2013 Financial Statements section, we conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Qualified Opinion on the 2013 Financial Statements

We were appointed as external auditors of the Company in 2013; hence, we were not able to observe the year end physical count of the Company's inventories as at December 31, 2012. Since the balance of inventories as at December 31, 2012 enters into the determination of cost of goods sold and, consequently, the Company's tax expense and net profit in 2013, we were unable to determine, by means of other auditing procedures, whether adjustments might have been necessary in respect of the reported net profit in the 2013 statement of comprehensive income and the cash flows from operating activities in the 2013 statement of cash flows. Hence, our opinion on the 2013 statement of comprehensive income and 2013 statement of cash flows is qualified as to this matter.

In 2015 and 2014, because the matter described in the preceding paragraph no longer affects the Company's statements of comprehensive income and statements of cash flows, our opinion on those statements is no longer qualified with respect to the same matter.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of SBS Philippines Corporation as at December 31, 2015 and 2014, and, except for the matters described under the Basis for Qualified Opinion on the 2013 Financial Statements section, its financial performance and its cash flows for each of the three years in the period ended December 31, 2015 in accordance with Philippine Financial Reporting Standards.

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Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2015 required by the Bureau of Internal Revenue as disclosed in Note 28 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Renan A. Piamonte
Partner

CPA Reg. No. 0107805
TIN 221-843-037
PTR No. 5321730, January 4, 2016, Makati City
SEC Group A Accreditation
Partner - No. 1363-A (until Nov. 11, 2016)
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Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

February 29, 2016

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SBS PHILIPPINES CORPORATION
(A Subsidiary of Anesy Holdings Corporation)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014
(Amounts in Philippine Pesos)

	Notes	2015	2014
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	P 837,551,006	P 338,132,143
Trade and other receivables	5	125,872,241	100,204,779
Inventories – net	6	1,527,199,944	1,557,928,385
Financial assets at fair value through profit or loss	7	-	29,259,715
Prepayments and other current assets	10	133,870,638	154,008,669
Total Current Assets		2,624,493,829	2,179,533,691
NON-CURRENT ASSETS			
Other non-current financial assets	8	244,740,000	250,124,488
Investment in an associate	9	18,113,172	18,388,692
Property and equipment – net	11	15,523,166	22,212,249
Investment properties	12	955,287,542	955,287,542
Deferred tax assets – net	20	9,691,399	1,847,914
Total Non-current Assets		1,243,355,279	1,247,860,885
TOTAL ASSETS		P 3,867,849,108	P 3,427,394,576
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Loans payable	14	P 1,055,000,000	P 261,500,000
Trade and other payables	13	215,009,295	422,823,999
Income tax payable		7,350,543	34,718,239
Dividends payable	21	-	265,494,338
Advances from related parties	19	-	699,192,601
Total Current Liabilities		1,277,359,838	1,683,729,177
NON-CURRENT LIABILITIES			
Loans payable	14	312,500,000	1,163,500,000
Post-employment defined benefit obligation	18	6,902,836	2,190,431
Total Non-current Liabilities		319,402,836	1,165,690,431
Total Liabilities		1,596,762,674	2,849,419,608
EQUITY			
Capital stock	21	1,200,000,000	262,000,000
Additional paid-in capital	21	898,425,433	200,000,000
Revaluation reserves	21	(3,720,185)	(1,400,328)
Retained earnings	21	176,381,186	117,375,296
Total Equity		2,271,086,434	577,974,968
TOTAL LIABILITIES AND EQUITY		P 3,867,849,108	P 3,427,394,576

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See Notes to Financial Statements.

SBS PHILIPPINES CORPORATION
(A Subsidiary of Anesy Holdings Corporation)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(Amounts in Philippine Pesos)

	Notes	2015	2014	2013
SALE OF GOODS	19	P 940,000,603	P 933,080,958	P 785,947,148
COST OF GOODS SOLD	15	682,200,131	668,512,426	580,231,614
GROSS PROFIT		257,800,472	264,568,532	205,715,534
OTHER OPERATING INCOME (EXPENSES)				
Other operating expenses	15	(123,726,997)	(100,389,507)	(98,757,766)
Other operating income	16	100,777,804	73,179,541	58,851,389
Finance costs – net	17	(29,265,769)	(90,620,087)	(96,281,955)
		(52,214,962)	(117,830,053)	(136,188,332)
OPERATING PROFIT		205,585,510	146,738,479	69,527,202
EQUITY IN NET LOSSES OF AN ASSOCIATE	9	275,520	861,208	-
PROFIT BEFORE TAX		205,309,990	145,877,271	69,527,202
TAX EXPENSE	20	46,304,100	45,705,084	9,197,322
NET PROFIT		159,005,890	100,172,187	60,329,880
OTHER COMPREHENSIVE LOSS				
Item that will not be reclassified subsequently to profit or loss				
Remeasurements of post-employment defined benefit plan	18	4,276,321	780,504	93,682
Tax income	20	(1,282,896)	(234,151)	(28,105)
		2,993,425	546,353	65,577
Item that will be reclassified subsequently to profit or loss				
Fair value of available-for-sale (AFS) financial assets				
Fair value loss on disposed AFS financial assets reclassified to profit or loss	8	(673,568)	-	-
Fair value loss during the year	8	-	673,568	-
		(673,568)	673,568	-
Other Comprehensive Loss		2,319,857	1,219,921	65,577
TOTAL COMPREHENSIVE INCOME		P 156,686,033	P 98,952,266	P 60,264,303
EARNINGS PER SHARE - Basic and Diluted	21	P 0.18	P 1.80	P 2.74

See Notes to Financial Statements.

SBS PHILIPPINES CORPORATION
(A Subsidiary of Anesy Holdings Corporation)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(Amounts in Philippine Pesos)

	Capital Stock (see Note 21)	Additional Paid-in Capital (see Note 21)	Revaluation Reserves (see Notes 8 and 18)	Retained Earnings (see Note 21) Appropriated	Retained Earnings (see Note 21) Unappropriated	Total Equity
Balance at January 1, 2015	P 262,000,000	P 200,000,000	(P 1,400,328)	P -	P 117,375,296	P 577,974,968
Collection of subscription receivable during the year	165,000,000	-	-	-	-	165,000,000
Issuance of shares during the year	773,000,000	698,425,433	-	-	-	1,471,425,433
Cash dividends	-	-		-	(100,000,000)	(100,000,000)
Total comprehensive income (loss) for the year	-	-	(2,319,857)	-	159,005,890	156,686,033
Balance at December 31, 2015	**P 1,200,000,000**	**P 898,425,433**	**(P 3,720,185)**	**P -**	**P 176,381,186**	**P 2,271,086,434**
Balance at January 1, 2014	P 22,000,000	P 200,000,000	(P 180,407)	P 275,000,000	P 7,697,447	P 504,517,040
Issuance of shares during the year	240,000,000	-	-	-	-	240,000,000
Reversal of appropriation during the year	-	-	-	(275,000,000)	275,000,000	-
Cash dividends	-	-	-	-	(265,494,338)	(265,494,338)
Total comprehensive income (loss) for the year	-	-	(1,219,921)	-	100,172,187	98,952,266
Balance at December 31, 2014	P 262,000,000	P 200,000,000	(P 1,400,328)	P -	P 117,375,296	P 577,974,968
Balance at January 1, 2013	P 22,000,000	P 200,000,000	(P 114,830)	P -	P 222,367,567	P 444,252,737
Appropriation during the year	-	-	-	275,000,000	(275,000,000)	-
Total comprehensive income (loss) for the year	-	-	(65,577)	-	60,329,880	60,264,303
Balance at December 31, 2013	P 22,000,000	P 200,000,000	(P 180,407)	P 275,000,000	P 7,697,447	P 504,517,040

See Notes to Financial Statements.

SBS PHILIPPINES CORPORATION
(A Subsidiary of Anesy Holdings Corporation)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(Amounts in Philippine Pesos)

	Notes	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 205,309,990	P 145,877,271	P 69,527,202
Adjustments for:				
Interest expense	17	50,843,630	95,086,591	96,190,483
Dividend income from held-to-maturity (HTM) investment	8, 17	(10,306,503)	-	-
Depreciation and amortization	11	7,019,390	6,746,374	6,409,048
Interest income	4, 17	(4,584,332)	(175,484)	-
Gain on sale of financial assets at fair value through profit or loss (FVTPL)	7, 17	(2,310,003)	(6,134,247)	(9,139,704)
Unrealized foreign currency losses (gains)		(998,123)	143,103	(2,829,766)
Loss on sale of available-for-sale (AFS) financial assets		735,579		-
Share in net loss of associate	9	275,520	861,208	-
Gain on sale of HTM investment	8	(261,187)	-	-
Fair value loss on financial assets at FVTPL	7, 17	-	618,100	11,317,255
Operating profit before working capital changes		245,723,961	243,022,916	171,474,518
Increase in trade and other receivables		(25,667,462)	(15,312,900)	(15,609,125)
Decrease (increase) in inventories		30,728,441	(75,069,144)	(36,855,319)
Decrease (increase) in advances to related parties		-	326,274,850	(440,476,767)
Decrease (increase) in prepayments and other current assets		17,794,892	(10,924,146)	(23,402,408)
Increase (decrease) in trade and other payables		(207,814,704)	238,136,850	(74,588,964)
Increase in post-employment defined benefit obligation		339,705	221,066	210,197
Cash generated from (used in) operations		61,104,833	706,349,492	(419,247,868)
Cash paid for income taxes		(77,889,246)	(19,200,765)	(14,121,707)
Net Cash From (Used in) Operating Activities		(16,784,413)	687,148,727	(433,369,575)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of financial assets at FVTPL		57,192,545	34,132,707	59,434,627
Purchases of financial assets at FVTPL	7	(25,622,827)	(5,959,325)	(49,346,328)
Dividends received from HTM investment	8, 17	10,306,503	-	-
Proceeds from sale of HTM investment		5,521,187	-	-
Interest received	4, 17	4,584,332	175,484	-
Acquisition of property and equipment	11	(330,307)	(5,002,202)	(4,978,207)
Proceeds from sale of AFS financial assets	8	62,477	96,929	-
Acquisition of HTM investment	8	-	(250,000,000)	-
Acquisition of investment properties	12	-	(6,271,013)	(5,759,873)
Acquisition of AFS financial assets	8	-	(894,985)	-
Net Cash From (Used in) Investing Activities		51,713,910	(233,722,405)	(649,781)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net proceeds from issuance of shares of stock	21	1,471,425,433	-	-
Settlement of loans	14	(1,182,500,000)	(1,528,000,000)	(1,963,250,000)
Proceeds from availment of loans	14	1,125,000,000	550,000,000	2,316,750,000
Settlement of advances from related parties	19	(699,192,601)	(100,497,916)	-
Dividends paid	21	(365,494,338)	-	-
Collection of subscription receivable during the year	21	165,000,000	240,000,000	-
Interest paid		(50,747,251)	(95,086,591)	(94,885,957)
Advances obtained from related parties	19	-	770,330,926	199,619,526
Net Cash From (Used in) Financing Activities		463,491,243	(163,253,581)	458,233,569
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		998,123	(143,103)	1,901,548
NET INCREASE IN CASH AND CASH EQUIVALENTS		499,418,863	290,029,638	26,115,761
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		338,132,143	48,102,505	21,986,744
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 837,551,006	P 338,132,143	P 48,102,505

Supplemental Information on Non-cash Financing Activities:

1) In 2014, the Company entered into an assignment of receivables and offsetting arrangement with certain related parties wherein the balances of the Company's advances to its affiliates amounting to P414.3 million were assigned in payment and set-off against the equivalent amount of the Company's advances from its shareholder and Chairman of the Board of Directors (see Note 19).

2) In 2014, the Company's Board of Directors approved the declaration of cash dividends amounting to P265.5 million in favor of stockholders of record as of December 31, 2014 to be paid and distributed in proportion to their shareholdings in the Company in March 2015. The said dividends were fully settled in 2015.

See Notes to Financial Statements.

SBS PHILIPPINES CORPORATION
(A Subsidiary of Anesy Holdings Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

SBS Philippines Corporation (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on July 17, 2001. The Company is currently engaged in trading of goods and buying, selling, distributing and marketing at wholesale goods such as chemicals, fertilizers, foodstuffs, agricultural products feed ingredients, industrial products and medical devices.

The Company's common shares were listed and traded in the Philippine Stock Exchange (PSE) beginning August 10, 2015 (see Note 21.1)

On October 15, 2014, the Board of Directors (BOD) and stockholders of the Company approved the following amendments to the Company's articles of incorporation and by-laws:

(a) change in the Company's corporate name from Sytengco Philippines Corporation to SBS Philippines Corporation;

(b) change in the Company's registered office, which is also its principal place of business, from Rm. 503 Regina Garden II, Reina Regente Street, Binondo, Manila to No. 10 Resthaven Street, San Francisco Del Monte, Quezon City; and,

(c) change in the authorized capital stock from 220,000 shares at P100 par value to 1.0 billion shares at P1 par value.

The amendments were approved by the SEC and the Bureau of Internal Revenue (BIR) on November 18, 2014 and September 2, 2015, respectively.

Subsequently, on December 2, 2014, the BOD and stockholders of the Company approved to further amend the Company's articles of incorporation to increase the authorized capital stock to 1.6 billion shares at P1 par value (see Note 21.1). The foregoing amendment was approved by the SEC on December 18, 2014. Anesy Holdings Corporation (Anesy or the Parent Company), a company incorporated and domiciled in the Philippines, subscribed to new shares and acquired 94% controlling interest in the Company; hence, considered as the Company's parent on the date of its acquisition of the Company's shares.

Anesy is currently engaged in holding, owning and acquiring shares of stock, bonds and other investments in any and all types of business enterprise engaged in any productive or commercial activity. Its registered office, which is also its principal place of business, is located at No. 37 Judge Juan Luna St., San Francisco del Monte, Quezon City.

The financial statements of the Company as of and for the year ended December 31, 2015 (including the comparative financial statements as of December 31, 2014 and for the years ended December 31, 2014 and 2013) were authorized for issue by the Company's BOD on February 29, 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents all items of income, expenses and other comprehensive income in a single statement of comprehensive income.

The Company presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using its functional currency, the currency of the primary economic environment in which the Company operates.

2.2 *Adoption of New and Amended PFRS*

(a) Effective in 2015 that are Relevant to the Company

The Company adopted for the first time the following amendment and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after July 1, 2014, for its annual reporting period beginning January 1, 2015:

PAS 19 (Amendment)	:	Employee Benefits – Defined Benefit Plans – Employee Contributions
Annual Improvements	:	Annual Improvements to PFRS (2010-2012 Cycle) and PFRS (2011-2013 Cycle)

Discussed below and in the succeeding page are the relevant information about this amendment and annual improvements.

(i) PAS 19 (Amendment), *Employee Benefits – Defined Benefit Plans – Employee Contributions.* The amendment clarifies that if the amount of the contributions to defined benefit plans from employees or third parties is dependent on the number of years of service, an entity shall attribute the contributions to periods of service using the same attribution method (i.e., either using the plan's contribution formula or on a straight-line basis) for the gross benefit. The amendment did not have a significant impact on the Company's financial statements since the Company's defined benefit plan does not require employees or third parties to contribute to the benefit plan.

(ii) Annual Improvements to PFRS. Annual improvements to PFRS (2010-2012 Cycle) and PFRS (2011-2013 Cycle) made minor amendments to a number of PFRS. Among those improvements, the following amendments are relevant to the Company but had no material impact on the Company's financial statements as these amendments merely clarify the existing requirements:

Annual Improvements to PFRS (2010-2012 Cycle)

- PFRS 8 (Amendment), *Operating Segments.* This amendment requires the disclosure of the judgments made by management in applying the aggregation criteria to operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. It further clarifies the requirement to disclose for the reconciliations of segment assets to the entity's assets if that amount is regularly provided to the chief operating decision maker.

- PAS 16 (Amendment), *Property, Plant and Equipment.* The amendment clarifies that when an item of property, plant and is revalued, the gross carrying amount is adjusted in a manner that is consistent with a revaluation of the carrying amount of the asset.

- PAS 24 (Amendment), *Related Party Disclosures.* The amendment clarifies that an entity providing key management services to a reporting entity is deemed to be a related party of the latter. It also clarifies that the information required to be disclosed in the financial statements are the amounts incurred by the reporting entity for key management personnel services that are provided by a separate management entity and not the amounts of compensation paid or payable by the management entity to its employees or directors.

Annual Improvement to PFRS (2011-2013 Cycle)

- PFRS 13 (Amendment), *Fair Value Measurement.* The amendment clarifies that the scope of the exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis (the portfolio exception) applies to all contracts within the scope of and accounted for in accordance with PAS 39, *Financial Instruments: Recognition and Measurement*, or PFRS 9, *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities as defined in PAS 32, *Financial Instruments: Presentation.*

- PAS 40 (Amendment), *Investment Property.* The amendment clarifies the interrelationship of PFRS 3, *Business Combination,* and PAS 40 in determining the classification of property as an investment property or owner-occupied property, and explicitly requires an entity to use judgment in determining whether the acquisition of an investment property is an acquisition of an asset or a group of asset in accordance with PAS 40 or a business combination in accordance with PFRS 3.

(b) Effective in 2015 that are not Relevant to the Company

The following annual improvements to PFRS are mandatory for accounting periods beginning on or after July 1, 2014 but are not relevant to the Company's financial statements:

PFRS (2010-2012 Cycle)		
PAS 38 (Amendment)	:	Intangible Assets - Revaluation Method – Proportionate Restatement of Accumulated Amortization
PFRS 2 (Amendment)	:	Share-based Payment – Definition of Vesting Condition
PFRS 3 (Amendment)	:	Business Combinations – Accounting for Contingent Consideration in a Business Combination
PFRS (2011-2013 Cycle)		
PFRS 3 (Amendment)	:	Business Combinations – Scope Exceptions for Joint Ventures

(c) Effective Subsequent to 2015 but not Adopted Early

There are new PFRS, amendments and annual improvements to existing standards effective for annual periods subsequent to 2015 which are adopted by the FRSC. Management will adopt the relevant pronouncements in the succeeding pages in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Company's financial statements.

(i) PAS 1 (Amendment), *Presentation of Financial Statements – Disclosure Initiative* (effective from January 1, 2016). The amendment encourages entities to apply professional judgment in presenting and disclosing information in the financial statements. Accordingly, it clarifies that materiality applies to the whole financial statements and an entity shall not reduce the understandability of the financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. Moreover, the amendment clarifies that an entity's share of other comprehensive income of associates and joint ventures accounted for using equity method should be presented based on whether or not such other comprehensive income item will subsequently be reclassified to profit or loss. It further clarifies that in determining the order of presenting the notes and disclosures, an entity shall consider the understandability and comparability of the financial statements.

(ii) PAS 16 (Amendment), *Property, Plant and Equipment – Clarification of Acceptable Methods of Depreciation and Amortization* (effective from January 1, 2016). The amendment clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment. The amendment also provides guidance that the expected future reductions in the selling price of an item that was produced using the asset could indicate an expectation of technological or commercial obsolescence of an asset, which may reflect a reduction of the future economic benefits embodied in the asset.

(iii) PAS 27 (Amendment), *Separate Financial Statements – Equity Method in Separate Financial Statements* (effective from January 1, 2016). This amendment introduces a third option which permits an entity to account for its investments in subsidiaries, joint ventures and associates under the equity method in its separate financial statements in addition to the current options of accounting those investments at cost or in accordance with PAS 39 or PFRS 9. As of the end of the reporting period, the Company has no plan to change the accounting policy for its investments in an associate.

(iv) PFRS 10 (Amendment), *Consolidated Financial* Statements, PFRS 12, *Disclosure of Interests in Other Entities*, and PAS 28 (Amendment), *Investments in Associates and Joint Ventures – Investment Entities – Applying the Consolidation Exception* (effective from January 1, 2016). This amendment addresses the concerns that have arisen in the context of applying the consolidation exception for investment entities. It clarifies which subsidiaries of an investment entity are consolidated in accordance with paragraph 32 of PFRS 10 and clarifies whether the exemption to present consolidated financial statements, set out in paragraph 4 of PFRS 10, is available to a parent entity that is a subsidiary of an investment entity. This amendment also permits a non-investment entity investor, when applying the equity method of accounting for an associate or joint venture that is an investment entity, to retain the fair value measurement applied by that investment entity associate or joint venture to its interests in subsidiaries.

(v) PFRS 10 (Amendment), *Consolidated Financial Statements*, and PAS 28 (Amendment), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely). The amendment to PFRS 10 requires full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3 between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale of contribution of assets that do not constitute a business. Corresponding amendment has been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction. In December 2015, the IASB deferred the mandatory effective date of these amendments (i.e. from January 1, 2016) indefinitely.

(vi) PFRS 9 (2014), *Financial Instruments* (effective from January 1, 2018). This new standard on financial instruments will eventually replace PAS 39 and PFRS 9 (2009, 2010 and 2013 versions). This standard contains, among others, the following:

- three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments;

- an expected loss model in determining impairment of all financial assets that are not measured at fair value through profit or loss (FVTPL), which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset; and,

- a new model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures.

In accordance with the financial asset classification principle of PFRS 9 (2014), a financial asset is classified and measured at amortized cost if the asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows that represent solely payments of principal and interest (SPPI) on the principal outstanding. Moreover, a financial asset is classified and subsequently measured at fair value through other comprehensive income if it meets the SPPI criterion and is held in a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. All other financial assets are measured at FVTPL.

In addition, PFRS 9 (2014) allows entities to make an irrevocable election to present subsequent changes in the fair value of an equity instrument that is not held for trading in other comprehensive income.

The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangements, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The amendment also requires changes in the fair value of an entity's own debt instruments caused by changes in its own credit quality to be recognized in other comprehensive income rather than in profit or loss.

The Company does not expect to implement and adopt PFRS 9 (2014) until its effective date. In addition, management is currently assessing the impact of PFRS 9 (2014) on the financial statements of the Company and it will conduct a comprehensive study of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.

(vii) Annual Improvements to PFRS (2012-2014 Cycle) (effective from January 1, 2016). Among the improvements, the following amendments are relevant to the Company:

- PFRS 7 (Amendment), *Financial Instruments – Disclosures.* The amendment provides additional guidance to help entities identify the circumstances under which a contract to "service" financial assets is considered to be a continuing involvement in those assets for the purposes of applying the disclosure requirements of PFRS 7. Such circumstances commonly arise when, for example, the servicing is dependent on the amount or timing of cash flows collected from the transferred asset or when a fixed fee is not paid in full due to non-performance of that asset.

- PAS 19 (Amendment), *Employee Benefits.* The amendment clarifies that the currency and term of the high quality corporate bonds which were used to determine the discount rate for post-employment benefit obligations shall be made consistent with the currency and estimated term of the post-employment benefit obligations.

2.3 Financial Assets

Financial assets are recognized when the Company becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32. All other non-derivative financial instruments are treated as debt instruments.

(a) Classification and Measurement of Financial Assets

Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at FVTPL, loans and receivables, held-to-maturity (HTM) investments and available-for-sale (AFS) financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at FVTPL are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at FVTPL are initially recorded at fair value and the related transaction costs are recognized in profit or loss. A more detailed description of the four categories of financial assets is as follows:

(i) Financial Assets at FVTPL

This category includes financial assets that are either classified as held for trading or that meets certain conditions and are designated by the entity to be carried at fair value through profit or loss upon initial recognition. All derivatives fall into this category, except for those designated and effective as hedging instruments. Assets in this category are classified as current if they are either held for trading or are expected to be realized within 12 months from the end of each reporting period.

Financial assets at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. Financial assets (except derivatives and financial instruments originally designated as financial assets at fair value through profit or loss) may be reclassified out of FVTPL category if they are no longer held for the purpose of being sold or repurchased in the near term.

(ii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for those with maturities greater than 12 months after the end of each reporting period, which are classified as non-current assets.

The Company's financial assets categorized as loans and receivables are presented as Cash and Cash Equivalents and Trade and Other Receivables in the statement of financial position. Cash and cash equivalents include cash on hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less, readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any.

(iii) HTM Investments

This category includes non-derivative financial assets with fixed or determinable payments and a fixed date of maturity that the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. If the Company were to sell other than an insignificant amount of HTM investments, the whole category would be tainted and reclassified to AFS financial assets. HTM investments are included in non-current assets under the Other Non-current Financial Assets account in the statement of financial position, except those maturing within 12 months from end of the reporting period, which are presented as part of current assets. The Company currently holds preferred shares with fixed date of redemption designated into this category.

Subsequent to initial recognition, HTM investments are measured at amortized cost using the effective interest method, less impairment losses, if any.

(iv) AFS Financial Assets

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets under the Other Non-current Financial Assets account in the statement of financial position unless management intends to dispose of the investment within 12 months from the reporting period. The Company's AFS financial assets include only equity securities.

All financial assets within this category are subsequently measured at fair value. Gains and losses are recognized in other comprehensive income, net of any income tax effects, and are reported as part of the Revaluation Reserves account in equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognized in profit or loss.

When the financial asset is disposed of or is determined to be impaired, that is, when there is a significant or prolonged decline in the fair value of the security below its cost, the cumulative fair value gains or losses recognized in other comprehensive income is reclassified from equity to profit or loss and is presented as reclassification adjustment within other comprehensive income even though the financial asset has not been derecognized.

(b) Impairment of Financial Assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. The Company recognizes impairment loss based on the category of financial assets as discussed in the succeeding page.

(i) Carried at Amortized Cost – Loans and Receivables and HTM Investments

If there is objective evidence that an impairment loss on loans and receivables or HTM investments carried at cost has been incurred, the amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate or current effective interest rate determined under the contract if the loan has a variable interest rate.

The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date of the impairment is reversed. The amount of the reversal is recognized in the profit or loss.

(ii) Carried at Fair Value – AFS Financial Assets

When a decline in the fair value of an AFS financial asset has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss – measured as the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is reclassified from Revaluation Reserves to profit or loss as a reclassification adjustment even though the financial asset has not been derecognized.

Impairment losses recognized in profit or loss on equity instruments are not reversed through profit or loss. Reversal of impairment losses are recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

(c) Items of Income and Expense Related to Financial Assets

All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Finance Costs – net in the statement of comprehensive income.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

(d) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

2.4 Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Cost is determined using the moving average method. The cost of merchandise inventories include all costs directly attributable to acquisitions, such as the purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities.

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

2.5 Prepayments and Other Current Assets

Prepayments and other current assets pertain to other resources controlled by the Company as a result of past events. They are recognized in the financial statement when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Company beyond one year after the end of the reporting period (or in the normal operating cycle of the business, if longer), are classified as non-current assets.

An asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.15).

2.6 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any impairment in value.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation and amortization is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvements	13 years
Transportation and other equipment	5 years
Furniture and fixtures	3 years

Amortization of leasehold improvements is recognized over their estimated useful life of 13 years, regardless of the term of the lease as management believes that it is probable that the Company will renew the lease agreement for the warehouses where the property and equipment and the office are located, for a period of time that may extend beyond the current lease term [see Note 3.1(e)].

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

Fully depreciated and amortized assets are retained in the accounts until they are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

An asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.15).

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

2.7 Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are accounted for under the cost model and is measured initially at acquisition cost. The cost of the asset is comprised of its purchase price and directly attributable costs of preparing the asset for its intended use.

An asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.15).

An item of investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

2.8 Investment in an Associate

An associate is an entity over which the Company is able to exert significant influence but which are neither subsidiary nor interests in a joint venture. Investment in an associate is initially recognized at cost and subsequently accounted for using the equity method.

All subsequent changes to the ownership interest in the equity of the associate are recognized in the Company's carrying amount of the investment. Changes resulting from the profit or loss generated by the associate are credited or charged against the Equity in Net Earnings or Losses of an Associate account in profit or loss.

Impairment loss is provided when there is objective evidence that the investment in an associate will not be recovered (see Note 2.15).

Changes resulting from other comprehensive income of the associate or items recognized directly in the associate's equity are recognized in other comprehensive income or equity of the Company, as applicable. However, when the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized.

Distributions received from the associate are accounted for as a reduction of the carrying value of the investment.

2.9 Financial Liabilities

Financial liabilities, which include Loans Payable, Trade and Other Payables (excluding tax-related liabilities) and Advances from Related Parties, are recognized when the Company becomes a party to the contractual terms of the instrument. All interest-related charges incurred on financial liability are recognized as an expense in profit or loss under the caption Finance Costs – net in the statement of comprehensive income.

Loans payable and trust receipts payable (presented as part of Trade and Other Payables) were raised for working capital requirements. Finance charges are charged to profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Trade and other payables and advances from related parties are initially recognized at their fair value and subsequently measured at amortized cost using effective interest method for maturities beyond one year, less settlement payments.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

2.10 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when the Company currently has legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

2.11 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.12 Revenue and Expense Recognition

Revenue comprises revenue from sale of goods measured by reference to the fair value of consideration received or receivable by the Company, excluding value-added tax (VAT), rebates and trade discounts, if any.

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Company; and the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized:

(a) *Sale of goods* – Revenue is recognized when the risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with the delivery of the goods sold.

(b) *Interest income* – Revenue is recognized as the interest accrues taking into account the effective yield on the asset.

(c) *Dividend income* – Revenue is recognized when the Company's right to receive payment is established.

Cost and expenses are recognized in profit or loss upon receipt of goods or utilization services or at the date they are incurred. All finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset (see Note 2.17).

2.13 Leases

(a) *Company as Lessee*

Leases which do not transfer to the Company substantially all the risks and benefits of ownership of the asset is classified as operating lease. Operating lease payments are recognized as expense in the profit or loss on a straight-line basis over the lease term. Associated costs, such as repairs and maintenance and insurance, are expensed as incurred.

(b) *Company as Lessor*

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

The Company determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

2.14 Foreign Currency Translation and Transactions

The accounting records of the Company are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income as part of profit or loss from operations.

2.15 Impairment of Non-financial Assets

The Company's property and equipment, investment properties, investment in an associate and other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash generating unit's recoverable amount exceeds its carrying amount.

2.16 Employee Benefits

The Company provides post-employment benefits to employees through a defined benefit plan and defined contribution plan which are recognized as follows:

(a) Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Company, even if plan assets for funding the defined benefit plan have been acquired. The Company's defined post-employment covers all regular full time employees.

The liability recognized in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using a discount rate derived from the interest rates of zero coupon government bonds as published by Philippine Dealing and Exchange Corporation, that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, taking account of any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest is reported as part of Finance Costs - net account in profit or loss.

Past-service costs are recognized immediately in profit or loss in the period of a plan amendment and curtailment.

(b) Post-employment Defined Contribution Plan

A defined contribution plan is a post-employment plan under which the Company pays fixed contributions into an independent entity. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities or assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

2.17 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.18 Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for, using the liability method, on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The Company establishes liabilities for probable and estimable assessments by the BIR resulting from any known tax exposures. Estimates represent a reasonable provision for taxes ultimately expected to be paid and may need to be adjusted over time as more information becomes available.

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

2.19 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's management committee, its chief operating decision-maker. The management committee is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Company's revenue sources as disclosed in Note 27, which represent the main revenue sources provided by the Company.

The measurement policies the Company uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its financial statements, except that the following are not included in the calculation of the operating profit of the operating segments:

- post-employment benefit expenses; and,
- fair value losses from financial assets at FVTPL.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

2.20 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

2.21 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes any premium received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Revaluation reserves comprise gains and losses due to the revaluation of AFS financial assets and remeasurements of post-employment defined benefit plan.

Retained earnings, the appropriated portion of which is not available for distribution, represent all current and prior period results of operations as reported in the profit or loss section of the statement of comprehensive income.

2.22 Earnings per Share

Basic earnings per share (EPS) is computed by dividing net profit attributable to equity holders of the Company by the weighted average number of shares issued and outstanding, adjusted retroactively for any stock dividend, stock split or reverse stock split declared during the current period.

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares. As of December 31, 2015 and 2014, the Company does not have dilutive potential shares outstanding; hence, the diluted earnings per share is equivalent to the basic earnings per share.

2.23 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS requires management to make judgments and estimates that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

(a) Classifying Financial Assets as HTM Investments

In classifying non-derivative financial assets with fixed or determinable payments and fixed maturity, such as preferred shares, as HTM investments, the Company evaluates its intention and ability to hold such investments up to maturity. Management has confirmed its intention and determined its ability to hold the investments up to maturity. If the Company fails to keep these investments to maturity other than for specific circumstances as allowed under the applicable PFRS, it will be required to reclassify the whole class as AFS financial assets. In such a case, the investments would, therefore, be measured at fair value, not at amortized cost. The Company sold a portion of its HTM investments in 2015. Management deemed that the transaction is not significant in order for the full amount of investments to be reclassified out of HTM (see Note 8.1).

(b) Determining Impairment of AFS Financial Assets

The determination when an investment is other-than-temporarily impaired requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

The Company had disposed all of its AFS financial assets as of December 31, 2015. On the other hand, based on the evaluation of information and circumstances affecting the Company's AFS financial assets as of December 31, 2014, management has assessed that no impairment loss is to be recognized in 2014.

(c) Distinguishing Investment Properties and Owner-managed Properties

The Company determined that its parcels of land qualify as investment properties. In making its judgment, the Company considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash-flows that are attributable not only to the property but also to other assets used in the Company's main line of business. Based on management's assessment, the properties qualify as investment properties.

(d) Distinguishing Operating and Finance Lease

The Company has entered into various lease agreements. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or a finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreement. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. Based on management's judgment, such leases were determined to be operating leases.

(e) Amortizing Leasehold Improvements

The Company amortizes leasehold improvements over the estimated useful life of the improvements regardless of the term of the lease because management believes that it is probable that the Company will renew the lease agreement for the warehouses where it operates for a period of time that will extend beyond the current term of the lease.

(f) Recognizing Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.11 and disclosures on relevant provisions and contingencies are presented in Note 22.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) Estimating Impairment of Trade and Other Receivables and Advances to Related Parties

Adequate amount of allowance for impairment is provided for specific and groups of accounts, where objective evidence of impairment exists. The Company evaluates the amount of allowance for impairment based on available facts and circumstances affecting the collectibility of the accounts, including, but not limited to, the length of the Company's relationship with the customers and counterparties, the customers' and counterparties' current credit status, average age of accounts, collection experience and historical loss experience.

Management determined that no impairment loss on trade and other receivables and advances to related parties should be recognized for the years ended December 31, 2015, 2014 and 2013 based on its assessment of the collectability of the accounts.

(b) Determining Fair Value Measurement for Financial Instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

The carrying values of the Company's financial assets at FVTPL and AFS financial assets and the amounts of fair value changes recognized on those assets are disclosed in Notes 7 and 8, respectively.

(c) Determining NRV of Inventories

In determining the NRV of inventories, management takes into account the most reliable evidence available at the times the estimates are made. It also takes into consideration the obsolescence of the inventory in determining NRV. The future realization of the carrying amounts of inventories as disclosed in Note 6 is affected by price changes in different market segments. These aspects are considered key sources of estimation uncertainty and may cause significant adjustments to the Company's inventories within the next reporting period. Management believes that Company's inventories are properly valued at lower of cost and NRV as of December 31, 2015 and 2014.

(d) *Estimating Useful Lives of Property and Equipment*

The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear and legal or other limits on the use of the assets.

The carrying amounts of property and equipment are presented in Note 11. Based on management's assessment as at December 31, 2015 and 2014, there is no change in the estimated useful lives of those assets during those periods. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(e) *Assessing Impairment of Non-financial Assets*

PFRS requires that an impairment review be performed when certain impairment indicators are present. The Company's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.15. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

There were no impairment losses recognized on non-financial assets for the years ended December 31, 2015, 2014 and 2013 based on management's assessment.

(f) *Valuation of Post-employment Defined Benefit Obligation*

The determination of the Company's obligation and cost of post-employment defined benefit and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates and salary rate increase. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of post-employment defined benefit obligation and expense, an analysis of the movements in the estimated present value of post-employment defined benefit obligation and assumptions used are presented in Note 18.2.

(g) *Determining Realizable Amount of Deferred Tax Assets*

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Management has assessed that the amount of tax benefits from its future deductible differences which is recognized as deferred tax assets as at December 31, 2015 and 2014 will be fully utilized subsequently. The carrying value of deferred tax assets is disclosed in Note 20.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as at December 31:

		2015		2014
Cash on hand and in banks	P	108,721,866	P	338,132,143
Short-term placements		728,829,140		-
	P	837,551,006	P	338,132,143

Cash in banks generally earn interest based on daily bank deposit rates.

Short-term placements are made for varying periods ranging from 30 to 90 days in 2015 (nil in 2014), and earn effective interests ranging from 0.5% to 3.0% per annum. Interest income from Cash and Cash Equivalents for the years ended December 31, 2015, 2014 and 2013 is presented under the Finance Costs – net account in the statements of comprehensive income (see Note 17).

5. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Note		2015		2014
Trade receivables	19.1	P	125,448,695	P	100,098,695
Other receivables			423,546		106,084
		P	125,872,241	P	100,204,779

Trade receivables are usually due within 30 to 60 days and do not bear any interest. All of the Company's trade and other receivables have been reviewed for indicators of impairment. Based on management's assessment, no impairment loss should be recognized for the years ended December 31, 2015, 2014 and 2013.

In 2014, the Company sold merchandise inventories to its related party in which the amount of receivable of P51.4 million was offset against the Advances from Related Parties account as part of their master offsetting arrangement (see Notes 19.6 and 25.2).

6. INVENTORIES

Except for the portion of inventories stated at NRV, inventories at the end of 2015 and 2014 were stated at cost. The details of inventories are shown below.

	2015	2014
At cost	**P 1,041,201,795**	P 1,207,799,783
At net realizable value:		
Cost	**761,886,424**	613,625,094
Allowance for inventory write-down	**(275,888,275)**	(263,496,492)
	485,998,149	350,128,602
	P 1,527,199,944	P 1,557,928,385

An analysis of the cost of inventories included in cost of sales as of December 31, 2015 and 2014 is presented in Note 15.

A reconciliation of the allowance for inventory write-down at the beginning and end of 2015 and 2014 is shown below.

	Note	2015	2014
Balance at beginning of year		**P 263,496,492**	P 311,570,010
Provision during the year	15	**12,391,783**	-
Recovery during the year	15	**-**	(48,073,518)
		P 275,888,275	P 263,496,492

In 2015, the Company recognized additional provision for inventory write-down amounting to P12.4 million and is presented as Provision for inventory write-down under the Cost of Good Sold account in the 2015 statement of comprehensive income (see Note 15). There were no movements in allowance for inventory write-down in 2014.

In 2014, the Company recognized a gain of P48.1 million following the sale and recovery of certain merchandise inventories in which costs were written-down to its NRV in previous years (see Note 19.1). This recovery is presented as a deduction from the Cost of Sales account in the 2014 statement of comprehensive income (see Note 15). There were no recognized and reversal of inventory write-down in 2015 and 2013.

As of December 31, 2015 and 2014, the Company has no inventory purchase commitments.

7. FINANCIAL ASSETS AT FVTPL

Financial assets at FVTPL consist of equity interest in a company wherein shares are listed in the PSE. The reconciliation of the carrying amounts of FVTPL financial assets is shown in the succeeding page.

		2015		2014
Balance at beginning of year	P	29,259,715	P	51,916,950
Purchases		25,622,827		5,959,325
Disposal	(	54,882,542)	(	27,998,460)
Fair value loss		-	(	618,100)
	P	-	P	29,259,715

In 2015, 2014 and 2013, the Company recognized gain from sale of equity securities amounting to P2.3 million, P6.1 million and P9.1 million, respectively, which is presented as Gain on sale of financial assets at FVTPL under the Finance Costs – net account in the statements of comprehensive income (see Note 17).

The Company recognized fair value losses amounting to P0.6 million and P11.3 million in 2014 and 2013, respectively, which is presented as Fair value loss on financial assets at FVTPL under the Finance Costs – net account in the statements of comprehensive income, due to the mark-to-market valuation of the financial assets as of December 31, 2014 and 2013 (see Note 17). As of December 31, 2015, the Company had disposed all of financial assets at FVTPL.

8. OTHER NON-CURRENT FINANCIAL ASSETS

The amounts in the statements of financial position as of December 31, 2015 and 2014 comprise the following categories of financial assets:

		2015		2014
HTM Investment – Debt securities – preferred shares	P	244,740,000	P	250,000,000
AFS Financial Asset – Equity securities – common shares		-		124,488
	P	244,740,000	P	250,124,488

8.1 HTM Investment

HTM investment acquired in 2014 represents debt securities in a company wherein shares are listed in the PSE and pertain to cumulative, non-voting, class "B" series 2 preferred shares which bear fixed interest rate of 5.58% per annum and will mature on November 5, 2019. Aside from the maturity date, these investments have an optional redemption date on November 5, 2024 and on any dividend payment date thereafter.

In 2015, the Company received dividend income amounting to P10.3 million from its HTM investments (see Note 17). No dividend income was received in 2014.

In 2015, the Company sold an insignificant portion of HTM investments amounting to P5.3 million resulting to gain on sale of P0.3 million which is presented as part of Others – net under the Finance Costs – net account in the 2015 statement of comprehensive income (see Note 17). Accordingly, the sale did not constitute to tainting as defined under PAS 39.

8.2 AFS Financial Asset

The reconciliation of the carrying amounts of AFS financial asset is as follows:

	2015	2014
Balance at beginning of year	P 124,488	P -
Disposal	(124,488)	(96,929)
Purchases	-	894,985
Fair value loss	-	(673,568)
	P -	P 124,488

The Company's AFS financial asset represents equity interest in a company wherein shares are listed in the PSE. The fair value of the shares declined by P0.7 million in 2014. These losses were not considered permanent; hence, were recognized as part of Other Comprehensive Loss, identified as an item that will be reclassified subsequently to profit or loss (see Note 21.2).

The fair value of AFS financial asset as of December 31, 2014 has been determined based on quoted prices in active markets (see Note 26).

9. INVESTMENT IN AN ASSOCIATE

In 2012, the Company acquired 192,499 shares of Neschester Corporation (Neschester), a related company incorporated in the Philippines, with P100 par value per share for a total consideration of P19.2 million, representing 35% equity ownership interest in the investee. The registered office of the investee company, which is also its principal place of business, is located at 9/F Sage House, 110 V.A. Rufino St., Legaspi Village, Makati City. The carrying amount of this investment as of December 31, 2015 and 2014 is presented as Investment in an Associate in the statements of financial position.

The Company's management believes that it does not have effective control over the investee company but a significant influence only. Consequently, the Company accounted for its investment on the investee company under the equity method. In 2015 and 2014, the Company recognized its share in the net loss of Neschester which amounted to P0.3 million and P0.9 million, respectively. No share in net loss of Neschester was recognized in 2013 as the management believes that this will not have a significant impact in the Company's financial statements presented during the year.

The aggregated amounts of assets, liabilities, revenues and net loss of the associate are as follows:

	Assets	Liabilities	Expenses	Net Loss
2015	P 313,233,681	P 260,636,874	P 787,590	P 787,200
2014	P 303,182,825	P 250,773,747	P 2,462,172	P 2,460,594

10. PREPAYMENTS AND OTHER CURRENT ASSETS

This account is composed of the following:

	Note		2015		2014
Input VAT	28.1(b)	P	129,818,894	P	151,738,315
Prepaid expenses			4,051,744		2,270,354
		P	133,870,638	P	154,008,669

Prepaid expenses pertain mainly to advance payments made on real property taxes.

11. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2015 and 2014 are shown below.

		Leasehold Improvements		Transportation and Other Equipment		Furniture and Fixtures		Total
December 31, 2015								
Cost	P	6,744,206	P	34,752,279	P	4,256,754	P	45,753,239
Accumulated depreciation and amortization	(	2,559,738)	(	24,365,677)	(	3,304,658)	(	30,230,073)
Net carrying amount	P	4,184,468	P	10,386,602	P	952,096	P	15,523,166
December 31, 2014								
Cost	P	6,744,206	P	34,521,118	P	4,157,608	P	45,422,932
Accumulated depreciation and amortization	(	2,040,953)	(	18,568,740)	(	2,600,990)	(	23,210,683)
Net carrying amount	P	4,703,253	P	15,952,378	P	1,556,618	P	22,212,249
January 1, 2014								
Cost	P	6,618,248	P	30,051,295	P	3,751,188	P	40,420,731
Accumulated depreciation and amortization	(	1,529,343)	(	12,832,216)	(	2,102,751)	(	16,464,310)
Net carrying amount	P	5,088,905	P	17,219,079	P	1,648,437	P	23,956,421

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2015 and 2014 is shown below.

	Leasehold Improvements	Transportation and Other Equipment	Furniture and Fixtures	Total
Balance at January 1, 2015, net of accumulated depreciation and amortization	P 4,703,253	P 15,952,378	P 1,556,618	P 22,212,249
Additions	-	231,161	99,146	330,307
Depreciation and amortization charges for the year	(518,785)	(5,796,937)	(703,668)	(7,019,390)
Balance at December 31, 2015, net of accumulated depreciation and amortization	P 4,184,468	P 10,386,602	P 952,096	P 15,523,166
Balance at January 1, 2014, net of accumulated depreciation and amortization	P 5,088,905	P 17,219,079	P 1,648,437	P 23,956,421
Additions	125,958	4,469,823	406,421	5,002,202
Depreciation and amortization charges for the year	(511,610)	(5,736,524)	(498,240)	(6,746,374)
Balance at December 31, 2014, net of accumulated depreciation and amortization	P 4,703,253	P 15,952,378	P 1,556,618	P 22,212,249

In 2015, 2014 and 2013, the Company's recognized depreciation and amortization is presented under Other Operating Expenses in the statements of comprehensive income (see Note 15).

12. INVESTMENT PROPERTIES

The Company's investment properties represent parcels of land held primarily for capital appreciation. Currently, certain investment properties are provisionally being leased out to third parties for minor incidental purposes with an average lease term of one year in 2015 and 2014. A reconciliation of the carrying amount of investment properties at the beginning and end of 2015 and 2014 is shown below.

	2015	2014
Balance at beginning of year	P 955,287,542	P 949,016,529
Additions during the year	-	6,271,013
Balance at end of year	P 955,287,542	P 955,287,542

Incidental revenues from parking and advertising board rentals earned by the Company from its investment properties amounting to P6.8 million in 2015, P15.2 million in 2014 and P4.3 million in 2013, is presented as part of Other Operating Income in the statements of comprehensive income (see Note 16).

Real property tax on investment properties amounting to P2.9 million in 2015, P3.0 million in 2014 and P2.8 million in 2013 was recognized and presented as part of Taxes and licenses under Other Operating Expenses in the statements of comprehensive income [see Notes 15 and 28.1(f)].

The carrying amount of investment properties are used as collateral to secure the loans from local banks (see Note 14).

The fair market values of these properties as of December 31, 2015 and 2014 which are determined by reference to current and most recent prices for similar property in the same location and condition amounted to P2.9 billion (see Note 26.4).

The Company's management believes that the investment properties are not impaired as the fair value of these properties as of the end of the reporting periods exceeds their carrying amount as reported in the statements of financial position.

13. TRADE AND OTHER PAYABLES

This account consists of:

	Notes		2015		2014
Trust receipts payable		**P**	**155,765,017**	P	390,164,980
Trade payables			**9,916,495**		5,639,261
Security deposits and advance rentals	22.1		**36,830,998**		19,601,171
Accrued expenses	19.4, 19.6		**8,457,070**		2,632,444
Others			**4,039,715**		4,786,143
		P	**215,009,295**	P	422,823,999

Accrued expenses and other payables include the Company's obligations relating to the accrual of security services, professional fees, rentals, employee benefits and other liabilities that are expected to be settled within 12 months from the end of the reporting period.

In 2015, 2014 and 2013, the Company obtained unsecured, interest-bearing short-term trust receipts from local banks that were used to finance its purchase of inventories. The loans bear annual interest rates ranging from 2.25% to 4.5% in 2015, 2014 and 2013 and have average maturity of one to seven months.

Interest expense incurred on these transactions in 2015, 2014 and 2013 amounted to P7.7 million, P6.6 million and P11.4 million, respectively, and is presented as part of Interest expense under Finance Costs - net in the statements of comprehensive income (see Note 17). There is no unpaid interest as of December 31, 2015 and 2014.

14. LOANS PAYABLE

This account includes the following as at December 31:

	2015	2014
Current	P 1,055,000,000	P 261,500,000
Non-current	312,500,000	1,163,500,000
	P 1,367,500,000	P 1,425,000,000

A reconciliation of the movements in the amount of loans payable at the beginning and end of 2015 and 2014 is shown below.

	2015	2014
Balance at beginning of year	P 1,425,000,000	P 2,403,000,000
Availments during the year	1,125,000,000	550,000,000
Settlements made	(1,182,500,000)	(1,528,000,000)
	P 1,367,500,000	P 1,425,000,000

In current and prior years, the Company obtained secured and unsecured, short-term and long-term interest-bearing loans from local banks. The loans bear annual interest rates ranging from 1.1% to 5.0% in 2015, 3.0% to 5.0% in 2014 and 2.9% to 8.0% 2013 in which the proceeds were used for working capital requirements.

Interest expense incurred on these loans in 2015, 2014 and 2013 amounted to P43.0 million, P88.4 million and P84.7 million, respectively, and is presented as part of Interest expense under Finance Costs - net in the statements of comprehensive income (see Note 17). There is no unpaid interest as of December 31, 2015 and 2014.

The Company's investment properties with carrying amount of P955.3 million as of December 31, 2015 and 2014 are used as collateral to secure certain long-term loans (see Note 12).

15. OPERATING EXPENSES BY NATURE

The components of cost of goods sold follow:

	Note	2015	2014	2013
Inventories at beginning of year	6	P 1,821,424,877	P 1,794,429,251	P 1,757,573,932
Purchases		651,471,690	743,581,570	617,086,933
Total goods available for sale		2,472,896,567	2,538,010,821	2,374,660,865
Provision for inventory write-down	6	12,391,783	-	-
Recovery on inventory write-down	6	-	(48,073,518)	-
Inventories at end of year	6	(1,803,088,219)	(1,821,424,877)	(1,794,429,251)
		P 682,200,131	P 668,512,426	P 580,231,614

Other operating expenses, based on their nature, are broken down as follows:

	Notes		2015		2014		2013
Salaries and wages	18.1	**P**	**22,074,491**	P	16,098,594	P	15,982,597
Professional fees	19.6		**21,006,826**		33,228,887		12,521,830
Taxes and licenses	12, 28.1 (f)		**16,288,224**		10,046,716		8,026,397
Rental	22.2		**15,978,321**		1,096,473		769,173
Transportation and travel			**8,087,789**		3,718,155		12,636,618
Outside services			**7,597,289**		7,384,434		7,739,340
Depreciation and amortization	11		**7,019,390**		6,746,374		6,409,048
Representation			**5,652,346**		3,944,334		3,707,230
Trainings and seminar			**4,811,674**		2,514,764		2,479,628
Insurance			**3,524,965**		1,428,143		8,517,985
Utilities			**3,095,298**		2,477,280		2,546,466
Office supplies			**1,646,228**		900,153		1,479,399
Repairs and maintenance			**1,573,588**		4,749,183		5,922,563
Donations			**1,049,500**		310,000		667,000
Dues and subscription			**555,383**		1,094,211		1,316,290
Advertising and promotions			**547,658**		388,675		371,618
Others			**3,218,027**		4,263,131		7,664,584
		P	**123,726,997**	P	100,389,507	P	98,757,766

16. OTHER OPERATING INCOME

In 2015, 2014 and 2013, certain properties are being leased out and sub-leased to third parties for an average lease term of one year in 2015 and 2014 and seven months in 2013 with no escalation rate (see Note 22.1). Rental revenues, presented as Other Operating Income in the statements of comprehensive income, amounted to P100.8 million, P73.2 million and P58.9 million in 2015, 2014 and 2013, respectively (see Note 12). There were no outstanding receivables from these transactions as of December 31, 2015 and 2014.

17. FINANCE COSTS – Net

This account is composed of the following:

	Notes		2015		2014		2013
Interest expense	13, 14, 18.2(b)	P	**50,843,630**	P	95,086,591	P	96,190,483
Dividend income	8.1	(	**10,306,503)**		-		-
Interest income	4	(	**4,584,332)**	(	175,484)		-
Gain on sale of financial assets at FVTPL	7	(	**2,310,003)**	(	6,134,247)	(	9,139,704)
Fair value loss on financial assets at FVTPL	7		**-**		618,100		11,317,255
Others – net	8.1	(	**4,377,023)**		1,225,127	(	2,086,079)
		P	**29,265,769**	P	90,620,087	P	96,281,955

18. EMPLOYEE BENEFITS

18.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and employee benefits, which were presented as part of Other Operating Expenses, are presented below.

	Notes		2015		2014		2013
Short-term benefits		P	**21,734,786**	P	15,931,621	P	15,847,803
Post-employments benefits	18.2(b)		**339,705**		166,973		134,794
		P	**22,074,491**	P	16,098,594	P	15,982,597

18.2 Post-employment Defined Benefit Plan

(a) Characteristics of the Defined Benefit Plan

The Company, at present, has no formal, tax-qualified retirement plan. The Company accrues post-employment benefit based on the provisions of Republic Act (R.A.) 7641, *Retirement Pay Law*, in accordance with the projected unit credit method wherein actuarial valuations are made with sufficient regularity to update the retirement benefit costs.

The normal retirement age is 60 with a minimum of 5 years of credited service. The plan also provides for an early retirement at age 50 with a minimum of 5 years of credited service and late retirement after age 60, both subject to the approval of the Company's BOD. Normal retirement benefit is an amount equivalent to 85% of the final monthly covered compensation (average monthly basic salary during the last 12 months of credited service) for every year of credited service.

(b) Explanation of Amounts Presented in the Financial Statements

Actuarial valuations are made annually to update the retirement benefit costs. All amounts presented below and in the succeeding pages are based on the actuarial valuation report obtained from an independent actuary in 2015 and 2014.

The amounts and movements in the present value of post-employment defined benefit obligation recognized in the statements of financial position are determined as follows:

		2015		2014
Balance at beginning of year	P	2,190,431	P	1,188,861
Current service cost		339,705		166,973
Interest cost		96,379		54,093
Remeasurements –				
Actuarial losses arising from:				
- experience adjustments		4,273,119		748,932
- changes in financial assumptions		3,202		31,572
	P	6,902,836	P	2,190,431

The components of amounts recognized in profit or loss and in other comprehensive loss in respect of the post-employment defined benefit plan are as follows:

		2015		2014		2013
Reported in profit or loss:						
Current service cost	P	339,705	P	166,973	P	134,794
Interest cost		96,379		54,093		47,298
	P	436,084	P	221,066	P	182,092
Reported in other comprehensive loss –						
Actuarial losses arising from changes in:						
- experience adjustments	P	4,273,119	P	748,932	P	18,604
- change in financial assumptions		3,202		31,572		75,078
	P	4,276,321	P	780,504	P	93,682

The interest cost is included as part of Finance Costs - net in the statements of comprehensive income (see Note 17).

Amounts recognized in other comprehensive loss were included within items that will not be reclassified subsequently to profit or loss.

In determining the retirement benefit obligation, the following actuarial assumptions were used:

	2015	2014	2013
Discount rates	**4.4%**	4.4%	4.6%
Expected rate of salary increases	**4.0%**	4.0%	4.0%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working life of an individual retiring at the age of 60 is 21 for both males and females. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero coupon government bonds with terms to maturity approximating to the terms of the post-employment defined benefit obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) *Risks Associated with the Retirement Plan*

The plan exposes the Company to actuarial risks such as interest rate risk, longevity risk and salary risk.

(i) *Interest Rate Risk*

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation.

(ii) *Longevity and Salary Risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants during their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions and the timing and uncertainty of future cash flows related to the retirement plan are described below and in the succeeding page.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as of December 31, 2015 and 2014:

	Impact on Post-employment Defined Benefit Obligation		
	Change in Assumptions	Increase in Assumptions	Decrease in Assumptions
December 31, 2015			
Discount rate	+/- 1%	**(P 297,857)**	**P 312,163**
Salary increase rate	+/- 1%	**312,163**	**(297,857)**
December 31, 2014			
Discount rate	+/- 1%	(P 198,054)	P 208,132
Salary increase rate	+/- 1%	206,145	(201,904)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Funding Arrangements and Expected Contributions

As of December 31, 2015, the Company is yet to determine how much and when to fund its retirement benefit obligation.

The maturity profile of undiscounted expected benefit payments from the plan follows:

	2015	2014
Within one year	**P 3,910,898**	P 265,233
More than one year to five years	**791,384**	634,717
More than five years to ten years	**2,948,309**	1,626,815
More than ten years to 15 years	**4,368,257**	4,978,000
More than 15 years to 20 years	**2,105,651**	1,528,544
	P 14,124,499	P 9,033,309

19. RELATED PARTY TRANSACTIONS

The Company's related parties include its parent company, companies under common ownership and its key management personnel. The transactions with these related parties are discussed below and in the succeeding pages.

		Amount of Transactions			Outstanding Balances Receivables (Payables)	
Related Party Category	**Notes**	**2015**	**2014**	**2013**	**2015**	**2014**
Related Parties Under Common Ownership:						
Sale of goods	19.1	P 38,152,506	P 56,283,882	P 11,238,304	P 22,956,932	P 51,442,897
Advances granted	19.2	-	(740,550,680)	440,476,767	-	-
Advances obtained	19.3	(160,531,201)	(283,104,220)	199,619,526	-	(160,531,201)
Lease agreements	19.4	15,569,196	970,614	642,864	-	(327,300)
Key Management Personnel:						
Fees paid	19.6	2,346,000	3,582,076	2,231,462	-	(88,000)
Advances obtained	19.6	-	(538,661,400)	-	-	(538,661,400)

Based on management's assessment, receivables from and advances to related parties are not impaired as of December 31, 2015 and 2014.

19.1 Sale of Goods

In 2015, 2014 and 2013, the Company sold goods to related parties under common ownership, presented as part of Sale of Goods in the statements of comprehensive income. The outstanding receivable as at December 31, 2015 and 2014 from this transaction, which are generally non-interest bearing, unsecured and settled through cash within 30 days, is presented as part of Trade receivables under the Trade and Other Receivables account in the statements of financial position (see Note 5).

19.2 Advances to Related Parties

In 2014 and 2013, the Company granted noninterest-bearing and unsecured advances to certain related parties under common ownership for working capital requirements. These advances have no repayment terms and are due and payable in cash on demand. In 2014, the Company entered into an assignment of its receivables and offsetting arrangement with related parties wherein the balance of the Company's advances to its affiliates were assigned in payment and set-off against the equivalent amount of the Company's advances from its shareholder and Board Chairman (see Note 25.2).

The movement of advances to related parties in 2014 are as follows:

Balance at beginning of year	P 740,550,680
Collections during the year	(326,274,850)
Advances offset during the year	(414,275,830)
Balance at end of year	P -

There were no advances granted by the Company in 2015.

19.3 Advances from Related Parties Under Common Ownership

In 2015, 2014 and 2013, the Company obtained noninterest-bearing and unsecured advances from its related parties under common ownership for working capital requirements. These advances have no repayment terms and are due and payable in cash on demand. The outstanding liability from these transactions as of December 31, 2014 is presented as part of Advances from Related Parties in the 2014 statement of financial position. There was no outstanding liability as of December 31, 2015.

The movement of advances from related parties in 2015 and 2014 follows:

	2015	2014
Balance at beginning of year	P 160,531,201	P 443,635,421
Advances obtained during the year	2,544,754	-
Advances paid during the year	(163,075,955)	(283,104,220)
Balance at end of year	P -	P 160,531,201

19.4 Lease Agreements

The Company, as a lessee, entered into an operating lease agreement with Canon Realty and Development Corp., a related party under common ownership, covering a warehouse owned by the latter. The lease is for three years from January 1, 2010 up to December 31, 2012 renewable upon mutual agreement by both parties. In 2013, both parties agreed to extend the lease term for another three years up to December 31, 2015. The contract of lease was renewed for another two years or until December 31, 2017.

The Company, as a lessee, entered into another operating lease agreement with Aneco Realty and Development Corp., a related party under common ownership, covering a warehouse owned by the latter. The lease is for a three-year term from January 1, 2012 up to December 31, 2014 subject to automatic renewal unless agreed to be terminated by both parties. In 2015, the parties agreed to renew the lease for another two years or until December 31, 2016.

The Company, as a lessee, also entered into operating lease agreements with Anase Realty and Enterprises Corporation, Canon Freight Forwarders Corporation, both related parties under common ownership, and its Chairman of the Board of Directors, covering certain warehouse premises. The leases have terms of two years starting from January 1, 2015 to December 31, 2016 renewable upon mutual agreement by the parties.

Rental expense in 2015, 2014 and 2013 arising from the foregoing lease agreements is shown as part of Rentals under Other Operating Expenses in the statements of comprehensive income (see Notes 15 and 22.2). Outstanding liability arising from these transactions as of December 31, 2015 and 2014 is shown as part of Accrued expenses under Trade and Other Payables in the statements of financial position (see Note 13).

19.5 Cross Corporate Guarantee

In consideration of the group credit lines made available by its bankers to the Company, certain of its affiliates and shareholder-director in 2015 and 2014, the Company, the said affiliates and shareholder-director have agreed to cross-guarantee each other's obligation for short term loans obtained under the group credit facility (see Note 22.3). The Company's management assessed that the fair value of the guarantee liability, if any, is not significant to the financial statements. The cross guarantees issued by the Company to secure the bank obligations of such affiliates and shareholder-director were all terminated in March 2015 and ceased to have any effect.

19.6 Advances from and Payments to Key Management Personnel

Payments received by key management personnel pertain to service fees in 2015, 2014 and 2013 which are presented as part of Professional fees under Other Operating Expenses in the statements of comprehensive income (see Note 15). The outstanding liability on these services which is generally unsecured and noninterest-bearing and payable in cash is presented as part of Accrued expenses under the Trade and Other Payables account in the statements of financial position (see Note 13).

In 2014, the Company obtained noninterest-bearing and unsecured advances from its shareholder and Chairman of the Board for working capital requirements. These advances had no repayment terms and were due and payable on demand or through offsetting arrangements. A portion of these advances were paid by way of an assignment of the Company of its receivables from its affiliates for set-off against the Company's payables to the shareholder and Chairman of the Board under an assignment in payment arrangement (see Note 25.2). The outstanding liability from these advances as of December 31, 2014 is presented as part of Advances from Related Parties in the 2014 statement of financial position. There was no outstanding liability as of December 31, 2015. There were no advances obtained in 2015 and 2013.

The Company has availed of various credit line facilities in which availments are subject to cross suretyship arrangements including its shareholder-directors and continuing surety arrangement of shareholder and Chairman of the Board (see Note 22.3). The Company did not record the fair value of the guarantee liability because of the low probability of default in paying the borrowings.

As of December 31, 2015, there were no existing cross surety arrangements between the Company and any of its related parties (see Note 19.5).

20. TAXES

The components of tax expense as reported in the statements of comprehensive income are presented below.

	2015	2014	2013
Reported in profit or loss:			
Regular corporate income tax (RCIT) at 30%	**P 52,864,689**	P 43,597,383	P 25,644,031
Deferred tax expense (income) relating to origination and reversal of temporary differences	**(6,560,589)**	2,107,701	(16,446,709)
	P 46,304,100	P 45,705,084	P 9,197,322
Reported in other comprehensive loss –			
Deferred tax income relating to origination and reversal of other temporary differences	**(P 1,282,896)**	(P 234,151)	(P 28,105)

The reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in the profit or loss is as follows:

	2015	2014	2013
Tax on pretax profit at 30%	**P 61,592,997**	P 43,763,181	P 20,858,161
Tax effect of:			
Stock issuance costs	**(10,972,370)**	-	-
Non-taxable income	**(5,017,934)**	(1,815,603)	(3,482,157)
Non-deductible expenses	**701,407**	362,329	1,415,649
Unrecognized deferred tax asset	**-**	3,395,177	-
Reversal of temporary differences	**-**	-	(9,594,331)
	P 46,304,100	P 45,705,084	P 9,197,322

The net deferred tax assets relate to the following as of December 31:

	Statements of Financial Position		Statements of Comprehensive Income					
			Profit or Loss			Other Comprehensive Loss		
	2015	2014	2015	2014	2013	2015	2014	2013
Deferred tax liabilities:								
Unrealized foreign currency gains - net	P 299,437	P -	P 299,437	(P 771,613)	(P 342,128)	P -	P -	P -
Fair value gain on financial assets at FVTPL	-	-	-	-	(9,594,331)	-	-	-
Rental income	-	-	-	-	(2,291,100)	-	-	-
	299,437	-	299,437	(771,613)	(12,227,559)	-	-	-
Deferred tax assets								
Advance rental	(3,861,432)	(905,719)	(2,955,713)	(164,478)	(741,241)	-	-	-
Provision for inventory write-down	(3,717,535)	-	(3,717,535)	-	-	-	-	-
Accumulated actuarial loss on retirement plan	(1,594,365)	(311,469)	-	-	-	(1,282,896)	(234,151)	(28,105)
Share in net loss of associate	(341,018)	(258,362)	(82,656)	(258,362)	-	-	-	-
Retirement benefit obligation	(476,486)	(329,433)	(147,053)	(50,092)	(82,732)	-	-	-
Fair value loss on financial assets at FVTPL	-	-	-	3,395,177	(3,395,177)	-	-	-
Unrealized foreign currency losses - net	-	(42,931)	42,931	(42,931)	-	-	-	-
	(9,990,836)	(1,847,914)	(6,860,026)	2,879,314	(4,219,150)	(1,282,896)	(234,151)	(28,105)
Net Deferred Tax Assets	(P 9,691,399)	(P 1,847,914)						
Deferred Tax Expense (Income)			(P 6,560,589)	P 2,107,701	(P 16,446,709)	(P 1,282,896)	(P 234,151)	(P 28,105)

The Company is subject to minimum corporate income tax (MCIT) which is computed at 2% of gross income, as defined under the tax regulations or the RCIT, whichever is higher. In 2015, 2014 and 2013, the Company recognized RCIT as the RCIT is higher than the MCIT in those years.

In 2015, 2014 and 2013, the Company opted to claim itemized deductions in computing its income tax due.

21. EQUITY

21.1 Capital Stock

Capital stock consists of common shares with details as follows:

	Note	Shares			Amount		
		2015	2014	2013	2015	2014	2013
Authorized – P1 par value in 2015 and 2014 and P100 par value in 2013	1						
Balance at beginning of year		1,550,000,000	220,000	220,000	P 1,550,000,000	P 22,000,000	P 22,000,000
Increase during the year		-	1,549,780,000		-	1,549,780,000	
Change due to decrease in par value		-			-	(21,780,000)	
Balance at end of year		1,550,000,000	1,550,000,000	220,000	P 1,550,000,000	P 1,550,000,000	P 22,000,000

	Shares			Amount		
	2015	2014	2013	2015	2014	2013
Issued and outstanding:						
Balance at beginning of year	262,000,000	220,000	220,000	P 262,000,000	P 22,000,000	P 22,000,000
Issuance of shares	773,000,000			773,000,000	-	-
Collection of subscription receivable	165,000,000	240,000,000	-	165,000,000	240,000,000	-
Change due to decrease in par value	-	21,780,000	-	-	-	-
Balance at end of year	1,200,000,000	262,000,000	220,000	P 1,200,000,000	P 262,000,000	P 22,000,000
Subscribed:						
Balance at beginning of year	427,000,000	220,000	220,000	P 427,000,000	P 22,000,000	P 22,000,000
Change due to decrease in par value	-	21,780,000	-	-	-	-
Additional subscription during the year	773,000,000	405,000,000		773,000,000	405,000,000	-
Balance at end of year	1,200,000,000	427,000,000	220,000	P 1,200,000,000	P 427,000,000	P 22,000,000
Subscription receivable:						
Balance at beginning of year				P 165,000,000	P -	P -
Collections during the year				(165,000,000)	(240,000,000)	-
Additions during the year				-	405,000,000	-
Balance at end of year				P -	P 165,000,000	P -
				P 1,200,000,000	P 262,000,000	P 22,000,000

On March 5, 2015, Anesy subscribed to additional 353,000,000 common shares of the Company which it fully paid by virtue of the conversion of its P350,000,000 advances to the Company into common shares and the remaining balance paid in cash by Anesy to the Company.

On August 10, 2015, a total of 1,200,000,000 common shares of the Company with par value of P1 per share were listed under the Main Board of the PSE. In addition, by way of an initial public offering (IPO), the Company sold 420,000,000 shares of its common stock at an offer price of P2.75 per offer share on the same day. The IPO resulted to recognition of additional paid-in capital amounting to P698.4 million, net of IPO-related expenses amounting to P36.6 million.

The change in the number of authorized shares of the Company in 2014 is due to decrease in par value as a result of the amendment of the Company's articles of incorporation duly approved by the SEC (see Note 1).

As of December 31, 2015, the total number of registered stockholders based on the records of the Company's Stock and Transfer Agent is four, with the shares held in the name of PCD Nominee Corporation belonging to 124 participants under Philippine Depository & Trust Corp. The Company's listed shares closed at P6.18 per share as of December 29, 2015 (the last trading day in 2015).

As of December 31, 2014, the Company has 13 stockholders owning 100 or more shares each of the Company's capital stock.

21.2 Revaluation Reserves

The components and reconciliation of items of other comprehensive loss presented in the statements of changes in equity at their aggregate amount under Revaluation Reserves account, are shown below.

	AFS Financial Assets (see Note 8.2)	Defined Benefit Obligation	Total
Balance as of January 1, 2015	P 673,568	P 726,760	P 1,400,328
Remeasurements of defined benefit post-employment obligation	-	4,276,321	4,276,321
AFS financial assets	(673,568)	-	(673,568)
Other comprehensive loss (gain) before tax	(673,568)	4,276,321	3,602,753
Tax income	-	(1,282,896)	(1,282,896)
Other comprehensive loss after tax	(673,568)	2,993,425	2,319,857
Balance at December 31, 2015	**P -**	**P 3,720,185**	**P 3,720,185**
Balance as of January 1, 2014	P -	P 180,407	P 180,407
Remeasurements of defined benefit post-employment obligation	-	780,504	780,504
Fair value losses on AFS financial assets	673,568	-	673,568
Other comprehensive loss before tax	673,568	780,504	1,454,072
Tax income	-	(234,151)	(234,151)
Other comprehensive loss after tax	673,568	546,353	1,219,921
Balance at December 31, 2014	P 673,568	P 726,760	P 1,400,328
Balance as of January 1, 2013	P -	P 114,830	P 114,830
Remeasurements of defined benefit post-employment obligation	-	93,682	93,682
Other comprehensive loss before tax	-	93,682	93,682
Tax income	-	(28,105)	(28,105)
Other comprehensive loss after tax	-	65,577	65,577
Balance at December 31, 2013	P -	P 180,407	P 180,407

21.3 Retained Earnings

In 2014, the Company's BOD approved the reversal of the P275.0 million appropriated retained earnings originally set aside for the planned acquisition of a parcel of land and construction of a building in relation to its corporate expansion project.

On March 5, 2015 and December 29, 2014, the Company's BOD approved the declaration of cash dividends amounting to P100.0 million and P265.5 million, respectively, in favor of stockholders of record as of the same date in proportion to their shareholdings in the Company. The outstanding dividends payable as of December 31, 2014 amounting to P265.5 million is presented as Dividends Payable in the 2014 statement of financial position. All of the Company's dividends were paid in 2015.

21.4 Earnings per Share

Basic earnings per share are computed as follows:

	2015	2014	2013
Income available to common shares	**P 159,005,890**	P 100,172,187	P 60,329,880
Divided by the weighted average number of outstanding common shares	**868,666,667**	55,750,000	22,000,000
Basic earnings per share	**P 0.18**	P 1.80	P 2.74

22. COMMITMENTS AND CONTINGENCIES

22.1 Operating Lease Commitments – Company as Lessor

Certain real properties held by the Company as investment properties are provisionally leased out for certain minor incidental uses under an operating lease agreement (see Note 16). The leases have a maximum term of one year, with an option to renew under terms and conditions to be agreed upon by the parties. Future minimum lease receivable under these leases amounted to P1.5 million as of December 31, 2015 and 2014. Also, the Company has a leased property that it subleases initially for a term of three years which was subsequently renewed in December 2014 for another three years until December 2017. The average annual rentals paid covering these operating leases amounted to P12.9 million, P4.9 million and P4.6 million for 2015, 2014 and 2013, respectively. There were no outstanding receivables from these lease transactions as of December 31, 2015 and 2014. Future minimum lease receivable under these leases amounted to P196.6 million and P221.3 million as of December 31, 2015 and 2014, respectively.

The security deposits which may be refunded to the counterparties at the end of the lease term and advance rentals which may be applied as lease payments amounted to P36.8 million and P19.6 million as of December 31, 2015 and 2014, respectively, and is presented under Trade and Other Payables account in the statements of financial position (see Note 13).

22.2 Operating Lease Commitments – Company as Lessee

The Company is a lessee under various operating lease agreements with certain related parties covering certain warehouses with terms ranging from one to three years with no escalation rates (see Note 19.4). The future minimum lease payable under these non-cancellable operating leases as of December 31 follows:

	2015	2014	2013
Within one year	P 17,737,500	P 970,614	P 642,864
More than one year but less than five years	900,000	761,748	535,716
	P 18,637,500	P 1,732,362	P 1,178,580

Rentals incurred amounting to P16.0 million in 2015, P1.1 million in 2014 and P0.8 million in 2013 is shown as Rentals under Other Operating Expenses in the statements of comprehensive income (see Notes 15 and 19.4). Outstanding liability arising from these transactions amounted to P4.8 million and P0.3 million and shown as part of Accrued expenses and other payables under Trade and Other Payables in the statements of financial position (see Note 13).

22.3 Credit Facilities

The Company has availed of various credit line facilities made available on group basis to the Company, certain of its affiliates and shareholder-director. Availments under the credit facility are subject to cross suretyship arrangements between the Company, certain of its affiliates and shareholder-directors (see Notes 19.5 and 19.6). The credit lines are also subject to a continuing surety arrangement of the shareholder and Chairman of the Board in his capacity as controlling shareholder of the group. Outstanding balance from these credit lines amounted to P200.0 million and P231.4 million as of December 31, 2015 and 2014, respectively. The cross guarantees issued by the Company to secure the bank obligations of such affiliates and shareholder-director were all terminated in March 2015 and ceased to have any effect.

22.4 Others

There are other commitments and contingent liabilities that arise in the normal course of the Company's operations that are not reflected in the financial statements. As of December 31, 2015 and 2014, management is of the opinion that losses, if any, from these items will not have a material effect on the Company's financial statements.

23. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks which resulted from both its operating, investing and financing activities.

The Company's risk exposures are managed in close coordination with the BOD who focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Company actively engages in the trading of certain financial assets for speculative purposes. The most significant financial risks to which the Company is exposed to are described below and in the succeeding pages.

23.1 Interest Rate Risk

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. At December 31, 2015 and 2014, the Company is exposed to changes in market interest rates through its loans payable (see Note 14) and cash and cash equivalents, which are subject to variable interest rates.

The United States dollar-denominated cash in banks are tested on a reasonably possible change of +/- 47 basis points (bps) and +/- 28 bps in 2015 and 2014, respectively. The calculations are based on financial instruments held at the end of each reporting period, estimated at 99% level of confidence. On the other hand, Philippine peso-denominated cash in banks and loans payable are tested on a reasonably possible change of +/- 13 in 2015 and +/- 14 in 2014 using standard deviation, estimated at 99% level of confidence. The calculations are based on the Company's financial instruments held at end of each reporting period.

The increase in bps would increase profit before tax by P22.1 million in 2015 and P15.4 million in 2014. Conversely, if the bps would decrease, with all other variables held constant, profit before tax would decrease in 2015 and 2014 by the same amounts.

23.2 Credit Risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments arising from selling goods to customers, granting advances to related parties and by placing deposits with banks.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position or the detailed analysis provided in the notes to financial statements as shown below.

	Notes	2015	2014
Cash and cash equivalents	4	**P 837,551,006**	P 338,132,143
HTM investments	8.1	**244,740,000**	250,000,000
Trade and other receivables	5	**125,872,241**	100,204,779
		P 1,208,163,247	P 688,336,922

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash in banks as described in the succeeding page.

(a) *Cash and Cash Equivalents*

The credit risk for cash in banks is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

As part of Company's policy, bank deposit is only maintained with reputable financial institutions. Cash in banks which is insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million per depositor per banking institution, as provided for under RA No. 9576, *Amendment to Charter of Philippine Deposit Insurance Corporation*, is still subject to credit risk.

(b) *Trade and Other Receivables and Advances to Related Parties*

In respect of trade and other receivables and advances to related parties, the Company is not exposed to any significant credit risk exposure to any single counterparty. Based on historical information about the counterparty default rates, management consider the credit quality of the receivable that are not past due or impaired to be good.

(c) *HTM Investments*

No impairment loss has been recorded in relation to the debt securities held to maturity (see Note 8.1). No amounts related to investment in debts securities are past due.

23.3 Price Risk

The Company's market price risk arises from its investments carried at fair value classified as financial assets at FVTPL and AFS financial assets. The Company manages exposures to price risk by monitoring the changes in the market price of the investments.

The sensitivity analysis of the observed volatility rates of the fair values of the Company's investments held at fair value assumes a +/-20.13% change in the observed volatility rates of financial assets at FVTPL for the year ended December 31, 2014. These percentage has been determined using standard deviation based on the average market volatility in stock prices in the 12 months prior to the reporting dates.

If the stock prices of financial assets at FVTPL increased by 20.13% at December 31, 2014, the Company's net profit would have been higher by P5.9 million in 2014. On the other hand, if the stock prices declined by the same percentages, with all other variables held constant, net profit in 2014 would have the reverse impact for the same amounts.

All of the Company's financial assets at FVTPL and AFS financial assets were disposed in 2015.

23.4 Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly.

The Company maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash are deposited in banks. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at December 31, 2015, the Company's financial liabilities have contractual maturities as follows:

	Within 6 Months	6 to 12 Months	More than 1 Year
Trade and other payables	P 214,240,821	P -	P -
Loans payable	523,995,510	553,841,931	336,498,785
	P 738,236,331	**P 553,841,931**	**P 336,498,785**

This compares to the maturity of the Company's financial liabilities as of December 31, 2014 as follows:

	Within 6 Months	6 to 12 Months	More than 1 Year
Trade and other payables	P 422,581,300	P -	P -
Advances from related parties	699,192,601	-	-
Loans payable	187,902,083	128,744,097	1,260,526,753
	P 1,309,675,984	P 128,744,097	P 1,260,526,753

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

24. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern in order to provide adequate returns in the future to its stockholders and benefits for other stakeholders.

The Company monitors capital on the basis of the carrying amount of equity as presented on the statements of financial position.

The Company sets the amount of capital in proportion to its overall financing structure, i.e., equity and liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The debt-to-equity ratio as of December 31 is presented in the succeeding page.

	2015	2014
Liabilities	**P 1,596,762,674**	P 2,849,419,608
Equity	**2,271,086,434**	577,974,968
Debt-to-equity ratio	**0.70 : 1.00**	4.93 : 1.00

25. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

25.1 Carrying Amounts and Fair Values of Financial Assets and Financial Liabilities

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position are shown below.

	Notes	2015 Carrying Values	2015 Fair Values	2014 Carrying Values	2014 Fair Values
Financial assets					
Loans and receivables:					
Cash and cash equivalents	4	**P 837,551,006**	**P 837,551,006**	P 338,132,143	P 338,132,143
Trade and other receivables	5	**125,872,241**	**125,872,241**	100,204,779	100,204,779
		963,423,247	**963,423,247**	438,336,922	438,336,922
HTM investments –					
Debt securities	8	**244,740,000**	**254,774,340**	250,000,000	252,000,000
Financial assets at FVTPL –					
Equity securities	7	**-**	**-**	29,259,715	29,259,715
AFS financial assets –					
Equity securities	8	**-**	**-**	124,488	124,488
		P1,208,163,247	**P 1,218,197,587**	P 717,721,125	P 719,721,125
Financial liabilities					
Financial liabilities at amortized cost:					
Loans payable	14	**P1,367,500,000**	**P1,367,500,000**	P 1,425,000,000	P1,425,000,000
Trade and other payables	13	**214,240,821**	**214,240,821**	422,581,300	422,581,300
Advances from related parties	19	**-**	**-**	699,192,601	699,192,601
		P1,581,740,821	**P1,581,740,821**	P 2,546,773,901	P2,546,773,901

See Notes 2.3 and 2.9 for description of the accounting policies for each category of financial instrument including the determination of fair values. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 23.

25.2 Offsetting of Financial Assets and Financial Liabilities

In 2014, the Company entered into a netting arrangement with its related parties. For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements, each agreement between the Company and counterparties (i.e., related parties) allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis; however, each party to the netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

In 2014, the Company set-off its advances to related parties amounting to P414.3 million against the advances obtained from its shareholder and Chairman of the Board (see Note 19).

Also, in case of the Company's default on loans payment, cash in bank as of December 31, 2015 and 2014 amounting to P837.6 million and P338.1 million, respectively, can be applied against its outstanding loans and borrowings amounting to P1.4 billion.

26. FAIR VALUE MEASUREMENT AND DISCLOSURES

26.1 Fair Value Hierarchy

In accordance with PFRS 13, the fair value of financial assets and liabilities and non-financial asset which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

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

The level within which the financial asset or financial liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

26.2 Financial Instruments Measured at Fair Value

The table below shows the fair value hierarchy of the Company's classes of financial assets and financial liabilities measured at fair value in the statements of financial position on a recurring basis as of December 31, 2014 (nil in 2015).

	Level 1	Level 2	Level 3	Total
Financial asset				
Equity securities –				
Financial assets at FVTPL	P 29,259,715	P -	P -	P 29,259,715
AFS financial asset	124,488	-	-	124,488
	P 29,384,203	P -	P -	P 29,384,203

As of December 31, 2014, instruments included in Level 1 comprise equity securities classified as financial assets at FVTPL or AFS financial asset. These securities were valued based on their market prices quoted in the PSE at the end of each reporting period.

The Company has no financial liabilities measured at fair value as at December 31, 2015 and 2014. There were neither transfers between Levels 1 and 2 instruments in both years.

26.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The table below and in the succeeding page summarizes the fair value hierarchy of the Company's financial assets and financial liabilities which are not measured at fair value in the 2015 and 2014 statements of financial position but for which fair value is disclosed.

	2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets:				
Cash and cash equivalents	P 837,551,006	P -	P -	P 837,551,006
Trade and other receivables	-	-	125,872,241	125,872,241
Debt security –				
HTM investment	254,774,340	-	-	254,774,340
	P1,092,325,346	**P -**	**P 125,872,241**	**P 1,218,197,587**
Financial liabilities:				
Trade and other payables	P -	P -	P 214,240,821	P 214,240,821
Loans payable	1,367,500,000	-	-	1,367,500,000
	P1,367,500,000	**P -**	**P 214,240,821**	**P 1,581,740,821**

	2014			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash in banks	P 338,132,143	P -	P -	P 338,132,143
Trade and other receivables	-	-	100,204,779	100,204,779
Debt security –				
HTM investment	252,000,000	-	-	252,000,000
	P 590,132,143	P -	P 100,204,779	P 690,336,922
Financial liabilities:				
Trade and other payables	P -	P -	P 422,581,300	P 422,581,300
Advances from related parties	-	-	699,192,601	699,192,601
Loans payable	1,425,000,000	-	-	1,425,000,000
	P1,425,000,000	P -	P1,121,773,901	P 2,546,773,901

For financial assets and financial liabilities, other than HTM investment, with fair values included in Level 1 and Level 3, management considers that the carrying amounts of those short-term financial instruments approximate their fair values. HTM investment consists of equity securities with fair value determined based on prices quoted in PSE representing the bid prices at the end of the reporting period.

26.4 Fair Value Measurement for Non-financial Assets

For the fair value measurement of non-financial asset, the fair market values of investment properties as of December 31, 2015 and 2014 classified as Level 2 which are determined through appraisal reports obtained in 2014 amounted to P2.9 billion (see Note 12). Management believes that the fair value of the investment properties do not materially differ from that which would be determined at the end of 2015.

27. SEGMENT REPORTING

27.1 Business Segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided. In identifying its reportable operating segments, management generally follows the Company's three main revenue sources, which represent the products and services provided by the Company, namely Sale of Goods, Rental Income and Investment Income.

27.2 Analysis of Segment Information

The following tables present revenue and profit information regarding business segments of the Company for the years ended December 31, 2015, 2014 and 2013:

	2015			
	Sale of Goods	Rental Income	Investment Income	Total
Revenues	P 940,000,603	P 100,777,804	P 12,142,114	P1,052,920,521
Cost	669,808,348	3,935,330	-	673,743,678
	270,192,255	96,842,474	12,142,114	379,176,843
Other operating expenses:				
Salaries and wages	22,074,491	-	-	22,074,491
Outside services	7,597,289	-	-	7,597,289
Transportation and travel	8,087,789	-	-	8,087,789
Commission	96,291	-	-	96,291
Insurance	3,524,965	-	-	3,524,965
	41,380,825	-	-	41,380,825
Segment profit before depreciation and amortization	**P 228,811,430**	**P 96,842,474**	**P 12,142,114**	**P 337,796,018**

	2014			
	Sale of Goods	Rental Income	Investment Income	Total
Revenues	P 933,080,958	P 73,179,541	P 6,134,247	P1,012,394,746
Cost	668,512,426	2,973,346	-	671,485,772
	264,568,532	70,206,195	6,134,247	340,908,974
Other operating expenses:				
Salaries and wages	16,098,594	-	-	16,098,594
Outside services	7,384,434	-	-	7,384,434
Transportation and travel	3,718,155	-	-	3,718,155
Commission	1,980,024	-	-	1,980,024
Insurance	1,428,143	-	-	1,428,143
Advertising and promotions	388,675	-	-	388,675
	30,998,025	-	-	30,998,025
Segment profit before depreciation and amortization	P 233,570,507	P 70,206,195	P 6,134,247	P 309,910,949

	2013			
	Sale of Goods	Rental Income	Investment Income	Total
Revenues	P 785,947,148	P 58,851,389	P 9,139,704	P 853,938,241
Cost	580,231,614	2,786,400	-	583,018,014
	205,715,534	56,064,989	9,139,704	270,920,227
Expenses:				
Salaries and wages	15,982,597	-	-	15,982,597
Outside services	7,739,340	-	-	7,739,340
Transportation and travel	12,636,618	-	-	12,636,618
Commission	3,095,467	-	-	3,095,467
Insurance	8,517,985	-	-	8,517,985
Advertising and promotions	371,618	-	-	371,618
	48,343,625	-	-	48,343,625
Segment profit before depreciation and amortization	P 157,371,909	P 56,064,989	P 9,139,704	P 222,576,602

Below is the Company's reconciliation of the components of reportable segments to the statements of comprehensive income.

	2015	2014	2013
Revenues:			
Total revenues of reportable segments	**P 1,052,920,521**	P 1,012,394,746	P 853,938,241
Costs and expenses:			
Total costs and expenses of reportable segments	**715,124,503**	702,483,797	631,361,639
Other costs and expenses from non-reportable segments	**84,058,755**	67,279,344	41,218,693
Depreciation and amortization	**7,019,390**	6,746,374	6,409,048
Finance costs – net	**41,407,883**	96,754,334	105,421,659
Profit before tax	**P 205,309,990**	P 145,877,271	P 69,527,202

The results of operations from the three segments are used by management to analyze the Company's operation and to allow them to control and study the costs and expenses. It is also a management indicator on how to improve the Company's operation.

Expenses are allocated through direct association of costs and expenses to operating segments.

28. SUPPLEMENTARY INFORMATION REQUIRED BY THE BIR

Presented below and in the succeeding pages is the supplementary information which is required by the BIR under its existing revenue regulations to be disclosed as part of the notes to the financial statements. This supplementary information is not a required disclosure under PFRS.

28.1 Requirements Under Revenue Regulations (RR) 15-2010

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR 15-2010 are presented below and in the following pages:

(a) Output VAT

In 2015, the Company declared output VAT as follows:

	Amount	Output VAT
Sale of goods:		
VATable	P 659,797,346	P 79,175,682
Exempt	213,693,097	-
Zero-rated	66,510,160	-
	940,000,603	79,175,682
Rental income	100,777,804	12,093,336
	P1,040,778,407	**P 91,269,018**

The Company's zero-rated and exempt sales and VAT receipts were determined pursuant to Section 106(A)(2)(a), *Zero-rated VAT on Export Sale of Goods*, Section 109, *VAT Exempt Transactions*, and Section 108(B) and *Zero-rated VAT on Sale of Services and Use or Lease of Properties*, of the 1997 National Internal Revenue Code, as amended. The tax bases are presented as Sale of Goods and Other Operating Income in the 2015 statement of comprehensive income.

(b) Input VAT

The movements in input VAT in 2015 are summarized below.

Balance at beginning of year	P 151,738,315
Importation of good other than capital goods	58,033,313
Domestic purchase of goods and services other than capital goods	5,685,460
Amortization of deferred input VAT	5,630,824
	221,087,912
Applied against output VAT	(91,269,018)
Balance at the end of year	**P 129,818,894**

The outstanding balance of input VAT is presented as part of Prepayments and Other Current Assets in the 2015 statement of financial position (see Note 10).

(c) Taxes on Importation

In 2015, the total landed cost of the Company's importation of raw materials amounted to P600,155,182 which includes customs duties, freight, insurance and other charges, excise tax and other import expenses amounting to P5,319,974.

(d) Excise Tax

Aside from the excise tax on importation, the Company did not have any transactions in 2015 which are subject to excise tax.

(e) Documentary Stamp Taxes (DST)

The Company incurred DST amounting to P8,818,309 in 2015 [see Note 27.1(f)] for the execution of new and renewal of the Company's various loan agreements with financial institutions.

(f) Taxes and Licenses

The details of Taxes and licenses in 2015 is broken down as follows:

DST	P 8,818,309
Real property tax	3,935,330
Licenses and permits	224,124
Others	3,310,461
	P 16,288,224

The amounts of Taxes and licenses is presented under Other Operating Expenses in the 2015 statement of comprehensive income (see Note 15).

(g) Withholding Taxes

The details of withholding taxes for the year ended December 31, 2015 are shown below.

Expanded	P 6,383,358
Compensation	1,148,799
	P 7,532,157

The Company does not have any transactions subject to final withholding tax.

(h) Deficiency Tax Assessment and Tax Cases

As of December 31, 2015, the Company does not have any final deficiency tax assessment with the BIR nor does it have tax cases outstanding or pending in courts or bodies outside the BIR in any of the open taxable years.

28.2 Requirements Under RR 19-2011

RR 19-2011 requires schedules of taxable revenues and other non-operating income, deductible costs of sales, itemized deductions and other significant tax information to be disclosed in the notes to the financial statements.

The amounts of taxable revenues and income, and deductible costs and expenses presented below and in the succeeding page are based on relevant tax regulations issued by the BIR; hence, may not be the same as the amounts reflected in the 2015 statement of comprehensive income.

(a) Taxable Revenues

The Company's taxable revenues subject to regular rate in taxable year 2015 amounted to P940,000,603.

(b) Deductible Cost of Sales

The Company's deductible cost of sales subject to regular tax rate in taxable year 2015 amounted to P669,808,348.

(c) Taxable Non-operating and Other Income

The details of taxable non-operating and other income in 2015 which are subject to regular tax rate are shown below.

Rentals	P 110,630,182
Realized foreign currency gains	150,269
Other income	4,120,222
	P 114,900,673

(d) Itemized Deductions

The amounts of itemized deductions subject to regular tax rate for the year ended December 31, 2015 are as follows:

Interest expense	P 48,952,593
IPO-related expenses	36,574,567
Salaries and wages	21,584,316
Management and consultancy	18,439,479
Taxes and licenses	16,288,224
Rental	15,978,321
Depreciation and amortization	7,019,390
Security services	6,779,209
Representation and entertainment	5,205,359
Transportation and travel	5,060,680
Trainings and seminar	4,811,674
Insurance	3,524,965
Communication, light and water	3,095,298
Fuel and oil	3,027,109
Professional fees	2,567,347
Office supplies	1,646,228
Repairs and maintenance	1,573,588
Charitable contributions	1,049,500
Janitorial and messengerial services	818,080
Bank charges	560,303
Dues and subscriptions	555,383
Advertising and promotions	547,658
Commission	57,191
Others	3,160,836
	P 208,877,298