C O V E R   S H E E T

for

SEC FORM 17-A

SEC Registration Number

P	W	2								

C O M P A N Y   N A M E

A . SORIANO CORPORATION AND SUBSIDIARIES

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

7th Floor, Pacific Star Building, Makati Avenue corner Gil Puyat Avenue Extension, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A	SEC	NA

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

Company's Email Address	Company's Telephone Number	Mobile Number
info@anscor.ph	**819-0251**	**N/A**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
11,302	**Third Wednesday of April**	**12/31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Narcisa M. Villaflor	**nancievillaflor1029@gmail.com**	**819-0251**	**N/A**

CONTACT PERSON's ADDRESS

7th Floor, Pacific Star Building, Makati Ave. corner Gil Puyat Ave., Makati City

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended **December 31, 2015**

2. SEC Identification Number **PW – 02** 3. BIR Tax Identification No. **000-103-216-000**

4. Exact name of issuer as specified in its charter **A. SORIANO CORPORATION**

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

6. (SEC Use Only)
   Industry Classification Code:

7. **7/F Pacific Star Building, Makati Ave., cor Gil Puyat Avenue, Makati City** **1209**
   Address of principal office Postal Code

8. **(632) 819-0251 to 60**
   Issuer's telephone number, including area code

9. **Not applicable**
   Former name, former address, and former fiscal year, if changed since last report.

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common stock, ₱1 par value	**2,500,000,000**
Long-term commercial paper	**none**

11. Are any or all of these securities listed on a Stock Exchange.

    Yes [X] No [ ]

    If yes, state the name of such stock exchange and the classes of securities listed therein:
    Philippine Stock Exchange **Common stock, ₱1 par value**

12. Check whether the issuer:

    (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 there under or Section 11 of the RSA and RSA Rule 11(a)-1 there under, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

    Yes [X] No [ ]

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

Yes [X]   No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in “Annex B”).

Aggregate market value as of February 29, 2016 - P 7,333,929,861.30

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

NOT APPLICABLE

Yes [ ]   No [ ]

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders;

Portion of the Company’s 2015 Annual Report to Stockholders is incorporated by reference into Part II of this report.

(b) Any information statement filed pursuant to SRC Rule 20;

Definitive Information Statement filed pursuant to SRC Rule 20.

(c) Any prospectus filed pursuant to SRC Rule 8.1.

Not applicable

A. SORIANO CORPORATION
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SEC FORM 17-A

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

A. Soriano Corporation ("Anscor") was incorporated on February 13, 1930.

Anscor is a Philippine holding company with diverse investments. Anscor's major investments are in Phelps Dodge Philippines Energy Products Corporation ("PDP Energy") which manufactures wire and cable products and Seven Seas Resorts and Leisure, Inc., owner of Amanpulo Resort. It has investments in US-based nurse and physical therapists staffing company and steel modular engineering and constructions. It has other investments in companies engaged in a wide range of activities in the Philippines including aviation, nurse deployment, business process outsourcing and real estate. As a holding company, the principal sources of income for Anscor are: the share in net earnings of the companies in which it has investments, management fees, interest income, dividends and gains from the sale of investments mainly the trading gain on marketable securities and bonds.

As of December 31, 2015, the Company's consolidated total assets stood at P19.5 billion. For the year ended December 31, 2015, consolidated revenues of the Company amounted to about P10.6 billion.

In December 2014, taking most promising opportunities, Anscor raised its stake in Phelps Dodge International Philippines, Inc. (PDIPI) by acquiring the 60% stake of General Cable Corporation, making PDIPI a 100%-owned subsidiary of Anscor.

Growing the businesses is vital to Anscor's long-term success. The Company keeps a tight watch on the existing portfolio of businesses and new opportunities as they emerge.

In 2015, Anscor was able to increase revenue, manage expenses, and improve business margins and profitability of most of its operating units.

A. Soriano Corporation has the following direct/indirect subsidiaries/associates as of December 31, 2015:

Company	Ownership	Business	Jurisdiction
A. Soriano Air Corporation	100%	Service/Rental	Philippines
Pamalican Island Holdings, Inc.	62%	Holding Company	Philippines
Island Aviation, Inc.	62%	Air Transport	Philippines
Anscor Consolidated Corporation	100%	Holding Company	Philippines
Anscor International, Inc.	100%	Holding Company	British Virgin Island
IQ Healthcare Investments Limited	100%	Manpower Services	British Virgin Island
Cirrus Medical Staffing, Inc.	94%	Manpower Services	USA
Cirrus Holdings USA, LLC	94%	Manpower Services	USA
Cirrus Allied, LLC (formerly MDI Medicals, LLC)	94%	Manpower Services	USA
NurseTogether, LLC	94%	Online Community	USA

Company	Ownership	Business	Jurisdiction
AG&P International Holdings, Ltd. *	27%	Holding Company	British Virgin Island
Anscor Property Holdings, Inc.	100%	Real Estate Holding	Philippines
Akapulko Holdings, Inc.	100%	Real Estate Holding	Philippines
Goldenhall Corporation	100%	Real Estate Holding	Philippines
Lakeroad Corporation	100%	Real Estate Holding	Philippines
Mainroad Corporation	100%	Real Estate Holding	Philippines
Makatwiran Holdings, Inc.	100%	Real Estate Holding	Philippines
Makisig Holdings, Inc.	100%	Real Estate Holding	Philippines
Malikhain Holdings, Inc.	100%	Real Estate Holding	Philippines
Mountainridge Corporation	100%	Real Estate Holding	Philippines
Rollingview Corporation	100%	Real Estate Holding	Philippines
Summerside Corporation	100%	Real Estate Holding	Philippines
Timbercast Corporation	100%	Real Estate Holding	Philippines
Sutton Place Holdings, Inc.	100%	Holding Company	Philippines
Cirrus Global, Inc.	93%	Manpower Services	Philippines
IQ Healthcare Professional Connection, LLC	93%	Manpower Services	Houston, Texas, United States
Phelps Dodge International Philippines, Inc.	100%	Holding Company	Philippines
Minuet Realty Corporation	100%	Landholding	Philippines
Phelps Dodge Philippines Energy Products Corporation	100%	Wire Manufacturing	Philippines
PD Energy International Corporation	100%	Wire Manufacturing	Philippines
AFC Agribusiness Corporation	81%	Agricultural Land Holding	Philippines
Seven Seas Resorts and Leisure, Inc.	62%	Villa Project Development	Philippines
Pamalican Resort, Inc.	62%	Resort Operations	Philippines
Vicinetum Holdings, Inc.	32%	Holding Company	Philippines

Other investments of the Group include:

Enderun Colleges, Inc.	20%	Culinary School	Philippines
Prople Limited, Inc.	20%	Business Processing & Outsourcing	British Virgin Island
Prople, Inc.	20%	Business Processing & Outsourcing	Philippines
KSA Realty Corporation	11%	Realty	Philippines
Direct WithHotels	15%	Online Reservation	Philippines

* Its associate is engaged in modular steel fabrication.

Investments

Phelps Dodge Philippines Energy Products Corporation (PDP Energy)

PDP Energy is the leading domestic integrated manufacturer of quality wires and cables.

Phelps Dodge International Philippines, Inc. (PDIPI), the parent company of PDP Energy, was incorporated in 1955 and commenced production in 1957. Its product line is composed principally of copper-based wires and cables including building wires, telecommunication cables, power cables, automotive wires and magnet wires. The principal shareholders of PDIPI are Anscor and formerly General Cable Company (GCC), the 2nd largest wire and cable manufacturing firm in the world. PDP Energy has a technical assistance contract with GCC and a management contract with Anscor covering marketing, administration and finance. The management contract provides, among others, for payment of annual management fees amounting to P7.2 million (VAT inclusive) plus certain percentages of audited income before tax and management and technical assistance fee (VAT exclusive). The technical assistance agreement previously transacted with GCC provided annual payment amounting to a certain percentage of audited income before tax and management and technical assistance fee (VAT exclusive). The strategy of PDP Energy is to focus on the production of higher value-added wire and cable products. All the manufacturing operation of PDIPI effective September 1998, was lodged under PDP Energy.

On December 19, 2014, PDP Energy entered into a technical assistance and support agreement with GCC. The agreement provides that GCC shall make available to PDP Energy technical assistance and support services which include, among others the availability of technical and qualified resource persons with expertise in materials, technologies and manufacturing processes to be made available to PDP Energy through periodic consultation meetings with PDP Energy personnel and technical visits to PDP Energy.

On December 19, 2014, PDIPI entered into a trademark licensing agreement with General Cable Technologies Corporation (GC) wherein GC will grant a perpetual and exclusive license to PDIPI to use the Phelps Dodge trademark in the manufacture and sale of wires and cables in the Philippines. On the same date, PDP Energy entered into a distributor and representative agreement with General Cable Industries Inc. (GC) which provides, among others, the exclusive distributor, reseller and representative for the sale of GC products to customers within the Philippines.

The principal products and percentage of contribution to sales are as follows:

Product Line	2015
Building wires	75%
Autowires	9%
Communication/Special	11%
Power Cables	5%

PDP Energy's clients include telecommunication companies, contractors, building developers, power companies, government corporations and other industrial companies.

At present, PDP Energy's major suppliers of copper rods are Kembla, Metallurgie and CL Metals; suppliers of Aluminum are Mitsui & Co. Ltd. and Kanematsu; suppliers of chemicals are Matsuyama, Mitsui and Electro Marketing; suppliers of jelly are Phelps Dodge International Corp. and BP Chemical.

The Philippine wire and cable industry is comprised of both imported and domestically manufactured products. The leading four manufacturers in terms of sales are Phelps Dodge, American Wire and Cable Co., Inc., Columbia Wire and Cable Corp. and Philflex Cable Corp.

In 2009, the wholly-owned subsidiary, PEZA-registered PD Energy International Corporation (PDEIC), began exporting to Australia and India.

New products – fire rated cables, medium voltage cables, aluminum building wires and all aluminum alloys conductors – have been developed and introduced to domestic and export markets.

Pursuing its customer service, manufacturing process and cost reduction programs, the company secured ISO 9001/14001/18001 certification for Quality, Environment, and Health and Safety for PDEIC from Certification International (UK). PDP Energy also continued promoting new products and solutions, notably special cables for export, medium and high voltage cables up to 230 KV, low smoke halogen-free cables, and aluminum cables. It leveraged its medium voltage (MV) cable manufacturing facility to offer shorter delivery time of MV 35 KV cables to power utilities, and widened sales coverage to new provincial dealers and customers. It also advanced consumer education and safety awareness through the Philippine Electrical Wires Manufacturers Association's campaign against counterfeit wires.

On December 22, 2014, Anscor acquired, for P3.0 billion, General Cable's 60% stake in PDIPI, increasing Anscor's ownership to 100%.

PDP Energy's continued thrust to expand its offerings of products, services and customer solutions enabled the company to win several large projects. PDP Energy strengthened its operational edge by adding new equipment that increased production capacity, capability and flexibility.

The in-house programs on production methods and processes for employee safety, efficient machine use and better product quality, continue to be vital elements of the company's operating objectives.

Seven Seas Resorts and Leisure, Inc. (SSRLI; owner of Amanpulo Resort)

Seven Seas Resorts and Leisure, Inc. was incorporated on August 28, 1990 for the primary purpose of planning, developing, operating and promoting Pamalican Island as a world class resort named Amanpulo. The Resort started commercial operations on January 1, 1994.

SSRLI owns a 40-room resort in Pamalican Island, Cuyo Palawan and operates originally two luxurious villas until 2007, each villa comprising four (4) rooms. Seven Seas is a joint venture among Anscor, Palawan Holdings, Inc. and Aboitiz & Co. As of December 31, 2015, the resort manages a total of 14 villas comprising of 56 villa rooms for rental.

As a resort operator, principal products/services offered are as follows:

Products/Services	Markets	Contribution to revenues
Rooms	Local & international	54%
Food and Beverage	-do-	23%
Others (including villa management and handling fees)	-do-	23%

The resort's services are offered through the worldwide Amanresort marketing group based in Singapore, accredited travel agents, reservation sources/systems and direct selling.

Amanpulo is in competition with all other small 5 star resort companies in other destinations that are generally better known than the Philippines, such as Indonesia, Thailand and Malaysia.

Seven Seas entered into several agreements with Silverlink Group of Companies for the development, operation and promotion of Amanpulo. The term of the agreement is for 5 years, subject to renewal upon mutual agreement of both parties. The original contract expired in December 1998, renewed last December 2003 and December 2008. The last five years of the first 20-year agreements expired on June 23, 2013. These agreements are as follows: (1) Operating and Management Agreement, (2) Marketing Services Contract and (3) License Contract (4) Hotel Reservation Agreement.

Amanpulo's new spa complex, which opened in late 2010, is now fully operational, with facilities for hairdressing, gym and pilates, plunge pools and massage treatments.

On July 1, 2011, SSRLI transferred in the name of Pamalican Resort, Inc. (PRI) all resort operation-related contracts entered into with related parties and with third parties, including its long-term loans with a bank.

On October 3, 2012, PRI entered into operating lease agreement with SSRLI covering all rights and interests in resort-related assets which include land, land improvements and building for a period beginning July 1, 2011.

On June 24, 2013, PRI and Amanresorts Management, B.V. (AMBV, the operator of Amanresorts) entered into a new Operating and Management Agreement (OMA), effective on the same date, in which PRI will pay a basic fee amounting to four percent (4%) of gross revenue and an incentive fee of ten percent (10%) based on the gross operating profit collectively known as "Management Fee". In addition to the management fees discussed, the Company shall also reimburse the AMBV for all costs and expenses incurred by AMBV directly in connection with rendering services under the new OMA.

On June 24, 2013, the parties entered into a new marketing services agreement with the same terms and conditions except for a lower marketing fee rate which decreased from three percent (3%) to one percent (1%) of gross revenue.

As of December 31, 2013, all contracts with related parties that are related to resort operations were transferred to PRI except for the foreshore lease contract with the Department of Environment and Natural Resources (DENR) which is non-transferrable.

In 2014, SSRLI completed paving the runway and the construction of seawall on the eastern side of the island; plugging the east reef hole; and expanding the laundry and housekeeping stations. The company also extended and completely renovated the kitchen of the beach club.

In 2014, the builders turned over to Amanpulo, two of the five villas under construction for private owners. The remaining three villas were completed in 2015. Two villas remain under construction and are slated for completion within the third quarter of 2016.

This brings the total room inventory to 103, comprised of the original 40 casitas and 63 rooms of the 16 villas.

In 2015, Amanpulo digested the major refurbishment of the last two years that has led to improvements in many areas. Traditional source markets showed strong growth, with the Philippines and the US standing out, reaching record increases of 49% and 69%, respectively.

The Resort completed the renovation of the beach club in 2015. For 2016, the purchase of a new generator, a desalination plant and new roofing for the beach and the lagoon clubs are scheduled. The upgrade of back-of-house facilities for the staff, namely bathrooms, canteen, recreation area and cottages are scheduled for completion in the first quarter of 2016.

Cirrus Medical Staffing, Inc. (US-based nurse and physical therapist staffing business)

In January 2008, Anscor acquired all of the outstanding equity interests in North Carolina-based Cirrus Medical Staffing, LLC and its travel nursing affiliate Cirrus Holdings USA, LLC, which places registered nurses on contracts of twelve weeks or longer.

Cirrus has forged a preferred vendor relationship with the U.S.'s largest home health company. It also won the U.S. Commerce Association's 2009 Best Local Business Awards (staffing category) in both Charlotte, North Carolina and Atlanta, Georgia. Initiatives have been introduced to tap other new segments, improve lead generation and recruitment procedures and strengthen the therapy staffing business.

Demand for temporary healthcare staff in the United States grew approximately 17% in 2015, driven by an improving economy and an increase in hospital admissions due to the Affordable Health Act. According to the US Congressional Budget Office, there were 17 million newly insured people in 2015. The increase in patient volumes drove strong demand in virtually all areas of healthcare staffing.

The Travel Therapy business also grew and reversed the declines seen over the previous two years, which had been due to regulatory changes in Medicare reimbursements and customer consolidation. To cope with the increased demand, the company added selectively to its account management and back office capabilities.

Cirrus Global, Inc. (CGI; formerly International Quality Manpower Services, Inc., IQMAN)

Cirrus Global, Inc. was registered and incorporated on May 14, 1999 primarily to engage in the business of recruitment of overseas workers. CGI takes placements of Filipino nurses in the United States of America (US). It is currently deploying nurses for an American hospital in Abu Dhabi and physical therapists in US.

CGI is a 93%-owned subsidiary of Sutton Place Holdings, Inc. (Sutton). Its ultimate parent company is A. Soriano Corporation.

In November 2004, Cirrus Global acquired 100% ownership interest in IQ Healthcare Professional Connection, L.L.C. (IQHPC), a limited liability corporation organized under the law of the state of Texas, United States of America.

Cirrus Global's direct placement business in Abu Dhabi, United Arab Emirates, continued to do well in partnership with one of the most sophisticated healthcare providers in the region.

Sutton Place Holdings, Inc. (Sutton)

Sutton was registered with the SEC on May 22, 1997, primarily to purchase, subscribe for or otherwise acquire and own, hold, use, manage, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of real and personal property of every kind and description.

Sutton's 93% holding of Cirrus Global represents Anscor's interest in nurse recruitment in Manila for deployment of nurses and physical therapists in various client hospitals in the USA.

KSA Realty Corporation (KSA)

KSA was registered with the SEC on August 3, 1990. Anscor exchanged its old building located at Paseo de Roxas, Makati in 1990 for an 11.42 percent stake in KSA Realty Corporation, which developed The Enterprise Center (TEC), a two tower, grade A office building located at the corner of Ayala Avenue and Paseo de Roxas in Makati. The Enterprise Center starting January 1999 was offered for office space rental. TEC is registered with PEZA as an information technology building.

In July 2009, following the Securities and Exchange Commission's approval of a decrease in its authorized capital stock, KSA retired 2.4 million preferred shares.

By converting the foodcourt of The Enterprise Center, leasable area increased by 841 square meters with definite prospects already lined up and a possible handover of the space to the new tenant in the first quarter of 2016. KSA will continue to invest in improving leasable spaces and common areas of the building in 2016, and among other projects, completely refurbish the lobby and restroom areas. The Enterprise Center continues to maintain its reputation as one of the premiere office buildings in the Makati Business District.

During the year, KSA paid cash dividends of P600.0 million, of which P68.5 million accrued to Anscor.

Enderun Colleges, Inc.

On October 15, 2008, Anscor acquired a 20% equity stake, or 16,216,217 new shares, in Enderun Colleges, Inc.

Established in 2005 by a group of business leaders, including senior executives from Hyatt Corporation in the U.S., Enderun offers a full range of bachelor's degree and non-degree courses in hospitality management, culinary arts and business.

Its main college campus in McKinley Hills, Taguig, offers 4-year bachelor's degrees in International Hospitality Management, with majors in hotel administration and culinary arts and business management. It also offers short courses and certificate programs in baking, pastry and culinary foundation, customized hospitality and language classes.

Enderun's mission is to train hospitality leaders and entrepreneurs who can compete and excel in the global marketplace. To this end, it combines high-level classroom instruction with real-world internships, and offers students the opportunity to earn international credentials.

Enderun's student population has grown to close to 1,200 full-time college and certificate students, spread almost evenly across the school's three main degree offerings in Hospitality Management, Business Administration and Entrepreneurship.

There has been significant growth in Enderun's continuing education unit, Enderun Extension. A key driver of growth in this segment has been the College's language training and tutorial business. Enderun recently launched its first off-campus tutorial center, branded *The Study*, at the Podium Mall in Ortigas Center. This will be the first of several branches to be rolled out.

The College's hotel management and consultancy arm, Enderun Hospitality Management (EHM), which was launched in 2014, is off to a great start with several hotel and resort properties already under Enderun management. With the F&B and hospitality expertise of the College, EHM is expected to deliver double-digit growth rates in the years to come.

Enderun is fully complying with the K to 12 program mandated by the 2013 Enhanced Basic Education Act (RA 10533). It expects to mitigate the impact on enrolment by reconfiguring its academic year and by growing its other business lines.

Enderun continues to strengthen its position in the premier market for higher education, in hospitality and in business management. The College will soon launch a new major in Sustainability, further cementing Enderun's position as the college of choice for career-focused students.

Prople Limited

On November 22, 2013, Prople acquired 100% of the non-audit business of US-based Kellogg and Andelson Accountancy Corporation (K&A). Founded in 1939, K&A is a well- established accounting firm that provides tax, general accounting and consulting services to thousands of small-to-medium-sized companies in California and the Midwest. It operates out of five locations in Los Angeles, Woodland Hills, San Diego, Kansas City and Chennai (India).

Following its acquisition of K&A, Prople now employs 373 people serving over 5,500 clients from operations located in six cities worldwide.

In 2015, Prople Limited faced multiple challenges related to the 2013 acquisition of Kellogg & Andelson, a US accounting firm that provides tax, general accounting and bookkeeping services to small and medium-sized companies in California and the Midwestern part of the United States. There was a 15% year-on-year decrease in revenue in 2015, largely attributable to the closure of Kellogg & Andelson's San Diego office and client attrition in the Midwest.

In 2016, management will endeavor to strengthen the operating model, senior leadership team and client satisfaction, while the company's Board of Directors evaluates the future direction of this acquisition.

AGP International Holdings Ltd.

Anscor made new investment in December 2011, placing $5.0 million in AG&P, Southeast Asia's leading modular fabricator of refinery and petrochemical plants, power plants, liquid natural gas facilities, mining processing, offshore platforms, and other infrastructure.

On June 29, 2013, Anscor through its subsidiary signed a definitive agreement with AG&P for the subscription to 83.9 million series C, voting preferred shares in AG&P. Series B and Series C preferred shares are convertible at the option of the holder, into class A common shares. The subscription increases Anscor's holdings to 27%.

AG&P has 110 years of experience serving clients like British Petroleum, Shell, Total and leading engineering procurement construction companies in the world's key energy and mining regions. Its prowess in modular engineering and construction has earned it a respected brand name and track record in multiple large-scale and long-term projects. It possesses ISO 9001:2008 certification, expects to receive its and OSHAS 18001:2007 certification in April 2012 and a safety record of 16 million man-hours without lost time. Its in-house training facility can turn out 1,000 skilled workers annually, whose strength is high productivity in a low-cost environment.

In August 2012, AG&P and ALE, a leading marine engineering and heavy lift company, were awarded a major two-year contract to develop, own (on a 50/50 basis), operate and maintain a proprietary Module Offloading Facility Transition Pontoon (MOFTP) for initial deployment near Darwin, Australia. The MOFTP's technological innovations overcome tidal limitations and supply-chain bottlenecks. Engineering work has begun and the pontoon should be completed by end-2013.

In October 2012, AG&P won a US$152 million contract to modularize 26 local electrical rooms (LER) and local instrumentation rooms (LIR) that will be the electrical backbone of a consortium project to provide liquid natural gas from Australia to Japan and other countries. Fabrication for the three-year project, to start in 2013, will demonstrate AG&P's capability to develop mission-ready modules, outfitted with electrical and instrumentation systems installed and tested prior to shipment from Batangas to Northern Australia.

The focus for 2016 will be on completing the Ichthys and Yamal LNG projects, achieving greater operational efficiencies and most critically, being able to close on new major projects both locally and abroad, despite the challenging macroeconomic environment in the oil and gas industry.

Predictive Edge Technologies, LLC

In October 2011, Anscor invested $3.0 million in Predictive Edge Media Holdings, LLC (PEMH), which is building a portfolio of early stage technology companies focused on applying its proprietary artificial intelligence product to clinical drug trials, financial market performance, politics and social media.

In the first quarter of 2012, Anscor's holdings in Predictive Edge Media Holdings, LLC (PEMH) were exchanged for an interest in Predictive Edge Technologies, LLC ("Predictive"), PEMH's parent company.

Predictive Edge Technologies is a US-based, early-stage technology company. Its mission is to provide products and services that make practical and effective use of its patented behavioral science. This technology is based on psychological principles and state-of-the-art mathematics, that allow the company to measure and quantify emotions associated with all digital content.

Predictive is focused on four customer-segments: federal, consumer, pharmaceutical and political. It has made considerable progress in strengthening demand for its services in each segment. A new sales staff and more aggressive marketing have helped expand the company's client base.

Currently, Predictive has eight patents pending or awarded.

DirectWithHotels

Anscor International, Inc. owned 15% of the shares of DirectWithHotels. DirectWithHotels is engaged in online reservations for hotels, and specializes in launching, marketing and maximizing the performance of partner hotels' websites. Its target market is small and medium-sized chains and independent hotels in Asia Pacific, Africa, North America and Latin America.

A. Soriano Air Corporation (ASAC)

ASAC was incorporated on March 28, 1985 to engage in the general business of a common and/or private carrier. Effective January 1, 1995, ASAC ceased its operations and transferred its license as operator of a common and/or private carrier to Island Aviation, Inc. (IAI), formerly A. Soriano Aviation Inc. (ASAI).

In May 2003, ASAC took over the hangar lease and the ground handling and avionics-related services that were previously performed by ASAI. Subsequently, ASAC resumed its commercial operations.

Pamalican Island Holdings, Inc. (PIHI)

PIHI was registered with the Securities and Exchange Commission on May 18, 1995 and has started commercial operations on June 2, 1995. Its primary purpose is to acquire, purchase, sell or dispose of airplanes, flying machines, or freight, or as common carriers on regularly established routes; to maintain a service station for the repair, overhauling and testing of said machines and dirigible balloons of any and all types whatsoever; to deal in parts and supplies for said machines; and, to carry for hire passengers, and to maintain supply depots for airplane and flying machines service generally.

On January 20, 1999, PIHI temporarily stopped its air charter operation and subsequently changed the nature of its business to holding company.

On June 8, 2001, the SEC approved the amended articles of incorporation of PIHI. Amendments to the First Article to change the name from Island Aviation, Inc. to Pamalican Island Holdings, Inc. and the Second Article to change the primary purpose of the Corporation – to acquire by purchase, lease, donation or otherwise, and to own, use, sell, mortgage, exchange, lease and hold for investment or otherwise, properties of all kinds, and improve, manage or otherwise dispose of buildings and houses, apartments, and other structures of whatever kind together with their appurtenances.

Island Aviation, Inc. (IAI; formerly A. Soriano Aviation, Inc., ASAI)

IAI is PIHI's wholly owned charter airline operation registered with the SEC on January 7, 1987. In May 2003, ASAI was renamed IAI, it resumed its air service operations while other activities such as aircraft hangarage, ground handling and avionics-related services were transferred ASAC.

IAI is now the exclusive air service provider of PRI/Amanpulo Resort and operates three (3) Dornier planes both for Amanpulo and outside charter requirements.

Anscor Consolidated Corporation (Anscorcon)

Anscorcon was registered with the SEC on April 8, 1995 primarily to invest the Anscorcon’s fund in other corporations or businesses and to enter into, make, perform and carry out contracts of every kind and for any lawful purpose pertaining to the business of Anscorcon, or any manner incident thereto, as principal agent or otherwise, with any person, firm, association or corporation.

Anscorcon used to hold the Anscor Group stake in ICTSI which was sold last May 2006. It now owns 1,266,300,646 shares of Anscor as of December 31, 2015.

Anscor Property Holdings, Inc. (APHI)

APHI is a wholly owned Subsidiary of Anscor. APHI was registered with the SEC on January 7, 1986 primarily to engage in the management and development of real estate.

Pursuant to Section 76 and 77 of the Corporation Code of the Philippines, the Board of Directors and the stockholders of APHI, Anscorland, Inc. (ALI) and Anscor Insurance Brokers, Inc. (AIBI) (collectively referred to as "Constituent Corporation") at joint meeting held on April 15, 2008 approved the Plan of Merger between the Constituent Corporation under certain terms and conditions.

Since the Constituent Corporation are under common control, the company used the pooling of interest method to account for this transaction.

On December 23, 2008, the SEC approved the Plan of Merger.

Since 2007, APHI acts as project manager of on-going construction projects of SSRLI and PRI in Pamalican Island, Palawan.

<u>Other Information</u>

Except as discussed above, disclosures of the following information are not applicable for the registrant and its subsidiaries:

Business Development
- Bankruptcy, receivership or similar proceedings
- Material reclassification, merger, consolidation or purchase or sale of a significant amount of asset

Business of the Issuer
- Distribution methods of the products or services
- Status of any publicly-announced new product and services
- Competition
- Transaction with and/or related parties (except those disclosed in the notes to financial statements)
- Patents, trademarks, copyrights, licenses, franchises, royalty, etc.
- Need for any government approval of principal products and services
- Effect of existing or probable governmental regulations on the business
- The amount spent on development activities and its percentage to revenues during each of the last three years.

Anscor and its subsidiaries are not aware of any major risks involved in their businesses.

Employees

The Company and the Group as of December 31, 2015, has 23 and 701 employees, respectively. Breakdowns are as follows:

	Parent	Subsidiaries	Group
Management	9	148	157
Rank and file	14	530	544
TOTAL	**23**	**678**	**701**

- The Company and the Group were not subjected to any employees' strike in the past three years nor were there any threatening strike for the ensuing year.

- Employees of the Group are not subject to Collective Bargaining Agreement (CBA).

- The Group provides various employee benefits including health care and retirement benefits and has enjoyed good labor relations in the past.

Item 2. Properties

Anscor owns and maintains its office at 7/F, Pacific Star Building in Makati City with approximately 2,000 square meters. It also owns the following:

Shipping Centre Bldg., Intramuros, Manila	1 office condo unit/509 sq. meters

Information regarding properties of major subsidiaries and affiliates are:

- PDP Energy plants are situated on an 18.4 hectare property owned by Phelps Dodge's wholly owned subsidiary, Minuet Realty Corporation in the Luisita Industrial Park in San Miguel, Tarlac.

- SSRLI owns a 40-room resort in Pamalican Island, called Amanpulo. This covers about 75 hectares of land, with 40 room casitas of about 65 sq. meter each and back of house facilities to service its power and water and staff house requirements. Additional 63 villa rooms are available for rent under the management agreement executed by PRI and the villa owners as of December 31, 2015.

- APHI has interests in land covering an area of approximately 830.12 hectares in Berong, Palawan, 24.1 hectares in San Vicente, Palawan and parcels of land with a total area of 40.41 hectares in Cebu. Also, APHI owns a lot at the Cebu Business Park and about 1.27 hectare properties in Puerto Princesa.

Other Information

- The registrant is not involved in lease contracts requiring it to pay substantial amount of rental fees.
- There were no commitments for major capital expenditures or acquisitions of properties in the next twelve months.

Item 3.	**Legal Proceedings**

There are no material pending Legal Proceedings to which Anscor or any of its subsidiaries or affiliates is a party except:

a) ASAC is a founding member of the Federation of Aviation Organizations of the Philippines (FEDAVOR) since 1986. In 2005, FEDAVOR won a Supreme Court case against MIAA involving its imposition of higher rates for rental and other services without a public hearing. ASAC accrued its share in FEDAVOR's legal expenses in 2006. In 2009, MIAA filed and subsequently won their motion for reconsideration with the Court of Appeals ruling that all refunds have to be coursed through the Commission on Audit. As of December 31, 2015, the refund process has remained pending.

   With no quick resolution in sight and in view of the change in the MIAA administration, ASAC had planned to enter into a new lease contract with the MIAA, with ASAC as the lessor and IAI as sublessor. However, due to the MIAA's denial of its request to modify and/or delete the onerous provisions contained in the contract, ASAC decided to withdraw its lease application in late 2013 and is now back to sublessee status. ASAC recognized accruals amounting to P1.14 million as of December 31, 2015 and 2014 for the Concessionaire's Privilege Fees which covers the subleasing that the MIAA is set to bill ASAC.

b) ASAC is a defendant in labor lawsuits and claims. As of December 31, 2015 and 2014, management has recognized provisions for losses amounting to P5.72 million that may be incurred from these lawsuits.

c) SSRLI has commitments, litigations and contingent liabilities that arise in the normal course of the SSRLI's operations which are not reflected in the consolidated financial statements. Management is of the opinion that as of December 31, 2015 and 2014, losses, if any, from these commitments and contingencies will not have a material effect on the consolidated financial statements.

Except for the matter discussed above, the Company does not believe such litigation will have a significant impact on the financial results, operations or prospects of the Company or the Group.

For the last five years and as of February 29, 2016, management is not aware of any pending material legal proceeding i.e. bankruptcy petitions, convictions by final judgment, being subject to any order, judgment or decree or violation of a Securities or Commodities Law involving its nominees for directorship, executive officers and incumbent officers and directors.

Item 4. Submission of Matters to a Vote of Security Holders

There were no items/matters submitted during the fourth quarter of 2015 to a vote of security holders through the solicitation of proxies or otherwise.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

PRINCIPAL MARKET - Philippine Stock Exchange

Latest Market Price – February 29, 2016

Previous Close –	P 6.00
High	6.00
Low	5.95
Close	5.95

The following are the high and low sales prices of the shares of the Company for each quarter within the last two fiscal years:

2015	**High**	**Low**
First Quarter	7.25	6.62
Second Quarter	7.25	6.66
Third Quarter	7.09	6.01
Fourth Quarter	6.78	6.01

2014	**High**	**Low**
First Quarter	6.90	6.30
Second Quarter	7.30	6.65
Third Quarter	7.37	6.91
Fourth Quarter	7.39	6.62

Source: Monthly PSE Report

Shareholdings Information

The total number of stockholders/accounts as of February 29, 2016 is 11,297 holding 2,500,000,000 shares of common stock.

The top 20 stockholders as of February 29, 2016 are as follows:

Stockholder Name		Number of Common Shares	% of Ownership
1.	Anscor Consolidated Corporation	1,267,406,746	50.696
2.	PCD Nominee Corp. (Non-Filipino)	517,681,137	20.707
3.	A-Z Asia Limited Philippines, Inc.	169,646,329	6.786
4.	PCD Nominee Corp. (Filipino)	147,235,407	5.889
5.	Universal Robina Corporation	64,605,739	2.584
6.	Philippines International Life		
	Insurance Co., Inc.	55,002,875	2.200
7.	Andres Soriano III	50,490,265	2.010
8.	C & E Holdings, Inc.	28,011,922	1.120
9.	Edmen Property Holdings, Inc.	27,511,925	1.100
10.	MCMS Property Holdings, Inc.	26,513,928	1.061
11.	Express Holdings, Inc.	23,210,457	0.928
12.	EJS Holdings, Inc.	15,518,782	0.621
13.	DAO Investment & Management Corp.	8,628,406	0.345
14.	Philippines Remnants Co., Inc.	7,554,760	0.302
15.	Balangingi Shipping Corporation	2,767,187	0.111
16.	Leonardo T. Sigulon Reyna	2,000,000	0.080
17.	Jocelyn C. Lee	2,000,000	0.080
18.	Lennie C. Lee	2,000,000	0.080
19.	F. Yap Securities, Inc.	1,361,011	0.054
20.	Josefina Uy-Yupangco or Ramon Yupangco	1,309,176	0.052
	Total	2,420,456,052	96.806

The above shareholdings do not materially affect the holdings of the 5% beneficial owners, each director and nominee and all the directors and officers as a group

Dividends

In 2015, the Board of Directors declared the following cash dividend:

Classification	Peso Rate Per Share	Declaration Date	Record Date	Payable Date
Regular	P 0.10	15-April-15	06-May-15	26-May-15

The cash dividend declared by the Board in 2014 was:

Classification	Peso Rate Per Share	Declaration Date	Record Date	Payable Date
Regular	P 0.25	20-Nov-14	05-Dec-14	07-Jan-15

There is no restriction on payment of dividends other than the availability of retained earnings following the SEC rule on calculation of available retained earnings for dividend declaration. As of December 31, 2015, the Company has sufficient retained earnings available for dividend declaration.

The undistributed earnings of subsidiaries and associates amounting to P1.6 billion and P2.8 billion as of December 31, 2015 and 2014, respectively, which are included in retained earnings, are not available for declaration as dividends until declared by the subsidiaries and associates.

There are no recent sales of unregistered or exempt securities including recent issuance of securities constituting an exempt transaction.

Item 6.	**Management's Discussion and Analysis or Plan of Operation**

Consolidated Financial Information
(In Million Pesos Except Per Share Data)

YEAR	NET INCOME ATTRIBUTABLE TO HOLDINGS OF THE PARENT	EQUITY ATTRIBUTABLE TO HOLDINGS OF THE PARENT	WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	EARNINGS PER *SHARE	BOOK VALUE PER **SHARE
2015	**1,282.8**	**13,556.7**	**1,244.6**	**1.03**	**10.99**
2014	2,041.1	14,835.2	1,254.0	1.63	11.94
2013	1,358.0	13,637.9	1,261.0	1.08	10.82
2012	1,467.9	12,211.7	1,374.3	1.07	9.71
2011	993.4	11,293.3	1,350.7	0.74	8.69

YEAR	GROSS ***REVENUES	TOTAL ASSETS	INVESTMENT PORTFOLIO
2015	**10,600.0**	**19,493.2**	**11,859.4**
2014	4,258.4	21,426.4	14,310.0
2013	3,525.1	17,326.5	14,721.3
2012	3,716.5	13,949.9	11,551.6
2011	2,807.8	12,550.1	10,519.4

* Ratio of net income attributable to equity holdings of the Parent to weighted average number of shares outstanding during the year.

** Ratio of equity attributable to equity holdings of the parent to outstanding number of shares as of end-December.

*** 2015 included PDP Group’s gross revenues.

Below are the key performance indicators of the Company:

Over the last three years, consolidated revenues and net income from operations are as follows (in thousand pesos):

	Years Ended December 31 2015	2014	2013
REVENUES			
Sale of goods	₱ 6,102,269	₱ –	₱ –
Services	2,691,043	1,966,140	1,812,137
Sale of real estate	293,036	–	82,033
Dividend income	209,652	260,862	237,966
Equity in net earnings of associates	153,954	147,141	228,946
Interest income	83,315	96,439	95,592
Management fee	–	78,344	58,926
Others	1,208	882	10,468
	9,534,477	2,549,808	2,526,069
INVESTMENT GAINS (LOSSES)			
Gain on sale of:			
AFS investments	1,091,214	1,661,986	1,101,884
Investment in associates	–	56,059	–
Loss on decrease in market values of FVPL investments	(25,654)	(9,487)	(102,835)
	1,065,559	1,708,558	999,048
TOTAL	10,600,036	4,258,366	3,525,117
INCOME BEFORE INCOME TAX	1,672,659	2,064,102	1,362,896
PROVISION FOR INCOME TAX	309,398	29,360	16,114
NET INCOME	₱ 1,363,262	₱ 2,034,742	₱ 1,346,782
Attributable to:			
Equity holdings of the Parent	₱ 1,282,783	₱ 2,041,142	₱ 1,358,036
Noncontrolling interests	80,479	(6,400)	(11,254)
	₱ 1,363,262	₱ 2,034,742	₱ 1,346,782
Earnings Per Share			
Basic/diluted, for net income attributable to equity holdings of the Parent	₱ 1.03	₱ 1.63	₱ 1.08

Significant financial indicators of the Group are the following:

	12/31/2015	12/31/2014	12/31/2013
Book Value Per Share (Note 1)	**10.99**	11.94	10.82
Current Ratio (Note 2)	**2.14**	1.28	1.96
Interest Rate Coverage Ratio (Note 3)	**15.35**	34.64	40.08
Debt to Equity Ratio (Note 4)	**0.41**	0.41	0.24
Asset to Equity Ratio (Note 5)	**1.44**	1.44	1.27
Profit Ratio (Net Income Attributable to Equity Holdings of the Parent/Total Revenues)	**12.10%**	47.9%	38.5%
Return on Equity (Net Income/Equity Attributable to Equity Holdings of the Parent)	**9.46%**	13.8%	10.0%

Note 1 – Equity Attributable to Equity Holdings of the Parent/Outstanding Shares
Note 2 – Current Assets/Current Liabilities
Note 3 – EBIT (earnings before interest and taxes)/ total interest expense
Note 4 – Total Liabilities/Equity Attributable to Equity Holdings of the Parent
Note 5 – Total Assets/Equity Attributable to Equity Holdings of the Parent

The key financial indicators of our major subsidiaries are the following:

PDP Energy and PDIPI

In Million Pesos

	12/31/2015	12/31/2014	12/31/2013
1. Net sales	**6,102**	6,552	5,587
2. Gross profit	**1,126**	1,123	955
3. Net income	**574**	536	434

Cirrus Group

1. Submission to lock ratio (operating statistic to evaluate recruitment)
2. Nurse/therapist retention ratio (Operating statistic to evaluate retention of nurse and therapist in the pool for staffing business.)

In Thousand Pesos

	12/31/2015	12/31/2014	12/31/2013
3. Service income	**1,850,445**	1,250,017	1,201,024
4. Cost of services rendered	**1,468,253**	1,018,339	998,335
5. Net income (loss)	**108,864**	32,367	(3,670)

Seven Seas Group

In Thousand Pesos

	12/31/2015	12/31/2014	12/31/2013
1. Occupancy rate	**47.0%**	34.4%	43.1%
2. Hotel revenue	**644,509**	527,137	445,279
3. Gross operating profit (GOP)	**196,728**	56,877	58,880
4. GOP ratio	**30.5%**	11.8%	13.2%
5. Net income (loss) after tax	**166,854**	(32,294)	(16,440)

Occupancy rate is based on actual room nights sold over room nights on a 12-month period. Hotel revenues include rooms, food and beverage and other ancillary services. GOP is total revenues less direct costs and GOP ratio is GOP over total hotel revenues.

Financial Performance Year 2015

In 2015, Anscor achieved a consolidated net income of P1.3 billion, lower than the P2.0 billion net profit reported last year, despite the higher consolidated revenues of P 10.6 billion against P 4.3 billion of 2014.

Increased in revenues were contributed by Phelps Dodge International Philippines, Inc. (PDP), Cirrus Medical Staffing, Inc. and Seven Seas Resorts and Leisure, Inc.

Two factors contributed to the decrease in net income.

First, there was a lower gain on the sale of traded shares from P1.7 billion in 2014 to P1.1 billion in 2015. Second, the Company set up a provision of P805.2 million for its investments that experienced challenges in 2015 and which are expected to continue in 2016. Anscor's net profit in 2015 before valuation allowances amounted to P2.1 billion, slightly higher than the P2.0 billion net income posted last year.

Anscor's core investments in traded shares, which include Aboitiz Power Corporation, International Container Terminal Services, Inc., iPeople, other marketable equity holdings; and its investment in KSA Realty Corporation generated a dividend income of P209.7 million in 2015. Interest income of P83.3 million was lower than the P96.4 million income of the previous year.

With the depreciation of the Philippine peso against the US dollar, the value of Anscor's foreign currency-denominated investments improved and were offset by the Group's dollar-denominated loans. This resulted in a net consolidated foreign exchange loss of P28.9 million against the P10.0 million in 2014.

The share in the earnings of Anscor's operating investments amounted to P154.0 million, ahead of last year's P147.1 million. This was attributable to the profit reported in 2015 by AG&P from the renegotiated contracts with its customers, which offset net loss of the previous year. In 2014, the Company's share in the net profit of PDP was lodged in equity earnings. With Anscor's increased stake in PDP from 40% to 100% as of December 2014, PDP was fully consolidated in 2015 and no longer reflected in equity in net earnings.

During the year, the Company paid total cash dividends of P0.35 per share: P0.25 per share on January 7, 2015 and P0.10 per share on May 29, 2015.

The Company's book value per share decreased from P11.94 to P10.99 as of December 31, 2015, mainly due to a significant decline in the value of our traded equities.

Investments – Group Operations

(In Million Peso)	**2015**	2014
Phelps Dodge Philippines Energy Products Corporation (Note 1)		
Revenues	6,102	6,552
Net Income	574	536
Total Assets	3,489	3,327
Equity	1,872	2,905
Cirrus Medical Staffing, Inc. and Subsidiaries		
Revenues	1,850	1,251
Net Income	109	32
Total Assets	1,041	883
Equity	912	759
Seven Seas Resorts and Leisure, Inc.		
Revenues	645	527
Net Income (Loss) (Note 2)	166	(32)
Total Assets	1,799	1,655
Equity	731	766

(In Million Peso)	2015	2014
Revenues - Other Affiliates		
KSA Realty Corporation	992	900
Prople Limited	443	508
Enderun Colleges, Inc.	493	457
Island Aviation, Inc.	177	168
Cirrus Global, Inc. (consolidated; formerly IQMAN)	64	39

Available figures as of March 11, 2016.
Note 1: Inclusive of PD Energy International Corporation's financial information.
Note 2: Including villa division's net gain on sale of a villa of P118.9 million in 2015.

Phelps Dodge Philippines, Inc. (PDP)

The continued strong growth in the construction sector pushed PDP's profit to another record high of P574.4 million, a 7.3% increase from 2014, despite lower copper prices and higher interest expense. While revenues dropped from P6.6 billion to P6.1 billion due to lower commodity prices, sales in metric tons were about the same in 2015 against that of 2014.

Strong cost controls, new product sales, consistent marketing efforts and a better sales mix all contributed to a strong performance. Although sales to the utilities and manufacturers declined due to competition from lower priced imports, sales to the construction segment grew by 8%.

PDP's continued thrust to expand its offerings of products, services and customer solutions enabled the company to win several large projects.

PDP strengthened its operational edge by adding new equipment that increased production capacity, capability and flexibility.

The in-house programs on production methods and processes for employee safety, efficient machine use and better product quality, continue to be vital elements of the company's operating objectives. Financially, the company's balance sheet remains strong. Long and short term debt of P1.5 billion funded a portion of Anscor's acquisition of 60% of the company from General Cable. Cash flows remain strong, servicing both debt and dividend commitments. Anscor was paid a dividend of P1.6 billion in 2015.

Seven Seas Resorts and Leisure, Inc. (Owners of Amanpulo)

The Resort generated total revenue of P644.5 million, an increase of 22.3% compared to the previous year's P527.1 million. Occupancy rate grew by 12.8 % to 47.2% versus 34.4% in 2014. The average room rate $1,117 was in line with the previous years's $1,168 and a weaker peso contributed to the higher revenue.

In 2015, Amanpulo digested the major refurbishment of the last two years that has led to improvements in many areas. Traditional source markets showed strong growth, with the Philippines and the USA standing out, reaching record increases of 49% and 69%, respectively.

Total number of villa rentals increased by 27%, from 707 nights to 901 nights in 2015. The Resort's villa management and handling fees amounted to P75.1 million compared to last year's P63.2 million, an increase of 18.8%.

Gross operating profit (GOP) of 30.5% in 2015 was up from last year's 19.6%, a P93.6 million increase. Amanpulo committed to increasing flights throughout the low season to allow two flights daily, year-round for the first time. This resulted in a considerable increase in air charter costs affecting GOP negatively.

The Resort completed the renovation of the beach club in 2015. For 2016, the purchase of a new generator, a desalination plant and new roofing for the beach club and the lagoon club are scheduled. The upgrade of back-of-house facilities for the staff, namely bathrooms, canteen, recreation area and cottages are scheduled for completion in the first quarter of 2016.

The Seven Seas' villa development division generated a handling fee of P56.5 million and a profit of P118.9 million on a villa sale. Four villas under construction last year were turned over during the first half of 2015. Two villas remain under construction and are slated for completion within the third quarter of 2016.

Total consolidated results of both the resort and the villa development operations rose to P165.9 million net income versus the P32.3 million net loss reported last year.

Cirrus Medical Staffing, Inc./Cirrus Global, Inc.

Demand for temporary healthcare staff in the United States grew approximately 17% in 2015, driven by an improving economy and an increase in hospital admissions due to the Affordable Health Act. According to the US Congressional Budget Office, there were 17 million newly insured people in 2015. The increase in patient volumes drove strong demand in virtually all areas of health care staffing.

For 2015, the company reported P1.9 billion in consolidated revenue, an all-time high and a 48% increase over that of 2014. Sales growth was underpinned by growth in the Travel Nursing business. The Travel Therapy business also grew and reversed the declines seen over the previous two years, which had been due to regulatory changes in Medicare reimbursements and customer consolidation. To cope with the increased demand, the company added selectively to its account management and back office capabilities.

Consolidated operating income was P175.7 million, compared to an operating income of P51.9 million in 2014. Improved profitability was driven by top-line growth, steady gross margins and the control of sales and general administration expenses.

Cirrus Global's direct placement business in Abu Dhabi, United Arab Emirates, continued to do well in partnership with one of the most sophisticated healthcare providers in the region.

AG&P International Holdings Ltd.

AG&P revenues grew by 66% to US$355.4 million in 2015, as the Ichthys and Yamal LNG projects peaked in work progress and in revenue accrual. EBITDA increased by 471% to US$26.6 million, as selling and general and administrative expenses decreased by 5%, despite the uptick in operating activity.

AG&P ended 2015 with a net income of US$12.1 million, a significant turnaround from the previous year's net loss of US$2.7 million.

The focus for 2016 will be on completing the Ichthys and Yamal LNG projects, achieving greater operational efficiencies and most critically being able to close on new major projects both locally and abroad, despite the challenging macroeconomic environment in the oil and gas industry.

Enderun Colleges, Inc.

For the fiscal year June 1, 2014 to May 31, 2015, Enderun Colleges posted a consolidated net income of P94.2 million. Enderun's adjusted EBITDA for fiscal year 2014 to 2015 was P139.1 million, 17% higher than that of the previous period.

As of May 31, 2015, the company's cash position stood at P121.2 million and the College is debt-free. During the year, it paid cash dividends of P75.7 million, of which P15.6 million accrued to Anscor.

Enderun's student population has grown to close to 1,200 full-time college and certificate students, spread almost evenly across the school's three main degree offerings in Hospitality Management, Business Administration and Entrepreneurship.

There has been significant growth in Enderun's continuing education unit, Enderun Extension. Its revenues rose 21% year-on-year to E70.2 million. A key driver of growth in this segment has been the College's language training and tutorial business. Enderun recently launched its first off-campus tutorial center, branded The Study, at the Podium Mall in Ortigas Center. This will be the first of several branches to be rolled out.

The College's hotel management and consultancy arm, Enderun Hospitality Management (EHM), which was launched in 2014, is off to a great start with several hotel and resort properties already under Enderun management. With the F&B and hospitality expertise of the College, EHM is expected to deliver double-digit growth rates in the years to come.

Enderun is fully complying with the K to 12 program mandated by the 2013 Enhanced Basic Education Act (RA 10533). It expects to mitigate the impact on enrolment by reconfiguring its academic year and by growing its other business lines.

Enderun continues to strengthen its position in the premier market for higher education, in hospitality and in business management. The College will soon launch a new major in Sustainability, further cementing Enderun's position as the college of choice for career-focused students.

Prople Limited

In 2015, Prople Limited faced multiple challenges related to the 2013 acquisition of Kellogg & Andelson, a US accounting firm that provides tax, general accounting and bookkeeping services to small and medium-sized companies in California and the Midwestern part of the United States. There was a 15% year-on-year decrease in revenue in 2015, largely attributable to the closure of Kellogg & Andelson's San Diego office and client attrition in the Midwest.

In 2016, management will endeavor to strengthen the operating model, senior leadership team and client satisfaction, while the company's Board of Directors evaluates the future direction of this acquisition.

KSA Realty Corporation

In 2015, KSA Realty Corporation experienced strong performance in its leasing operation resulting in a net income of P1.3 billion, an 85% improvement on net profit for the same period last year, at a 96% occupancy rate. The 2016 net income included a net gain of P517.0 million on fair value adjustment of KSA's investment property which appreciated to P8.9 billion.

By converting the food court of The Enterprise Center, leasable area increased by 841 square meters with definite prospects already lined up and a possible handover of the space to the new tenant in the first quarter of 2016. The company will continue to invest in improving leasable spaces and common areas of the building in 2016, and among other projects, completely refurbish the lobby and restroom areas. The Enterprise Center continues to maintain its reputation as one of the premiere office buildings in the Makati Business District.

Predictive Edge Technologies

Predictive Edge Technologies is an early-stage technology company. Currently, the company has eight patents pending or awarded. Its subsidiary, Behavior Matrix LLC, is a world class emotional and behavior analytics platform that gives companies and organizations a unique way of understanding their audiences. With advanced mathematics, analytical algorithms and big data harvesting, Behavior Matrix provides insights that guide clients in their business intelligence and marketing strategies.

In 2015, Behavior Matrix's year-over-year sales fell 73%. Sales for the year were $524,323, down from $1,953,705 of the prior year. The drop was due to a decline in revenue from the political customer segment, a cyclical business that the company has exited. It is currently focused on the pharmaceutical, military Intelligence and media sectors and is evaluating strategic options, including the sale of Behavior Matrix LLC.

Financial Condition

There was no significant change in the Company's Balance Sheet as of December 31, 2015 versus December 31, 2014 except for the decrease in unrealized valuation gain on AFS investments from P3.2 billion to P686.3 million due to the decrease in prices of Anscor's traded shares**.**

The discussions below were based on the consolidated balance sheet of the Company and its subsidiaries as of December 31, 2015 and 2014.

Cash and Cash Equivalents
The increase in cash and cash equivalents can be attributed to net cash flows from operating and investing activities amounting to P1.2 billion offset by cash used in financing activities of P781.7 million.
(Please see attached consolidated cash flow statements for detailed analysis of cash movements).

Fair Value Through Profit and Loss (FVPL) Investments
The decrease in the account can be attributed to the net disposal for the period of about P64.4 million. The market value of foreign denominated investment in bonds, stocks and funds decreased by P22.3 million vs. December 31, 2014 values.

Receivables
The increase in receivables was mainly due to receivables of the Resort, the US-based staffing business and the wire manufacturing business.

Inventories
The decrease is traced to inventories sold by the wire manufacturing subsidiaries and the spare parts and supplies utilized for the year by the aviation and resort subsidiaries.

Available for Sale (AFS) Investments (current and noncurrent)
Net decrease in this account amounted to P2.7 billion. There was a decrease in market value of AFS investments of about P2.5 billion offset by net addition to AFS investments of P628.4 million for 2015. Also, the Group set up valuation allowances of P805.2 million for its investments.

Investments and Advances
The increase in investments and advances were due to equity in net earnings of associates for the period amounting to P154.0 million, unrealized foreign exchange gain related to foreign equity investment amounting to P119.9 million and additional investments of P2.1 million.

Goodwill
The goodwill from US-based staffing business increased by P32.6 million due to foreign exchange gain from the translation of net assets of the medical staffing company.

Property, Plant and Equipment - net
Depreciation charged to operations amounted to P236.8 million while net additions to property and equipment amounted to P237.3 million, mainly attributable to capital expenditures of the manufacturing, resort and aviation subsidiaries arising mainly from remeasurement of plan assets.

Other Current Assets/Noncurrent Assets
Change in the account balance can be attributed to the increase in project costs for the remaining villas that are still under construction by Seven Seas and reclassification from noncurrent to other current assets for project costs of Seven Seas. This caused the other noncurrent assets to decrease from P191.6 million to P100.5 million.

Notes Payable
The decrease in the balance was mainly due to payment of P1.5 billion short-term loan of the Parent Company out of cash dividend paid by PDP.

Accounts Payable and Accrued Expenses
The decrease was attributable to payment of liabilities to contractors for ongoing projects of the resort subsidiary and payment of trade payables by PDP and Seven Seas.

Dividends Payable
Decrease in the account was mainly attributable to dividend checks issued and paid last January 7, 2015 but declared in November 2014 at P0.20/share. The balance as of December 31, 2015 represents unclaimed dividend checks of stockholders with problematic addresses.

Customer's Deposits for Property Development
The increase in the account was due to additional payments of two villa buyers of Seven Seas.

Income Tax Payable
Movement in the account was attributable to higher tax provision of the Group mainly Seven Seas and PDP for the year 2015.

Long-term Debt (current and noncurrent)
The increase in the account can be attributed to P1.2 billion loan availed by PDP, offset by current portion of debt paid by the resort subsidiary and the Parent Company.

Deferred Revenue
The slight decrease in deferred revenue pertained to revenue that was recognized by Cirrus Global, Inc. from payments of its client hospital when the nurses were deployed.

Deferred Income Tax Liabilities
Increase in the account was mainly due to deferred tax effect of the fair value adjustment on unquoted AFS investments, specifically for KSA and Enderun.

Other noncurrent liabilities
Increase in the account was mainly due to the payment of villa owners for future back of house facilities improvement of the resort subsidiary.

Cumulative Translation Adjustment
The increase includes upward adjustments of Anscor International, Inc., Cirrus Medical Staffing, Inc. and Cirrus Global, Inc.'s subsidiary, IQHPC dollar-denominated assets.

Unrealized valuation gains on AFS investments (equity portion)
AFS assets (mainly traded shares) were sold, the gain was realized and reflected in the consolidated statements of income and removed from the unrealized valuation gains reflected in the balance sheet. Also, the decrease is mainly attributable to the decline in market values of AFS investments, mainly traded equities, amounting to P2.6 billion from January 1 to December 31, 2015.

Others
There were no commitments for major capital expenditures in 2015.

Results of Operation
Management is not aware of any known trends, events or uncertainties except for political and market uncertainties that may have material impact on the Company's recurring revenues and profits.

The discussions below were based on the consolidated results of the Company and its subsidiaries for the year ended December 31, 2015 as compared to consolidated results for the year ended December 31, 2014 (2015 included the revenue, costs and expenses of PDP Group):

Revenues
This year's consolidated gross revenues of P10.6 billion was 148.9% higher than last year's revenue of P4.3 billion. This was mainly due to the inclusion of PDP's P6.1 billion revenues for the period January 1 to December 31, 2015 which was zero for the year 2014. Higher revenues were registered by the Resort and staffing subsidiaries.

Cost of Goods Sold/Services Rendered
Increase in cost services rendered was mainly attributable to higher cost of services of nurse staffing business and resort operation while cost of goods sold was higher due to the consolidation of PDP's cost for the period January 1 to December 31, 2015 which was zero for the year 2014.

Operating Expenses
Operating expenses increased as a result of consolidation of PDP operating expenses for the period January 1 to December 31, 2015 which was zero for the year 2014.

Interest Expense
The Group reported higher interest charges mainly due to the PDP and parent company's long-term loans.

Foreign Exchange Loss
Due to the appreciation of dollar and euro vis-à-vis peso, the parent company reported higher foreign exchange loss on its dollar denominated loan, partially offset by foreign exchange gain on foreign currency denominated investment holdings of the Parent Company.

Other Income (Charges) – net
Change in the account was mainly due to valuation allowances of P802.8 million recorded by the parent company for its investments.

Provision for Income Tax - net
The current provision for income tax of the group increased due to consolidation of PDP's income tax expense for the period January 1 to December 31, 2015.

Noncontrolling interest (statements of income)
Increase in minority interest was mainly due to share of minority shareholders in net income of resort, aviation subsidiary, Cirrus Medical Staffing, Inc. and Cirrus Global, Inc. for the period ended December 31, 2015.

Year Ended December 31, 2014 Compared with Year Ended December 31, 2013 (as reported in 2014 SEC 17-A)

Revenues
This year's consolidated gross revenues of P4.3 billion was 22.3% higher than last year's revenue of E3.5 billion. Anscor posted higher investment gain due to higher number of traded shares sold in the stock market during the period. Also, the Group posted revenue from services and dividend income amounting to P2.0 billion and P260.9 million, respectively, higher than the revenue reported in 2013.

Cost of Services Rendered
Increase in cost of services rendered was mainly attributable to higher cost of services of the resort and nurse staffing business.

Operating Expenses
Increase can be attributed to the higher operating expenses of the Parent Company, resort and nurse staffing business, mainly caused by higher revenues.

Interest Expense
The Group reported higher charges mainly due to the Parent Company's long-term loan. 2014 included four (4) quarters of interest expense of the Parent Company while 2013 only had two (2) quarters of charges.

Foreign Exchange Gain (Loss)
Due to the appreciation of dollar and euro vis-à-vis peso, the Parent Company reported higher foreign exchange loss on its dollar denominated loan partially offset by foreign exchange gain on its foreign currency denominated investment in financial assets.

Provision for Income Tax - net
The provision for income tax current is slightly due to the Parent Company minimum corporate income tax and higher income tax reported of the resort subsidiary. Also, there was a significant increase in deferred tax liability recognized by Cirrus Group.

Other Income (Charges)
Other income in 2014 includes recovery of allowances for impairment losses by the Parent Company and insurance claim for business interruption loss by the resort subsidiary.

Noncontrolling Interests (statements of income)
Decrease in minority interest was mainly due to share of minority shareholders on higher losses reported by the resort subsidiary and Cirrus Global, Inc. for the year 2014.

Results of Operation

Management is not aware of any known trends, events or uncertainties except for political and market uncertainties that may have material impact on the Company's recurring revenues and profits.

Year Ended December 31, 2013 Compared with Year Ended December 31, 2012 (as reported in 2013 SEC 17-A)

Revenues
This year's consolidated gross revenues of P3.5 billion was 5.1% lower than last year's revenue of P3.7 billion. Anscor posted lower investment gain (P1.2 billion to P1.0 billion) due to reduced number of equities sold in the stock market. Also, there is significant decline in market values of FVPL investments from gain of P67.2 million to a loss of P102.8 million. Amanpulo Resort reported a decline in service revenues due to business interruption brought by Typhoon Yolanda. The operation was temporarily suspended on November 8, 2013 and resumed only on December 15, 2013. However, Anscor posted equity in net earnings and dividend income amounting to P228.9 million and P238.0 million, respectively, higher than revenues for the same period in 2013. Seven Seas' net gain on sale of villa lots amounting to O62.2 million also contributed to this year's revenues and Cirrus Group reported improved service revenues.

Cost of Services Rendered
Increase in cost of services rendered was mainly attributable to higher cost of the resort subsidiary, particularly air transfer costs while nurse staffing business' cost of services increased due to higher revenues.

Operating Expenses
Increase can be attributed to the higher operating expenses of the Parent Company, resort and nurse staffing business.

Valuation Allowances
The Parent Company setup a provision for decline in market value of some AFS investments based on their significant decrease or prolonged decline in values.

Foreign Exchange Gain
Due to the appreciation of dollar and euro vis-à-vis peso, the Parent Company reported higher foreign exchange gain on its foreign currency denominated investment in financial assets.

Interest Expense
The Group reported higher charges for interest expense resulting from increased loan to fund the AG&P and Prople investments by the Parent Company.

Provision for Income Tax - net
The provision for income tax current is slightly higher due to the parent company's minimum corporate income tax. However, this was offset by increase in deferred tax assets recognized by the parent company mainly from decline in value of FVPL investments.

Noncontrolling Interests (statements of income)
Decrease in minority interest was mainly due to share of minority shareholders on losses reported by the Resort Group, Cirrus Medical Staffing and Cirrus Global, Inc. for the year 2013.

Cash Flows
Management has no knowledge of known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity.

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new and amended PFRS and Philippine Accounting Standards (PAS) which became effective on January 1, 2015.

- PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions (Amendments)*
  PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is not relevant to the Group since it has no defined benefit plans with contributions from employees or third parties.

Annual Improvements to PFRSs (2010-2012 cycle)
These improvements are effective for annual periods beginning on or after July 1, 2014. Unless otherwise stated, these amendments have no significant impact on the Group's consolidated financial statements. They include:

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*
  This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
  - a performance condition must contain a service condition
  - a performance target must be met while the counterparty is rendering service
  - a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
  - a performance condition may be a market or non-market condition
  - if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
  This improvement clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* (or PFRS 9, *Financial Instruments*, if early adopted). This is not relevant to the Group as it has no business combination with contingent consideration.

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
  The amendments clarify that:
  - An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
  - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The disclosures required by the standard are included in the Group's consolidated financial statements.

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization*
  The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. This amendment is not relevant to the Group's consolidated financial statements as it has not adopted the revaluation method.

- PAS 24, *Related Party Disclosures - Key Management Personnel*
  The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

<u>Annual Improvements to PFRSs (2011-2013 cycle)</u>
The Annual Improvements to PFRSs (2011-2013 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the consolidated financial statements. They include:

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
  The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:
  - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
  - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

- PFRS 13, *Fair Value Measurement - Portfolio Exception*
  The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39.

- PAS 40, *Investment Property*
  The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).

New Accounting Standards, Interpretations and Amendments to
Existing Standards Effective Subsequent to December 31, 2015
The Group will adopt the standards, interpretations and amendments listed below to existing standards when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended standards and interpretations to have a significant impact on the consolidated financial statements.

Effective January 1, 2016

- PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception* (Amendments). These amendments clarify that the exemption in PFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity that measures all of its subsidiaries at fair value and that only a subsidiary of an investment entity parent is consolidated. The amendments also allow an investor (that is not an investment entity and has an investment entity associate or joint venture), when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries. These amendments are effective for annual periods beginning on or after January 1, 2016. These amendments are not expected to have any impact to the consolidated financial statements.

- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (Amendments)
  The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

  The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group.

- PFRS 14, *Regulatory Deferral Accounts*
  PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Group is an existing PFRS preparer, this standard would not apply.

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

  Early application is permitted and entities do not need to disclose that fact as the amendments are considered to be clarifications that do not affect an entity's accounting policies or accounting estimates. The Group is currently assessing the impact of these amendments on its financial statements.

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)
  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that it has not used a revenue-based method to depreciate its non-current assets.

- PAS 16, *Property, Plant and Equipment,* and *PAS 41, Agriculture - Bearer Plants* (Amendments)
  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that

produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as it does not have any bearer plants.

- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments)
  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the consolidated financial statements.

Annual Improvements to PFRSs (2012-2014 cycle)
The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the consolidated financial statements. These include:

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
  The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
  PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- PFRS 7 - *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
  This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

- PAS 19, *Employee Benefits - regional market issue regarding discount rate*
  This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- PAS 34, *Interim Financial Reporting - disclosure of information 'elsewhere in the interim financial report'*
  The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective January 1, 2018

- PFRS 9, *Financial Instruments* (2014 or final version)
  In July 2014, the final version of PFRS 9, *Financial Instruments*, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015. The Group is currently assessing the impact of this standard.

- *International Financial Reporting Standard (IFRS) 15 Revenue from Contracts with Customers*
  IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

- IFRS 16, *Leases*
  On January 13, 2016, the IASB issued its new standard, IFRS 16, *Leases*, which replaces International Accounting Standards (IAS) 17, the current leases standard, and the related Interpretations.

  Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with IAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under IAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

The new standard is effective for annual periods beginning on or after January 1, 2019. Entities may early adopt IFRS 16 but only if they have also adopted IFRS 15, *Revenue from Contracts with Customers*. When adopting IFRS 16, an entity is permitted to use either a full retrospective or modified retrospective approach, with options to use certain transition reliefs. The Group is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date once adopted locally.

Deferred

- Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC) 15, *Agreements for the Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the consolidated financial statements of the Group.

<u>Other Financial Information</u>

- There are no material events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

- There are no off-balance sheet transactions, arrangements, obligations including contingent obligations, and other relationships of the Company with unconsolidated entities or other persons created during the year.

- There were no commitments for major capital expenditures in 2015 and onwards.

- The management has no knowledge of known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenue or income from continuing operations.

- There are no seasonality or cyclicality trends in the business that would have material effect on the Company's result of operations and financial condition.

- There is no other change in composition of the registrant no restructuring.

- There is no other material event subsequent to the reporting period that has not been reflected in the financial statements.

Item 7. Financial Statements

1. The financial statements were presented using the classified balance sheet format in accordance with the Philippine Financial Reporting Standards (PFRS).

2. The financial statements were prepared in accordance with the disclosures required by SRC Rule 68 as amended (2011) and PFRS.

3. The consolidated financial statements include disclosures with regards to new accounting standards that the Company and its subsidiaries adopted.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

SyCip Gorres Velayo & Co. (SGV) has been the Company's independent auditors since its establishment in 1946. They will again be nominated for reappointment and presented for approval by the stockholders during the stockholders' meeting as external auditors for the ensuing fiscal year.

A representative of SGV is expected to be present at the Annual Meeting to respond to appropriate questions from the stockholders and to make a statement if so desired.

The Company has no disagreements with its independent auditors on Accounting and Financial Disclosure and changes in Accounting and Financial Disclosures are included in the attached Notes to Financial Statements, if applicable.

In compliance with SRC Rule 68 paragraph 3(b) (iv) (Rotation of External Auditors), the SGV audit partner, as of December 2015, is Ms. Julie Christine C. Ong-Mateo who is on her second year of audit engagement.

The Company paid to its external auditors the following fees in the past two years:

Year	Audit Fees
2015	**P1,155,000**
2014	1,100,000

The audit fees were evaluated and approved by the Audit Committee based on the scope of work of external auditors and the complexity of accounting and audit issues identified. There are no other fees paid to the external auditors for other assurance and related services.

No tax consultancy fees were paid by the Company to SGV for the years 2015 and 2014.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

Directors

The Board of Directors of the Company has ultimate responsibility for the administrative affairs of the Company. The business address of all of the Directors is the registered office of the Company. The Board meets approximately once every quarter or about four times a year. A majority of the Board shall constitute a quorum for the holding of a Board meeting. The decision of a majority of the quorum present shall be sufficient to pass a Board resolution.

The Directors and their respective positions with the Company are listed below.

Name	Position	Term of Office	Period Served as Director
Andres Soriano III	Chairman and Chief Executive Officer; President and Chief Operating Officer	1 year	33 years
Eduardo J. Soriano	Vice Chairman – Treasurer	1 year	35 years
Ernest K. Cuyegkeng	Director	1 year	7 years
John L. Gokongwei, Jr.	Director	1 year	35 years
Oscar J. Hilado	Director	1 year	17 years
Jose C. Ibazeta	Director	1 year	28 years
Roberto R. Romulo	Director	1 year	17 years

Executive Committee and Management

The management structure of the Company consists of an Executive Committee that reports directly to the Board of Directors. The following are the members of the Audit Committee, Compensation Committee, Executive Committee and Nomination Committee:

Audit Committee:

Mr. Oscar J. Hilado	Chairman
Mr. Eduardo J. Soriano	Member
Mr. Jose C. Ibazeta	Member

Compensation Committee:

Mr. Oscar J. Hilado	Chairman
Mr. Andres Soriano III	Member
Mr. Eduardo J. Soriano	Member

Executive Committee:

Mr. Andres Soriano III	Chairman
Mr. Eduardo J. Soriano	Vice Chairman
Mr. Ernest K. Cuyegkeng	Member
Mr. Oscar J. Hilado	Member
Mr. Jose C. Ibazeta	Member

Nomination Committee:

Mr. Eduardo J. Soriano	Chairman
Mr. Oscar J. Hilado	Member
Mr. Roberto R. Romulo	Member

Selected biographical information on the Company's directors and other principal officers is set out below.

Directors

ANDRES SORIANO III, age 64, American, Director of the Company since 19 May 1982; Chairman and Chief Executive of the Company (1983 to present); Chairman and President of Anscor Consolidated Corporation (1987 to present); Chairman of The Andres Soriano Foundation, Inc. (1985 to present), Phelps Dodge International Philippines, Inc. (1983 to present), Phelps Dodge Philippines Energy Products Corporation (1997 to present), Seven Seas Resorts and Leisure, Inc. (1998 to present) and Pamalican Resort, Inc. (May 2011 to present); Director of Cirrus Medical Staffing, Inc. (2007 to present), International Container Terminal Services, Inc. (ICTSI) (July 1992 to present),and Manila Peninsula Hotel, Inc. (1986 to present). Mr. Soriano was formerly the President and Chief Operating Officer of San Miguel Corporation and was subsequently the Chairman and Chief Executive Officer of San Miguel Corporation. He was Chairman of Coca-Cola (Philippines), Coca-Cola Amatil (Australia) and Nestle (Philippines). He was a Director of SPI Technologies and eTelecare Global Solutions, Inc. until 2006. He was also a Member of the G.E. Asian Advisory and the Wharton East Asia Executive Board. He holds a Bachelor of Science Degree in Economics, Major in Finance and International Business, Wharton School of Finance and Commerce, University of Pennsylvania, (1972).

EDUARDO J. SORIANO, age 61, Filipino, Director of the Company since 21 May 1980; Vice Chairman-Treasurer of the Company (1990 to present); Chairman of Cirrus Global, Inc. (formerly International Quality Manpower Services, Inc.) (2004 to present); Chairman and President of Anscor Property Holdings, Inc. (1985 to present); Director of Phelps Dodge Philippines Energy Products Corporation (1997 to present), Phelps Dodge International Phils., Inc. (1997 to present); Graduate of Bachelor of Science Degree in Economics, Major in History, University of Pennsylvania, (1977).

ERNEST K. CUYEGKENG, age 69, Filipino, Director of the Company since 22 April 2009; Executive Vice President and Chief Financial Officer of the Company (1990 to present); President and Director of Anscor Property Holdings, Inc. (1990 to present), Phelps Dodge Philippines Energy Products Corporation (1999 to present), A. Soriano Air Corporation (2003 to present), and Cirrus Global, Inc. (formerly International Quality Manpower Services, Inc.) (2004 to present); Director of Seven Seas Resorts and Leisure, Inc. (2008 to present), KSA Realty Corporation (2001 to present), T-O Insurance (2008 to present), and Sumifru, Singapore (2003 to present); Chairman and Director of

ArthaLand Corporation (2007 to present); Trustee of The Andres Soriano Foundation, Inc. (1990 to present); Member of the Management Association of the Philippines, Makati Business Club and Financial Executive Institute of the Philippines (FINEX); Graduate of De La Salle University, B.A. Economics and B.S. Business Administration, (1968). Masters Degree in Business Administration, Columbia Graduate School of Business, New York, (1970).

JOHN L. GOKONGWEI, JR., age 89, Filipino, Director of the Company since 21 May 1980; Director and Chairman Emeritus of JG Summit Holdings, Inc.; Chairman and CEO of JG Summit Holdings, Inc. (from 1990 to 2001); Chairman and Chief Executive Officer of Robinsons Retail Holdings, Inc.; Director of Universal Robina Corporation, Robinsons Land Corporation, Cebu Air, Inc., JG Summit Petrochemical Corporation, JG Summit Olefins Corporation, Oriental Petroleum and Minerals Corporation, Manila Electric Company (March 31, 2014 to present); Chairman of the Gokongwei Brothers Foundation, Inc., Deputy Chairman and Director of United Industrial Corporation Limited; Graduate of De La Salle University, Masters Degree in Business Administration, (1977) Advance Management Program, Harvard University, (1972-1973).

OSCAR J. HILADO, age 78, Filipino, an independent Director of the Company since 13 April 1998; Chairman of Philippine Investment Management (PHINMA), Inc. (January 1994 to present); Chairman of the Board & Chairman of the Executive Committee of Phinma Corporation; Chairman of the Board of Phinma Property Holdings Corporation; Vice Chairman of Trans Asia Power Generation Corporation (1996 to present); Chairman of Trans Asia Oil & Energy Development Corporation (April 2008 to present); Director of Manila Cordage Corporation (1986 to present); Independent Director of Seven Seas Resorts & Leisure, Inc., and Pamalican Resort, Inc. (May 2011 to present), Independent Director of First Philippine Holdings Corporation (November 1996 to present), Philex Mining Corporation (December 2009 to present); Digital Telecommunications Philippines, Inc. (DIGITEL) (May 2013 to present), Smart Communications, Inc. (May 2013 to present) and Rockwell Land Corporation (May 2015 to present); Graduate of De La Salle College (Bacolod), Bachelor of Science in Commerce (1958), Masters Degree in Business Administration, Harvard Graduate School of Business, (1962). Mr. Hilado also serves as Chairman of the Audit Committee of the Company.

JOSE C. IBAZETA, age 73, Filipino, Director of the Company from 1981 to 1998, 2004 to present; Director of International Container Terminal Services, Inc. (January 1988 to present), Anscor Consolidated Corporation (1980 to present), Anscor Property Holdings, Inc. (1982 to present), A. Soriano Air Corporation (1988 to present), Island Aviation, Inc., Minuet Realty Corporation (1995 to present), Phelps Dodge Philippines Energy Products Corporation (1997 to present), AG&P International Holdings, Ltd. (December 2014 to present), ICTSI Ltd, and ICTHI. President of Seven Seas Resorts & Leisure, Inc. (2008 to present) and Pamalican Resort, Inc. (May 2011 to present); Member, Finance Committee of Ateneo de Manila University (1997 to present); Board of Trustees of Radio Veritas (1991 to present). Mr. Ibazeta was President and CEO of Power Sector Assets & Liabilities Management Corporation (PSALM) (February 2007 to March 2010) and Acting Secretary of Energy (April-June 2010); Graduate of Bachelor of Science in Economics, Ateneo de Manila University, (1963), Masters Degree in Business Administration, University of San Francisco, (1968), MBA in Banking and Finance, New York University (1972).

ROBERTO R. ROMULO, age 77, Filipino, an independent Director of the Company since 13 April 1998; Chairman of AIG Philippines Insurance, Inc. (June 2000 to present), PETNET, Inc. (February 2006 to present), MediLink Network, Inc. (September 1999 to present), Nationwide Development Corporation (NADECOR), Carlos P. Romulo Foundation for Peace and Development, Philippine Foundation for Global Concerns, Inc. (PFGC) (1996 to present), Zuellig Family Foundation (June 2008 to present), Romulo Asia Pacific Advisory, Inc. (December 1997 to present) and Asia-Europe Foundation of the Philippines; Advisory Board Member of Philippine Long Distance Telephone Co. (PLDT) (March 2001 to present) and Independent Director of Equicom Savings Bank (January 2008 to present), Robinson Retail Holdings, Inc. (2013 to present) and Maxicare Healthcare Corporation (2014 to present); 25-year career at IBM Corporation holding CEO positions in the Philippines, Thailand, Burma and Bangladesh; Graduate of Georgetown University, (A.B.) and Ateneo de Manila University (LLB); Former Ambassador to Belgium, Luxembourg and the European Commission and Secretary of Foreign Affairs.

The following are not nominees but incumbent officers of the Company:

WILLIAM H. OTTIGER, age 48, Swiss, Senior Vice President and Corporate Development Officer of the Company; President and CEO of Cirrus Medical Staffing; Director of AG&P International, Executive Committee Member of Enderun Colleges, Inc.; Director of Cirrus Global, Inc., AG&P Manila and Prople, Inc.; Formerly spent 9 years with San Miguel Brewing Group and 3 years with UBS Investment Bank; Graduate of Washington & Lee University, B.A. History, (1990). London Business School, Masters of Business Administration, (2001).

NARCISA M. VILLAFLOR, age 53, Filipino, Vice President and Comptroller of the Company since 19 April 2000; Treasurer of Seven Seas Resorts and Leisure, Inc., Pamalican Resort, Inc., The Andres Soriano Foundation, Inc., Cirrus Global, Inc. (formerly International Quality Manpower Services, Inc.), A. Soriano Air Corporation, Pamalican Island Holdings, Inc., and Sutton Place Holdings, Inc.; Director of Anscor Consolidated Corporation, Cirrus Global, Inc.; Trustee of The Andres Soriano Foundation, Inc. Joined SGV (January 1985 to November 1989) and joined Anscor in December 1989; Graduate of University of the Philippines, Bachelor of Science in Business Administration and Accountancy (1984). Attended AIM Management Program (November 1996).

LORENZO D. LASCO, age 53, Filipino, Vice President (joined the group in 1997); Director and General Manager of Anscor Property Holdings, Inc., the real estate arm of Anscor; Director and President of Cirrus Global, Inc. (formerly International Quality Manpower Services, Inc.); Director of AFC Agribusiness Corp.; Project Manager at Seven Seas Resorts and Leisure, Inc. (Amanpulo); used to be connected with Ayala Land, Inc. (ALI) for nine years; Graduate of the Asian Institute of Management, Masters in Business Administration (1989).

LORNA PATAJO-KAPUNAN, age 63, Filipino, Corporate Secretary of A. Soriano Corporation (1998 to present); Senior Partner of Kapunan Garcia & Castillo Law Offices; Corporate Secretary, Roxas Holdings, Inc. (1995 to 2014), Central Azucarera de Don Pedro (February 1995), Central Azucarera de la Carlota (March 1996), Beverage Industry Association of the Philippines (February 1991 to present), Seven Seas Resorts & Leisure, Inc. (November 1990 to present), Pamalican Island Holdings, Inc. (1995 to present), iAcademy (2002 to 2011), Uni-President Phils., Inc. (2002 to present), Huntly Corporation (February 1992 to present), Palomino Resources, Inc. and Malate Pensionne, Inc. (2001 to 2014), Cuisine Exchange, Inc. and Culinary Innovators, Inc. (2001 to 2014), Jose M. Velero Corporation (2001 to 2014), Creative Concoctions, Inc. (2001 to 2014), Hotel

Concepts, Inc. (September 2001 to present), Creative Hotel Concepts, Inc. (September 2001 to 2014), Culinary Events, Inc. (2001 to 2014), AH Distribution Corporation, Hotel & Resorts Trench, Inc. (2002 to 2014), It's About Taste (I'ATE), Inc. (2002 to 2014), Kitchen Alley, Inc. (2001 to 2014), Les Maitres Gourmands, Inc. (July 2001 to 2014); Traditional Financial Services Philippines, Inc. (2008 to present); Avaya Philippines, Inc. (2006 to present), Elixir Gaming Technologies Philippines, Inc. (2007 - 2008), Elixir Group Philippines, Inc. (2006-2008); Director of AMAX Holdings Limited (2008 to 2014), Corporate Secretary, Blessed Mary Mother of the Poor Foundation, Inc. (2014), Montemar Beach Club, Inc. (2013 to resent), Philcomsat Communications Satellite Corporation (Philcomsat) (2013 to present), UNLAD Foundation (2015). Graduate of University of the Philippines College of Law, (1978); Seminar Courses: Japan Institute of Invention and Innovation (JIII) Tokyo (1997); National Institute on Humanitarian Law, San Remo, Italy (September 2005); Summer Course International Humanitarian Law, Magdalene College, Cambridge University, London UK (July 2010).

JOSHUA L. CASTRO, age 41, Filipino, Assistant Vice President (April 2013 to present) and Assistant Corporate Secretary (2006 to present) of the Company; Assistant Corporate Secretary of Seven Seas Resorts and Leisure, Inc. (2006 to present) and Island Aviation, Inc. (2006 to present); Corporate Secretary of Phelps Dodge Philippines Energy Products Corporation (2006 to present), A. Soriano Air Corporation (2006 to present), Cirrus Global, Inc. (formerly International Quality Manpower Services, Inc.) (2006 to present), Anscor Property Holdings, Inc. (2006 to present), and The Andres Soriano Foundation, Inc. (2006 to present). Tax Lawyer, SyCip Gorres Velayo & Co. (1999 to 2005); Graduate of San Beda College of Law (1999).

Additional Information

There is no person who is not an executive and is expected by the registrant to make a significant contribution to the business.

Except for Andres Soriano III and Eduardo J. Soriano who are brothers, the directors, executive officers or persons nominated or chosen by the registrant to become directors or executive officers have no family relationship up to the 4th civil degree either by consanguinity or affinity.

For the last five years and as of 29 February 2016, Management is not aware of any pending material legal proceeding i.e. bankruptcy petitions, convictions by final judgment, being subject to any order, judgment or decree or violation of a Securities or Commodities Law involving its nominees for directorship, executive officers and incumbent officers and directors.

The Company does not own any other equity securities beneficially owned by its directors and other nominees.

Item 10. Executive Compensation

As approved in 2004, Directors are paid a per diem of E20,000.00 per meeting attended and are given directors bonus representing no more than 1% of previous year's net income. Similarly, annual bonus, of no more than 3% of the preceding year's net income as well as salary increase of Executive Officers are approved by the Compensation Committee and Board of Directors.

The total compensation paid to the top six (6) Officers of the Company and the rest of the Directors for the last two years and the ensuing year are as follows:

Name	Principal Position	Compensation		
		2014 Actual	2015 Actual	2016 (Estimate)
Andres Soriano III	Chairman & Chief Executive Officer			
Eduardo J. Soriano	Vice Chairman & Treasurer			
Ernest K. Cuyegkeng	Executive Vice President & Chief Financial Officer			
William H. Ottiger	Senior Vice President & Corporate Development Officer			
Narcisa M. Villaflor	Vice President & Comptroller			
Joshua L. Castro	Assistant Vice President & Assistant Corporate Secretary			
Salaries		₱ 55,752,341	₱ 56,394,233	₱ 56,394,233
Benefits		1,446,769	1,446,769	1,500,000
Bonus		41,250,000	63,300,000	39,300,000
Sub-Total Top Executive		98,449,110	121,141,002	97,194,233
Other Directors		13,468,929	18,495,714	14,760,000
Total		₱ 111,918,039	₱ 139,636,716	₱111,954,233

There are no other arrangements, including consulting contracts, to which any director was compensated, directly or indirectly except for the consultancy agreement between the Company and Mr. Jose C. Ibazeta, involving about P4.3 million fees for one year.

All the executive officers are not subject of any employment contract. Neither are there any compensatory plans or arrangements with respect to the named executive officers that will result from their resignation, retirement or any other termination or from change in control in the Company or change in the named executive officers' responsibilities following a change in control.

There are no warrants or options granted to the Directors, Chief Executive Officer, and other named Executive Officers.

Item 11.	**Security Ownership of Certain Beneficial Owners and Management**

Except as indicated below, no person holds 5% or more of the common stock of the Company under a voting trust or similar agreement.

As of February 29, 2016, the following are the Security Ownership of Certain Record and Beneficial Owners of the Company:

a. Security Ownership of Certain Record (R) and Beneficial Owners (B)

Title of Class	Name/Address of Record Owner & Relationship w/ Issuer	Name of Beneficial Ownership & Relationship with Record Owner	Citizenship	Number of Shares	Percentage Held
Common	Anscor Consolidated Corporation 7th Flr. Pacific Star Bldg., Makati Avenue Makati City (Subsidiary)	Anscor Consolidated Corporation (Subsidiary)	Filipino	1,267,406,746 *	50.696%
Common	PCD Nominee Corp. (Non-Filipino) 37th Flr. The Enterprise Center, Inc. Ayala Avenue corner Paseo de Roxas, Makati City (Depository Account)	PCD Nominee Corp. (Non-Filipino) (Depository Account)	Non-Filipino	517,681,137	20.707%
Common	A-Z Asia Limited Philippines, Inc. Barrio Mabacan Calauan, Laguna (Stockholder)	A-Z Asia Limited Philippines, Inc. (Stockholder)	Filipino	169,646,329	6.786%
Common	PCD Nominee Corp. (Filipino) 37th Flr. The Enterprise Center, Inc. Ayala Avenue corner Paseo de Roxas, Makati City (Depository Account)	PCD Nominee Corp. (Filipino) (Depository Account)	Filipino	147,235,407	5.889%
TOTAL				**2,101,969,619**	**84.078%**

* Includes 355,648,343 shares lodged with PCD Nominee Corp. (Filipino)

Anscor Consolidated Corporation is wholly owned by A. Soriano Corporation, the registrant Company, represented by Mr. Ernest K. Cuyegkeng as Treasurer.

PCD Nominee Corporation, a wholly owned subsidiary of Philippine Central Depository, Inc. ("PCD"), is the registered owner of the shares in the books of the Company's transfer agent in the Philippines. The beneficial owners of such shares are PCD's participants, who hold the shares on their behalf or in behalf of their clients of which Maybank ATR KimEng Securities, Inc., is the sole owner of more than 5%, specifically 33.176%, the bulk of which or 17.558% is owned by Deerhaven, LLC, a company registered in Delaware, USA. Shares owned by Deerhaven, LLC are indirectly owned by Andres Soriano III. PCD is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines.

A-Z Asia Limited Philippines, Inc. is a holding company incorporated in the Philippines on 25 April 2003. Shares owned by A-Z Asia Limited Philippines, Inc. are indirectly owned by Eduardo J. Soriano.

Other than the above, there are no Stockholders owning more than 5% of the Company's outstanding shares of stock.

The Company is not aware of any material pending legal proceedings to which the Company or any of its subsidiaries is a party.

b. Security Ownership of Certain Beneficial Owners and Management

As of February 29, 2016, the following are the security ownership of the Directors and Officers of the Company:

Title of Class	Name of Beneficial Owner	Amount and Nature Of Beneficial Ownership		Citizenship	Percentage
Common	Andres Soriano III	489,428,270	Direct/Indirect	American	19.577%
Common	Eduardo J. Soriano	188,515,944	Direct/Indirect	Filipino	7.541%
Common	Oscar J. Hilado	6,020,000	Direct/Indirect	Filipino	0.241%
Common	John L. Gokongwei, Jr.	311,622	Direct/Indirect	Filipino	0.012%
Common	Jose C. Ibazeta	32,951	Direct	Filipino	0.001%
Common	Ernest K. Cuyegkeng	20,000	Direct	Filipino	0.001%
Common	Roberto R. Romulo	20,000	Direct	Filipino	0.001%
Total		684,348,787			27.374%

William H. Ottiger, Narcisa M. Villaflor, Lorenzo D. Lasco, Atty. Lorna Patajo-Kapunan and Atty. Joshua L. Castro do not own shares of the Company.

c. Voting Trust Agreement

The Company does not have any voting trust agreement with any stockholders.

d. Changes in Control

No change in control of the Company occurred since the beginning of the last fiscal year. Management is not aware of any arrangement which may result in a change in control of the Company.

Item 12. Certain Relationships and Related Transactions

There are no Management transaction during the year or proposed transaction to which the Company was or is to be a party, in which any of its Directors, nominees for election as Directors, Executive Officers, security holders owning more than 5% of the outstanding shares of the Company, or any member of the immediate family of any of the forgoing persons, have or is to have material interest.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Goverance

On 04 December 2014, the Company submitted its annual Certification to the SEC confirming its substantial compliance with its Manual on Corporate Governance. Before issuance of said Certification, the Board of Directors and Management evaluated the Company's compliance with the Manual on Corporate Governance. The different Board Committees also evaluate the level of compliance with the Manual on Corporate Governance.

The Company continues to improve its systems and processes to enhance adherence and fully comply with leading practices on good corporate governance. In line with this goal, Directors of the Company are required, before assuming office, to attend a seminar on Corporate Governance conducted by a duly recognized private or government institution.

Likewise, in line with the SEC's thrust to promote a better corporate governance environment, the Company complied with SEC Memorandum Circular No. 11, Series of 2014, which provides for template for publicly-listed companies' websites. The Company's website contains all the items indicated in said Circular.

Please refer to attached Annual Corporate Governance Report (ACGR).

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits

Exhibit	(1)	Plan of Acquisition, Reorganization, Arrangement, Liquidation, or Succession	NA
Exhibit	(2)	Instruments Defining the Rights of Security Holders, Including Indentures	BY-LAWS
Exhibit	(3)	Voting Trust Agreement	NA
Exhibit	(4)	Annual Report to Security Holders, Form 17-Q or Quarterly Report to Security Holders	INFORMATION STATEMENT ANNUAL REPORT & FORM 17-Q
Exhibit	(5)	Letter re: Change in Certified Public Accountant	NA
Exhibit	(6)	Letter re: Change in Accounting Principles	NA
Exhibit	(7)	Report Furnished to Security Holders	ANNUAL REPORT & FORM 17-Q
Exhibit	(8)	Subsidiaries of the Registrant	LIST OF SUBSIDIARIES FINANCIAL STATEMENTS OF SIGNIFICANT FOREIGN SUBSIDIARIES
Exhibit	(9)	Published Report Regarding Matters Submitted to Vote of Security Holders	NA
Exhibit	(10)	Consents of Experts and Independent Counsel	NA
Exhibit	(11)	Power of Attorney	NA
Exhibit	(12)	Additional Exhibits	Annual Corporate Governance Report (ACGR)

(b) SEC Form 17-C

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on March 3, 2016.

Andres Soriano III Chairman, President and Chief Executive Officer	Date	**Ernest K. Cuyegkeng** Executive Vice President - Chief Financial Officer	Date
Narcisa M. Villaflor Vice President-Comptroller	Date	**Salome M. Buhion** Accounting Manager	Date
Atty. Lorna Kapunan Corporate Secretary	Date		

SUBSCRIBED AND SWORN to before me this 3rd day of March 2016, affiants exhibited to me the following:

NAMES	PASSPORT NO. GOV'T ISSUED ID	DATE OF ISSUE	PLACE OF ISSUE
Andres Soriano III	506368805	01-14-2015	U.S.A
Ernest K. Cuyegkeng	EC3327271	01-31-2015	Manila
Narcisa M. Villaflor	EC0629149	03-21-2014	Manila
Salome M. Buhion	EC2120654	09-17-2014	DFA NCR Northeast
Atty. Lorna Kapunan	EB4713590	02-17-2012	Manila

Doc. No. 434;
Page No. 88;
Book No. XIV;
Series of 2016.

ATTY. REGINALDO L. HERNANDEZ
Notary Public for and in the City of Makati
Appointment No. M-260; Roll No. 20642
Commission expires on 12-31-16
PTR No.5329973; 1-13-16; Makati City
IBP No. 1032036; 2-22-16; Pasig City
TIN: 100-364-501

A. SORIANO CORPORATION
INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
SEC FORM 17-A

A. SORIANO CORPORATION
INDEX TO EXHIBITS

Instruments Defining the Rights of Security Holders, Including Indentures	BY-LAWS
Annual Report to Security Holders, Form 17-Q or Quarterly Report to Security Holders Report Furnished to Security Holders	INFORMATION STATEMENT ANNUAL REPORT & FORM 17-Q
Subsidiaries of the Registrant	LIST OF SUBSIDIARIES FINANCIAL STATEMENTS OF SIGNIFICANT FOREIGN SUBSIDIARIES
Additional Exhibits	Annual Corporate Governance Report (ACGR)

A. SORIANO CORPORATION
INDEX TO SEC FORM 17-C

February 18, 2015	SEC 17-C Item No. 9 – Other Event Date of Stockholders' Meeting Proxy Date Proxy Validation Date
July 19, 2015	SEC 17-C Item No. 9 – Other Event Election of Andres Soriano as Chairman of Deerhaven, LLC.
July 21, 2015	SEC 17-C Item No. 9 – Other Event Election of Eduardo J. Soriano as Chairman of AZ Asia Limited
December 22, 2015	SEC 17-C Item No. 9 – Other Event Acquisition of Additional Shares of iPeople, Inc.

A. SORIANO CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of A. Soriano Corporation is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended December 31, 2015, 2014 and 2013, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the consolidated 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 consolidated financial statements and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders for the years ended December 31, 2015, 2014 and 2013, has examined the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

ANDRES SORIANO III	**ERNEST K. CUYEGKENG**
Chairman, President and Chief Executive Officer	Executive Vice President and Chief Financial Officer

Signed this 3rd day of March 2016

REPUBLIC OF THE PHILIPPIENS)
MAKATI CITY) S.S.

SUBSCRIBED AND SWORN to before me this 3rd day of March 2016, affiants exhibited to me the following:

NAME	PASSPORT NO.	DATE & PLACE ISSUED
Andres Soriano III	506368805	Jan. 14 2015 to Jan 13, 2025/ U.S.
Ernest K. Cuyegkeng	EB4390925	Jan. 31, 2015 to Jan. 30, 2020/Manila

Doc. No. 432;
Page No. 88;
Book No. XIV;
Series of 2016.

ATTY. REGINALDO L. HERNANDEZ
Notary Public for and in the City of Makati
Appointment No. M-260; Roll No. 20642
Commission expires on 12-31-16
PTR No.5329973; 1-13-16; Makati City
IBP No. 1032036; 2-22-16; Pasig City
TIN: 100-364-501

A. SORIANO CORPORATION, 7TH FLOOR, PACIFIC STAR BUILDING, MAKATI AVENUE COR. GIL J. PUYAT AVENUE, 1209 MAKATI CITY
P.O. BOX 1304 MAKATI CENTRAL POST OFFICE, 1252 MAKATI CITY, PHILIPPINES • TEL: 819-0251 to 70 • E-MAIL: asoriano@globe.com.ph

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
A. Soriano Corporation

We have audited the accompanying consolidated financial statements of A. Soriano Corporation and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2015 and 2014, and the consolidated statements of income, 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 Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of A. Soriano Corporation and Subsidiaries as of December 31, 2015 and 2014, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2015 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Julie Christine O. Mateo

Julie Christine O. Mateo
Partner
CPA Certificate No. 93542
SEC Accreditation No. 0780-AR-2 (Group A),
May 1, 2015, valid until April 30, 2018
Tax Identification No. 198-819-116
BIR Accreditation No. 08-001998-68-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5321675, January 4, 2016, Makati City

March 2, 2016

A. SORIANO CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31	
	2015	2014 (As restated, Note 6)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 7)	**₱1,774,319,172**	₱1,401,033,659
Fair value through profit or loss (FVPL) investments (Note 8)	**508,976,634**	595,681,712
Receivables (Notes 6 and 9)	**1,958,668,503**	1,692,829,023
Inventories (Notes 6 and 10)	**700,984,189**	900,214,435
Property development in progress (Note 12)	**175,812,028**	57,863,813
Available-for-sale (AFS) investments - current (Note 11)	**56,786,078**	24,691,343
Prepayments	**75,181,852**	78,043,758
Other current assets (Note 29)	**81,897,555**	27,246,561
Total Current Assets	**5,332,626,011**	4,777,604,304
Noncurrent Assets		
AFS investments - net of current portion (Note 11)	**7,358,993,331**	10,067,299,976
Investments and advances (Note 12)	**1,824,260,087**	1,541,990,755
Goodwill (Note 6)	**1,852,422,215**	1,819,808,697
Property and equipment (Notes 6, 13 and 18)	**2,701,877,014**	2,701,963,732
Investment properties (Notes 14 and 29)	**260,569,744**	260,569,744
Retirement plan asset - net (Notes 6 and 23)	**59,482,997**	65,533,724
Property development in progress - net of current portion (Note 12)	**–**	98,778,684
Other noncurrent assets (Notes 6, 12, 15 and 29)	**102,953,618**	92,845,446
Total Noncurrent Assets	**14,160,559,006**	16,648,790,758
TOTAL ASSETS	**₱19,493,185,017**	₱21,426,395,062
LIABILITIES AND EQUITY		
Current Liabilities		
Notes payable (Note 16)	**₱26,197,832**	₱1,529,461,840
Accounts payable and accrued expenses (Notes 6, 17 and 30)	**916,122,968**	1,014,496,149
Dividends payable (Note 19)	**229,648,921**	519,664,033
Customers' deposits for property development (Note 12)	**597,268,360**	381,844,350
Income tax payable	**85,381,137**	66,199,040
Current portion of long-term debt (Notes 6 and 18)	**638,070,546**	237,502,643
Total Current Liabilities	**2,492,689,764**	3,749,168,055

(Forward)

	December 31	
	2015	2014 (As restated, Note 6)
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 18)	**₱2,459,835,814**	₱1,934,135,533
Deferred revenues (Note 29)	**10,117,900**	29,715,303
Deferred income tax liabilities - net (Notes 6 and 24)	**443,678,526**	389,879,502
Retirement benefits payable - net (Note 23)	**6,666,773**	9,054,911
Other noncurrent liabilities (Notes 6, 15 and 29)	**145,275,611**	105,002,529
Total Noncurrent Liabilities	**3,065,574,624**	2,467,787,778
Total Liabilities	**5,558,264,388**	6,216,955,833
Equity Attributable to Equity Holdings of the Parent (Note 19)		
Capital stock - ₱1 par value	**2,500,000,000**	2,500,000,000
Additional paid-in capital	**1,605,613,566**	1,605,613,566
Equity reserve on acquisition of noncontrolling interest (Note 3)	**(26,356,543)**	(26,356,543)
Cumulative translation adjustment	**187,917,388**	10,702,438
Unrealized valuation gains on AFS investments (Note 11)	**686,254,240**	3,238,819,432
Remeasurement on retirement benefits (Note 23)	**34,992,585**	40,843,333
Retained earnings:		
Appropriated (Note 19)	**6,300,000,000**	4,600,000,000
Unappropriated (Note 19)	**4,487,779,074**	5,029,204,349
Cost of shares held by a subsidiary (1,266,300,646 shares and 1,257,900,646 shares in 2015 and 2014, respectively) (Note 19)	**(2,219,505,295)**	(2,163,648,770)
	13,556,695,015	14,835,177,805
Noncontrolling Interests (Note 3)	**378,225,614**	374,261,424
Total Equity	**13,934,920,629**	15,209,439,229
TOTAL LIABILITIES AND EQUITY	**₱19,493,185,017**	₱21,426,395,062

See accompanying Notes to Consolidated Financial Statements.

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2015	2014*	2013*
REVENUES			
Sale of goods - net of discount and allowances of ₱74.83 million in 2015	**₱6,102,268,950**	₱–	₱–
Services (Note 29)	**2,691,042,766**	1,966,139,955	1,812,136,972
Dividend income (Note 11)	**209,651,661**	260,862,079	237,966,271
Equity in net earnings of associates (Note 12)	**153,953,858**	147,141,103	228,945,588
Sale of real estate (Note 14)	**293,036,415**	–	82,033,482
Interest income (Notes 7, 8, 11 and 22)	**83,315,419**	96,438,999	95,592,251
Management fee (Notes 9, 26 and 29)	–	78,344,162	58,926,242
Others	**1,208,172**	881,793	10,468,291
	9,534,477,241	2,549,808,091	2,526,069,097
INVESTMENT GAINS (LOSSES)			
Gain on sale of:			
AFS investments (Note 11)	**1,091,213,611**	1,661,985,514	1,101,883,509
Investment in associates (Note 12)	**–**	56,059,176	–
Loss on decrease in market values of FVPL investments (Note 8)	**(25,654,441)**	(9,487,014)	(102,835,133)
	1,065,559,170	1,708,557,676	999,048,376
TOTAL	**10,600,036,411**	4,258,365,767	3,525,117,473
Cost of goods sold (Note 20)	**(4,931,773,630)**	–	–
Costs of services rendered (Note 20)	**(1,809,102,441)**	(1,361,515,068)	(1,330,261,339)
Cost of real estate sold (Note 14)	**(174,139,992)**	–	(19,860,844)
Operating expenses (Note 20)	**(1,166,299,873)**	(864,121,022)	(761,493,193)
Interest expense (Note 22)	**(116,599,234)**	(61,361,043)	(34,877,538)
Foreign exchange gain (loss) - net	**(28,856,549)**	(9,962,427)	32,696,008
Other income (charges) - net (Notes 22 and 29)	**(700,605,228)**	102,695,296	(48,424,613)
INCOME BEFORE INCOME TAX	**1,672,659,464**	2,064,101,503	1,362,895,954
PROVISION FOR INCOME TAX (Note 24)	**309,397,655**	29,359,944	16,113,987
NET INCOME	**₱1,363,261,809**	₱2,034,741,559	₱1,346,781,967
Attributable to:			
Equity holdings of the Parent	**₱1,282,782,660**	₱2,041,141,959	₱1,358,036,019
Noncontrolling interests	**80,479,149**	(6,400,400)	(11,254,052)
	₱1,363,261,809	₱2,034,741,559	₱1,346,781,967
Earnings Per Share			
Basic/diluted, for net income attributable to equity holdings of the Parent (Note 25)	**₱1.03**	₱1.63	₱1.08

See accompanying Notes to Consolidated Financial Statements.

**PDP Group's revenues, costs and expenses were not included in 2014 and 2013 since PDP Group was still an associate. In 2015, Management fees for PDP Group was eliminated as PDP is now a subsidiary.*

A. SORIANO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2015	2014	2013
NET INCOME	**₱1,363,261,809**	₱2,034,741,559	₱1,346,781,967
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:			
Unrealized valuation gains (losses) on AFS investments (Note 11)	**(2,246,929,467)**	1,349,350,540	1,468,825,443
Income tax effect	**(24,996,268)**	(15,918,015)	(18,177,103)
	(2,271,925,735)	1,333,432,525	1,450,648,340
Realized gain on sale of AFS investments, net of impairment losses, recognized in the consolidated statements of income (Note 11)	**(285,974,884)**	(1,794,468,827)	(1,237,321,771)
Income tax effect	**5,335,427**	23,913,736	3,815,782
	(280,639,457)	(1,770,555,091)	(1,233,505,989)
	(2,552,565,192)	(437,122,566)	217,142,351
Cumulative translation adjustment	**177,214,950**	31,120,016	135,752,012
	(2,375,350,242)	(406,002,550)	352,894,363
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain (loss) (Note 23)	**(8,358,212)**	6,403,863	15,440,233
Income tax effect	**2,507,464**	(1,921,158)	(4,747,470)
	(5,850,748)	4,482,705	10,692,763
OTHER COMPREHENSIVE INCOME (LOSS)	**(2,381,200,990)**	(401,519,845)	363,587,126
TOTAL COMPREHENSIVE INCOME (LOSS)	**(₱1,017,939,181)**	₱1,633,221,714	₱1,710,369,093
Attributable to:			
Equity holdings of the Parent	**(₱1,098,418,330)**	₱1,640,262,701	₱1,721,447,737
Noncontrolling interests	**80,479,149**	(7,040,987)	(11,078,644)
	(₱1,017,939,181)	₱1,633,221,714	₱1,710,369,093

See accompanying Notes to Consolidated Financial Statements.

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

	Equity Attributable to Equity Holdings of the Parent (Note 19)											
							Retained Earnings					
	Capital Stock	Additional Paid-in Capital	Equity Reserve on Acquisition of Noncontrolling Interest (Note 3)	Cumulative Translation Adjustment	Unrealized Valuation Gains (Losses) on AFS Investments (Note 11)	Remeasurement on Retirement Benefits (Note 23)	Appropriated	Unappropriated	Cost of Shares Held by a Subsidiary	Total	Noncontrolling Interests	Total
BALANCES AT DECEMBER 31, 2012	**₱2,500,000,000**	**₱1,574,103,911**	**(₱26,356,543)**	**(₱156,169,590)**	**₱3,458,799,647**	**₱25,202,686**	**₱2,100,000,000**	**₱4,755,876,861**	**(₱2,019,724,599)**	**₱12,211,732,373**	**₱342,029,170**	**₱12,553,761,543**
Total comprehensive income (loss) for the year	–	–	–	135,752,012	217,142,351	10,517,355	–	1,358,036,019	–	1,721,447,737	(11,078,644)	1,710,369,093
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱309.8 million (Note 19)	–	–	–	–	–	–	–	(315,325,652)	–	(315,325,652)	–	(315,325,652)
Shares repurchased during the year (Note 19)	–	–	–	–	–	–	–	–	(21,419,406)	(21,419,406)	–	(21,419,406)
Treasury shares reissued during the year	–	31,509,655	–	–	–	–	–	–	9,921,364	41,431,019	–	41,431,019
Movement in noncontrolling interests (Notes 3 and 6)	–	–	–	–	–	–	–	–	–	–	(1,939,021)	(1,939,021)
Additional investment in a subsidiary (Note 12)	–	–	–	–	–	–	–	–	–	–	41,027,025	41,027,025
Appropriation during the year (Note 19)	–	–	–	–	–		900,000,000	(900,000,000)	–	–	–	–
BALANCES AT DECEMBER 31, 2013	**2,500,000,000**	**1,605,613,566**	**(26,356,543)**	**(20,417,578)**	**3,675,941,998**	**35,720,041**	**3,000,000,000**	**4,898,587,228**	**(2,031,222,641)**	**13,637,866,071**	**370,038,530**	**14,007,904,601**
Total comprehensive income (loss) for the year	–	–	–	31,120,016	(437,122,566)	5,123,292	–	2,041,141,959	–	1,640,262,701	(7,040,987)	1,633,221,714
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱314.5 million (Note 19)	–	–	–	–	–	–	–	(310,524,838)	–	(310,524,838)	–	(310,524,838)
Shares repurchased during the year (Note 19)	–	–	–	–	–	–	–	–	(132,426,129)	(132,426,129)	–	(132,426,129)
Movement in noncontrolling interests (Notes 3 and 6)	–	–	–	–	–	–	–	–	–	–	11,263,881	11,263,881
Appropriation during the year (Note 19)	–	–	–	–	–	–	1,600,000,000	(1,600,000,000)	–	–	–	–
BALANCES AT DECEMBER 31, 2014	**2,500,000,000**	**1,605,613,566**	**(26,356,543)**	**10,702,438**	**3,238,819,432**	**40,843,333**	**4,600,000,000**	**5,029,204,349**	**(2,163,648,770)**	**14,835,177,805**	**374,261,424**	**15,209,439,229**
Total comprehensive income (loss) for the year	–	–	–	177,214,950	**(2,552,565,192)**	(5,850,748)	–	1,282,782,660	–	(1,098,418,330)	80,479,149	(1,017,939,181)
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱125.8 million (Note 19)	–	–	–	–	–	–	–	(124,207,935)	–	(124,207,935)	–	(124,207,935)
Shares repurchased during the year (Note 19)	–	–	–	–	–	–	–	–	(55,856,525)	(55,856,525)	–	(55,856,525)
Movement in noncontrolling interests (Notes 3 and 29)	–	–	–	–	–	–	–	–	–	–	(76,514,959)	(76,514,959)
Appropriation during the year (Note 19)	–	–	–	–	–	–	1,700,000,000	(1,700,000,000)	–	–	–	–
BALANCES AT DECEMBER 31, 2015	**₱2,500,000,000**	**₱1,605,613,566**	**(₱26,356,543)**	**₱187,917,388**	**₱686,254,240**	**₱34,992,585**	**₱6,300,000,000**	**₱4,487,779,074**	**(₱2,219,505,295)**	**₱13,556,695,015**	**₱378,225,614**	**₱13,934,920,629**

See accompanying Notes to Consolidated Financial Statements.

A. SORIANO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱1,672,659,464**	₱2,064,101,503	₱1,362,895,954
Adjustments for:			
Loss (gain) on sale of:			
AFS investments (Note 11)	**(1,091,213,611)**	(1,661,985,514)	(1,101,883,509)
Investment in associates	**–**	(56,059,176)	–
Property and equipment (Note 13)	**–**	28,151	–
Valuation allowances - net (Note 22)	**841,123,370**	683,780,320	73,678,356
Dividend income (Note 11)	**(209,651,661)**	(260,862,079)	(237,966,271)
Depreciation and amortization (Note 13)	**236,767,900**	132,907,136	127,561,862
Equity in net earnings of associates (Note 12)	**(153,953,858)**	(147,141,103)	(228,945,588)
Interest expense (Note 22)	**116,599,234**	61,361,043	34,877,538
Interest income (Note 22)	**(83,315,419)**	(96,438,999)	(95,592,251)
Unrealized foreign exchange losses - net	**62,227,101**	32,420,744	106,014,593
Loss on decrease in market values of FVPL investments (Note 8)	**25,654,441**	9,487,014	102,835,133
Retirement benefit costs (Note 23)	**16,230,854**	11,722,183	11,474,829
Gain on remeasurement of previously held interest (Note 22)	**–**	(699,011,094)	–
Operating income before working capital changes	**1,433,127,815**	74,310,129	154,950,646
Decrease (increase) in:			
FVPL investments	**40,316,999**	(124,275,601)	(54,078,824)
Receivables	**(44,016,071)**	(17,241,769)	(97,790,402)
Inventories	**199,230,246**	(39,327,133)	4,186,191
Property development in progress	**(19,169,531)**	–	–
Prepayments and other current assets	**(55,563,541)**	(39,349,178)	(42,734,568)
Increase (decrease) in:			
Accounts payable and accrued expenses	**(66,274,258)**	282,359,937	32,152,326
Customers' deposit for property development	**215,424,010**	224,986,350	156,858,000
Deferred revenues	**(19,597,403)**	1,266,987	(1,226,729)
Net cash provided by operations	**1,683,478,266**	362,729,722	152,316,640
Dividends received	**209,651,661**	356,062,079	307,566,271
Interest received	**83,315,419**	98,046,778	97,227,033
Interest paid	**(148,698,157)**	(61,361,043)	(34,877,538)
Retirement benefit contribution (Note 23)	**(20,926,478)**	(13,923,949)	(15,695,633)
Income taxes paid	**(253,933,598)**	(12,094,161)	(23,226,651)
Net cash flows from operating activities	**1,552,887,113**	729,459,426	483,310,122

(Forward)

	Years Ended December 31		
	2015	2014	2013
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of:			
AFS investments (Note 11)	**₱3,294,238,365**	₱5,650,606,104	₱5,181,601,386
Investment in associates	**–**	56,059,176	–
Additions to:			
AFS investments (Note 11)	**(3,426,157,700)**	(4,435,277,618)	(5,131,238,087)
Property and equipment (Note 13)	**(237,320,248)**	(196,878,710)	(283,486,670)
Acquisition of subsidiaries, net of cash acquired (Note 6)	**–**	(2,369,366,713)	–
Advances to affiliates (Note 12)	**(2,655,735)**	5,914,823	(1,886,405)
Movement in other noncurrent assets	**(10,108,172)**	–	–
Acquisition of an associate (Note 12)	**(2,100,000)**	–	(1,737,200,000)
Net cash flows used in investing activities	**(384,103,490)**	(1,288,942,938)	(1,972,209,776)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from notes payable (Note 16)	**557,000,000**	1,529,461,840	176,133,976
Payments of:			
Notes payable (Note 16)	**(2,072,225,829)**	(78,139,466)	(389,625,547)
Long-term debt (Note 18)	**(219,884,036)**	(30,419,980)	(24,254,167)
Dividends (Note 19)	**(414,223,047)**	(54,875,431)	(420,473,090)
Company shares purchased by a subsidiary (Note 19)	**(55,856,525)**	(132,426,129)	(21,419,406)
Increase (decrease) in noncontrolling interests	**(76,514,959)**	504,714	39,263,412
Proceeds from long-term debt (Note 18)	**1,500,000,000**	–	1,973,976,357
Proceeds from sale of treasury stock (Note 19)	**–**	–	41,431,019
Net cash flows from (used in) financing activities	**(781,704,396)**	1,234,105,548	1,375,032,554
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**387,079,227**	674,622,036	(113,867,100)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(13,793,714)**	(17,480,886)	(12,793,005)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,401,033,659**	743,892,509	870,552,614
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱1,774,319,172**	₱1,401,033,659	₱743,892,509

See accompanying Notes to Consolidated Financial Statements.

A. SORIANO CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **Corporate Information**

A. Soriano Corporation (Anscor or the Company) was registered with the Philippine Securities and Exchange Commission (SEC) on February 13, 1930 to, among others, act as agent or representative of corporations, partnerships or individuals whether residing here or abroad; to buy, retain, possess shares of stock, franchises, patents of any person or entity and to issue shares of stock, bonds or other obligations for the payment of articles or properties acquired by the Company; and to buy or acquire all or part of the property, assets, business and clientele of any person, corporation or partnership, managing the properties or businesses so purchased or acquired and exercising all the powers necessary and convenient for the management and development of the said properties or businesses. On July 17, 1979, the SEC approved the Company's amended articles of incorporation extending the term of its existence for another fifty years up to February 12, 2030. The Company is a corporation incorporated and domiciled in the Philippines whose shares are publicly traded. The registered office address of the Company is at 7th Floor, Pacific Star Building, Makati Avenue corner Gil Puyat Avenue Extension, Makati City, Philippines.

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") as of December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015 were authorized for issue by the Board of Directors (BOD) on March 2, 2016.

2. **Basis of Preparation and Changes in Accounting Policies and Disclosures**

Basis of Preparation
The consolidated financial statements have been prepared on a historical cost basis, except for securities at fair value through profit or loss (FVPL) and available-for-sale (AFS) investments that have been measured at fair value. The consolidated financial statements are presented in Philippine pesos (Peso), which is the Company's functional and presentation currency. Amounts are presented to the nearest Peso unless otherwise stated.

Statement of Compliance
The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies
The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new and amended PFRS and Philippine Accounting Standards (PAS) which became effective on January 1, 2015.

- PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions (Amendments)*
  PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is not relevant to the Group since it has no defined benefit plans with contributions from employees or third parties.

Annual Improvements to PFRSs (2010-2012 cycle)
These improvements are effective for annual periods beginning on or after July 1, 2014. Unless otherwise stated, these amendments have no significant impact on the Group's consolidated financial statements. They include:

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*
  This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
  - a performance condition must contain a service condition
  - a performance target must be met while the counterparty is rendering service
  - a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
  - a performance condition may be a market or non-market condition
  - if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
  This improvement clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* (or PFRS 9, *Financial Instruments*, if early adopted). This is not relevant to the Group as it has no business combination with contingent consideration.

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
  The amendments clarify that:
  - An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
  - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

  The disclosures required by the standard are included in the Group's consolidated financial statements (see Note 5).

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization*
  The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. This amendment is not relevant to the Group's consolidated financial statements as it has not adopted the revaluation method.

- PAS 24, *Related Party Disclosures - Key Management Personnel*
  The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual Improvements to PFRSs (2011-2013 cycle)
The Annual Improvements to PFRSs (2011-2013 cycle) are effective for annual periods beginning on or after January 1, 2015. Unless otherwise stated, these amendments have no material impact on the consolidated financial statements. They include:

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
  The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:
  - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
  - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

- PFRS 13, *Fair Value Measurement - Portfolio Exception*
  The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39.

- PAS 40, *Investment Property*
  The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).

New Accounting Standards, Interpretations and Amendments to
Existing Standards Effective Subsequent to December 31, 2015
The Group will adopt the standards, interpretations and amendments listed below to existing standards when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended standards and interpretations to have a significant impact on the consolidated financial statements.

Effective January 1, 2016

- PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception* (Amendments).
  These amendments clarify that the exemption in PFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity that measures all of its subsidiaries at fair value and that only a subsidiary of an investment entity parent is consolidated. The amendments also allow an investor (that is not an investment entity and has an investment entity associate or joint venture), when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries. These amendments are effective for annual periods beginning on or after January 1, 2016. These amendments are not expected to have any impact to the consolidated financial statements.

- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (Amendments)
  The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on

the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group.

- PFRS 14, *Regulatory Deferral Accounts*
  PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Group is an existing PFRS preparer, this standard would not apply.

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

  Early application is permitted and entities do not need to disclose that fact as the amendments are considered to be clarifications that do not affect an entity's accounting policies or accounting estimates. The Group is currently assessing the impact of these amendments on its financial statements.

- PAS 16, *Property, Plant and Equipment,* and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)
  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that it has not used a revenue-based method to depreciate its noncurrent assets.

- PAS 16, *Property, Plant and Equipment,* and *PAS 41, Agriculture - Bearer Plants* (Amendments)
  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as it does not have any bearer plants.

- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments)
  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the consolidated financial statements.

<u>Annual Improvements to PFRSs (2012-2014 cycle)</u>
The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the consolidated financial statements. These include:

- PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
  The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
  PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- PFRS 7 - *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
  This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

- PAS 19, *Employee Benefits - regional market issue regarding discount rate*
  This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- PAS 34, *Interim Financial Reporting - disclosure of information 'elsewhere in the interim financial report'*
  The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective January 1, 2018

- PFRS 9, *Financial Instruments* (2014 or final version)
  In July 2014, the final version of PFRS 9, *Financial Instruments*, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015. The Group is currently assessing the impact of this standard.

- *International Financial Reporting Standard (IFRS) 15, Revenue from Contracts with Customers*
  IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

- IFRS 16, *Leases*
  On January 13, 2016, the IASB issued its new standard, IFRS 16, *Leases*, which replaces International Accounting Standards (IAS) 17, the current leases standard, and the related Interpretations.

Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with IAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under IAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

The new standard is effective for annual periods beginning on or after January 1, 2019. Entities may early adopt IFRS 16 but only if they have also adopted IFRS 15, *Revenue from Contracts with Customers*. When adopting IFRS 16, an entity is permitted to use either a full retrospective or modified retrospective approach, with options to use certain transition reliefs. The Group is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date once adopted locally.

3. Summary of Significant Accounting and Financial Reporting Policies

Basis of Consolidation

The consolidated financial statements of the Group comprise the financial statements of the Company and the following wholly-owned and majority-owned subsidiaries as of December 31:

		Percentage of Ownership		
	Nature of Business	**2015**	2014	2013
A. Soriano Air Corporation (Note 29)	Services/Rental	**100**	100	100
Pamalican Island Holdings, Inc. (PIHI)	Holding	**62**	62	62
Island Aviation, Inc. (IAI, Notes 18 and 29)	Air Transport	**62**	62	62
Anscor Consolidated Corporation (Anscorcon)	Holding	**100**	100	100
Anscor International, Inc. (AI, Note 12)	Holding	**100**	100	100
IQ Healthcare Investments Limited (IQHIL, Note 12)	Manpower Services	**100**	100	100
Cirrus Medical Staffing, Inc. (Cirrus, Notes 6, 12 and 29)	Manpower Services	**94**	94	94
Cirrus Holdings USA, LLC (Cirrus LLC, Notes 6 and 29)	Manpower Services	**94**	94	94
Cirrus Allied, LLC (Cirrus Allied, Notes 6 and 29)	Manpower Services	**94**	94	94
NurseTogether, LLC (NT) (Note 6)	Online Community Management	**94**	94	94
Anscor Property Holdings, Inc. (APHI, Note 14)	Real Estate Holding	**100**	100	100
Akapulko Holdings, Inc. (Akapulko)	Real Estate Holding	**100**	100	100
Goldenhall Corp.	Real Estate Holding	**100**	100	100
Lakeroad Corp.	Real Estate Holding	**100**	100	100
Mainroad Corp.	Real Estate Holding	**100**	100	100
Makatwiran Holdings, Inc. (Makatwiran)	Real Estate Holding	**100**	100	100
Makisig Holdings, Inc. (Makisig)	Real Estate Holding	**100**	100	100
Malikhain Holdings, Inc. (Malikhain)	Real Estate Holding	**100**	100	100
Mountainridge Corp.	Real Estate Holding	**100**	100	100
Rollingview Corp.	Real Estate Holding	**100**	100	100
Summerside Corp.	Real Estate Holding	**100**	100	100
Timbercrest Corp.	Real Estate Holding	**100**	100	100

(Forward)

	Nature of Business	Percentage of Ownership 2015	2014	2013
Phelps Dodge International Philippines, Inc.				
(PDIPI, Notes 6, 12 and 29)	Holding	**100**	100	–
Minuet Realty Corporation (Minuet)	Landholding	**100**	100	–
Phelps Dodge Philippines Energy				
Products Corporation (PDP Energy,				
Notes 6, 12 and 29)	Wire Manufacturing	**100**	100	–
PD Energy International Corporation				
(PDEIC)	Wire Manufacturing	**100**	100	–
Sutton Place Holdings, Inc. (Sutton)	Holding	**100**	100	100
Cirrus Global, Inc. (CGI, Note 29)	Manpower Services	**93**	93	93
IQ Healthcare Professional Connection,				
LLC (IQHPC, Notes 15 and 29)	Manpower Services	**93**	93	93
AFC Agribusiness Corporation (ACC) (Note 12)	Real Estate Holding	**81**	81	–
Seven Seas Resorts and Leisure, Inc.				
(SSRLI, Notes 12 and 29)	Villa Project Development	**62**	62	62
Pamalican Resort, Inc. (PRI, Notes 12 and 29)	Resort Operations	**62**	62	62

Except for AI, IQHIL, Cirrus and its subsidiaries and IQHPC, the above companies are all based in the Philippines. The principal business location of AI and IQHIL is in the British Virgin Islands (BVI), while Cirrus and its subsidiaries and IQHPC are based in the United States of America (USA).

Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins from the date of acquisition, being the date on which control is transferred to the Group and continue to be consolidated until the date that such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Noncontrolling interests represent a portion of profit or loss and net assets of subsidiaries not held by the Group, directly or indirectly, and are presented separately in the consolidated statement of comprehensive income and within the equity section in the consolidated balance sheet and consolidated statement of changes in equity, separately from Company's equity.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

In 2008, Sutton acquired an additional 32% interest in CGI, increasing its ownership to 93%. The excess of the consideration over the book value of the interest acquired was taken to "Equity Reserve on Acquisition of Noncontrolling Interest" in the consolidated balance sheet.

Current Versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification.

An asset is current when it is:
- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:
- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Investments in Associates
Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in associates are accounted for under the equity method of accounting in the consolidated financial statements and are initially recognized at cost.

On acquisition of investment in an associate, any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as goodwill. Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment. After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in associates. At each reporting date, the Group determines whether there is objective evidence that the investment in associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value.

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated statement of income, and its share of post-acquisition movements in the associates' equity reserves is recognized directly in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity.

Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the assets transferred. The reporting dates of the associates of the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

The Group determines at the end of each reporting period whether there is any evidence that the investments in associates are impaired. If this is the case, the amount of impairment is calculated as the difference between the carrying amount of the investments and their recoverable amount.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in consolidated profit or loss.

The following are the Group's associates:

		Percentage of Ownership		
	Nature of Business	**2015**	2014	2013
Vicinetum Holdings, Inc. (VHI, Note 12)	Holding	**32**	32	32
AGP International Holdings Ltd. (AGPI, Note 12)***	Holding	**27**	27	27
NewCo., Inc. (Newco, Note 12)*	Real Estate	**–**	–	45
AFC Agribusiness Corporation	Real Estate	**–**	–	45
Anscor-Casto Travel Corporation*	Travel Agency	**–**	–	44
PDIPI, (Notes 12 and 29)**	Holding	**–**	–	40
Minuet	Landholding	**–**	–	60
PDP Energy (Notes 12 and 29)	Wire Manufacturing	**–**	–	40
PDEIC	Wire Manufacturing	**–**	–	40

* *Sold in 2014 (see Note 12)*

** *Became subsidiaries as of December 31, 2014 (see Note 6)*

*** *Its associate is engaged in modular steel fabrication.*

In 2013, Minuet was excluded in the consolidated financial statements as special voting requirements adopted by its shareholders manifested that the Company's 60% holdings in Minuet is not sufficient to carry major business decisions. With the acquisition of PDIPI as discussed in Note 6, Minuet became a wholly-owned subsidiary of the Company and is included in the consolidated financial statements as of December 31, 2014.

On June 28, 2013, AI converted its Convertible Bridge Notes from AGPI to Series B voting preferred shares. On June 29, 2014, AI signed a definitive agreement with AGPI for the subscription to series C voting preferred shares. The subscription increases its holdings to 27%, making AGPI an associate of the Group.

Except for AGPI, the above companies are all based in the Philippines. The principal business location of AGPI is in the British Virgin Islands.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any noncontrolling interests in the acquiree. For each business combination, the Group elects whether to measure the noncontrolling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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

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

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS 39 is measured at fair value with changes in fair value recognized either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of PAS 39, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for noncontrolling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit or a group of cash-generating units and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Asset Acquisitions

If the assets acquired and liabilities assumed in an acquisition transaction do not constitute a business, the transaction is accounted for as an asset acquisition. The Group identifies and recognizes the individual identifiable assets acquired and liabilities assumed. The acquisition cost is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill. Where the Group acquires a controlling interest in an entity that is not a business, but obtains less than 100% of the entity, after it has allocated the cost to the individual assets acquired, it notionally grosses up those assets and recognizes the difference as noncontrolling interests.

Foreign Currency Translation

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in Peso based on the exchange rate recorded at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing exchange rate at the end of reporting period. All differences are taken to the consolidated statement of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the closing exchange rates at the date when the fair value was determined. Foreign exchange gains and losses relating to AFS equity instruments are presented under other comprehensive income.

Financial statements of consolidated foreign subsidiaries which are considered foreign entities are translated into the presentation currency of the Group (Peso) at the closing exchange rate at end of reporting period and their statements of income are translated using the monthly weighted average exchange rates for the year. The exchange differences arising from the translation are taken directly to a separate component of equity (under cumulative translation adjustment). On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the consolidated statement of income.

Fair Value Measurement

The Group measures financial assets (such as FVPL and AFS investments) at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortized cost and of investment properties are disclosed.

Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted AFS financial assets, and for non-recurring fair value measurement.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial Instruments

Date of recognition

The Group recognizes a financial asset or a financial liability in the consolidated balance sheet when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date. Derivatives are recognized on trade date basis.

Initial recognition of financial instruments

All financial assets are initially recognized at fair value. Except for securities at FVPL, the initial measurement of financial assets includes transaction costs. The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, AFS investments, and loans and receivables. Financial liabilities are classified as financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired and whether they are in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Classification of financial instruments

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

As of December 31, 2015 and 2014, the Group has the following categories of financial assets and financial liabilities:

(a) Financial assets and financial liabilities at FVPL

This category includes financial assets and financial liabilities held for trading and financial assets and financial liabilities designated upon initial recognition as at FVPL. Financial assets and financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

Financial assets or financial liabilities classified in this category may be designated by management on initial recognition when the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or

- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or

- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Derivatives recorded at FVPL
The Group enters into derivative contracts such as currency forwards. These derivative financial instruments are initially recorded at fair value and are subsequently remeasured at fair value at each reporting date. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as accounting hedges) are taken directly to the consolidated statement of income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. There are no outstanding freestanding derivative contracts as of December 31, 2015 and 2014.

The Group has certain derivatives that are embedded in host financial contracts, such as structured notes and debt investments and conversion. These embedded derivatives include calls and puts in debt investments and interest rate and conversion options among others.

An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met: (a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and (c) the hybrid or combined instrument is not recognized at FVPL.

Embedded derivatives are measured at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Financial assets and financial liabilities at FVPL are recorded in the consolidated balance sheet at fair value. Changes in fair value are recorded in "Gain (loss) on increase (decrease) in market values of FVPL investments". Interest earned or incurred is recorded in interest income or expense, respectively, while dividend income is recorded as such according to the terms of the contract, or when the right of payment has been established.

As of December 31, 2015 and 2014, the Group has designated as FVPL all investments in bonds that have callable and other features, managed/hedged funds, and derivatives amounting to ₱509.0 million and ₱595.7 million, respectively. No financial liability at FVPL is outstanding as of December 31, 2015 and 2014 (see Note 8).

(b) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not in an active market. They are not entered into with the intention of immediate or short-term resale. After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included in the interest income in the consolidated statement of income. The losses arising from impairment of such loans and receivables are recognized as "Recoveries (valuation allowances) - net" account under "Other income (charges) - net" in the consolidated statement of income.

Included under loans and receivables are cash in banks, short-term investments, trade receivables, receivables from villa owners, notes receivable, interest receivable, advances to employees and other receivables.

(c) AFS investments

AFS investments are those which are designated as such or do not qualify to be classified as FVPL, HTM or loans and receivables. They are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions. They include equity investments, money market papers, investments in managed funds and other debt instruments.

After initial measurement, AFS investments are subsequently measured at fair value. However, AFS instruments in unquoted equity shares whose fair values cannot be reliably measured are carried at cost, less any impairment loss. The effective yield component of AFS debt securities, as well as the impact of restatement on foreign currency-denominated AFS debt securities, is reported in the consolidated statement of income. The unrealized gains and losses arising from the fair valuation of AFS investments and the impact of restatement on foreign currency-denominated AFS equity securities are reported as part of other comprehensive income.

When the security is disposed of, the cumulative gain or loss previously recognized under other comprehensive income is transferred to profit or loss as “Gain on sale of AFS investments”. Where the Group holds more than one investment in the same security, cost of the disposed investment is determined on a weighted average cost basis. Interest earned on holding AFS investments are reported as interest income using the effective interest rate. Dividends earned on holding AFS investments are recognized as such in the consolidated statement of income when the right of payment has been established.

The Group classifies bonds held as AFS investments as current assets when the investments are expected to mature within twelve months after the reporting period.

As of December 31, 2015 and 2014, the Group’s AFS investments include investment in equity securities and bond and convertible notes.

(d) Other financial liabilities

All loans and borrowings are initially recognized at the fair value of the consideration received, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated statement of income when the liabilities are derecognized as well as through the amortization process.

Borrowings are classified as current liabilities unless these are expected to be settled within 12 months after the reporting date or the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

As of December 31, 2015 and 2014, included in other financial liabilities are the Group’s notes payable, accounts payable and accrued expenses, long-term debt and dividends payable.

As of December 31, 2015 and 2014, there were no financial instruments classified as HTM.

Derecognition of Financial Assets and Financial Liabilities

Financial assets

A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized or removed from the consolidated balance sheet where:

- the contractual rights to receive cash flows from the asset have expired; or
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Financial liabilities

A financial liability is removed from the consolidated balance sheet when the obligation under the liability is discharged or cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification will result into the removal of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Impairment of Financial Assets

The Group assesses at each end of reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

Assets carried at amortized cost

For loans and receivables carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

For individually significant financial assets, if there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as industry, collateral type, past-due status and term.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with changes in related observable data from period to period (such changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the Group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate, adjusted for the original credit risk premium. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable. The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to the consolidated statement of income. Interest income, if any, continues to be recognized based on the original effective interest rate of the asset. Loans, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. If a future write-off is later recovered, any amounts formerly charged are credited to "Recoveries (valuation allowances) - net" account under "Other income (charges) - net" in the consolidated statement of income.

Assets carried at cost
If there is an objective evidence that an impairment loss of an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or a derivative asset that is linked to and must be settled by delivery of such unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

AFS investments
In case of equity investments classified as AFS, objective evidence of impairment would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statement of income - is removed from equity and recognized in the consolidated statement of income. The losses arising from impairment of such investments are recognized as "Recoveries (valuation allowances) - net" account under "Other income (charges) - net" in the consolidated statement of income. Impairment losses on equity investments are not reversed through the consolidated statement of income. Increases in fair value after impairment are recognized in the consolidated statement of comprehensive income.

In the case of debt instruments classified as AFS investments, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recorded as part of "Interest income” in the consolidated statement of income. If, in the subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of income, the impairment loss is reversed through the consolidated statement of income.

“Day 1” Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a “Day 1” difference) in the consolidated statement of income unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is recognized in the consolidated statement of income only when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the “Day 1” difference.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements and the related assets and liabilities are presented gross in the consolidated balance sheet.

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received excluding discounts, rebates, and other sales taxes or duties.

The following specific recognition criteria must be met before revenue is recognized:

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Sale of real estate

Sale of villa lots is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Revenue on villa development project

Revenue on Villa Development Project of a subsidiary is recognized under the completed contract method.

Rendering of services

Handling fee, service fee, management fees, air transport services, and other aviation-related activities are recognized when the services have been performed.

Revenue on nurse placements is recognized upon the nurses’ arrival and employment in the U.S. and UAE hospitals.

All deposits on contracts with U.S. hospitals are recorded under "Deferred revenues" until the contracted nurses' arrival and employment in the U.S. and UAE hospitals.

Revenue from temporary staffing is recognized when services are rendered.

Revenue on permanent placements is recognized when the candidate starts with the contracting facility. If a candidate leaves a permanent placement within a relatively short period of time, it is customary for the Group to provide a replacement at no additional cost to the hospital.

Revenue from contractual services consists of jobs filled by subcontractors. The Group contracts with other staffing companies to provide the travelers to fill the jobs for the Group. These staffing companies are called subcontractors. Subcontractors are paid based on agreed terms at a percentage of the invoice.

Revenue from rooms is recognized based on actual occupancy. Other ancillary services are recognized when the related services are rendered and/or facilities/amenities are used.

Interest
Interest income from bank deposits and investments in bonds are recognized as interest accrues based on the effective interest rate method.

Dividends
Dividend income is recognized when the shareholders' right to receive the payment is established.

Rental
Rental income is accounted for on a straight-line basis over the lease term.

Costs and Expenses
Costs and expenses are recognized in profit or loss when there is a decrease in future economic benefit related to a decrease in an asset, or an increase of a liability, that can be measured reliably. Costs and expenses include the cost of administering the business, and are expensed as incurred.

Cost of goods sold
The cost of goods sold is recognized as expense when the related goods are sold.

Cost of real estate sold
The cost of real estate sold includes the acquisition cost of the land determined based on average method.

Costs of services rendered
All direct nurse costs incurred in deployment of nurses are deferred and included in "Other noncurrent assets" in the consolidated balance sheet, until the nurses' arrival and employment in the U.S. hospitals. Upon the nurses' arrival and employment in the U.S. hospitals, deferred costs are reversed to "Costs of services rendered".

Cost and expenses related to room services are charged to operations when incurred.

Selling, general and administrative expenses
All selling and general and administrative expenses are expensed as incurred.

Other Comprehensive Income
Other comprehensive income comprises of items of income and expense that are not recognized in consolidated profit or loss for the year in accordance with PFRS. Other comprehensive income of the Group pertains to gains and losses on remeasuring AFS investments, exchange differences on translating foreign operations and remeasurements comprising actuarial gains and losses on retirement plan assets and liabilities. In computing for the earnings available for dividend declaration and earnings per share, other comprehensive income is not considered.

Cash and Cash Equivalents
Cash includes cash on hand and with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Restricted cash funds are recorded as other noncurrent assets unless the restriction is expected to be released at least 12 months after the reporting period.

Inventories
Inventories are valued at the lower of cost and net realizable value (NRV). Cost of aircraft spare parts and supplies is determined at purchase price using the first-in, first-out method while NRV is the estimated current replacement cost of such spare parts and supplies.

Cost of food and beverage inventories and operating supplies is determined using the moving average method. NRV of food and beverage inventories is the estimated selling price in the ordinary course of business, less the estimated cost of preparation and the estimated cost necessary to make the sale. NRV of operating supplies is the estimated current replacement cost.

Residential units held for sale include those costs incurred for the development and improvement of the properties. Its NRV is based on the available net selling price of similar residential units sold during the year.

Finished goods and work in process is determined at standard cost adjusted to actual cost, which includes direct materials, direct labor and applicable allocation of fixed and variable costs, determined using weighted average method. Raw materials, other materials, reels inventory and spare parts and supplies are determined at purchase price using weighted average method.

Prepayments
Prepayments include advance payments of various goods and services that are yet to be delivered and from which future economic benefits are expected to flow to the Group within the normal operating cycle or, within 12 months from the reporting date.

They are initially measured at the amount paid in advance by the Group for the purchase of goods and services and are subsequently decreased by the amount of expense incurred.

Property and Equipment
Depreciable properties, including buildings and improvements, leasehold improvements, machinery and other equipment, flight and ground equipment, furniture, fixtures and office equipment, and transportation equipment are stated at cost less accumulated depreciation and amortization, and any impairment in value. Land is stated at cost less any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance, are normally charged to income in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Property and equipment are written-off when either these are disposed of or when these are permanently withdrawn from use and there is no more future economic benefit expected from its use or disposal.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment in value are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Depreciation is computed on a straight-line method over the following estimated useful lives of the properties, except for aircraft engine which is computed based on flying hours.

Category	Number of Years
Buildings and improvements	10 - 30
Land improvements	25
Leasehold improvements*	5 - 20
Flight, ground, machinery and other equipment	5 - 25
Furniture, fixtures and office equipment	3 - 5
Transportation equipment	3 - 5

** or lease term, whichever is shorter*

The useful lives, depreciation and amortization method, and residual values are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the use of property and equipment.

Construction in progress (CIP) is stated at cost. This includes cost of construction and other direct costs. CIP is not depreciated until such time the relevant assets are completed and put into operational use.

<u>Property Development in Progress</u>
Property development in progress includes the development costs incurred.

Property development in progress is carried at the lower of cost incurred and net realizable value. Net realizable value is the selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

<u>Investment Properties</u>
Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, the Group's investment properties are stated at cost, less accumulated depreciation and any accumulated impairment losses. Land is subsequently carried at cost less any impairment in value.

Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred. Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Investment properties are written-off when either these are disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of the investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Impairment of Nonfinancial Assets

At each reporting date, the Group assesses whether there is any indication that its nonfinancial assets (namely, property and equipment and investment properties) may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

An impairment loss is charged to operations in the year in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Goodwill

Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statement of income.

Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill as of December 31 of each year.

Customers' Deposit for Property Development

Customers' deposit for property development, which pertain to advance payment by a villa buyer that is required to start and complete the villa development, is recognized at the fair value of the deposit received. Upon completion of the sale, the deposit will be applied against the total selling price of the villa.

Other Noncurrent Assets and Other Noncurrent Liabilities

Other noncurrent assets generally represent restricted cash funds for future acquisition of specific property and equipment and for future villa operating requirements. A corresponding liability is recognized for these funds under other noncurrent liabilities.

Capital Stock

Capital stock represents the total par value of the shares issued.

Additional Paid-in Capital

Additional paid-in capital pertains to the amount paid in excess of the par value of the shares issued.

Retained Earnings

Retained earnings represent the cumulative balance of net income or loss, net of any dividend declared.

Unappropriated retained earnings represent that portion which is free and can be declared as dividends to stockholders, after adjustments for any unrealized items, which are considered not available for dividend declaration.

Appropriated retained earnings represent that portion which has been restricted and therefore is not available for any dividend declaration.

Cost of Shares Held by a Subsidiary

The Company's shares which are acquired and held by a subsidiary (treasury shares) are deducted from equity and accounted for at weighted average cost. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Company's shares. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. There is a change in contractual terms, other than a renewal or extension of the arrangement;
b. A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
c. There is a change in the determination of whether fulfillment is dependent on a specified asset; or
d. There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios a, c or d above, and at the date of renewal or extension period for scenario b.

The Group as Lessee

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term.

The Group as Lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Borrowing Costs

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

Pension Benefits

The Group has non-contributory defined benefit retirement plans.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

<u>Provisions and Contingencies</u>
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Income Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that have been enacted or substantively enacted as of end of the reporting period.

Deferred income tax

Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred income tax assets are recognized for deductible temporary differences, carryforward benefits of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax, and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from excess MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

Deferred income tax liabilities are not provided on taxable temporary differences associated with investments in domestic subsidiaries. With respect to investments in foreign subsidiaries, deferred income tax liabilities are recognized except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each end of reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each end of reporting period and are recognized to the extent that it has become probable that sufficient future taxable income will allow the deferred income tax assets to be recovered.

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

Current income tax and deferred income tax relating to items recognized directly in equity are also recognized in equity and not in the consolidated statement of income.

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

Value-added Tax (VAT)

Input VAT is the 12% indirect tax paid by the Group in the course of the Group’s trade or business on local purchase of goods or services, including lease or use of property, from a VAT-registered person. VAT on capital goods are spread evenly over the useful life or 60 months, whichever is shorter.

Output VAT pertains to the 12% tax due on the lease or exchange of taxable goods or properties or services by the Group.

If at the end of any taxable month the output VAT exceeds the input VAT, the excess shall be paid by the Group. If the input VAT exceeds the output VAT, the excess shall be carried over to the succeeding month or months. Input VAT on capital goods may, at the option of the Group, be refunded or credited against other internal revenue taxes, subject to certain tax laws.

Expenses and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

<u>Earnings Per Share</u>
Basic earnings per share (EPS) is computed by dividing net income for the year by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any. The Company does not have potentially dilutive common shares as of December 31, 2015, 2014 and 2013.

<u>Dividends on Common Shares</u>
Dividends on common shares are recognized as a liability and deducted from equity when approved by the respective shareholders of the Company and subsidiaries. Dividends for the year that are approved after the end of reporting period are dealt with as an event after the end of reporting period.

<u>Events After the Reporting Period</u>
Post year-end events that provide additional information about the Group's position at the end of reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

<u>Segment Reporting</u>
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 5.

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4. **Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the consolidated financial statements in accordance with PFRS requires the Group to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, other comprehensive income (loss) and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments, estimates and assumptions 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.

Judgments

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

Determination of functional currency

The Company's functional currency was determined to be the Peso. It is the currency of the primary economic environment in which the Company operates.

Classification of financial instruments

The Group classifies a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definition of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated balance sheets (see Note 28).

Operating lease commitments - the Group as Lessee

The Group has entered into leases of office and commercial spaces. The Group has determined that all significant risks and rewards of ownership of these spaces remain with the lessors.

Operating lease commitments - the Group as Lessor

The Group has entered into a commercial property lease on its investment property. The Group has determined that it retains all the significant risks and rewards of ownership of this property and so accounts for it as an operating lease.

Determination of absence of significant influence over Enderun

The Company determined that it has no significant influence over Enderun. Management assessed that it does not exercise significant influence over the financial and operating policy decisions of the investee. Accordingly, Enderun is considered an AFS investment (see Note 11).

Determining whether an acquisition represents a business combination or an asset purchase

Determining whether the acquisition meets the definition of a business combination requires judgment to be applied on a case by case basis. The Company acquired AAC, a subsidiary. At the time of acquisition, the Company considers whether the acquisition represents an acquisition of a business or an asset acquisition. At acquisition date, the subsidiary owns a parcel of land which is idle and as such, the acquisition is accounted for as an asset acquisition (see Note 12).

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation and uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment losses on loans and receivables

The Group reviews its loans and receivables at each reporting date to assess whether an impairment loss should be recorded in the consolidated statement of income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

For the advances to related parties, the Group uses judgment, based on the best available facts and circumstances, including but not limited to, assessment of the related parties' operating activities (active or dormant), business viability and overall capacity to pay, in providing reserve allowance against recorded receivable amounts. For the receivables, the Group evaluates specific accounts where the Group has information that certain customers or third parties are unable to meet their financial obligations. Facts, such as the Group's length of relationship with the customers or other parties and their current credit status, are considered to ascertain the amount of reserves that will be recognized. These reserves are re-evaluated and adjusted as additional information is received. Allowance for doubtful accounts as of December 31, 2015 and 2014 amounted to ₱637.3 million and ₱606.3 million, respectively. Receivables and advances, net of valuation allowance, amounted to ₱1,961.3 million and ₱1,692.8 million as of December 31, 2015 and 2014, respectively (see Notes 9 and 12).

Valuation of unquoted equity investments
Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's-length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for terms with similar terms and risk characteristics; or,
- other valuation models.

However, if the range of reasonable fair value measurements is significant and the probabilities of the various estimates cannot be reasonably assessed, the Group measures the investment at cost.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. The Group performs periodic reassessment by reference to prices from observable current market transactions in the same instrument or from other available observable market data (see Note 28).

Unquoted equity investments amounted to ₱1,127.5 million and ₱892.6 million as of December 31, 2015 and 2014, respectively (see Note 11).

Impairment of AFS equity investments
The Group recognizes impairment losses on AFS equity investments when there has been a significant or prolonged decline in the fair value below its cost or when other objective evidence of impairment exists. The determination of what is significant or prolonged decline requires judgment. The Group generally treats significant decline as 30% or more and prolonged decline as greater than 12 months. In addition, the Group evaluates other factors, including normal volatility in share price for equities and the future cash flows and the discount factors for unquoted equities.

In 2015 and 2014, impairment loss was recognized totaling ₱607.3 million and ₱161.5 million respectively, on its equity instruments. AFS equity investments amounted to ₱6,508.3 million and ₱8,917.5 million as of December 31, 2015 and 2014, respectively (see Note 11).

Impairment of AFS debt investments
For AFS debt investments, the Group assesses the counterparty's ability to comply with the contractual obligations to pay out principal and interest. Further, the Group assesses whether the market prices of these bonds indicate objective evidence of impairment. In 2015 and 2014, impairment loss was recognized totaling ₱197.9 million and ₱98.5 million, respectively. The carrying value of AFS debt investments amounted to ₱907.5 million and ₱1,174.5 million as of December 31, 2015 and 2014, respectively (see Note 11).

Estimation of allowance for inventory and impairment losses
The Group estimates the allowance for inventory obsolescence and impairment losses related to inventories based on specifically identified inventory items. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for inventory and impairment losses would increase recorded expenses and decrease current assets.

As of December 31, 2015 and 2014, allowance for inventory losses and obsolescence amounted to ₱74.7 million and ₱67.6 million, respectively. The carrying amount of the inventories amounted to ₱701.0 million and ₱900.2 million as of December 31, 2015 and 2014, respectively (see Note 10).

Estimation of useful lives of the Group's property and equipment
The Group estimates the useful lives of property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the assets. In addition, the estimation of the useful lives of these assets is based on collective assessment of internal technical evaluation and experience with similar assets. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

As of December 31, 2015 and 2014, the carrying value of property and equipment amounted to ₱2,701.9 million and ₱2,702.0 million, respectively (see Note 13).

Investments carried at equity method
Investments carried at equity method are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group's impairment test on investments carried at equity is based on value in use calculations that use a discounted cash flow model. The cash flows are derived from the budget for the next five years as well as the terminal value at the end of five years. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

As of December 31, 2015 and 2014, allowance for decline in value of investments amounted ₱444.2 million and ₱462.5 million, respectively. The carrying amounts of the investments amounted to ₱1,821.6 million and ₱1,542.0 million as of December 31, 2015 and 2014, respectively (see Note 12).

Impairment of non-financial assets
(a) Property and equipment and investment properties

The Group assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

As of December 31, 2015 and 2014, the carrying value of property and equipment and investment properties amounted to ₱2,962.4 million and ₱2,962.5 million, respectively (see Notes 13 and 14).

There is no impairment loss on property and equipment and investment properties for each of the three years in the period ended December 31, 2015 (see Notes 13 and 14).

(b) Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the "value-in-use" of the cash-generating units to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Considering the U.S. crisis and the unemployment rate, the Group recognized an impairment provision of ₱100.0 million since December 31, 2009 on its investment in Cirrus.

As of December 31, 2015 and 2014, the carrying value of goodwill amounted to ₱1,852.4 million and ₱1,819.8 million, respectively (see Note 6).

Recognition of deferred income tax assets
The Group reviews the carrying amounts of the deferred income tax assets at each end of reporting period and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. However, there is no assurance that the Group will utilize all or part of the deferred income tax assets. As of December 31, 2015 and 2014, the Group recognized deferred income tax assets amounting to ₱152.2 million and ₱146.9 million, respectively (see Note 24).

Determination of pension and other retirement benefits
The cost of defined benefit pension plans as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Net retirement plan asset as of December 31, 2015 and 2014 amounted to ₱59.5 million and ₱65.5 million, respectively. Net retirement benefits payable as of December 31, 2015 and 2014 amounted to ₱6.7 million and ₱9.1 million, respectively. Further details are provided in Note 23.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country. Further details about the assumptions used are provided in Note 23.

Provisions and contingencies
Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provision and disclosure of contingencies are discussed in the preceding notes and in Note 30.

Purchase price allocation in business combinations and goodwill
The Company accounts for the acquired businesses using the acquisition method which require extensive use of accounting judgments and estimates to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities and contingent liabilities, if any, at the acquisition date. Any difference in the purchase price and the fair values of the net assets acquired is recorded as either goodwill in the consolidated statement of financial position or gain on bargain purchase in profit or loss. Thus, the numerous judgments made in estimating the fair value to be assigned to the acquiree's assets and liabilities can materially affect the Company's financial position and performance.

The Company's acquisitions of certain subsidiaries have resulted in recognition of goodwill. In 2014, the acquisition of PDIPI and its subsidiary, PDP Energy, has resulted in recognition of goodwill which amounted to ₱1,452.5 million based on provisional purchase price allocation. In 2015, the valuation was completed and final goodwill amounted to ₱1,202.9 million. The total carrying value of goodwill amounted to ₱1,852.4 million and ₱1,819.8 million as of December 31, 2015 and 2014, respectively (see Note 6).

5. **Segment Information**

The Company and its subsidiaries' operating businesses are organized and managed separately according to the nature of the products or services offered. Prior to 2008, the Group has no geographical segments (except for IQHPC's operations) as majority of the companies within the Group were incorporated and are operating within the Philippines. The Group has no inter-segment sales and transfers. The amounts disclosed were determined consistent with the measurement basis under PFRS.

Holding company segment pertains to the operations of the Company.

Nurse/Physical Therapist (PT) staffing companies segment pertains to the subsidiaries providing healthcare and allied services operating in the United States.

Resort operations and villa development segment pertains to the Company's subsidiary providing hotel and resort accommodation, relaxation and entertainment, among others (see Note 3).

Cable and wire manufacturing segment pertains to the Company's subsidiaries engaged in manufacturing, importing, exporting, buying, selling or otherwise dealing in, at wholesale, goods such as building wires, power cables, aluminum wires and cables, copper rods, automotive wires and other energy-related goods of electrical nature, including all equipment, materials, supplies used or employed in or related to the manufacture of its finished products.

Amounts for the investments in associates comprise the Group's equity in net earnings of the associates.

Other operations include air transportation, hangarage, real estate holding and management, and recruitment services.

The following tables present the financial information of the business segments as of and for the years ended December 31, 2015, 2014 and 2013 (in thousands).

	Before Eliminations							
	US	Philippines						
	Nurse/PT Staffing Company	Holding Company (Parent)	Resort Operations and Villa Development	Cable and Wire Manufacturing	*Other Operations	Total	Eliminations	Consolidated
As of and for the year ended December 31, 2015								
Revenues, excluding interest income	**₱1,850,730**	**₱2,742,914**	**₱937,545**	**₱6,102,341**	**₱382,875**	**₱12,016,405**	**(₱2,565,243)**	**₱9,451,162**
Interest income	**–**	**75,395**	**758**	**1,083**	**6,079**	**83,315**	**–**	**83,315**
Investment gains	**–**	**1,061,719**	**–**	**–**	**(1,160)**	**1,060,559**	**5,000**	**1,065,559**
Interest expense	**340**	**74,240**	**1,155**	**39,134**	**1,730**	**116,599**	**–**	**116,599**
Income tax expense (benefit)	**66,883**	**(15,815)**	**29,167**	**221,657**	**15,500**	**317,392**	**(7,994)**	**309,398**
Net income (loss)	**108,864**	**2,759,487**	**166,854**	**574,356**	**364,558**	**3,969,119**	**(2,606,327)**	**1,363,262**
Total assets	**1,041,115**	**16,382,877**	**1,799,068**	**3,488,824**	**3,745,714**	**26,457,598**	**(6,964,413)**	**19,493,185**
Investments and advances	**–**	**8,132,207**	**74,091**	**–**	**2,253,691**	**10,459,989**	**(8,635,729)**	**1,824,260**
Property and equipment	**4,743**	**29,727**	**837,454**	**573,253**	**95,388**	**1,540,565**	**1,161,312**	**2,701,877**
Total liabilities	**129,598**	**2,252,921**	**1,067,586**	**1,616,524**	**4,695,279**	**9,761,908**	**(4,203,644)**	**5,558,264**
Depreciation and amortization	**4,914**	**7,369**	**97,984**	**70,967**	**29,435**	**210,669**	**26,099**	**236,768**
Impairment loss	**–**	**550,091**	**4,266**	**14,940**	**271,826**	**841,123**	**–**	**841,123**
Cash flows from (used in):								
Operating activities	**927,193**	**1,435,669**	**430,416**	**773,270**	**48,197**	**3,614,745**	**(2,061,858)**	**1,552,887**
Investing activities	**(38,281)**	**786,261**	**(64,949)**	**(101,420)**	**(5,368)**	**576,243**	**(960,346)**	**(384,103)**
Financing activities	**(909,597)**	**(2,125,914)**	**(280,715)**	**(492,814)**	**(21,151)**	**(3,830,191)**	**3,048,487**	**(781,704)**

**"Other Operations" include ASAC, AAC, Anscorcon, AI, APHI, CGI, IAI and the Group's equity in net earnings of associate.*

	Before Eliminations							
	US	Philippines						
	Nurse/PT Staffing Company	Holding Company (Parent)	Resort Operations and Villa Development	Cable and Wire Manufacturing	*Other Operations	Total	Eliminations	Consolidated
As of and for the year ended December 31, 2014								
Revenues, excluding interest income	₱1,250,017	₱760,785	₱494,071	₱–	₱545,505	₱3,050,378	(₱597,009)	₱2,453,369
Interest income	9,349	80,214	3,353	–	3,523	96,439	–	96,439
Investment gains	–	1,708,776	–	–	(218)	1,708,558	–	1,708,558
Interest expense	1,981	53,840	1,912	–	3,628	61,361	–	61,361
Income tax expense (benefit)	19,511	(3,777)	6,754	–	6,872	29,360	–	29,360
Net income (loss)	30,352	1,602,622	(27,280)	–	474,120	2,079,814	(45,072)	2,034,742
Total assets	3,631,986	18,534,609	1,646,336	3,326,645	693,273	27,832,849	(6,513,391)	21,319,458
Investments and advances	2,012,400	7,743,783	–	–	35,827	9,792,010	(8,250,019)	1,541,991
Property and equipment	4,275	32,974	860,177	543,922	72,652	1,514,000	831,505	2,345,505
Total liabilities	3,452,932	4,356,736	881,577	421,764	343,102	9,456,111	(3,346,093)	6,110,018
Depreciation and amortization	7,101	2,235	92,390	–	31,181	132,907	–	132,907
Impairment loss	2,599	700,348	352	–	5,034	708,333	–	708,333
Cash flows from (used in):								
Operating activities	42,297	568,772	218,641	–	18,432	848,142	(118,683)	729,459
Investing activities	(1,269)	(2,041,432)	(151,145)	–	(38,976)	(2,232,822)	943,879	(1,288,943)
Financing activities	40,425	1,445,125	5,106	–	(12,397)	1,478,259	(244,153)	1,234,106

**"Other Operations" include ASAC, AAC, Anscorcon, AI, APHI, CGI, IAI and the Group's equity in net earnings of associate.*

	Before Eliminations							
	US	Philippines						
	Nurse/PT Staffing Company	Holding Company (Parent)	Resort Operations	*Other Operations	Investments in Associates	Total	Eliminations	Consolidated
As of and for the year ended December 31, 2013								
Revenues, excluding interest income	₱1,201,024	₱696,067	₱527,783	₱533,183	₱–	₱2,958,057	(₱527,580)	₱2,430,477
Interest income	227	88,867	3,737	2,761	–	95,592	–	95,592
Investment gains	–	1,000,607	–	(1,559)	–	999,048	–	999,048
Interest expense	1,448	27,422	1,744	4,264	–	34,878	–	34,878
Income tax expense	(4,514)	(4,553)	20,192	4,989	–	16,114	–	16,114
Net income (loss)	6,909	1,534,524	(21,302)	307,254	228,946	2,056,331	(709,549)	1,346,782
Total assets	3,505,636	16,049,801	1,376,518	962,796	–	21,894,751	(4,568,234)	17,326,517
Investments and advances	1,997,775	5,146,562	51,850	23,477	–	7,219,664	(4,141,374)	3,078,290
Property and equipment	6,854	39,628	791,162	69,611	–	907,255	123,905	1,031,160
Total liabilities	3,358,962	2,416,691	582,645	219,370	–	6,577,668	(3,259,056)	3,318,612
Depreciation and amortization	7,001	5,684	87,003	27,874	–	127,562	–	127,562
Other non–cash expenses	–	71,357	–	2,321	–	73,678	–	73,678
Cash flows from (used in):								
Operating activities	34,278	463,909	194,594	551,565	–	1,244,346	(761,036)	483,310
Investing activities	(16,346)	(1,712,414)	(222,407)	54,390	–	(1,896,777)	(75,433)	(1,972,210)
Financing activities	(2,884)	974,853	(104,542)	49,327	–	916,754	458,278	1,375,032

**"Other Operations" include ASAC, AAC, Anscorcon, AI, APHI, CGI and IAI.*

6. Business Combinations

a. Step-acquisition

On December 19, 2014, the Company acquired 60% shares and voting interest in PDIPI, and its subsidiary, PDP Energy (collectively referred to as "PDP Group"). As a result, the Company's equity interest in PDP Group increased from 40% to 100%, obtaining control of PDP Group. The primary reason for the additional investment is that the Company believes in the continuing success of PDP Group and in its ability to give an attractive rate of return.

The net assets recognized in the December 31, 2014 consolidated financial statements were based on a provisional assessment of fair value while the valuation had not been completed by the date the 2014 consolidated financial statements were approved for issue by the BOD. Provisional goodwill recognized in 2014 amounted to ₱1,452.5 million.

In 2015, the valuation was completed. Except for property and equipment and the related deferred income tax liability, there were no differences between the provisional and final fair value of the assets and liabilities. The final fair values of identifiable assets and liabilities of PDP Group at the date of acquisition were (in millions):

	Final Fair Values Recognized on Acquisition
Cash and cash equivalents	₱661.0
Receivables	1,241.5
Inventories	778.2
Property, plant and equipment	1,608.0
Other assets	102.7
Total assets	4,391.4
Accounts payable and accrued expenses	(358.5)
Other payables	(63.9)
Deferred income tax liability	(319.2)

(Forward)

	Final Fair Values Recognized on Acquisition
Total identifiable net assets acquired	₱3,649.8
Goodwill arising from the acquisition	1,202.9
Total consideration	₱4,852.7
Cash paid (presented as investing activities)	₱2,995.7
Fair value of previously held interest	1,857.0
Total consideration	₱4,852.7

The December 31, 2014 comparative information was restated to reflect the adjustment to the provisional amounts. As a result, property and equipment and deferred income tax liability increased by ₱356.5 million and ₱106.9 million, respectively. The final purchase price allocation resulted in goodwill of ₱1,202.9 million from the previously determined provisional amount of ₱1,452.5 million.

The fair values of trade receivables amounted to ₱1,241.5 million. The gross amount of trade receivables is ₱1,307.5 million, of which ₱66.0 million is expected to be uncollectible.

The deferred tax liability mainly comprises the tax effect of the excess of fair value over cost of property, plant and equipment.

Goodwill is allocated entirely to PDP Energy, the cash generating unit. There are no specific values assigned to the customer and staff base. These are not separate and quantifiable and therefore, do not meet the criteria for recognition as an intangible asset under PAS 38, *Intangible Assets*.

Acquisition-related costs of ₱6.5 million have been charged to operations in 2014.

Since the change in ownership occurred towards the end of the year, for purposes of consolidation of balance sheet, the Company treated PDP Group as a consolidated subsidiary at the end of 2014. As such, no revenue and cost and expenses of PDP Group were included in the consolidated statement of comprehensive income in 2014. Had PDP Group been consolidated from January 1, 2014, the consolidated statement of income would show an increase in pro-forma revenue of ₱6,552.4 million and increase in net income of ₱321.3 million in 2014.

The Company recognized a gain of ₱699.0 million as a result of measuring at fair value its 40% equity interest in PDP Group held before the business combination. The gain is included in “Other income (charges) - net” account in the 2014 consolidated statement of income (see Note 22).

b. Goodwill represents the excess of acquisition cost of the following subsidiaries over Anscor’s share in the fair value of their net assets. The carrying amount of goodwill allocated to each cash-generating unit (subsidiaries) follows (in millions):

	2015	2014 (As restated)
PDP (see Note 6a)	**₱1,202.9**	₱1,202.9
Cirrus	**550.2**	517.6
SSRLI (Note 12)	**99.3**	99.3
	₱1,852.4	₱1,819.8

The goodwill allocated to Cirrus of ₱577.9 million, before accumulated exchange differences amounting to ₱78.1 million and ₱45.4 million as of December 31, 2015 and 2014, respectively, and valuation allowance amounting to ₱105.8 million as of December 31, 2015 and 2014, comprises the value of the acquired companies' customer and staff base and existing market share in the healthcare staffing industry. There are no specific values assigned to the customer and staff base. These are not separate and quantifiable and therefore, do not meet the criteria for recognition as an intangible asset under PAS 38, *Intangible Assets*. The goodwill from Cirrus increased by ₱32.7 million and ₱4.5 million in 2015 and 2014, respectively, due to foreign exchange differences.

c. Impairment Testing of Goodwill

i. PDP Group

The recoverable amount of the investments in PDP Group has been determined based on the value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five year period. The key assumptions used to determine the recoverable amount as of December 31, 2015 are discussed below:

Discount rate
Discount rate is consistent with the risk-free industry interest rate. The pre-tax discount rate applied to cash flow projections is 11% in 2015.

Terminal value
Cash flows beyond the five-year period in 2015 are based on earnings before interest and taxes, depreciation and amortization multiples of entities deemed similar to PDP Group.

Growth rate
PDP Group assumed a growth rate of 4% in 2015. Management has used the average industry growth rate for the forecast.

Sensitivity to changes in assumptions
Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of the cash-generating unit to materially exceed its recoverable amount.

ii. Cirrus

The recoverable amount of the investments in Cirrus has been determined based on the value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five year period. The key assumptions used to determine the recoverable amount as of December 31, 2015 and 2014 are discussed below:

Discount rate
Discount rate is consistent with the risk-free industry interest rate. The pre-tax discount rate applied to cash flow projections is 12% in 2015 and 2014.

Terminal value
Management has used the most recent healthcare staffing transaction price earnings multiple in determining the terminal value.

Growth rate
Cirrus assumed a growth rate of 10% to 15% and 9% to 10% in 2015 and 2014, respectively. Growth rate assumptions for the ten-year cash flow projections are supported by the different initiatives of Cirrus which started in 2010.

Sensitivity to changes in assumptions
In 2015, no reasonably possible change in any of the key assumptions would cause the carrying value of the cash generating unit to materially exceed its recoverable amount. In 2014, a reduction to 7% in the revenue growth rate, assuming all other assumptions remain constant, would result in further impairment.

As to other key assumptions, management believes that no reasonably possible change in these key assumptions would cause the carrying value of the cash-generating unit to materially exceed its recoverable amount.

iii. SSRLI

The recoverable amount of the investments in SSRLI has been determined based on the value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The key assumptions used to determine the recoverable amount as of December 31, 2015 and 2014 are discussed below:

Discount rate
Discount rate is consistent with the risk-free industry interest rate. The pre-tax discount rate applied to cash flow projections is 12% in 2015 and 10% in 2014.

Growth rate
Growth rate assumptions for the five year cash flow projections in 2015 and 2014 are supported by the different initiatives of SSRLI. The Company used 5% growth rate in revenue in its cash flow projection in both years.

Terminal value
Cash flows beyond the five-year period in 2015 and 2014 are based on earnings before interest and taxes, depreciation and amortization multiples of entities deemed similar to SSRLI.

Sensitivity to changes in assumptions
Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of the cash-generating unit to materially exceed its recoverable amount.

7. Cash and Cash Equivalents

	2015	2014
Cash on hand and with banks	**₱1,296,692,431**	₱1,341,444,528
Short-term investments	**477,626,741**	59,589,131
	₱1,774,319,172	₱1,401,033,659

Cash with banks earn interest at the respective bank deposit rates ranging from 0.125% to 0.25% and 0.25% to 1.25% in 2015 and 2014, respectively. Short-term investments with interest rates ranging from 0.16% to 0.55% and 0.30% to 1.45% in 2015 and 2014 are made for varying periods of up to three months depending on the immediate cash requirements of the Group (see Note 22).

8. **Fair Value Through Profit or Loss (FVPL) Investments**

	2015	2014
Bonds	**₱481,184,519**	₱560,889,748
Funds and equities	**6,352,114**	8,621,964
Others	**21,440,001**	26,170,000
	₱508,976,634	₱595,681,712

This account consists of investments that are designated as FVPL and held-for-trading investments. Designated FVPL investments consist of foreign currency-denominated fixed income securities with embedded derivatives (e.g. call and put options) that significantly modify the security's cash flow. These investments are classified under bonds and others.

Held-for-trading investments include foreign currency-denominated mutual/hedge funds, and equity investments that are managed together on a fair value basis. These investments are classified under funds and equities.

FVPL investments in bonds represent foreign currency-denominated bond securities with variable and fixed interest rates. The FVPL coupon interest rate per annum ranges from 4.24% to 13.13% in 2015, 5.25% to 13.13% in 2014, and 4.88% to 13.13% in 2013.

Net gains (losses) on increase (decrease) in market value of FVPL investments as of December 31 are as follows (in millions):

	Unrealized valuation gains (losses) in market values as of December 31		**Gain (loss) on increase (decrease) in market value of FVPL investments**
	2015	2014	**in 2015**
Bonds	**(₱43.8)**	(₱22.7)	**(₱21.1)**
Funds and equities	**(1.7)**	0.3	**(2.0)**
Others	**1.9**	1.2	**0.7**
Total	**(43.6)**	(21.2)	**(22.4)**
Add realized loss on sale of FVPL investments			**(3.3)**
Net loss on decrease in market value of FVPL investments			**(₱25.7)**

	Unrealized valuation gains (losses) in market values as of December 31		Gain (loss) on increase (decrease) in market value of FVPL investments
	2014	2013	in 2014
Bonds	(₱22.7)	(₱16.3)	(₱6.4)
Funds and equities	0.3	(2.3)	2.6
Others	1.2	1.1	0.1
Total	(21.2)	(17.5)	(3.7)
Add realized loss on sale of FVPL investments			(5.8)
Net loss on decrease in market value of FVPL investments			(₱9.5)

	Unrealized valuation gains (losses) in market values as of December 31		Gain (loss) on increase (decrease) in market value of FVPL investments
	2013	2012	in 2013
Bonds	(₱16.3)	₱19.4	(₱35.7)
Funds and equities	(2.3)	2.6	(4.9)
Others	1.1	0.2	0.9
Total	(17.5)	22.2	(39.7)
Add realized loss on sale of FVPL investments			(63.1)
Net loss on decrease in market value of FVPL investments			(₱102.8)

In 2014 and 2013, the Group entered into non-deliverable currency forward contracts to manage foreign currency risk. These contracts were all settled during the year and resulted to a realized gain of ₱0.9 million in 2014, and realized loss of ₱80.1 million in 2013. There were no outstanding forward transaction as of December 31, 2015 and 2014.

9. Receivables

	2015	2014
Trade	**₱1,860,418,462**	₱1,548,437,227
Tax credits/refunds	**69,087,707**	68,174,021
Notes receivable	**40,000,000**	40,000,000
Interest receivable	**16,498,411**	19,585,300
Receivables from villa owners	**15,960,585**	10,872,107
Advances to employees	**12,374,133**	10,170,075
Advances to suppliers	**2,117,084**	290,733
Others	**14,709,562**	36,826,515
	2,031,165,944	1,734,355,978
Less allowance for doubtful accounts	**72,497,441**	41,526,955
	₱1,958,668,503	₱1,692,829,023

Trade receivables are non-interest bearing and are normally settled on 30 days' term.

The Company has notes receivables from Maybank ATR Kim Eng which amounted to ₱40.0 million as of December 31, 2015 and 2014 for the latter's working capital requirements. The loan is unsecured, interest-bearing and currently due and demandable.

Interest receivable pertains to accrued interest income from cash and cash equivalents, FVPL and AFS investments in debt instruments.

Receivables from villa owners pertain to SSRLI's net rental share and handling fees from reimbursable expenses such as guest supplies and other amenities, operating supplies, utilities, manpower, laundry services and other expenses for villa maintenance.

Others include advances to suppliers related to the total cost of fuel tanks and pipelines funded initially by the subsidiary but will be recovered from the supplier over the supply contract period agreed upon by the parties.

Movement in the allowance for doubtful trade and other receivable accounts are as follows:

	2015		
	Trade	**Others**	**Total**
At January 1	**₱39,693,797**	**₱1,833,158**	**₱41,526,955**
Provision for the year (Note 22)	**32,110,190**	**–**	**32,110,190**
Write-off	**(1,139,704)**	**–**	**(1,139,704)**
At December 31	**₱70,664,283**	**₱1,833,158**	**₱72,497,441**

	2014		
	Trade	Others	Total
At January 1	₱34,128,560	₱1,833,158	₱35,961,718
Provision for the year (Note 22)	6,174,132	–	6,174,132
Write-off	(608,895)	–	(608,895)
At December 31	₱39,693,797	₱1,833,158	₱41,526,955

10. **Inventories**

	2015	2014
At cost:		
Food and beverage	**₱15,355,783**	₱13,019,981
Aircraft parts in transit	**10,033,989**	–
Materials in transit	**7,200,152**	759,453
Reel inventory	**4,043,109**	4,458,476
Others	**2,733,524**	12,371,119
	39,366,557	30,609,029
At net realizable value:		
Finished goods - net of allowance for inventory obsolescence of ₱19.0 million in 2015 and ₱13.5 million in 2014	**262,455,851**	361,740,556
Raw materials - net of allowance for inventory obsolescence of ₱6.8 million in 2015 and ₱7.6 million in 2014	**149,452,841**	195,131,872
Work in process - net of allowance for inventory obsolescence of ₱7.0 million in 2015 and ₱7.1 million in 2014	**116,874,466**	109,840,108
Spare parts and operating supplies - net of allowance for inventory obsolescence of ₱35.3 million in 2015 and ₱36.0 million in 2014	**104,184,985**	131,459,751
Aircraft spare parts and supplies - net of allowance for inventory losses of ₱5.1 million in 2015 and ₱2.2 million in 2014	**21,159,618**	20,223,843
Construction-related materials - net of allowance for inventory obsolescence of ₱1.5 million in 2015 and ₱1.2 million in 2014	**2,135,894**	51,209,276
Others	**5,353,977**	–
	661,617,632	869,605,406
	₱700,984,189	₱900,214,435

Provision for inventory losses recognized in 2015 and 2014 amounted to ₱7.1 million and ₱1.5 million, respectively.

Aircraft parts in transit are purchased from suppliers abroad under Freight on Board Shipping Point. These items are in the custody of either the Bureau of Customs or freight forwarder as of December 31, 2015.

Operating supplies pertain to inventory items used in providing services such as printing, cleaning and office and guest supplies.

Construction-related materials are excess materials and supplies from Villa Development Project. These are held for use in other construction of villa.

11. Available for Sale (AFS) Investments

	2015	2014
Quoted equity shares	**₱5,082,198,801**	₱7,542,719,341
Unquoted equity shares	**1,127,466,140**	892,643,443
Bonds and convertible note	**907,451,753**	1,174,457,942
Funds and equities	**108,212,393**	311,119,241
Proprietary shares	**190,450,322**	171,051,352
	7,415,779,409	10,091,991,319
Less current portion of AFS bonds	**56,786,078**	24,691,343
	₱7,358,993,331	₱10,067,299,976

Quoted equity shares consist of marketable equity securities that are listed and traded on the Philippine Stock Exchange (PSE). The fair market values of these listed shares are based on their quoted market prices as of December 31, 2015 and 2014 which are assessed to be the exit prices.

AFS investments in bonds represent foreign currency-denominated bond securities with variable and fixed coupon interest rate per annum ranging from 3.88% to 8.35% in 2015, 4.22% to 9.88% in 2014 and 3.88% to 9.75% in 2013. Maturity dates range from April 22, 2016 to May 3, 2042 for bonds held as of December 31, 2015 and March 15, 2014 to January 13, 2037 for bonds held as of December 31, 2014.

In 2015, 2014 and 2013, gain on sale of AFS investments amounted to ₱1,091.2 million, ₱1,662.0 million, and ₱1,101.9 million, respectively.

The Group's AFS unquoted equity investments, bonds, and convertible note include the following:

a. Prople Limited

   In November 2013, AI invested US$4.0 million (₱175.9 million) convertible notes in Prople Limited. In August 2015, AI purchased Tranche C notes of Prople Limited amounting to US$0.5 million (₱22.6 million). These notes are convertible at the option of the holder into common shares of Prople Limited. The interest is 5% for the first 3 years and if not converted on the 3rd anniversary of closing date (i.e., November 18, 2016, the conversion date), the interest will be the prevailing five year US Dollar Republic of the Philippine (ROP) plus 400 basis points or 7%, whichever is higher for the next two years.

In 2015 and 2014, AI provided impairment loss amounting to ₱197.9 million and ₱40.0 million, respectively. The carrying value of the investment in Prople amounted to nil and ₱165.0 million as at December 31, 2015 and 2014, respectively.

b. Enderun College, Inc. (Enderun)

In 2008, the Company entered into a subscription agreement for the acquisition of 16,216,217 shares of stock equivalent to 20% equity stake in Enderun, a college that offers a full range of bachelor's degree and non-degree courses in the fields of hotel administration, culinary arts and business administration. The total cost of the investment in Enderun amounting to ₱286.2 million approximates its fair value as of December 31, 2014.

In 2015, the Company recognized ₱58.6 million gain on fair value adjustment in its investment in Enderun presented in other comprehensive income. The carrying value of the investment in Enderun amounted to ₱344.8 million and ₱286.2 million as at December 31, 2015 and 2014, respectively.

Investment in Enderun is classified as AFS investments because the Company does not exercise significant influence and its holding in Enderun is not sufficient to carry major business decisions (see Note 4).

c. YmAbs Therapeutics, Inc.

In December 2015, IQHPC invested US$1.0 million (₱47.1 million) in YmAbs, a clinical stage biotechnology company specializing in developing novel antibody therapeutics to treat cancer. This was classified as an AFS equity investment.

d. Alphion Corporation (Alphion)

Alphion is a fiber optic network company based in New Jersey, with sales, marketing, procurement and R&D offices in India. Alphion develops, manufactures and markets high-speed fiber optic access and switching systems that enable "triple play" services, or voice, video, and data transmission in a single line. As of December 31, 2015 and 2014, the total investment of AI in Alphion amounted to ₱78.0 million, which is fully provided with allowance.

e. Predictive Edge Technologies, LLC (Predictive)

In October 2011, AI entered into a subscription agreement with Predictive Edge Media Holdings, LLC (PEMH) for the acquisition of 1,000,000 Series A preferred units at US$3 per unit, which constitute 10% of the total Series A preferred units outstanding. In the first quarter of 2012, AI's holdings in PEMH, first acquired in October 2011, were exchanged for an interest in Predictive Edge Technologies, LLC ("Predictive"), PEMH's parent company. Predictive is a US-based early-staged technology company, which provides products and services that make practical and effective use of its patented behavioral science, based on psychological principles and state-of-the art mathematics, that allow it to measure and quantify emotions associated with digital content.

In July 2015, AI made an additional investment of US$0.5 million (₱22.5 million).

In 2015, AI provided impairment loss of ₱57.2 million. As of December 31, 2015 and 2014, the net carrying value of AI's investment in Predictive amounted to nil and ₱22.0 million, respectively.

f. Leopard Cambodia Investments (BVI) Ltd. (Leopard)

In 2012, AI purchased 525 shares of Leopard. Leopard is a limited company established in the British Virgin Islands (BVI). The objective is to achieve capital appreciation through investments primarily in businesses with significant operations in Cambodia and in real estate located in Cambodia.

g. KSA Realty Corporation (KSA)

The Company has an 11% stake in KSA, the owner of The Enterprise Center, an office building. The Company received cash dividends from KSA amounting to ₱68.5 million in 2015, ₱91.4 million in 2014 and ₱40.0 million in 2013.

The Company recognized ₱99.2 million and ₱28.3 million gain on fair value adjustment in its investment in KSA in 2015 and 2014, respectively, presented in other comprehensive income (see Note 24). As at December 31, 2015 and 2014, the Company's investment in KSA amounted to ₱516.4 million and ₱417.2 million, respectively.

h. Maybank ATR KimEng Capital Partners, Inc. (Maybank ATR)

On October 21, 2013, the Company entered into a Memorandum of Agreement with Maybank ATR and other parties to incorporate an entity that shall serve as the holding company of the parties for their investments in a stand-alone trust company. In 2013, the Company invested ₱18.75 million in 15,000,000 common shares and ₱18.75 million in 18,750,000 cumulative, non-voting, redeemable and non-convertible preferred shares of the new entity. These investments give the Company a total of 10% interest in the new entity. As of December 31, 2015 and 2014, the cost of the Company's investment amounted to ₱37.5 million.

i. Geothermal Project

On January 10, 2014, the Company entered into a loan and investment agreement with SKI Construction Group, Inc. (SKI), Red Core Investment Corp. (Red Core), Tayabas Power, Tiaong Geothermal Power, Inc. (Tiaong Power), and San Juan Geothermal Power, Inc. (San Juan Power) to jointly survey and explore the geothermal energy potential in the areas defined by the Tayabas, Tiaong and San Juan Geothermal Reneweable Energy Service Contract (GRESC). Under this agreement, the Company committed to fund US$4 million (₱172 million) through zero-coupon notes for exploration phase of the three sites. In 2015 and 2014, total advances amounted to ₱25.5 million and ₱116.4 million, respectively.

The Company may choose to convert each Note into common shares of the three operating companies: Tayabas Power, Tiaong Power and San Juan Power to achieve 9.1% stake in each of these entities. If the Company will not convert the note within the agreed time frame, these notes will be changed into a medium term note with a coupon to be repaid as soon as possible.

Below is the rollforward of the unrealized valuation gains (losses) on AFS investments recognized in equity:

	2015	2014
Beginning balance	**₱3,238,819,432**	₱3,675,941,998
Gain (loss) recognized directly in equity - net of tax	**(2,271,925,735)**	1,333,432,525
Amount removed from equity and recognized in profit and loss - net of tax	**(280,639,457)**	(1,770,555,091)
Ending balance	**₱686,254,240**	₱3,238,819,432

In 2015, 2014 and 2013, the Group recognized impairment losses on its quoted and unquoted AFS debt and equity investments amounting to ₱805.2 million, ₱260.0 million, and ₱71.2 million, respectively (see Note 22).

12. Investments and Advances

	2015	2014
Investments at equity – net	**₱1,821,604,352**	₱1,541,990,755
Advances - net of allowance for doubtful accounts of ₱564.8 million in 2015 and 2014 (Note 26)	**2,655,735**	–
	₱1,824,260,087	₱1,541,990,755

Investments at equity consist of:

	2015	2014
Acquisition cost:		
Common shares	**₱188,638,207**	₱186,538,207
Preferred shares	**1,997,775,000**	1,997,775,000
Total	**2,186,413,207**	2,184,313,207
Accumulated equity in net earnings (losses):		
Balances at beginning of year	**(194,466,476)**	788,411,955
Equity in net earnings for the year	**153,953,858**	147,141,103
Dividends received	**–**	(95,200,000)
Step acquisition of an associate (Note 6)	**–**	(1,034,819,534)
Balances at end of year	**(40,512,618)**	(194,466,476)
Valuation allowance (Note 22)	**(444,221,237)**	(462,480,976)
Effect of foreign exchange differences	**119,925,000**	14,625,000
	₱1,821,604,352	₱1,541,990,755

The significant transactions involving the Group's investments in associates for 2015 and 2014 follow:

AGP International Holdings Ltd. (AGPI)

In December 2011, AI entered into a subscription agreement with AGPI for US$5.0 million Convertible Bridge Notes (the "Notes"), with interest rate of 9% compounded annually. The principal, together with the accrued interest, is payable on the one year anniversary of the issuance of each Note. The Notes are convertible at the option of the holder into: (a) Series B preferred shares at the per share price paid to buy out existing Series A preferred shares (US$0.345/share or the "conversion price"); or (b) the equity security issued by AGPI in its next round of equity financing at the per share price paid in such next round of financing.

AGPI is a British Virgin Islands business company formed in 2010 in connection with the acquisition of equity of Atlantic, Gulf and Pacific Company of Manila, Incorporated (AG&P). AGPI, through its subsidiary and associates, is focused on providing modular engineering and construction and general engineering design services, including, fabrication, assembly and manpower services, particularly in the oil, gas, petrochemical, power generation and mining industries.

On June 28, 2013, AI converted the US$5.0 million Convertible Bridge Notes to 16.4 million Series B, voting preferred shares. On June 29, 2013, AI signed a definitive agreement with AGPI amounting to US$40.0 million for the subscription of 83.9 million Series C, voting preferred shares in AGPI. Series B and Series C preferred shares are convertible, at the option of the holder into Class A common shares. The subscription increased AI's holdings to 27% giving the Group significant influence over AGPI.

The principal place of business of AGPI is Vantepool Plaza, 2nd Floor, Wickhams Cay 1, Road Town, Tortola British Virgin Island.

The total cost of the investment in AGPI amounted to ₱2.0 billion and is presented under investment in associate as of December 31, 2013. In 2014, the Group recognized an allowance for probable losses on the investment which amounted to ₱440.4 million (see Note 22). As of December 31, 2015 and 2014, the carrying value of the investment amounted to ₱1,821.6 million and ₱1,542.0 million, respectively.

Significant details of the balance sheets as of December 31, 2015 and 2014 and statements of comprehensive income for the years ended December 31, 2015 and 2014 (in millions):

	2015	2014
Balance Sheets:		
Current assets	**₱6,466.3**	₱6,306.6
Noncurrent assets	**10,651.7**	8,753.4
Current liabilities	**8,097.8**	6,824.1
Noncurrent liabilities	**2,852.4**	3,031.8
Equity	**6,167.7**	5,204.3
Proportion of the Group's ownership interest	**27%**	27%
Group's share in the net assets	**1,666.5**	1,406.2
Excess of cost over book value	**604.0**	561.6
Valuation allowance	**(444.2)**	(440.4)
Foreign exchange difference	**(4.7)**	14.6
Carrying amount of the investment	**₱1,821.6**	₱1,542.0

	2015	2014
Statements of Comprehensive Income:		
Revenue	**₱16,657.1**	₱9,589.4
Income (loss) from continuing operations, before tax	**614.1**	(171.2)
Net income (loss)	**568.7**	(250.4)
Other comprehensive income (loss)	**–**	–
Total comprehensive income (loss)	**568.7**	(250.4)
Proportion of the Group's ownership interest	**27%**	27%
Group's share in the total comprehensive income (loss)	**154.0**	(67.1)

The associates as of December 31, 2015 and 2014 have no contingent liabilities or capital commitments.

PDIPI and Subsidiaries

a. PDP Energy established PDEIC, a PEZA-registered company engaged in manufacturing wires, mainly for export.

b. Cash dividends received by the Company amounted to ₱95.2 million at ₱40.3 per share in 2014 and ₱69.6 million at ₱29.5 per share in 2013.

As discussed in Note 6, PDP Group became subsidiaries of the Company towards the end of December 2014. Prior to that, PDP Group is accounted for as an associate. The summarized financial information of the significant associates (PDP Energy and PDEIC) follows (in millions):

	As of December 31, 2014
Balance Sheets:	
Current assets	₱2,175
Noncurrent assets	627
Current liabilities	443
Equity	2,359

	2014
Statements of Comprehensive Income:	
Net sales	₱6,552
Gross profit	1,123
Income from continuing operations, before tax	728
Net income	536
Other comprehensive income	–
Total comprehensive income	536
Proportion of the Group's ownership interest	40%
Group's share in the total comprehensive income	214

The associate has no contingent liabilities or capital commitments as of December 31, 2014.

Anscor-Casto Travel Corporation

In 2014, the Company sold its 44% interest in Anscor-Casto Travel Corporation for ₱9.5 million which resulted in a gain for the same amount since the carrying value of the investment is nil.

Newco

In 2014, the Company sold its 45% interest in Newco for ₱46.6 million which resulted in a gain for the same amount since the carrying value of the investment is nil.

AAC

In July 2014, the Company acquired 81% interest in AAC, a real estate entity incorporated in the Philippines, for ₱43.0 million. AAC's asset significantly consists of a parcel of land which is idle and not used in business. As such, the Company accounted for this transaction as an asset purchase.

SSRLI and PRI

a. On January 9, 2007, SSRLI and the Philippine Economic Zone Authority (PEZA) signed a Registration Agreement declaring SSRLI as an Ecozone Developer/Operator, entitling SSRLI to establish, develop and construct the villas and to operate the Ecozone. SSRLI is entitled to four-year income tax holiday and tax-free importation on PEZA-covered registered activities under the Registration Agreement.

b. On December 18, 2009, SSRLI's resort operations have been registered with PEZA to engage in the renovation and expansion of Amanpulo Resort at the Pamalican Island Tourism Ecozone. SSRLI's resort operations are entitled to 5% gross income tax on revenues generated from foreign clients and regular income tax on non-foreign clients under the Registration Agreement.

c. On February 18, 2011, the BOD of the Company approved the Company's acquisition of additional shares from the minority shareholders of SSRLI. The acquisition increased the ownership of the Company from 46.79% to 62.30% of the total outstanding common and preferred shares of SSRLI. Total acquisition price for the additional shares is US$5.89 million (₱255.9 million) cash consideration plus the fair value of the 46.79% investment amounting to ₱302.7 million. Goodwill recognized from the acquisition amounted to ₱99.3 million.

d. On July 1, 2011, PRI took over the resort operations of SSRLI. On the same date, PEZA approved PRI's application for registration as an Ecozone Tourism Enterprise. SSRLI also transferred in the name of PRI all resort operation-related contracts entered into with related parties and third parties, including its long-term loans with a bank (see Note 18).

e. On October 3, 2012, PRI entered into an operating lease agreement with SSRLI covering all rights and interests in resort-related assets, which include land, land improvements and buildings for a period of 20 years beginning July 1, 2011.

f. As of December 31, 2013, all contracts with related parties that are related to resort operations were transferred to PRI except for the foreshore lease contract with the Department of Environment and Natural Resources (DENR) which is non-transferrable.

g. On February 20, 2013, the BOD and stockholders authorized the increase in PRI's authorized capital stock from ₱1.0 million, divided into 10,000 common shares with par value of ₱100 per share, to ₱200.0 million, divided into 1,500,000 preferred shares and 500,000 common shares, both with par value of ₱100 per share. On August 28, 2013, SEC approved the increase in the authorized capital stock. On the same date, SSRLI has subscribed to 850,000 preferred shares.

h. On October 10, 2013, SSRLI subscribed to additional 150,000 preferred shares of PRI at an issue price of ₱666.67 and assigned its outstanding receivable amounting to ₱100 million as payment for such subscription. The excess of the assigned receivables of ₱85.0 million over the par value of shares subscribed of ₱15.0 million was recorded as additional paid in capital.

i. In December 2013, the remaining 53,366,400 Class A preferred shares and 35,577,600 Class B preferred shares of SSRLI were subscribed at ₱1.22 per share for a total amount of ₱108.8 million by its existing stockholders via conversion of the SSRLI's shareholders' advances into preferred stock equity based on their proportionate shareholdings in SSRLI. The excess of the consideration received over par value amounting to ₱19.9 million was recorded as additional paid in capital.

j. On November 8, 2013, the Amanpulo Resort sustained property damages brought by Typhoon Yolanda. Because of these damages, its operations was temporarily suspended and resumed only on December 15, 2013. In 2013, PRI applied for insurance claims for property damages, business interruption and cost of debris clearing.

   In August and September 2014, PRI received from its insurance a total amount of ₱46.23 million for business interruption (see Note 22).

k. SSRLI entered into a memorandum of agreement with the buyers of villa who made a total deposit of ₱597.3 million and ₱381.8 million as of December 31, 2015 and 2014, respectively. This is presented as "Customers' deposit for property development" in the consolidated balance sheets.

l. Starting 2013, SSRLI has property development in progress, which pertains to the costs related to the development of various projects. As at December 31, 2015 and 2014, total property development in progress amounted to ₱175.8 million and ₱156.6 million, respectively, of which ₱175.8 million and ₱57.9 million, respectively, pertain to projects to be completed within one year and are, thus, presented as current assets. Current and noncurrent portion of property development in progress were previously classified under "Other current assets" and "Other noncurrent assets", respectively, in the 2014 consolidated balance sheet.

Material Partly-Owned Subsidiaries (SSRLI and PRI)

Set out below are the summarized financial information of entities that has noncontrolling interest (NCI) that is material to the Group. The amounts disclosed are based on those included in the consolidated financial statements before intercompany eliminations.

Significant details of the balance sheets and statements of comprehensive income of SSRLI and PRI are enumerated below as of December 31 (in millions):

	2015	2014
Balance Sheets:		
Current assets	**₱690.9**	₱699.0
Noncurrent assets	**1,108.2**	956.1
Current liabilities	**919.3**	734.7
Noncurrent liabilities	**148.2**	154.8
Equity	**731.5**	765.7
Attributable to NCI	**270.6**	288.7

	2015	2014
Statements of Comprehensive Income (Loss):		
Revenue	**₱825.3**	₱480.1
Income (loss) from continuing operations, before tax	**196.0**	(26.4)
Net income (loss)	**166.9**	(32.3)
Other comprehensive loss	**(0.1)**	(1.7)
Total comprehensive income (loss)	**166.8**	(34.0)
Allocated income (loss) to NCI during the year	**62.9**	(12.8)

	2015	2014
Statements of Cash Flows		
Cash flows from operations	**₱430.4**	₱243.6
Cash flows used in investing activities	**(64.9)**	(151.2)
Cash flows used in financing activities	**(280.7)**	(19.8)
Dividends paid to NCI	**–**	–

13. Property and Equipment

	2015					
	Land, Buildings and Improvements	**Flight Ground, Machinery and Other Equipment**	**Furniture, Fixtures and Office Equipment**	**Transportation Equipment**	**Construction in Progress**	**Total**
Cost						
January 1	**₱2,588,972,115**	**₱762,499,675**	**₱295,345,186**	**₱147,146,569**	**₱40,941,659**	**₱3,834,905,204**
Additions	**19,585,661**	**53,432,485**	**28,292,544**	**15,313,172**	**120,696,386**	**237,320,248**
Reclassification	**15,566,895**	**46,858,945**	**60,931,571**	**–**	**(123,357,411)**	**–**
Retirement/disposals	**–**	**(59,064,552)**	**(3,672,319)**	**(1,977,286)**	**–**	**(64,714,157)**
Foreign exchange adjustment	**137,607**	**–**	**899,986**	**–**	**–**	**1,037,593**
December 31	**2,624,262,278**	**803,726,553**	**381,796,968**	**160,482,455**	**38,280,634**	**4,008,548,888**
Accumulated Depreciation and Amortization						
January 1	**508,141,758**	**289,726,339**	**232,415,175**	**102,658,200**	**–**	**1,132,941,472**
Depreciation and amortization	**90,263,073**	**95,321,896**	**36,425,705**	**14,757,226**	**–**	**236,767,900**
Retirement/disposals	**–**	**(59,064,552)**	**(3,605,736)**	**(1,102,881)**	**–**	**(63,773,169)**
Foreign exchange adjustment	**(45,337)**	**–**	**781,008**	**–**	**–**	**735,671**
December 31	**598,359,494**	**325,983,683**	**266,016,152**	**116,312,545**	**–**	**1,306,671,874**
Net Book Value	**₱2,025,902,784**	**₱477,742,870**	**₱115,780,816**	**₱44,169,910**	**₱38,280,634**	**₱2,701,877,014**

	2014 (As restated, Note 6)					
	Land, Buildings and Improvements	Flight, Ground,` Machinery and Other Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Construction in Progress	Total As restated
Cost						
January 1	₱1,224,349,307	₱426,330,273	₱255,713,613	₱133,815,042	₱109,584,012	₱2,149,792,247
Additions	194,950	24,429,466	43,796,227	701,961	127,756,106	196,878,710
Reclassification	236,085,101	–	–	–	(236,085,101)	–
Retirement/disposals	(88,406,044)	(18,863,294)	(12,622,177)	–	–	(119,891,515)
Foreign exchange adjustment	19,301	–	126,360	–	–	145,661
Property and equipment of acquired subsidiary (Note 6)	1,216,729,500	330,603,230	8,331,163	12,629,566	39,686,642	1,607,980,101
December 31	2,588,972,115	762,499,675	295,345,186	147,146,569	40,941,659	3,834,905,204
Accumulated Depreciation and Amortization						
January 1	532,699,503	289,337,826	204,208,266	92,386,421	–	1,118,632,016
Depreciation and amortization	63,915,074	19,251,807	39,468,468	10,271,787	–	132,907,136
Retirement/disposals	(88,406,046)	(18,863,294)	(12,594,024)	–	–	(119,863,364)
Foreign exchange adjustment	(66,773)	–	1,332,465	(8)	–	1,265,684
December 31	508,141,758	289,726,339	232,415,175	102,658,200	–	1,132,941,472
Net Book Value	₱2,080,830,357	₱472,773,336	₱62,930,011	₱44,488,369	₱40,941,659	₱2,701,963,732

As of December 31, 2015 and 2014, land with improvements and structures of SSLI with appraised value of ₱2,923.0 million and ₱2,281.5 million, respectively, were used as collateral for the loan obtained in 2005 by a subsidiary (see Note 18). As of December 31, 2015 and 2014, the mortgage participating certificates of "MPC" issued to the creditor bank represents 5% and 7%, respectively, of the appraised value of the properties that were used as collateral. The carrying value of the related property amounted to ₱301.9 million and ₱344.0 million as of December 31, 2015 and 2014, respectively.

Construction in progress includes cost of the on-going construction of the land and building improvements and cost of constructing and assembling machineries and equipment.

Depreciation charged to operations amounted to ₱236.8 million, ₱132.9 million, and ₱127.6 million in 2015, 2014 and 2013, respectively.

14. Investment Properties

	2015	2014
January 1	**₱260,569,744**	₱206,769,100
Additions	**–**	53,800,644
December 31	**₱260,569,744**	₱260,569,744

The Group's investment properties include 144 hectares of land in Palawan, 875 hectares of land in Cebu, and 97.4 hectares in Guimaras. Based on the valuation performed by independent appraisers as of November and December 2015, the aggregate fair market values of these properties amounted to ₱549.32 million. The fair value was determined using the sales comparison approach which considers the sale of similar or substitute properties, related market data and the assets' highest and best use. The fair value of the investment properties is categorized as Level 3 which used adjusted inputs for valuation that are unobservable as of the date of valuation.

The inputs used were offer prices of similar land. Significant increases or decreases in offer price would result in higher or lower fair value of the asset.

The appraisers determined that the highest and best use of these properties are for residential, agricultural, commercial and recreational utility. For strategic reasons, the properties are not being used in this manner. These properties are currently held by the Group for capital appreciation.

The Group has no restrictions on the realizability of the investment properties and no contractual obligation to either purchase, construct or develop investment properties.

In 2015, 2014 and 2013, the Group derived no income from these investment properties. The aggregate direct expenses pertaining to real property taxes amounted to ₱0.3 million in 2015, 2014 and 2013.

15. Other Noncurrent Assets and Other Noncurrent Liabilities

Other noncurrent assets as of December 31 include:

	2015	2014
Fund for villa operations and capital expenditures	**₱71,866,837**	₱45,321,429
Deposit to supplier	**9,910,525**	8,414,815
Deferred nurse cost	**7,225,350**	13,089,154
Refundable deposits	**2,051,851**	9,828,903
Others	**11,899,055**	16,191,145
	₱102,953,618	₱92,845,446

Fund for villa operations and capital expenditures is a restricted cash fund of PRI held as a source of future maintenance requirements and for future replacement of power generating units and desalination plant. Interest income on this fund shall accrue to the villa owners. A liability related to the fund was recognized and is presented as "Other noncurrent liabilities" in the consolidated balance sheets (see Note 29).

Other noncurrent liabilities also include ₱73.0 million and ₱25.6 million fund for future infrastructure and utility development of villas as of December 31, 2015 and 2014, respectively, which is an allocated charge to the villa owners. The fund is intended to be used for putting up new infrastructure or utilities such as power generating units, roads, potable water, and sewer and irrigation lines, electrical and auxiliary lines essential for a villa to be operable. The fund also includes the villa's share in the future expansion of the existing back-of-house facilities (power generation, potable water production, sewage treatment plant, etc.) of PRI so that the resort's utilities' capacity can accommodate the additional demand that arises from the proposed new villa.

16. Notes Payable

Notes payable represent unsecured (unless otherwise stated), short-term, interest-bearing liabilities of the following companies in the Group to various local banks:

	2015	2014
Bank loans availed by:		
Cirrus	**₱26,197,832**	₱29,461,840
Anscor	**–**	1,500,000,000
	₱26,197,832	₱1,529,461,840

a. In December 2014, the Company obtained an unsecured, short-term loan which amounted to ₱1.5 billion from a local bank to finance the acquisition of PDP Group. The loan carried interest rate of 3.5% with a term of 6 months (see Note 18). In April 2015, the Company paid the short-term loan in full.

b. Cirrus has obtained a loan with Branch Banking and Trust Company, a foreign bank domiciled in the United States of America, with interest payable monthly at LIBOR plus 2.5%. Cirrus has to abide by certain loan covenants on eligible accounts receivable and minimum net income requirements. Loans payable outstanding as of December 31, 2015 and 2014 amounted to US$0.6 million (₱26.2 million) and US$0.7 million (₱29.5 million), respectively. As of December 31, 2015 and 2014, Cirrus has an available credit line which amounted to US$1.9 million (₱89.4 million) and US$1.8 million (₱82.3 million), respectively. As of December 31, 2015 and 2014, Cirrus is in compliance with the debt covenants.

c. IAI availed of a short-term loan from a local bank which amounted to US$1.0 million (₱43.8 million) in 2010 and bears an annual interest rate of 3-month LIBOR + 2% per annum. In June 2011, IAI availed of an additional US$0.5 million (₱21.9 million) loan. The note has a maturity of 90 days, with option to extend for another 90 days and was subsequently extended in March, June, September and December 2011. IAI paid US$0.2 million (₱8.2 million) in December 2012. In June 2013, IAI paid US$0.2 million (₱8.5 million). In December 2013, IAI availed an additional US$0.2 million (₱8.8 million) loan. The maturity of the remaining US$1.3 million (₱57.7 million) was extended and is payable in March 2014.

   In March 2014, IAI paid US$250 thousand (₱11.16 million) of the above loan and converted the remaining US$1.05 million (₱46.96 million) short-term loan to long-term loan (see Note 18).

d. In 2015, the Company availed of loans from a local bank totaling to ₱257.0 million with terms of 14 to 30 days with 4.0% interest rate in 2015. As of December 31, 2015, the loans were fully paid. The Company's unavailed loan credit line from banks amounted to ₱1.9 billion in 2015 and ₱500.0 million in 2014.

e. In 2015, PDP Energy availed a short-term loan from a local bank amounting to ₱300.0 million which bears annual interest rates ranging from 2.75% to 3.00%, repriced monthly based on market conditions. As of December 31, 2015, the loan was fully paid.

Total interest expense recognized in the consolidated statements of income amounted to ₱21.7 million in 2015, ₱17.7 million in 2014 and ₱11.5 million in 2013 (see Note 22).

17. Accounts Payable and Accrued Expenses

	2015	2014
Trade payables	**₱346,260,502**	₱506,644,800
Accrued expenses (Note 30)	**274,104,750**	249,480,035
Advances from customers	**101,331,461**	22,483,320
Refundable deposits	**87,929,132**	78,164,538
Payable to government agencies	**29,643,000**	24,160,340
Payable to villa owners	**21,389,213**	41,161,813
Payable to contractors	**19,613,461**	86,540,285
Other payables	**35,851,449**	5,861,018
	₱916,122,968	₱1,014,496,149

Trade payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

Accrued expenses include unpaid operating costs of the Group.

Advances from customers pertain mainly to payment of PDP's customers for future delivery of goods.

Refundable deposits pertain to the advance payments made by resorts' guests.

Payable to contractors are amount due to suppliers for ongoing construction projects.

18. Long-term Debt

Long-term debt pertains to the following:

	2015	2014
Long-term debt availed by:		
Anscor	**₱1,905,930,000**	₱2,012,400,000
PDP	**1,114,285,714**	–
IAI	**44,471,700**	46,956,000
PRI	**33,218,946**	112,282,176
	3,097,906,360	2,171,638,176
Less current portion	**638,070,546**	237,502,643
	₱2,459,835,814	₱1,934,135,533

a. On June 24, 2013, the Company obtained a loan from a local bank amounting to US$45.0 million or ₱1,997.8 million to finance the additional investments in shares of stock of AG&P. The loan is payable quarterly in seven (7) years, inclusive of a 2-year grace period and bears interest equal to outstanding three month LIBOR rate plus 2.0% spread per annum. The loan is secured by pledge to the Company's investments in listed shares with market value amounting to ₱2,169.1 million and ₱4,121.9 million as of December 31, 2015 and 2014, respectively. This loan provides for certain affirmative and negative covenants, such as the use of the proceeds of the loan, maintenance at all times of the required collateral value of no less than 100% and 200% of the outstanding loan balance as at December 31, 2015 and 2014, respectively, not allow the Company's debt-to-equity ratio to exceed 1.75:1 and the Company's current ratio to fall below 1.25:1, among others. The loan agreement further provides that in the event that these ratios are violated specifically by reason of any additional indebtedness with maturity exceeding one year, the Company shall notify the bank in writing of such indebtedness.

To finance the acquisition of PDP Group, the Company secured a short-term loan with a local bank as discussed in Note 16. As a result, the Company's current ratio declined but such decline is not considered a breach of covenant. As of December 31, 2015 and 2014, the Company is in compliance with the debt covenant.

b. In 2015, PDP Energy obtained a long-term loan with a local bank to partially refinance the short-term loan of Anscor for the acquisition of 60% ownership of GCC in PDIPI. Principal amount of the loan amounted to ₱1.20 billion payable in seven (7) years with annual interest of 4.5%, subject to repricing at the end of the fifth year.

   PDP Energy is subject to the following negative covenants for as long as the long-term loan remains outstanding, which include, but are not limited to: (a) permitting any material change in its business or in the ownership or control of its business or in the composition of its top management; (b) incurring any indebtedness (long-term loan or borrowings) with other banks; (c) allowing declaration or payment of cash dividends to its stockholders if the debt service covenant ratio is below 1.25 times or in the event of default; (d) selling, leasing, transferring or otherwise disposing all or substantially all of PDP Energy's properties and assets; (e) extending loans, advances or subsidies to any corporation it owned other than for working capital requirements or with prior consent of the Bank; and (f) undertaking any capital expenditures or purchase additional capital equipment outside of the ordinary course of business. The long-term loan also provides that PDP Energy has to maintain a ratio of current assets to current liabilities of at least 1.0 times and debt-to-equity ratio should not be more than 2.0 times until final payment date. As at December 31, 2015, PDP Energy is in compliance with the debt covenants.

   In addition, the long-term loan is secured by the following collaterals, among others:

   - Real estate mortgage over the land owned by Minuet;
   - Chattel mortgage over machineries and equipment of PDP Energy and PDEI located in PDP Energy and PDEI's premises;
   - Pledge over the shares of stock for 1,121,000 shares of PDIPI held by Anscor; and
   - Assignment of leasehold rentals of the properties located in PDP Energy's premises.

   The long-term loan also provides for pretermination without penalty.

   Breakdown of long-term loan as at December 31, 2015 is as follows:

Availment	₱1,200,000,000
Payments	(85,714,286)
Ending balance	1,114,285,714
Less current portion	171,429,000
Noncurrent portion	₱942,856,714

   Interest expense from long-term loan of PDP Energy amounted to ₱36.18 million in 2015. Accrued interest payable amounted to ₱9.93 million as at December 31, 2015.

c. In 2014, IAI converted the short-term loan amounting to US$1.05 million (₱46.96 million) to long-term loan (see Note 16). The term of the loan is six (6) years, inclusive of one (1) year grace period on principal payments. The loan is payable in 20 equal quarterly installments on principal repayment date commencing at the end of the first quarter of the grace period.

The loan is subject toMortgage Trust Indenture or “MTI” dated November 29, 2005 between SSRLI and the MTI trustee (AB Capital and Investment Corporation), covering a portion of the assets of SSRLI.

The interest rate shall be equivalent to the base interest rate plus margin. The interest shall be payable quarterly in arrears computed based on the outstanding balance of the loan.

d. Loans payable of PRI amounting to US$2.0 million (₱108.0 million) and US$1.0 million (₱53.0 million) were obtained from local banks on November 29, 2005 and December 22, 2011, respectively. The $2.0 million loan, which was transferred from SSRLI through an execution of Deed of Assumption of Loan and Mortgage dated June 2, 2011, is subject to Mortgage Trust Indenture (MTI), covering the assets of SSRLI (see Note 13). Both loans have a floating interest rate per quarter equivalent to the average quarterly LIBOR plus 2% spread. The US$2.0 million loan has a maximum term of seven (7) years, including three (3) years grace period while the US$1.0 million loan has a maximum term of five (5) years. Both loans are payable in 17 equal quarterly installments starting October 2012 to 2016. Current portion of loans payable amounted to ₱33.2 million and ₱31.57 million as of December 31, 2015 and 2014, respectively.

   On October 3, 2012, PRI obtained a loan from its stockholder amounting to ₱30.0 million. The loan has a grace period of five (5) years and is payable in seven (7) equal annual installments commencing in the year 2018 up to 2024. In lieu of the interest, PRI waives the landing and take-off charges on the said stockholder’s use of PRI’s runway in Amanpulo. In 2013, PRI obtained an additional loan from the stockholder amounting to ₱19.1 million with the same terms from the previous loan. In May 2015, the loan to stockholder amounting to ₱49.2 million was fully settled by SSRLI on behalf of PRI.

Total interest expense recognized in the consolidated statements of income amounted to ₱94.9 million, ₱43.4 million and ₱23.1 million in 2015, 2014 and 2013, respectively (see Note 22).

19. Equity

Equity holdings of the Parent

Capital stock consists of the following common shares:

	Number of Shares	Amount
Authorized	3,464,310,958	₱3,464,310,958
Issued	2,500,000,000	₱2,500,000,000

Outstanding shares, net of shares held by a subsidiary, as of December 31, 2015 and 2014 totaled 1,233,699,354 and 1,242,099,354, respectively. The Company’s number of equity holders as of December 31, 2015 and 2014 is 11,302 and 11,363, respectively.

The SEC authorized the offering/sale to the public of the Company’s 10.0 million and 140.0 million common shares with par value of ₱1.0 each on December 29, 1948 and January 17, 1973, respectively. On August 30, 1996, the SEC authorized the licensing of 910,476,302 common shares at the subscription price of ₱2.50 per share.

In 2015, 2014 and 2013, the Company declared the following cash dividends:

	2015	2014	2013
Cash dividends per share	**₱0.10**	₱0.25	₱0.25
Month of declaration	**May**	November	October
Total cash dividends	**₱250 million**	₱625 million	₱625 million
Share of a subsidiary	**₱125.8 million**	₱314.5 million	₱309.8 million

As of December 31, 2015 and 2014, the Company's dividends payable amounted to ₱229.6 million and ₱519.7 million, respectively. Dividends payable represents mainly dividend checks that were returned by the post office and which remained outstanding as of December 31, 2015 and 2014 due to problematic addresses of some of the Company's stockholders.

On December 6, 2011, the BOD approved the appropriation of the Company's unrestricted retained earnings amounting to ₱2.1 billion for expansion projects and investments in 2012 onwards in the areas of tourism, business process outsourcing (BPOs), manpower services, education and manufacturing. On February 21, 2013, the BOD approved the additional appropriation of the Company's unrestricted retained earnings amounting to ₱0.9 billion. The appropriated retained earnings will be used for the Company's investment program within three years on business activities gearing towards service sector, tourism and manufacturing whose operations are based within and outside the Philippines.

On September 15 and November 20, 2014, the BOD approved the appropriation of the Company's unrestricted retained earnings which amounted to ₱1.1 billion and ₱0.5 billion, respectively, for future investment programs within three years on business activities related to the service sector, tourism, manufacturing, or such other areas of activities as the Board may deem fit for the best interest of the Corporation.

On February 18 and November 27, 2015, the Board of Directors approved the increase of the Corporation's appropriation of its unrestricted retained earnings amounting to ₱0.5 billion and ₱1.2 billion, respectively, which shall be used for the Company's investment program within the next three years on business activities related to the service sector, tourism and manufacturing, whether based in the Philippines or offshore.

The unappropriated retained earnings is restricted for the dividend declaration by the following:

- Balance of gross deferred income tax assets amounting ₱152.2 million and ₱146.9 million as of December 31, 2015 and 2014, respectively.
- Shares in the undistributed retained earnings of subsidiaries and associates amounting to ₱1.6 billion and ₱2.8 billion as of December 31, 2015 and 2014, respectively, which are included in retained earnings, are not available for declaration as dividends until declared by the subsidiaries.

Shares held by a subsidiary
As of December 31, 2015 and 2014, Anscorcon holds 1,266,300,646 shares and 1,257,900,646 shares, respectively, of the Company. The total shares of the Company purchased by the subsidiary was 8,400,000 and 18,903,255 amounting to ₱55.9 million and ₱132.4 million in 2015 and 2014, respectively.

20. **Cost of Goods Sold and Services Rendered and Operating Expenses**

Cost of goods sold for the year ended December 31, 2015 consists of:

Materials used and changes in inventories (Note 10)	**₱4,547,877,135**
Repairs and maintenance	**102,892,525**
Salaries, wages and employee benefits (Note 21)	**90,045,965**
Utilities	**88,514,624**
Depreciation and amortization (Note 13)	**80,706,067**
Transportation and travel	**5,191,943**
Insurance	**2,489,433**
Dues and subscriptions	**1,680,190**
Fuel cost	**398,488**
Others	**11,977,260**
	₱4,931,773,630

Cost of services rendered consists of:

	2015	2014	2013
Salaries, wages and employee benefits (Note 21)	**₱1,177,618,229**	₱821,596,656	₱777,847,614
Other operating costs - resort	**105,012,101**	73,385,305	49,928,640
Insurance	**90,683,928**	66,864,333	60,731,220
Recruitment services (Note 29)	**89,437,777**	70,470,909	86,641,772
Dues and subscriptions	**65,420,731**	40,091,648	36,372,003
Outside services	**43,162,954**	60,019,196	81,430,086
Transportation and travel	**36,144,655**	25,025,021	40,504,432
Fuel cost	**33,328,482**	55,147,646	53,372,798
Housing cost	**31,219,222**	30,794,148	32,904,260
Materials and supplies - resort operations	**30,502,161**	24,656,357	19,512,872
Depreciation and amortization (Note 13)	**28,409,146**	27,154,445	27,959,509
Repairs and maintenance	**22,173,010**	22,207,388	26,189,570
Commissions	**15,260,469**	13,154,514	14,522,250
Variable nurse costs (Note 29)	**7,461,184**	3,388,812	6,533,706
Others	**33,268,392**	27,558,690	15,810,607
	₱1,809,102,441	₱1,361,515,068	₱1,330,261,339

Operating expenses consist of:

	2015	2014	2013
Salaries, wages and employee benefits (Note 21)	**₱340,945,122**	₱276,776,685	₱259,827,943
Depreciation and amortization (Note 13)	**127,652,687**	105,752,691	99,602,353
Advertising	**116,267,925**	58,940,372	48,717,931
Professional and directors' fees	**94,483,322**	76,167,744	57,166,449
Shipping and delivery expenses	**79,891,698**	977,353	809,087

(Forward)

	2015	2014	2013
Utilities	**₱68,855,836**	₱92,803,138	₱77,624,748
Taxes and licenses	**67,625,106**	43,522,272	29,702,051
Repairs and maintenance	**41,432,321**	41,723,110	24,518,181
Commissions	**40,094,155**	22,151,535	22,698,413
Insurance	**26,148,572**	13,094,357	11,670,093
Transportation and travel	**21,025,407**	29,395,090	20,765,317
Communications	**19,212,844**	9,645,650	8,220,006
Rental (Note 29)	**18,756,512**	13,052,306	12,185,879
Entertainment, amusement and recreation	**18,550,777**	12,779,121	10,304,915
Security services	**18,307,777**	14,258,848	16,441,181
Association dues	**7,690,415**	5,867,816	7,600,981
Donation and contribution	**7,632,540**	5,480,051	12,338,670
International processing cost	**7,356,938**	4,195,032	13,281,140
Office supplies	**7,263,853**	4,295,975	4,932,614
Meetings and conferences	**3,783,380**	3,174,816	2,884,291
Medical expenses	**3,632,848**	–	–
Computer programming	**3,209,205**	3,303,519	1,258,880
Contract maintenance	**330,075**	239,196	2,477,233
Others	**26,150,558**	26,524,345	16,464,837
	₱1,166,299,873	₱864,121,022	₱761,493,193

In 2015, 2014 and 2013, the Company paid bonus to its non-executive directors amounting to ₱13.4 million, ₱6.4 million and ₱6.6 million, respectively.

21. Personnel Expenses

	2015	2014	2013
Salaries and wages	**₱1,479,276,277**	₱1,059,316,132	₱1,005,928,575
Pension costs (Note 23)	**16,230,854**	11,722,183	11,474,829
Social security premiums, meals and other employees' benefits	**113,102,185**	27,335,026	20,272,153
	₱1,608,609,316	₱1,098,373,341	₱1,037,675,557

In 2015, 2014 and 2013, the Company declared and paid bonuses to its executive officers amounting to ₱63.3 million, ₱29.3 million and ₱23.8 million, respectively.

22. Interest Income, Interest Expense and Other Income (Charges)

Interest income consists of:

	2015	2014	2013
Debt instruments (Notes 8 and 11)	**₱73,314,316**	₱75,149,914	₱78,681,235
Cash and cash equivalents (Note 7)	**4,679,094**	17,439,665	16,606,664
Funds and equities	**5,309,052**	3,406,469	–
Others	**12,957**	442,951	304,352
	₱83,315,419	₱96,438,999	₱95,592,251

Interest income on debt instruments is net of bond discount amortization amounting to ₱0.4 million in 2015, ₱2.8 million in 2014 and ₱0.6 million in 2013.

Interest expense consists of:

	2015	2014	2013
Notes payable (Note 16)	**₱21,652,492**	₱17,722,053	₱11,494,158
Long-term debt (Note 18)	**94,940,763**	43,408,333	23,069,785
Others	**5,979**	230,657	313,595
	₱116,599,234	₱61,361,043	₱34,877,538

Other income (charges) consists of:

	2015	2014	2013
Valuation allowances on:			
AFS investments (Note 11)	**(₱805,238,727)**	(₱259,940,637)	(₱71,245,484)
Receivables (Note 9)	**(32,110,190)**	(6,174,132)	(5,018,782)
Other current and noncurrent assets	**(3,774,453)**	(1,811,227)	(515,316)
Investment in associate (Note 12)	**–**	(440,407,829)	–
Handling and service fees	**115,478,261**	17,713,044	–
Gain on remeasurement of previously held interest (Note 6)	**–**	699,011,094	–
Recovery of allowances for impairment losses (Notes 9, 10 and 11)	**–**	24,553,505	3,101,226
Insurance claims (Note 12)	**–**	46,228,744	–
Others	**25,039,881**	23,522,734	25,253,743
	(₱700,605,228)	₱102,695,296	(₱48,424,613)

In 2014, SSRLI entered into a Construction Service Contract (service contract) with the PEZA - registered villa-owners in which SSRLI shall provide project management, general and specific administration and supervision over the preconstruction and construction stages of the Project. The villa owners shall pay SSRLI a handling fee which represents the 15% of the actual project cost during the villa construction or renovation. In 2015 and 2014, SSRLI recognized handling fees amounting to ₱56.5 million and ₱17.7 million, respectively.

In 2015, a subsidiary entered into a contract and received a fee of ₱59.0 million for various services rendered.

Others included ASAI's reimbursement from lessees and costs of PRI charged to villa owners.

23. Pension and Other Post-employment Benefit Plans

The Group has funded defined benefit pension plans covering substantially all of its officers and employees. The benefits to be received by the officers and employees under the pension plans shall not be less than the minimum mandated retirement benefit plan under Republic Act (RA) No. 7641. The funds are administered by trustee banks under the control and supervision of the Board of Trustees (BOT) of the pension plans, who is composed of the executive officers of the Company.

The Company contributes to the funds as required under accepted actuarial principles to maintain the plan in sound condition and reserves the right to discontinue, suspend or change the rate and amount of its contribution to the funds at any time.

Funding Policy

The Company contributes to the plans amounts (estimated by an actuary on the basis of reasonable actuarial assumptions) which are necessary to provide the defined benefits. No member is required to make any contribution to the plans. Contributions to the plans are determined using the projected unit credit method. Under this method, the current service cost is the present value of retirement benefits payable in the future in respect of services in the current period. The past service cost (PSC) is the present value of the units of benefits payable in the future in respect of services rendered prior to valuation date.

The Group’s management performs an Asset-Liability Matching Study annually. The overall investment policy and strategy of the Group’s defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risks of the plans. The Group’s current strategic investment strategy consists of 40% of equity instruments and 60% of debt instruments.

The Group’s plan assets and investments as of December 31, 2015 and 2014 consist of the following:

a. Cash and cash equivalents, which include regular savings and time deposits;

b. Investments in government securities, which include retail treasury bonds and fixed rate treasury notes that bear interest ranging from 2.13% to 9.13% in 2015 and 2014 and have maturities from September 4, 2016 to October 24, 2037 in 2015 and November 4, 2016 to October 24, 2037 in 2014;

c. Investments in corporate debt instruments, consisting of both short-term and long-term corporate notes and land bonds, which bear interest ranging from 4.41% to 8.5% in 2015 and 4.38% to 8.46% in 2014 and have maturities from August 27, 2019 to April 25, 2025 in 2015 and from February 23, 2014 to November 29, 2032 in 2014; and

d. Investments in equity securities, which consist of unlisted and actively traded securities of holding firms, banks and companies engaged in energy, oil and gas, telecommunications, transportation, real estate, construction, food and beverage, mining and other services among others.

As of December 31, 2015 and 2014, the Company’s defined benefit retirement fund has investments in shares of stock of the Company with a cost of ₱71.1 million and ₱30.2 million, respectively. All of the fund’s investing decisions are made by the BOT of the pension plans. The retirement benefit fund’s total gains arising from the changes in market prices amounted to ₱2.1 million and ₱13.3 million in 2015 and 2014, respectively.

As of December 31, 2015 and 2014, the fund’s carrying value and fair value amounted to ₱426.7 million and ₱409.6 million, respectively.

The following tables summarize the components of net benefit expense recognized in the consolidated statements of income and the funded status and amounts recognized in the consolidated balance sheets.

	2015	2014	2013
Retirement benefit cost:			
Current service cost	**₱19,132,392**	₱13,730,445	₱12,918,528
Net interest	**(2,901,538)**	(2,008,262)	(1,730,706)
Past service cost - plan amendment and others	**–**	–	287,007
Net benefit expense	**₱16,230,854**	₱11,722,183	₱11,474,829
Actual return on plan assets	**₱1,730,655**	₱23,535,342	₱35,316,020

Changes in net retirement plan asset are as follows:

	2015	2014	2013
Net retirement plan asset (retirement benefits payable), beginning	**₱65,533,724**	₱53,846,435	₱38,369,388
Current service cost	**(13,310,014)**	(10,316,336)	(9,738,438)
Net interest	**3,221,383**	2,383,337	2,442,611
	(10,088,631)	(7,932,999)	(7,295,827)
Actuarial changes arising from:			
Remeasurement of plan assets	**(17,100,815)**	9,836,624	20,320,127
Experience adjustments	**7,386,456**	1,357,122	(1,079,240)
Changes in financial assumptions	**99,446**	657,490	(1,709,165)
Changes in the effect of asset ceiling	**2,473,743**	(2,982,175)	(2,482,016)
	(7,141,170)	8,869,061	15,049,706
Contribution	**11,179,074**	7,723,131	7,723,168
Net plan assets of acquired subsidiary (Note 6)	**–**	3,028,096	–
Net retirement plan asset, end	**₱59,482,997**	₱65,533,724	₱53,846,435

Changes in net retirement benefits payable are as follows:

	2015	2014	2013
Retirement benefits payable, beginning	**(₱9,054,911)**	(₱10,965,263)	(₱14,846,513)
Current service cost	**(5,822,378)**	(3,414,109)	(3,180,090)
Net interest	**(319,845)**	(375,075)	(711,905)
	(6,142,223)	(3,789,184)	(3,891,995)
Actuarial changes arising from:			
Experience adjustments	**(4,826,719)**	(795,535)	(699,009)
Remeasurement of plan assets	**(581,257)**	190,861	667,478
Changes in financial assumptions	**4,190,933**	(922,028)	(167,689)
	(1,217,043)	(1,526,702)	(199,220)

(Forward)

	2015	2014	2013
Contribution	**₱9,747,404**	₱6,200,818	₱7,972,465
Benefits paid directly by the Group	**–**	1,025,420	–
Net retirement benefits payable, end	**(₱6,666,773)**	(₱9,054,911)	(₱10,965,263)

Computation of net retirement plan assets:

2015:

	Retirement plan asset	Retirement liability	Total
Present value of defined benefit obligation	(₱325,294,428)	(₱39,236,445)	(₱364,530,873)
Fair value of plan assets	394,111,065	32,613,650	426,724,715
Surplus (deficit)	68,816,637	(6,622,795)	62,193,842
Effect of the asset ceiling	(9,333,640)	(43,978)	(9,377,618)
Retirement plan asset (liability)	₱59,482,997	(₱6,666,773)	₱52,816,224

2014:

	Retirement plan asset	Retirement liability	Total
Present value of defined benefit obligation	(₱307,945,604)	(₱33,824,951)	(₱341,770,555)
Fair value of plan assets	384,808,111	24,770,040	409,578,151
Surplus (deficit)	76,862,507	(9,054,911)	67,807,596
Effect of the asset ceiling	(11,328,783)	–	(11,328,783)
Retirement plan asset (liability)	₱65,533,724	(₱9,054,911)	₱56,478,813

Changes in the present value of defined benefit obligation:

	2015	2014
Opening defined benefit obligation	**₱341,770,555**	₱280,049,491
Interest cost	**16,082,344**	12,176,349
Current service cost	**19,132,392**	13,730,445
Benefits paid from plan assets	**(5,604,302)**	(4,806,179)
Benefits paid directly by the Group	**–**	(1,025,420)
Remeasurement in other comprehensive income:		
Actuarial (gain) loss - changes in financial assumptions	**(4,290,379)**	500,618
Actuarial (gain) loss - change in demographic assumptions	**–**	–
Actuarial gain - experience adjustments	**(2,559,737)**	(1,809,482)
Benefit obligation of acquired subsidiary (Note 6)	**–**	42,954,733
	₱364,530,873	₱341,770,555

Changes in the fair value of plan assets:

	2015	2014
Opening fair value of plan assets	**₱409,578,151**	₱330,795,953
Contributions	**20,926,478**	13,923,949
Interest income	**19,506,460**	14,519,672
Benefits paid from plan assets	**(5,604,302)**	(4,806,179)
Remeasurement gain (loss)	**(17,682,072)**	9,015,670
Plan assets of acquired subsidiary (Note 6)	**–**	46,129,086
	₱426,724,715	₱409,578,151

Changes in the effect of asset ceiling:

	2015	2014
Beginning balance	**₱11,328,783**	₱7,865,290
Interest on the effect of asset ceiling	**522,578**	335,061
Changes in the effect of asset ceiling	**(2,473,743)**	2,982,175
Effect of asset ceiling of the new subsidiary (Note 6)	**–**	146,257
	₱9,377,618	₱11,328,783

The fair value of plan assets as of December 31 are as follows:

	2015	2014
Debt instruments	**₱151,923,113**	₱187,651,043
Equity instruments	**120,684,378**	108,850,051
Unit investment trust funds	**97,074,293**	97,204,156
Cash and cash equivalents	**40,742,739**	10,238,644
Others	**16,300,192**	5,634,257
	₱426,724,715	₱409,578,151

The financial instruments with quoted prices in active market amounted to ₱204.2 million and ₱195.7 million as of December 31, 2015 and 2014, respectively. The remaining plan assets do not have quoted market prices in active market.

The plan assets have diverse investments and do not have any concentration risk.

The sensitivity analysis on the below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation of the Parent Company and PDP Group as of the end of the reporting period, assuming all other assumptions were held constant:

		Effect on present value of defined benefit obligation
2015	**Increase (decrease)**	**Increase (decrease)**
Discount rates	**-0.6% to -4.9%**	**(₱4,099,559)**
	+0.7 to 5.4%	**4,472,116**
Future salary increases	**+1.1% to 10.2%**	**₱7,981,416**
	-1.0% to -8.8%	**(6,925,561)**

2014	Increase (decrease)	Effect on present value of defined benefit obligation Increase (decrease)
Discount rates	-0.5% to -0.7%	(₱4,127,199)
	+0.5 to 0.7%	4,517,193
Future salary increases	+1.0% to 1.2%	₱8,151,977
	-1.0% to -1.2%	(7,043,507)

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation of the subsidiaries, except PDP Group in 2014, as of the end of the reporting period, assuming all other assumptions were held constant:

2015	**Increase (decrease)**	**Effect on present value of defined benefit obligation Increase (decrease)**
Discount rates	**-1.0% to -7.8%**	**(₱496,858)**
	+1.0% to 9.1%	**580,414**
Future salary increase	**+1.0% to 8.0%**	**₱508,937**
	-1.0 to -7.0%	**(446,728)**

2014	Increase (decrease)	Effect on present value of defined benefit obligation Increase (decrease)
Discount rates	+1.0% to 2.0%	(₱2,559,838)
	-1.0% to -2.0%	3,194,930
Future salary increase	+1.0% to 2.0%	₱1,611,867
	-1.0% to -2.0%	(1,454,847)

The Group expects to make contributions amounting to ₱20.9 million to its defined benefit pension plans in 2016.

The principal assumptions used in determining pension benefit obligations for the Group's plans are shown below:

	2015	2014
Discount rate	**4.3% to 5.64%**	4% to 6%
Future salary increases	**5.0% to 10.0%**	5% to 6%

The weighted average duration of the defined benefit obligation as of December 31, 2015 and 2014 ranges from 1.8 to 16.8 years and 1.6 to 19.8 years, respectively.

24. **Income Taxes**

The provision for income tax consists of:

	2015	2014	2013
Current	**₱272,752,008**	₱12,927,935	₱26,586,615
Deferred	**36,645,647**	16,432,009	(10,472,628)
	₱309,397,655	₱29,359,944	₱16,113,987

The components of the net deferred income tax assets (liabilities) are as follows:

	2015	2014, (As restated, Note 6)
Deferred tax assets:		
Allowance for doubtful accounts	**₱37,599,049**	₱19,801,875
Allowance for inventory losses	**28,311,111**	18,214,493
Unrealized foreign exchange loss	**20,950,566**	10,766,182
NOLCO on federal and state income tax	**16,335,541**	79,176,980
Unamortized past service cost	**14,992,741**	3,117,180
Market adjustment on FVPL	**13,072,011**	6,366,630
Accrued expenses	**11,109,266**	3,811,258
Retirement benefits payable	**214,295**	2,716,473
Others	**9,601,685**	2,975,522
	152,186,265	146,946,593
Deferred tax liabilities:		
Fair value adjustment	**(356,389,025)**	(356,389,025)
Goodwill amortization	**(128,522,084)**	(101,947,016)
Unrealized valuation gains on AFS investments	**(59,970,480)**	(40,309,639)
Unrealized foreign exchange gains	**(26,757,874)**	(12,213,730)
Retirement plan assets	**(18,390,286)**	(19,660,118)
Uncollected management fee	**(5,835,042)**	(6,306,567)
	(595,864,791)	(536,826,095)
Net deferred tax liability	**(₱443,678,526)**	(₱389,879,502)

There are deductible temporary differences for which no deferred income tax assets were recognized as future realizability of these deferred income tax assets is not certain. These deductible temporary differences are as follows:

	2015	2014
Allowances for:		
Doubtful accounts	**₱1,028,942,693**	₱1,032,743,947
Impairment losses	**1,023,578,710**	220,820,097
Inventory losses	**3,955,899**	6,625,786
NOLCO	**249,329,859**	318,657,950
MCIT	**4,474,885**	5,697,745
Accrued pension benefits and others	**27,365,371**	45,996,319

The Company and other subsidiaries domiciled in the Philippines are subjected to the Philippine statutory tax rate of 30% in 2015, 2014 and 2013 while a foreign subsidiary is subject to U.S. federal tax rate of 34% in 2015, 2014 and 2013.

The reconciliation of provision for income tax computed at the statutory tax rates to provision for income tax is as follows:

	2015	2014	2013
Provision for income tax at statutory tax rates	**₱501,797,840**	₱619,230,451	₱408,868,786
Additions to (reductions from) income taxes resulting from:			
Gain on sale of AFS investments, marketable equity securities and other investments subjected to final tax	**(322,201,613)**	(515,638,967)	(336,528,398)
Movement in unrecognized deferred income tax assets	**212,131,672**	239,693,660	59,566,099
Dividend income not subject to income tax	**(62,895,499)**	(78,258,624)	(61,258,810)
Equity in net earnings of associates not subject to income tax	**(46,186,157)**	(44,142,332)	(68,683,677)
Interest income already subjected to final tax	**(335,147)**	(2,427,063)	(4,787,788)
Nondeductible expenses	**694,908**	1,822,242	481,617
Gain on remeasurement of previously held interest	**–**	(209,703,328)	–
Others	**26,391,651**	18,783,905	18,456,158
	₱309,397,655	₱29,359,944	₱16,113,987

The Group has available NOLCO and MCIT which can be claimed as deduction from taxable income and as credit against income tax due, respectively, as follows:

<u>NOLCO</u>

The following table summarizes the NOLCO as of December 31, 2015 of the Company and its subsidiaries domiciled in the Philippines:

Period of Recognition	Availment period	Amount	Applied	Expired	Balance
2012	2013-2015	₱66,077,438	–	(₱66,077,438)	₱–
2013	2014-2016	121,722,313	–	–	121,722,313
2014	2015-2017	130,858,199	–	–	130,858,199
2015	2016-2018	157,641,973	–	–	157,641,973
		₱476,299,923	–	(₱66,077,438)	₱410,222,485

As of December 31, 2015 and 2014, a foreign subsidiary has NOLCO on federal and state income tax purposes of approximately US$3.8 million (₱178.8 million) and US$7.6 million (₱337.4 million), respectively. Portion of NOLCO incurred in prior year will begin to expire in 2028. No deferred income tax assets were recognized on this NOLCO as its future realizability is not certain.

MCIT

Period of Recognition	Availment period	Amount	Applied	Expired	Balance
2012	2013-2015	₱2,147,145	(₱169,774)	(₱1,977,371)	₱–
2013	2014-2016	2,327,321	–	–	2,327,321
2014	2015-2017	1,223,279	–	–	1,223,279
2015	2016-2018	924,285	–	–	924,285
		₱ 6,622,030	(₱169,774)	(₱1,977,371)	₱4,474,885

25. Earnings Per Share - Basic / Diluted

Earnings per share - basic / diluted were computed as follows:

	2015	2014	2013
Net income attributable to equity holdings of the parent	**₱1,282,782,660**	₱2,041,141,959	₱1,358,036,019
Weighted average number of shares (Note 19)	**1,244,599,629**	1,253,952,678	1,261,027,565
Earnings per share	**₱1.03**	₱1.63	₱1.08

The Company does not have potentially dilutive common stock equivalents in 2015, 2014 and 2013.

26. Related Party Transactions

Related party relationship exists when the party has the ability to control, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely to the legal form.

In the normal course of business and in addition to those disclosed in Notes 12 and 29, the Group grants/receives cash advances to/from its associates and affiliates.

The consolidated balance sheets include the following transactions and account balances as of December 31 with related parties:

2015	**Amount Volume**	**Outstanding Balance Receivable (Payable)**	**Terms**	**Conditions**
Associates				
Vicinetum:				
Advances (Note 12)	**₱191,128**	**₱1,276,026**	**Non-interest bearing**	**Unsecured, with allowance for doubtful accounts of ₱564.8 million**

2014	Amount Volume	Outstanding Balance Receivable (Payable)	Terms	Conditions
Associates				
Vicinetum:				
Advances (Note 12)	₱229,517	₱1,084,898	Non-interest bearing	Unsecured, with allowance for doubtful accounts of ₱564.8 million

Compensation of the Group's key management personnel (in millions):

	2015	2014	2013
Short-term employee benefits (Note 21)	**₱154.7**	₱112.0	₱100.1
Post-employment benefits (Note 23)	**7.6**	7.1	6.3
Total	**₱162.3**	₱119.1	₱106.4

There are no termination benefits, share-based payments or other long-term employee benefits granted to key management personnel.

27. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents, receivables, investments in debt instruments, quoted and unquoted equity securities, investments in mutual and hedge funds, and short-term and long-term bank loans. The Group's other financial instruments include accounts payable and dividends payable and amounts due to affiliates, which arose directly from operations.

The Company's investment objectives consist mainly of:

a) maintaining a bond portfolio that earns adequate cash yields and,
b) maintaining a stable equity portfolio that generates capital gains through a combination of longterm strategic investments and short-term to medium-term hold type investment.

The main risks arising from the use of these financial instruments are credit risk, liquidity risk, interest rate risk, equity price risk, foreign currency risk, and copper price risk. These risks are monitored by the Company's Investment Committee (the Committee).

The Committee evaluates the performance of all investments and reviews fund allocation to determine the future strategy of the fund. The Committee is formed by the Company's Chairman, Vice Chairman, Chief Finance Officer, and an independent consultant. These meetings occur at least every quarter. The BOD reviews and approves the Company's risk management policies. The Company's policies for managing each of these risks are summarized below.

Credit risk
The Group is exposed to credit risk primarily because of its investing and operating activities. Credit risk losses may occur as a result of either an individual, counterparty or issuer being unable to or unwilling to honor its contractual obligations. The Group is exposed to credit risk arising from default of the counterparties (i.e., foreign and local currency denominated debt instruments and receivables) to its financial assets. The Group does not have a counterparty that accounts for more than 10% of the consolidated revenue.

Credit risk management
In managing credit risk on these investments, capital preservation is paramount. The Group transacts only with recognized and creditworthy counterparties. Investments in bonds are invested in highly recommended, creditworthy debt instruments that provides satisfactory interest yield.

Credit risk exposures
The table below shows the gross maximum exposure for each class of financial assets before the effects of collateral, credit enhancements and other credit risk mitigation techniques:

	2015	2014
Cash in banks	**₱1,296,692,431**	₱1,341,444,528
Short-term investments	**477,626,741**	59,589,131
FVPL investments - bonds	**481,184,519**	560,889,748
AFS investments - debt instruments	**907,451,753**	1,174,457,942
	3,162,955,444	3,136,381,349
Loans and receivables:		
Trade	**1,789,754,179**	1,508,743,430
Notes receivable	**40,000,000**	40,000,000
Interest receivable	**16,498,411**	19,585,300
Receivable from villa owners	**15,960,585**	10,872,107
Advances to employees	**12,374,133**	10,170,075
Others	**12,876,404**	34,993,357
	1,887,463,712	1,624,364,269
	₱5,050,419,156	₱4,760,745,618

The Group has no collateral held as security nor credit enhancements as of December 31, 2015 and 2014, except for the notes receivable amounting to ₱20.8 million in 2013 from Tayabas Power guaranteed in full by SKI Construction Group, Inc., its parent company.

Credit quality per class of financial assets
For the Group's financial assets, credit quality is monitored and managed using internal credit ratings. Internal risk ratings are derived in accordance with the Group's rating policy. The table below shows the credit quality by class of financial asset based on the Group's credit rating system:

	Financial Assets that are Neither Past Due nor Impaired				
2015	**High Grade**	**Standard Grade**	**Past Due but Not Impaired**	**Impaired**	**Total**
Cash in banks	**₱1,296,692,431**	**₱–**	**₱–**	**₱–**	**₱1,296,692,431**
Short-term investments	**477,626,741**	**–**	**–**	**–**	**477,626,741**
FVPL investments -					
Bonds	**24,747,254**	**456,437,265**	**–**	**–**	**481,184,519**
AFS investments -					
Debt instruments	**165,885,612**	**741,566,141**	**–**	**–**	**907,451,753**
Receivables:					
Trade	**–**	**1,221,346,395**	**568,407,784**	**70,664,283**	**1,860,418,462**
Notes receivables	**–**	**40,000,000**	**–**	**–**	**40,000,000**
Interest receivable	**–**	**16,498,411**	**–**	**–**	**16,498,411**
Receivable from villa owners	**–**	**15,960,585**	**–**	**–**	**15,960,585**
Advances to employees	**11,771,382**	**602,751**	**–**	**–**	**12,374,133**
Others	**–**	**12,876,404**	**–**	**1,833,158**	**14,709,562**
	₱1,976,723,420	**₱2,505,287,952**	**₱568,407,784**	**₱72,497,441**	**₱5,122,916,597**

2014	Financial Assets that are Neither Past Due nor Impaired: High Grade	Standard Grade	Past Due but Not Impaired	Impaired	Total
Cash in banks	₱1,341,444,528	₱–	₱–	₱–	₱1,341,444,528
Short-term investments	59,589,131	–	–	–	59,589,131
FVPL investments -					
Bonds	9,701,915	551,187,833	–	–	560,889,748
AFS investments -					
Debt instruments	54,467,526	1,119,990,416	–	–	1,174,457,942
Receivables:					
Trade	–	1,000,711,761	508,031,669	39,693,797	1,548,437,227
Notes receivables	–	40,000,000	–	–	40,000,000
Interest receivable	–	19,585,300	–	–	19,585,300
Receivables from villa owners	–	10,872,107	–	–	10,872,107
Advances to employees	–	10,170,075	–	–	10,170,075
Others	–	34,993,357	–	1,833,158	36,826,515
	₱1,465,203,100	₱2,787,510,849	₱508,031,669	₱41,526,955	₱4,802,272,573

The Group evaluates credit quality on the basis of the credit strength of the security and/or counterparty/ issuer. High grade financial assets reflect the investment grade quality of the investments and/or counterparty; realizability is thus assured. Standard grade assets are considered moderately realizable.

Financial assets that are past due but not impaired

The table below shows the aging analysis of past due but not impaired loans/receivables per class that the Group held. Under PFRS 7, a financial asset is past due when a counterparty has failed to make a payment when contractually due.

	Financial Assets that are Past Due but Not Impaired				
December 31, 2015	**Less than 30 days**	**31 to 60 days**	**61 to 90 days**	**More than 91 days**	**Total**
Trade and others	**₱323,754,131**	**₱148,833,254**	**₱68,388,744**	**₱27,431,655**	**₱568,407,784**

	Financial Assets that are Past Due but Not Impaired				
December 31, 2014	Less than 30 days	31 to 60 days	61 to 90 days	More than 91 days	Total
Trade and others	₱248,174,745	₱142,265,529	₱91,435,013	₱26,156,382	₱508,031,669

Liquidity risk

Liquidity risk is defined as the risk that the Group may not be able to settle or meet its obligations as they fall due. Aside from yielding good returns, the Group ensures investments have ample liquidity to finance operations and capital requirements. Short-term bank loans are secured to fill in temporary mismatch of funds for new investments.

Where applicable, long-term debt or equity are used for financing when the business requirement calls for it to ensure adequate liquidity in the subsidiaries and affiliates' operation.

The Group's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when they are due. This is done by primarily investing in highly liquid investments.

The tables on the next page summarize the maturity profile of the Group's financial liabilities at December 31 based on undiscounted contractual payments as well as the financial assets used for liquidity management.

December 31, 2015	**Within 6 months**	**6 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
Cash in banks	**₱1,296,692,431**	**₱–**	**₱–**	**₱–**	**₱1,296,692,431**
Short-term investments	**477,626,741**	**–**	**–**	**–**	**477,626,741**
FVPL investments - Bonds	**10,311,599**	**–**	**125,731,438**	**345,141,482**	**481,184,519**
AFS investments - Bonds	**56,534,651**	**286,241,765**	**564,675,337**	**–**	**907,451,753**
Receivables	**1,727,583,282**	**130,961,652**	**28,918,778**	**–**	**1,887,463,712**
	₱3,568,748,704	**₱417,203,417**	**₱719,325,553**	**₱345,141,482**	**₱5,050,419,156**
Notes payable	**₱26,197,832**	**₱–**	**₱–**	**₱–**	**₱26,197,832**
Accounts payable and accrued expenses*	**785,148,507**	**–**	**–**	**–**	**785,148,507**
Long-term debt		**638,070,546**	**2,459,835,814**	**–**	**3,097,906,360**
Interest payable	**38,869,275**	**34,559,115**	**125,037,850**	**–**	**198,466,240**
Dividends payable	**229,648,921**	**–**	**–**	**–**	**229,648,921**
	₱1,079,864,535	**₱672,629,661**	**₱2,584,873,664**	**₱–**	**₱4,337,367,860**

**Excluding non-financial liabilities amounting to ₱131.0 million.*

December 31, 2014	Within 6 months	6 to 12 months	1 to 5 years	Over 5 years	Total
Cash in banks	₱1,341,444,528	₱–	₱–	₱–	₱1,341,444,528
Short-term investments	59,589,131	–	–	–	59,589,131
FVPL investments - Bonds	–	9,701,915	–	551,187,833	560,889,748
AFS investments - Bonds	24,691,343	–	772,790,720	376,975,879	1,174,457,942
Receivables	1,535,882,523	88,481,746	–	–	1,624,364,269
	₱2,961,607,525	₱98,183,661	₱772,790,720	₱928,163,712	₱4,760,745,618
Notes payable	₱1,529,461,840	₱–	₱–	₱–	₱1,529,461,840
Accounts payable and accrued expenses*	967,852,489	–	–	–	967,852,489
Long-term debt	–	237,502,643	1,934,135,533	–	2,171,638,176
Interest payable	61,705,069	31,629,919	195,659,481	–	288,994,469
Dividends payable	519,664,033	–	–	–	519,664,033
	₱3,078,683,431	₱269,132,562	₱2,129,795,014	₱–	₱5,477,611,007

**Excluding non-financial liabilities amounting to ₱46.6 million.*

The Group's total financial liabilities due to be settled within one year include notes payable that management considers as working capital. Accounts payable and accrued expenses and dividends payable are expected to be settled using cash to be generated from operations and drawing from existing lines of credits or liquidity reserves.

Market risks

Market risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It is the risk coming from adverse movements in factors that affect the market value of financial instruments of the Group. The Group is exposed primarily to the financial risks of changes in interest rates, equity price risk, price risk of mutual funds, and foreign currency risk.

Investments exposed to market risk are foreign and local currency denominated quoted debt instruments, foreign and local currency denominated equity instruments and mutual fund/hedge fund investments.

There has been no change to the Group's manner in managing and measuring the risk.

a. Interest rate risks

Cash flow interest rate risk
Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The following tables demonstrate management's best estimate of the sensitivity to reasonably possible change in interest rates, with all other variables held constant (in millions):

2015	**Change in interest rates [in basis points (bps)]**	**Effect on income before tax Increase (decrease)**
Floating debt instrument	**+150**	(₱29.73)
	-150	29.73

2014	Change in interest rates (in bps)	Effect on income before tax Increase (decrease)
Floating debt instrument	+150	(₱22.98)
	-150	22.98

The sensitivity analysis shows the effect on the consolidated statements of income of assumed changes in interest rates on the net interest income for one year, based on the floating rate of financial assets and liabilities held at December 31, 2015 and 2014. There is no other impact on equity other than those affecting profit and loss.

Fair value interest rate risk
Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group accounts for its quoted debt instruments at fair value. Changes in benchmark interest rate will cause changes in the fair value of quoted debt instruments.

The tables below show the impact on income before income tax and equity (in millions) of the estimated future bond yields using a duration based sensitivity approach. Items affecting profit and loss are bonds classified as FVPL and items affecting equity account are bonds classified as AFS.

	Change in	**Increase (Decrease)**	
2015	**interest rates (in bps)**	**Effect on income before tax**	**Effect on equity**
AFS investments	+100	**₱–**	**(₱19.82)**
	-100	**–**	**21.02**
FVPL investments	+100	**(24.25)**	**–**
	-100	**28.36**	**–**

	Change in	Increase (Decrease)	
2014	interest rates (in bps)	Effect on income before tax	Effect on equity
AFS investments	+100	₱–	(₱28.38)
	-100	–	31.15
FVPL investments	+100	(34.58)	–
	-100	39.56	–

b. Equity price risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of the equity indices and the values of individual stock. The equity price risk exposure arises from the Group's investment in stock listed in the Philippine Stock Exchange (PSE).

The sensitivity analysis assumes that the stock's standard deviation on its historical returns for the past one year provides the basis for the range of reasonably possible changes in prices of the stock investments. In establishing the relative range of the stock investment returns, the Group also assumes a 99% confidence level.

The tables below show the impact on income (in millions) before income tax and equity of the estimated future return of the stock investments using a Beta-based sensitivity approach.

		Increase (Decrease)	
2015	**Change in PSE price index**	**Effect on income before tax**	**Effect on equity**
AFS investments	**+34.28%**	**₱–**	**₱822.25**
	-34.28%	**–**	**(822.25)**

		Increase (Decrease)	
2014	Change in PSE price index	Effect on income before tax	Effect on equity
AFS investments	+28.02%	₱–	₱1,080.93
	–28.02%	–	(1,080.93)

The annual standard deviation of the PSE price index is approximately 14.73% and 12.04% and with 99% confidence level, the possible change in PSE price index could be +/- 34.28% and +/-28.02% in 2015 and 2014, respectively. There are no outstanding stock investments listed in PSE that are classified as FVPL as of December 31, 2015 and 2014.

c. Price risk of mutual funds

The Group is exposed to the risk of changes in the fund's net asset value (NAV) due to its market risk exposures.

The sensitivity analysis demonstrates management's best estimate of the impact of reasonably possible change in NAV, with all other variables held constant.

The tables below show the impact on income before income tax and equity (in millions) of assumed changes in NAV. A negative amount in the table reflects a potential reduction on income before income tax or equity while a positive amount reflects a potential increase on income before income tax or equity.

		Increase (Decrease)	
2015	**Change in NAV**	**Effect on income before tax**	**Effect on equity**
Mutual funds	**+10%**	**₱1.01**	**₱32.51**
	-10%	**(1.01)**	**(32.51)**

2014	Change in NAV	Increase (Decrease) Effect on income before tax	Effect on equity
Mutual funds	+10%	₱0.53	₱22.90
	-10%	(0.53)	(22.90)

d. Foreign currency risks

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rate. The Group's exposure arises primarily from investments in foreign currency denominated debt investments and equity securities.

The Company and a subsidiary's foreign exchange risk arises primarily from investments in foreign currency denominated debt and equity securities. To minimize income volatility due to exchange rate movements, liquid investments are held in a basket of currencies, including Philippine peso and other major currencies such as U.S. dollar, Euro and Japanese Yen. This also enables the Company and a subsidiary to access investment opportunities in those currencies. The Group occasionally engages in foreign currency forward contracts as a defensive measure against foreign currency volatility.

On borrowings, it is the Company's group-wide policy for its subsidiaries and associates where it has significant influence to minimize any foreign exchange risks. Thus, all borrowings whether short-term or long-term, in general, should be in Philippine peso. Any foreign currency borrowings may be engaged only if matched by the entities' corresponding currency revenue flows or by a foreign currency asset. As such, PRI, SSRLI and CGI can borrow in U.S. dollar as their revenues are dollar-based. It is also the policy of the Group to minimize any foreign exchange exposure in its management of payables. Any substantial exposure is covered by foreign exchange contracts, if necessary.

The analysis discloses management's best estimates of the effect of reasonably possible movement of the currency rate against the Philippine peso on income before tax (in millions). It assumes that all other variables remain constant. A negative amount in the table reflects a potential reduction in income before income tax or equity, while a positive amount reflects a net potential increase in income before income tax or equity.

2015	**Change in currency rate**	**Effect on income before tax Increase (Decrease)**
US Dollar	**+3.80%**	**(₱6.41)**
	-3.80%	**6.41**
Japanese Yen	**+8.51%**	**(0.76)**
	-8.51%	**0.76**

2014	Change in currency rate	Effect on income before tax Increase (Decrease)
Japanese Yen	+8.39%	₱5.76
	-8.39%	(5.76)
US Dollar	+4.41%	(0.40)
	-4.41%	0.40

e. Copper price risk

The PDP Group uses copper rods in the manufacturing of its products. Copper rods component represents a significant portion of the cost of each unit produced. Average monthly purchase of copper rods amounted to ₱273.82 million with an average quantity of about 959 metric tons in 2015 and ₱311.15 million with an average quantity of about 952 metric tons in 2014.

Copper rods are priced based on the London Metal Exchange prices and are affected by the volatility in the price of metal in the world market. The following table represents the effect on income before tax (in millions) of the reasonably possible change in metal prices, as they affect prices of copper rods, with all other variables held constant:

	% Change in copper rod prices	Effect on income before income tax
2015	+11.11%	(₱31.58)
	-11.11%	31.58
2014	+1.26%	(4.69)
	-1.26%	4.69

PDP Group's exposure to price risk on copper rod purchases is managed through back-to-back purchase of rods versus sales orders, average pricing on the firm orders like automobile wire products with long-term contracts, and obtaining orders from contractors with a fixed price or locked-in contracts with a specified period.

f. Operating and regulatory risk

CMSIS is accredited by the The Joint Commission, a private sector, US-based, not-for-profit organization. This accreditation significantly influences the CMSIS's credentialing and documentation processes for the traveling healthcare professionals. The Joint Commission accreditation is deemed as the Gold Seal of Standards for healthcare staffing companies and provides license to transact business with hospitals and association requiring The Joint Commission accreditation. Any changes on the accreditation rules and regulations may adversely affect the CMSIS's credentialing and operating procedures and ability to staff qualified healthcare professionals. The CMSIS manages its exposure to such risks by conducting internal audits and monitoring new rules and regulations from The Joint Commission.

With respect to its international business segment, the CMSIS is subject to regulations by the US State Department for the immigration of nurses and temporary work visa of therapists to the USA. These governmental regulations significantly influence the Group's ability to deploy nurses and therapists in the USA. The Group manages its exposure to such risks by actively monitoring legal and regulatory pronouncements issued by the US State Department.

Capital Management

Due to the diversity of the operations of each company in the Group, capital risk management processes in place are specific to each company. Below are the capital risk management policies of the Company and its more significant subsidiaries and associate:

a. The primary objective of the Group's capital management is to ensure an adequate return to its shareholders and to maximize its value to its shareholders. In pursuance of this goal, the Group establishes an optimum risk return investment objectives through a sound diversified investment portfolio and in ensuring a fair credit rating, the Group establishes prudent financial policies through appropriate capitalization ratios in its investments and maintain reasonable liquidity.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the consolidated balance sheet.

No changes were made in the objectives, policies or process for the years ended December 31, 2015 and 2014.

b. Cirrus' and CGI's capital management objectives are:

- To ensure its ability to continue as a going concern; and
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

CGI monitors capital on the basis of the carrying amount of equity as presented on the face of its balance sheet.

CGI sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. It manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying business.

28. Financial Instruments

Categorization of Financial Instruments

December 31, 2015	**Loans and Receivables**	**Financial Assets at FVPL**	**AFS Investments**	**Total**
Cash and cash equivalents	**₱1,774,319,172**	**₱–**	**₱–**	**₱1,774,319,172**
FVPL investments	**–**	**508,976,634**	**–**	**508,976,634**
AFS investments	**–**	**–**	**7,415,779,409**	**7,415,779,409**
Receivables	**1,887,463,712**	**–**	**–**	**1,887,463,712**
	₱3,661,782,884	**₱508,976,634**	**₱ 7,415,779,409**	**₱11,586,538,927**

December 31, 2014	Loans and Receivables	Financial Assets at FVPL	AFS Investments	Total
Cash and cash equivalents	₱1,401,033,659	₱–	₱–	₱1,401,033,659
FVPL investments	–	595,681,712	–	595,681,712
AFS investments	–	–	10,091,991,319	10,091,991,319
Receivables	1,624,364,269	–	–	1,624,364,269
	₱3,025,397,928	₱595,681,712	₱10,091,991,319	₱13,713,070,959

Other Financial Liabilities	**2015**	2014
Notes payable	**₱26,197,832**	₱1,529,461,840
Accounts payable and accrued expenses*	**785,148,507**	967,852,489
Long-term debt, including current portion	**3,097,906,360**	2,171,638,176
Dividends payable	**229,648,921**	519,664,033
	₱4,138,901,620	₱5,188,616,538

** Excluding non-financial liabilities amounting to ₱131.0 million and ₱46.6 million in 2015 and 2014, respectively.*

Fair Values of Financial Assets and Liabilities

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments:

	December 31, 2015		December 31, 2014	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
FVPL investments:				
Bonds and convertible note	**₱481,184,519**	**₱481,184,519**	₱560,889,748	₱560,889,748
Funds and equities	**6,352,114**	**6,352,114**	8,621,964	8,621,964
Others	**21,440,001**	**21,440,001**	26,170,000	26,170,000
	508,976,634	**508,976,634**	595,681,712	595,681,712
AFS investments:				
Quoted equity shares	**5,082,198,801**	**5,082,198,801**	7,542,719,341	7,542,719,341
Bonds and convertible note	**907,451,753**	**907,451,753**	1,174,457,942	1,174,457,942
Funds and equities	**108,212,393**	**108,212,393**	311,119,241	311,119,241
Proprietary shares	**190,450,322**	**190,450,322**	171,051,352	171,051,352
Unquoted shares	**861,146,084**	**861,146,084**	703,437,468	703,437,468
	7,149,459,353	**7,149,459,353**	9,902,785,334	9,902,785,344
	₱7,658,435,987	**₱7,658,435,987**	₱10,498,467,056	₱10,498,467,056

The carrying amounts of cash and cash equivalents, receivables, notes payable, dividends payable and accounts payable and accrued expenses approximate their fair values due to the short-term maturity of these financial instruments. As of December 31, 2015 and 2014, AFS investments amounting to ₱266.4 million and ₱189.2 million, respectively, were carried at cost less impairment since these are investments in unquoted equity shares and the fair values cannot be measured reliably.

The carrying values of long-term debt, which have floating rates with quarterly repricing, approximate their fair values.

The following methods and assumptions were used to estimate the fair values:

- FVPL investments in bonds, funds and equities and others are derived from quoted market prices in active markets.
- AFS investments in bonds, quoted equity shares and funds and equities and proprietary shares are derived from quoted market prices in active markets.
- AFS investments in unquoted equity shares are based on the discounted cash flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, and growth rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

The following table provides the Group's fair value measurement hierarchy of its assets:

As of December 31, 2015:

		Fair value measurement using		
	Total	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
FVPL investments:				
Bonds	**₱481,184,519**	**₱481,184,519**	**₱–**	**₱–**
Funds and equities	**6,352,114**	**6,352,114**	**–**	**–**
Others	**21,440,001**	**21,440,001**	**–**	**–**
	508,976,634	**508,976,634**	**–**	**–**
AFS investments:				
Bonds and convertible note	**907,451,753**	**907,451,753**	**–**	**–**
Quoted equity shares	**5,082,198,801**	**5,082,198,801**	**–**	**–**
Funds and equities	**108,212,393**	**108,212,393**	**–**	**–**
Proprietary shares	**190,450,322**	**190,450,322**	**–**	**–**
Unquoted shares	**861,146,084**	**–**	**–**	**861,146,084**
	7,149,459,353	**6,288,313,269**	**–**	**861,146,084**
	₱7,658,435,987	**₱6,797,289,903**	**₱–**	**₱ 861,146,084**

As of December 31, 2014:

		Fair value measurement using		
	Total	Quoted prices in active Markets (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable Inputs (Level 3)
FVPL investments:				
Bonds	₱560,889,748	₱560,889,748	₱–	₱–
Funds and equities	8,621,964	8,621,964	–	–
Others	26,170,000	26,170,000	–	–
	595,681,712	595,681,712	–	–
AFS investments:				
Bonds and convertible note	1,174,457,942	1,174,457,942	–	–
Quoted equity shares	7,542,719,341	7,542,719,341	–	–
Funds and equities	311,119,241	311,119,241	–	–
Proprietary shares	171,051,352	171,051,352	–	–
Unquoted shares	703,437,468	–	–	703,437,468
	9,902,785,344	9,199,347,876	–	703,437,468
	₱10,498,467,056	₱9,795,029,588	₱–	₱703,437,468

Description of significant unobservable inputs to valuation of financial instruments classified under Level 3 (in millions):

2015	**Valuation technique**	**Significant unobservable inputs**	**Range**	**Sensitivity of input to fair value**
Enderun	DCF Model	Student growth rate of 10%	5% to 15%	5%: fair value of ₱344 15%:fair value of ₱347
		Tuition fee increase by 5%	0% to 5%	0%: fair value of ₱309 5% fair value of ₱389
		Cost of capital of 14%	12% to 16%	12%: fair value of ₱438 16%: fair value of ₱289

(Forward)

2015	**Valuation technique**	**Significant unobservable inputs**	**Range**	**Sensitivity of input to fair value**
KSA	DCF Model	Dividend payout is 60 million	-5% to 10%	-5% fair value of ₱497 10% fair value of ₱556
		Liquidity discount of 20%	10% to 30%	10%: fair value of ₱524 30% fair value of ₱508
		Cost of capital of 11.5%	10% to 13%	10%: fair value of ₱571 13% fair value of ₱469

2014	Valuation technique	Significant unobservable inputs	Range	Sensitivity of input to fair value
Enderun	DCF Model	Student growth rate of 5%	5% to 15%	5%: fair value of ₱248 15%:fair value of ₱279
		Tuition fee increase by 5%	0% to 5%	0%: fair value of ₱286 5% fair value of ₱257
		Cost of capital of 11%	8% to 12%	8%: fair value of ₱290 12%: fair value of ₱282
KSA	DCF Model	Dividend payout is 40 million	-5% to 10%	-5% fair value of ₱402 10% fair value of ₱446
		Liquidity discount of 20%	10% to 30%	10%: fair value of ₱425 30% fair value of ₱409
		Cost of capital of 11%	10% to 12%	10%: fair value of ₱447 12% fair value of ₱389

An increase in the percentage of EBITDA over revenue would increase the fair value of the investment in Enderun.

An increase in the expected lease income of KSA would increase the dividend payout, which would lead to an increase in the fair value of the investment in KSA.

Reconciliation of fair value measurement of AFS assets in unquoted equity shares (in millions):

	Enderun	**KSA**	**Total**
As at 1 January 2014	**₱286**	**₱389**	**₱675**
Re-measurement recognized in OCI	–	28	28
Realized gains (losses) in profit or loss	–	–	–
Unrealized gains (losses) in profit or loss	–	–	–
Purchases	–	–	–
Reclassified in discontinued operations	–	–	–
Transfer into/out of Level 3	–	–	–
Sales	–	–	–
As at 31 December 2014	**₱286**	**₱417**	**₱703**
Re-measurement recognized in OCI	59	99	158
Realized gains (losses) in profit or loss	–	–	–
Unrealized gains (losses) in profit or loss	–	–	–
Purchases	–	–	–
Reclassified in discontinued operations	–	–	–
Transfer into/out of Level 3	–	–	–
Sales	–	–	–
As at 31 December 2015	**₱345**	**₱516**	**₱861**

For the years ended December 31, 2015 and 2014, there were no transfers from Level 1, Level 2 and Level 3 fair value measurements.

29. **Contracts and Agreements**

Sutton

a. On February 26, 2009, CGI's BOD ratified the new Service Agreement with IQHPC with a revised fee equivalent to 3% of all billed expenses effective January 1, 2009.

b. In the ordinary course of business, IQHPC enters into Service Agreements with U.S. hospitals and/ or staffing agencies to provide services in relation to the placement of qualified Filipino nurses for full time employment in the U.S. The Service Agreement sets forth the rights, responsibilities, terms and conditions governing IQHPC's services, which include among others, training and procedural assistance in obtaining all required licensure examinations, obtaining U.S. permanent residence status and eventual placement of the nurses to the U.S. hospitals and/or agency.

   As of December 31, 2015 and 2014, IQHPC has outstanding Service Agreements with different U.S. hospitals and one with a staffing agency. Service income recognized in 2015, 2014 and 2013 amounted to ₱3.6 million, ₱3.4 million and ₱14.8 million, respectively.

c. CGI entered into a non-cancellable operating lease covering certain offices. The lease has terms ranging up to three years, with renewal options and includes annual escalation rates of 5% to 10%. In 2015, the lease agreement was renewed for one-year term ending July 31, 2016.

   The future minimum rentals payable under the non-cancellable operating lease within one year from the balance sheet date amounted to ₱1.7 million as of December 31, 2015 and 2014.

   Rent expense in 2015, 2014 and 2013 amounted to ₱2.8 million, ₱2.8 million and ₱2.6 million, respectively.

d. In May 2010, CGI entered into a sublease agreement with a third party covering its office space. The sublease has a term of one year ending April 30, 2011 renewable upon mutual agreement of both parties. Upon its maturity, the sublease agreement was renewed for several periods. The extended sublease agreement ended last July 31, 2014.

   In October 2014, CGI entered into sublease agreement with another third party covering its office space renewable upon mutual agreement of both parties. The initial sublease agreement was for a period of eight months ended last July 15, 2015. At the end of the lease term, the sublease agreement was renewed and extended until June 15, 2016.

   Rent income from the sublease agreement in 2015, 2014 and 2013 amounted to ₱0.7 million, ₱0.6 million and ₱0.8 million, respectively.

e. In 2014, advances to CGI amounting to ₱6.0 million were assigned to Sutton in exchange for its 948 common shares, respectively.

f. In April 2012, CGI entered into a Service Agreement with Cleveland Clinic Abu Dhabi (CCAD) for CGI to provide nurses for deployment in Abu Dhabi. In consideration of the services provided by CGI, the Service Agreement provides that CCAD shall pay a lump-sum fee of 17% of the first year salary, exclusive of benefits, of each candidate that satisfactorily completes all legal and regulatory requirements to live and work at CCAD.

Permitted fees are to be invoiced in the following manner:

- 25% of fee upon signing the contract offer of employment;
- 50% of fee upon deployment; and
- 25% of fee upon completion of the probationary 90-day time period at CCAD.

CGI records deferred revenue equal to a percentage of service fee invoiced to CCAD. Portion of the deferred revenue were already advanced by CCAD and are refundable once the service agreements are not met.

Cirrus

a. Cirrus Holdings USA, LLC and Cirrus Allied, LLC have various staffing contracts with their U.S. clients concerning certain rates and conditions, among others. Service income amounted to ₱1.91 billion, ₱1.25 billion, and ₱1.25 billion in 2015, 2014 and 2013, respectively.

b. Cirrus has entered into a third party non-cancellable operating lease agreements for the rental of office space and equipment. The leases include options to renew, as well as rent escalation clauses and in certain cases, incentives from the landlord for rent-free months and allowances for tenant improvements.

   As of December 31, 2015 and 2014, future minimum lease payments associated with these agreements with terms of one year or more are as follows:

	2015	2014
Within one year	**₱9,377,598**	₱9,770,918
After one year but not more than five years	**20,559,102**	31,350,732
	₱29,936,700	₱41,121,650

   Rent expense in 2015, 2014 and 2013 amounted to ₱10.7 million, ₱10.9 million and ₱11.4 million, respectively.

c. On December 10, 2010, Cirrus acquired NT, a company maintaining web domains for nurses and physical therapist, and agreed to pay a maximum total consideration amounting to US$1.06 million for the net assets of NT as of purchase date. Of the amount, US$0.51 million will be paid by Cirrus provided certain revenue and earnings target are met. To facilitate the transaction, the Company made advances to AI in the amount of US$840,000 (₱37.09 million).

ASAC

ASAC entered into a lease agreement for ground handling equipment in the conduct of its operations. The lease agreement is in force for a period of not more than one year unless all parties formally extend the said term.

IAI

a. On August 23, 2006, IAI entered into a Maintenance Service Plan (MSP) with Honeywell effective for five years for the latter to service IAI's additional aircraft engine acquired in 2007. Under the terms of the programs, IAI agrees to pay a fee computed at a rate of engine's actual operating hours or the minimum operating hours, subject to annual escalation. The engine shall be shipped to the United States to undergo repairs and maintenance as necessary, by a Honeywell authorized service center. The contract was renewed under the same terms in 2011. Deposits for the MSP as of December 31, 2015 and 2014 amounted to ₱14.16 million and ₱45.81 million, respectively, and included as part of "Other noncurrent assets" account in the consolidated balance sheets.

b. IAI conducts its operations from leased facilities which include the aircraft hangar, parking lots and the administrative office. The lease agreement is for a period of two years commencing on September 1, 2009 and is subsequently renewed for another two years upon its termination in 2011 and 2013. The renewed lease agreement will terminate in August 2017.

   The same shall be renewable upon mutual agreement if either party receives no notice of termination. Rent expense recognized in operations amounted to ₱2.9 million in 2015, ₱2.8 million in 2014 and ₱2.7 million in 2013.

   Future minimum annual rentals payable under this lease are as follows:

	2015	2014
Not later than one year	**₱3,114,911**	₱1,857,143
Later than one year but not later than 5 years	**2,076,607**	–
	₱5,191,518	₱1,857,143

<u>SSRLI and PRI</u>

a. Since 1995, the Company charges SSRLI a monthly fee amounting to US$4,000 or its Peso equivalent for the Company's general, administrative, treasury, tax and legal services rendered to SSRLI.

b. PRI executed in the past an Operating and Management Agreement (OMA) with Amanresorts Management, B.V. (AMBV, the Operator of Amanresorts), a company based in Amsterdam, the Netherlands, for a fee of 5% of PRI's gross operating profits, as defined in the OMA. The OMA provides for, among others, the reimbursements by PRI to Amanresorts of all costs and expenses incurred by the latter in connection with the management and operation of resort and a reserve cash funding equivalent to 4% of gross revenues which will be used to cover the cost of replacements, renewals, and additions to furniture, fixtures and equipment. On June 24, 2013, both parties have mutually entered into a new OMA, effective on the same date, in which PRI will pay a basic fee amounting to 4% of gross revenue and an incentive fee of 10% based on the gross operating profit collectively known as management fee. In addition to the management fees discussed, PRI shall also reimburse AMBV for all costs and expenses incurred by AMBV directly in connection with rendering services under the new OMA.

   Likewise, marketing services and license contracts with AMBV were entered into by PRI in the past, providing marketing fee of 3% of the resort's annual gross hotel revenues and US$1,000 monthly fee, respectively. On June 24, 2013, both parties mutually entered into a new marketing services agreement of the same terms and conditions except for a lower marketing fee rate of 1% of gross revenue from 3%.

   PRI also executed a Reservation Services Agreement with Hotel Sales Services Ltd. (HSSL) in which PRI will pay the latter a monthly fee of 6.5% of the gross accommodation charges processed through HSSL's central sales and reservation offices, with the exception of bookings made through the global distribution system which cost US100 per booking. Upon commencement of the service agreement on June 24, 2013, PRI paid an establishment fee of US$1,500. PRI pays annual maintenance fee of US$1,000 to HSSL. The agreement will expire upon the date the Hotel is no longer managed by AMBV.

PRI also obtained from Amanresorts I.P.R.B.V. (AIPRBV), a company incorporated in Amsterdam, the Netherlands, the nonexclusive license to use the Amanresorts Marks in connection with the operation of the Resort.

The OMA, marketing and license contracts will expire on June 30, 2018. Further, AMBV has the option to extend the operating term for a period of 5 years from the date of its expiration. Total fees related to these agreements amounted to ₱51.8 million, ₱ 34.8 million and ₱17.9 million in 2015, 2014, and 2013, respectively.

c. SSRLI has an agreement with IAI for the latter to provide regular air service. IAI shall charge SSRLI a fixed round trip rate per passenger, subject to an annual review by both parties, with a guarantee that all of IAI's operating costs will be covered.

   As a result of the transfer of resort operations from SSRLI to PRI (see Note 12), the latest renewal of the air service agreement was made between PRI and IAI covering a three-year period from July 1, 2011 to June 30, 2014. The duration of the contract may be extended upon such terms and conditions as may be mutually agreed by both parties.

d. PRI entered into a lease agreement with IAI for the Guest Lounge and Purchasing Office. The lease agreement has duration of two years ending September 2013. In 2015, the lease agreement was renewed for another two years. The agreement provides that PRI is not allowed to sublease any part of the leased premises.

   Rent relating to the lease amounted to ₱2.5 million in 2015, and ₱1.9 million in 2014 and 2013.

e. In January 2007, APHI and SSRLI entered into a consultancy agreement whereby APHI will provide project management, general and specific administration and supervision over pre-construction and post-construction stages of SSRLI's Amanpulo Phase 2 and other capital expenditure projects for a certain fee agreed by the two parties. As of December 31, 2011, the consultancy contract is still in effect but at a reduced fee.

f. On May 31, 2013, APHI and SSRLI entered into a management contract in which APHI will provide technical advice, supervision and management services and general administration for various Phase 3-A villa projects, such as but not limited to other Amanpulo special capital expenditure projects. SSRLI shall pay a fixed monthly fee amounting to ₱615,000 exclusive of VAT, effective June 1, 2013 until the projects have been completed, delivered and accepted by SSRLI.

g. On July 1, 2011, PRI entered into management agreements with the villa owning companies wherein PRI shall provide general maintenance and accounting and administrative services for the villas. PRI shall also be responsible for the marketing and promotion of the villas. In return for these services, PRI shall be entitled to 50% of the net villa rental proceeds. PRI shall also receive reimbursements of costs, with 15% handling fees (except for utilities), incurred in providing services to the villa guests. PRI's total management and handling fees amounted to ₱75.1 million, ₱63.2 million and ₱57.2 million in 2015, 2014, and 2013, respectively, and is presented as part of "Services revenue" in the consolidated statements of income.

   As part of the agreement, PRI will also maintain a fund which shall be used for future maintenance requirements of the villas. As of December 31, 2015 and 2014, the restricted fund amounted to ₱65.3 million and ₱39.8 million, respectively, which is included under "Other noncurrent assets" and "Other noncurrent liabilities" in the consolidated balance sheets (see Note 15).

h. In November 2005, the DENR awarded to SSRLI the exclusive use of the foreshore land surrounding the Pamalican Island, where Amanpulo Resort is situated. The award has a duration of 25 years which may be renewed for another full period at the option of SSRLI. Annual rent shall be paid in advance on or before the 16th day of November every year.

On October 3, 2012, PRI entered into a lease agreement with SSRLI covering the land where PRI operates and certain resort-related assets for a period of 20 years. Annual lease rental amounted to ₱53.5 million payable within the first five days at the beginning of each quarter.

Future minimum lease payments under these lease agreements as of December 31 are as follows:

	2015	2014
Within one year	**₱45,390,751**	₱54,904,336
After one year but not more than five years	**172,927,167**	267,500,000
More than five years	**449,400,000**	561,658,453
	₱667,717,918	₱884,062,789

i. In 2014, SSRLI entered into a Construction Service Contract (Service Contract) with the PEZA-registered villa owners in which SSRLI shall provide project management general and specific administration and supervision over the preconstruction and post-construction stages of the Project. The villa owners shall pay SSRLI a handling fee which represents 15% of the actual project cost during the villa construction or renovation. In 2015 and 2014, SSRLI recognized handling fee, included under "Other income (charges)" account which amounted to ₱56.48 million and ₱17.71 million, respectively.

j. In 2015, SSRLI redeemed Class A preferred stock of 117,080,330 shares and Class B preferred stock 82,919,670 shares amounting to ₱200.00 million.

<u>PDIPI and Subsidiaries</u>

a. The Company has a management contract with PDP Energy which provides, among others, for payment of annual management fees amounting to ₱7.2 million (VAT inclusive) plus certain percentages of audited income before tax and management and technical assistance fees (VAT exclusive). Due from PDP Energy amounted to ₱15.2 million and ₱16.9 million (eliminated in the consolidated financial statements) as of December 31, 2015 and 2014, respectively (see Notes 9 and 26). Management fees amounted to ₱71.0 million (eliminated in the consolidated financial statements), ₱62.2 million and ₱58.9 million in 2015, 2014 and 2013, respectively.

b. Beginning January 2004, PDP Energy entered into a technical assistance contract with Phelps Dodge International Corporation which provides an annual payment of technical fees amounting to a certain percentage of audited income before tax (VAT inclusive). There are no technical fees starting 2015. Technical fees amounted to ₱57.7 million and ₱52.5 million in 2014 and 2013, respectively. These are included in "Management fee" in the Group's consolidated statements of income. On December 19, 2014, PDP Energy entered into a technical assistance and support agreement with General Cable Corporation (GC). The agreement provides that GC shall make available to PDP Energy technical assistance and support services which include, among others the availability of technical and qualified resource persons with expertise in materials, technologies and manufacturing processes to be made available to PDP Energy through periodic consultation meetings with PDP Energy personnel and technical visits to PDP Energy.

c. In 2008, PDP Energy entered into a contract of lease with a third party covering the lease of its office building. The contract is for a two year lease period and renewable at the option of both parties. The contract ended in 2013 and was no longer renewed. In line with this, PDP Energy entered into a contract of lease with another third party for the lease of its office building. The term is for a period of five years and renewable at the option of both parties.

The future aggregate minimum lease payments under the new operating lease are as follows:

	2015	2014
Not later than 1 year	**₱6,533,374**	₱5,593,233
More than 1 year but not later than 5 years	**10,344,029**	10,440,703
	₱16,877,403	₱16,033,936

d. On December 19, 2014, PDIPI entered into a trademark licensing agreement with General Cable Technologies Corporation (GC) wherein GC will grant a perpetual and exclusive license to PDIPI to use the Phelps Dodge trademark in the manufacture and sale of wires and cables in the Philippines. On the same date, PDP Energy entered into a distributor and representative agreement with General Cable Industries Inc. (GC) which provides, among others, the exclusive distributor, reseller and representative for the sale of GC products to customers within the Philippines.

30. **Other Matters**

a. ASAC is a founding member of the Federation of Aviation Organizations of the Philippines (FEDAVOR) since 1986. In 2005, FEDAVOR won a Supreme Court case against MIAA involving its imposition of higher rates for rental and other services without a public hearing. ASAC accrued its share in FEDAVOR's legal expenses in 2006. In 2009, MIAA filed and subsequently won their motion for reconsideration with the Court of Appeals ruling that all refunds have to be coursed through the Commission on Audit. As of December 31, 2015, the refund process has remained pending.

With no quick resolution in sight and in view of the change in the MIAA administration, ASAC had planned to enter into a new lease contract with the MIAA, with ASAC as the lessor and IAI as sublessor. However, due to the MIAA's denial of its request to modify and/or delete the onerous provisions contained in the contract, ASAC decided to withdraw its lease application in late 2013 and is now back to sublessee status. ASAC recognized accruals amounting to ₱1.14 million as of December 31, 2015 and 2014 for the Concessionaire's Privilege Fees which covers the subleasing that the MIAA is set to bill ASAC.

b. ASAC is a defendant in labor lawsuits and claims. As of December 31, 2015 and 2014, management has recognized provisions for losses amounting to ₱5.72 million (see Note 17) that may be incurred from these lawsuits.

c. SSRLI has commitments, litigations and contingent liabilities that arise in the normal course of the SSRLI's operations which are not reflected in the consolidated financial statements. Management is of the opinion that as of December 31, 2015 and 2014, losses, if any, from these commitments and contingencies will not have a material effect on the consolidated financial statements.

31. **Subsequent Events**

On March 2, 2016, the BOD of Anscor approved the appropriation from unrestricted retained earnings the amount of ₱100.0 million. The appropriated retained earnings will be used for Anscor's investment program within the next three years on investment programs related to the services sector, tourism and manufacturing which operations are based within and outside the Philippines.

On the same date, Anscor's BOD approved the declaration of cash dividends amounting to ₱500.0 million (₱0.20 per share) to stockholders of record as of March 23, 2016, which will be paid on April 20, 2016.

SGV
Building a better working world

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BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
A. Soriano Corporation
7th Floor, Pacific Star Building
Makati Avenue corner Gil Puyat Avenue Extension
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of A. Soriano Corporation and Subsidiaries as at December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015, included in this Form 17-A, and have issued our report thereon dated March 2, 2016. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011), and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Julie Christine O. Mateo

Julie Christine O. Mateo
Partner
CPA Certificate No. 93542
SEC Accreditation No. 0780-AR-2 (Group A),
May 1, 2015, valid until April 30, 2018
Tax Identification No. 198-819-116
BIR Accreditation No. 08-001998-68-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5321675, January 4, 2016, Makati City

March 2, 2016

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS (Note 1)
FOR THE YEAR ENDED DECEMBER 31, 2015
(Amounts in PHP)

Name of issuing Entity and association of each issue	Number of shares or Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet	Value Based on Market Quotations at end of reporting period	Income received & Accrued (Note 2)
FVPL INVESTMENTS				
BONDS	**Face Amount**	**Amount in PHP**	**Amount in PHP**	**Amount in PHP**
BPI(ASF)-Phil High Div Equity Fund(PHDEF)-Peso		646,551	646,551	26,665
BS-Agricola Senior Trust 6.75% 180620-USD	$ 300,000	14,082,705	14,082,705	25,658
BS-Agromercantil SR 6.25% 100419-USD	$ 300,000	14,890,569	14,890,569	914,198
BS-Alfa Bank 6.3% 220217-USD	$ 200,000	9,458,962	9,458,962	271,994
BS-Banco Bilbao Vizcaya ARG 9% 290549 Perp-USD	$ 200,000	10,094,370	10,094,370	892,794
BS-Banco Do Brasil(Cayman) 9% 311249 Perp-USD	$ 300,000	9,233,172	9,233,172	(2,880,764)
BS-Bank of Baroda 6.625% 250522-USD	$ 300,000	14,527,422	14,527,422	990,936
BS-Braskem Finance Ltd. 6.45% 030224-USD	$ 300,000	11,887,356	11,887,356	(1,345,111)
BS-Cemex Finance LLC 6% 010424-USD	$ 300,000	12,014,418	12,014,418	(1,917,556)
BS-China Oil 5.25% 250418-USD	$ 300,000	13,482,690	13,482,690	289,460
BS-Citigroup Inc 5.875% 291249 Perp-USD	$ 500,000	23,235,875	23,235,875	(120,679)
BS-Colombia Telecom SA 5.375% 270922-USD	$ 400,000	17,035,720	17,035,720	(321,145)
BS-Deutsche Bank AG 7.5% 291249-USD	$ 200,000	9,082,580	9,082,580	62,516
BS-Emerging Market Floating rate 250619-RUB	RUB 8,727,000	55,837	55,837	321,892
BS-Esal GMBH 6.25% 050223-USD	$ 300,000	12,494,430	12,494,430	(31,654)
BS-First Gen Corporation 6.5% 091023-USD	$ 400,000	19,671,080	19,671,080	950,548
BS-JPMorgan Chase 7.9% 300449 callable 300418-USD	$ 200,000	9,553,180	9,553,180	(125,216)
BS-Meiji Yasuda Life Insurance 5.2% 201045-USD	$ 300,000	14,435,655	14,435,655	22,649
BS-Mersin Ulus Liman 5.875% 120820-USD	$ 250,000	12,036,772	12,036,772	179,299
BS-Mitra Pinasthika Mustika 6.75% 190919-USD	$ 200,000	8,776,690	8,776,690	87,428
BS-Myriad Int Holding(MIH) BV 6% 180720-USD	$ 300,000	13,923,878	13,923,878	(473,062)
BS-OAS Investments GMBH 8.25% 191019-USD	$ 500,000	1,294,150	1,294,150	(7,455,620)
BS-Petrobas Global Finance 4.875% 170320-USD	$ 200,000	7,030,764	7,030,764	(653,769)
BS-Petrobas Intl Finance Co 5.375% 270121-USD	$ 300,000	10,475,556	10,475,556	(605,037)
BS-RBS 13.125% 190322-AUD	AUD 290,000	10,957,428	10,957,428	603,827
BS-Royal Capital BV 6.25% 290549 Perp-USD	$ 785,000	37,265,343	37,265,343	2,369,534
BS-Royal Capital 5.5% 291249 Perp-USD	$ 555,000	25,400,047	25,400,047	(119,799)
BS-Softbank Group Corp 5.375% 300722-USD	$ 300,000	14,216,826	14,216,826	92,596
BS-TBG Global PTE 4.625% 030418-USD	$ 300,000	13,729,755	13,729,755	653,769
BS-Telfonica Celuar 6.75% 131222-USD	$ 300,000	13,588,575	13,588,575	(263,371)
BS-Theta Capital PTE Ltd 7% 110422-USD	$ 300,000	13,292,097	13,292,097	37,767
BS-Vale Overseas Limited 4.625% 150920-USD	$ 300,000	11,682,645	11,682,645	(2,060,693)
BS-Wachovia Cap. Trust III 5.56975% 290349-USD	$ 500,000	22,671,155	22,671,155	143,418
BPI-EDC 2021 6.5% 012021-USD	$ 500,000	25,665,556	25,665,556	1,789,831
BPI(ASF)-AC-Bond 4.36% 11/23/19-PHP	PHP 2,200,000	2,324,753	2,324,753	226,172
BPI(ASF)-Globe Binds 4.60% 090117-PHP	PHP 1,500,000	1,537,719	1,537,719	92,274
BPI(ASF)-Globe Bond 3.91% 071720-PHP	PHP 1,000,000	1,026,959	1,026,959	76,352
BPI(ASF)-Petron Cor 7.00% 111017-PHP	PHP 8,000,000	8,093,680	8,093,680	455,440
APHI-EDCPM	$ 200,000	10,311,599	10,311,599	-
		481,184,519	**481,184,519**	**(6,796,458)**
FUNDS AND EQUITIES	**No. of Units**	**Amount in PHP**	**Amount in PHP**	**Amount in PHP**
BPI(ASF)-BPI Equity Fund (BPI EQ)-Peso	11,035	862,165	862,165	33,085
BPI(ASF)-Phil High Div Equity Fund(PHDEF)-Peso	14,117	937,226	937,226	26,665
BPI-BPI Equity Fund(BPI EQ)-USD	15,373	2,093,717	2,093,717	(206,193)
BPI-Phil. High Div. Equity Fund(PHDEF)-USD	19,666	2,345,564	2,345,564	45,679
BPI-EDC 2021 6.5% 012021-USD	-	113,442	113,442	
		6,352,114	**6,352,114**	**(100,763)**
OTHERS	**No. of Units/Face Amount**	**Amount in PHP**	**Amount in PHP**	**Amount in PHP**
BPI(ASF)-Ayala Corp. Pref. B-Peso	15,000	7,975,000	7,975,000	255,000
BPI(ASF)-fgen Pref 8% 7.25.18-PHP	45,000	5,355,001	5,355,001	105,000
BPI(ASF)-Globe Preferred-Php	15,000	8,110,000	8,110,000	410,000
		21,440,001	**21,440,001**	**770,000**
TOTAL - FVPL INVESTMENTS		**508,976,634**	**508,976,634**	**(6,127,220)**

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS (Note 1)
FOR THE YEAR ENDED DECEMBER 31, 2015
(Amounts in PHP)

Name of issuing Entity and association of each issue	Number of shares or Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet	Value Based on Market Quotations at end of reporting period	Income received & Accrued (Note 2)
AFS INVESTMENTS				
QUOTED EQUITY SHARES	**No. of Shares**	**Amount in PHP**	**Amount in PHP**	**Amount in PHP**
Aboitiz Power Corporation	21,454,770	894,663,909	894,663,909	45,108,226
Bloomberry Resorts Corporation	58,713,200	266,557,928	266,557,928	1,956,995
Holcim Philippines, Inc.	1,825,488	25,994,949	25,994,949	2,030,556
I C T S I	29,105,050	2,046,085,015	2,046,085,015	24,132,330
iPeople, Inc.	75,956,980	835,526,780	835,526,780	20,459,166
Max's Group, Inc.	1,945,700	38,875,086	38,875,086	-
Megawide	82,278,172	510,124,666	510,124,666	-
Melco Crown (Philippines) Resorts Corp.	14,459,400	33,112,026	33,112,026	-
Petron Corporation	61,206,400	427,832,736	427,832,736	1,822,636
SUTTON-ACMDC	608	6,202	6,202	-
ANSCORCON-ACMDC	840,173	3,419,504	3,419,504	-
		5,082,198,801	**5,082,198,801**	**95,509,909**
UNQUOTED EQUITY SHARES	**No. of Units/Face Amount**	**Amount in PHP**	**Amount in PHP**	**Amount in PHP**
ATRAM Investment Mngt Partners Corp.	-	37,500,000	37,500,000	-
Central Azuc dela Carlot	271	780	780	-
Enderun Colleges, Inc.	16,216,217	344,709,917	344,709,917	15,608,108
K S A Realty Inc	-	516,436,167	516,436,167	68,541,823
Manila Peninsula Hotels,Inc.	265,000	2,444,945	2,444,945	-
Medical Doctors, Inc.	790	79,000	79,000	223,600
PLDT Co - Pref	1,200	12,600	12,600	-
Realty Investment Inc	120,000	32,500	32,500	180,000
Direct Hotel	153,749	40,193,297	40,193,297	-
Tech Venture	-	98,220,924	98,220,924	-
Navergar 1 GP Ltd (Citco)	-	25,598,043	25,598,043	-
Leopard Capital Cambodia	525	10,781,537	10,781,537	-
ANSCORCON-Meralco	636	203,520	203,520	-
ANSCORCON-PLDT Preferred	400	4,368	4,368	-
APHI-BPI USFF	307	1,568,556	1,568,556	-
APHI-WT JAPEFT	585	1,403,485	1,403,485	-
APHI-WTHEDJETF	470	1,216,501	1,216,501	-
CirrusGlobal-Ym Abs	-	47,060,000	47,060,000	-
		1,127,466,140	**1,127,466,140**	**84,553,531**
BONDS	**Face Amount**	**Amount in PHP**	**Amount in PHP**	**Amount in PHP**
BS-ABJA Investment Co(Tata Steel) 5.95% 310724-USD	$ 200,000	7,847,255	7,847,255	529,128
BS-African Export-Import Bank 4.75% 290719	$ 250,000	12,080,655	12,080,655	538,000
BS-Eurasian Development Bank 5% 260920-USD	$ 200,000	9,353,175	9,353,175	407,957
BS-Eurochem M&C OJSC Via 5.125% 121217-USD	$ 300,000	14,118,000	14,118,000	641,065
BS-Filinvest Development Co. 4.25% 020420-USD	$ 500,000	23,441,763	23,441,763	1,136,200
BS-Gazprom (Gaz Capital SA) 4.95% 190722-USD	$ 300,000	13,217,272	13,217,272	764,007
BS-IDBI Bank Ltd 5% 250919-USD	$ 300,000	14,597,165	14,597,165	669,011
BS-International Bank of AZ 5.625% 110619-USD	$ 300,000	12,812,085	12,812,085	733,818
BS-MTS International Funding Ltd 5%-USD	$ 200,000	8,682,570	8,682,570	395,406
BS-National Savings Bank 5.15% 100919-USD	$ 300,000	13,059,150	13,059,150	674,463
BS-Norddeutsche LandesBank 6.25% 100424-USD	$ 400,000	18,588,700	18,588,700	1,138,446
BS-Office Cherifien Des PHO 5.625% 250424-USD	$ 300,000	14,188,590	14,188,590	734,034
BS-Pertamina PT 5.25% 230521-USD	$ 500,000	23,388,820	23,388,820	1,144,810
BS-Pertamina PT 6% 030542-USD	$ 300,000	7,729,605	7,729,605	78,498
BS-Perusahaan Listrik Negar 5.5% 221121-USD	$ 500,000	23,977,070	23,977,070	1,192,822
BS-SM Investments Corp 4.25% 171019-USD	$ 500,000	23,706,475	23,706,475	951,632
BS-Turkcell Iletisim Hizmetleri 5.75% 151025-USD	$ 300,000	13,553,280	13,553,280	144,143
BS-Turkiye IS Bankasi AS 5% 250621-USD	$ 200,000	9,129,640	9,129,640	433,006
BS-VTB Bank(VTB Capital) 6.95% 171022-USD	$ 200,000	8,929,635	8,929,635	603,567

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS (Note 1)
FOR THE YEAR ENDED DECEMBER 31, 2015
(Amounts in PHP)

Name of issuing Entity and association of each issue	Number of shares or Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet	Value Based on Market Quotations at end of reporting period	Income received & Accrued (Note 2)
BS-Yapi Ve Kredi Bankasi 5.5% 061222-USD	$ 500,000	22,412,325	22,412,325	1,314,532
IPAlliance Global Group 6.5% 180817-USD	$ 500,000	24,580,144	24,580,144	1,495,474
BPI-BDO 3.875% 220416-USD	$ 1,000,000	47,184,238	47,184,238	2,214,381
BPI-BDO 4.50% 02/16/17-USD	$ 393,000	18,892,583	18,892,583	807,582
BPI-FIRPACM 6.00% 06/28/19-USD	$ 1,610,000	80,522,469	80,522,469	3,889,439
BPI-FIRPACM 4.50% 041623-USD	$ 1,000,000	46,471,279	46,471,279	2,452,931
BPI-Hana Bank 2016 4.00% 11/03/16-USD	$ 200,000	9,601,840	9,601,840	374,488
BPI-Hutchison Whampoa 7.625% 040919-USD	$ 4,000,000	21,837,534	21,837,534	806,444
IP-ICTSI 7.375% 031120-USD	$ 1,350,000	72,179,475	72,179,475	4,054,817
IP-PLDT 2017 8.35%-USD	$ 100,000	5,054,291	5,054,291	317,989
BPI-RCBC 5.25% 01/31/17-USD	$ 300,000	14,541,540	14,541,540	716,761
BPI-SECB-BNDM 3.95% 020320-USD	$ 500,000	24,030,013	24,030,013	817,886
BPI-SMIC-BNDM 4.25% 101719	$ 1,390,000	65,904,655	65,904,655	2,940,874
IP-SMIC 5.5% 131017-USD	$ 528,000	25,908,179	25,908,179	1,370,991
BPI(ASF)-Manila North 4.06% 33114-PHP	PHP 380,000	389,596	389,596	15,413
BPI(ASF)-PSB-USN 4.40% 08/23/24-PHP	PHP 1,000,000	1,000,000	1,000,000	44,000
BPI(ASF)-RCBC-USN 4.30% 9/27/24-PHP	PHP 5,100,000	5,100,000	5,100,000	243,175
BPI(ASF)-SMIC Bond 4.24% 05/19/21-PHP	PHP 10,000,000	10,000,000	10,000,000	396,743
SKI Construction Group, Inc.	-	82,906,037	82,906,037	-
APHI-MetroBank	$ 200,000	9,564,945	9,564,945	-
APHI-First pacific	$ 300,000	15,004,186	15,004,186	-
APHI-BDO USN	$ 93,000	4,470,764	4,470,764	-
APHI-SMIC BNDM 10/17/19	$ 360,000	17,068,831	17,068,831	-
APHI-ROPM	$ 195,000	10,425,924	10,425,924	-
		907,451,753	**907,451,753**	**37,183,933**
FUNDS AND EQUITIES	**No. of Units**	**Amount in PHP**	**Amount in PHP**	**Amount in PHP**
Rohatyn Global (class B & S2)	-	743,932	743,932	-
IA-Ascendas India Dev'e Trust-SGD	600,000	11,951,706	11,951,706	-
BS-BGF-Global Multi Asset Income Fund-USD	47,939	21,838,006	21,838,006	-
BS-Lloyds Banking Group PLC-GBP	130,000	6,714,660	6,714,660	-
BS-Longlobal-Singapore Dividend Equity Fund-SGD	301,051	9,141,985	9,141,985	-
BS-PIMCO Funds Ireland PLC-Cap Sec Fund E-USD	29,674	13,699,068	13,699,068	-
BS-Robeco Capital Growth Funds-US Select-USD	1,488	13,886,925	13,886,925	-
BS-Wellington Mngt Portfolios-Global Health-USD	6,993	9,714,764	9,714,764	-
BPI-Wisdon Tree Hedge Equity(WTHEDJETF)-USD	2,850	7,376,655	7,376,655	-
BPI-Wisdomtree Japan ETF(WTJAPETF)-USD	5,343	12,818,492	12,818,492	-
MS-UBS USD Autocallable Stk-USD	-	266,500	266,500	-
APHI-PLDT Series Y 10% Cumm. Pref.	4,200	46,452	46,452	-
APHI-PLDT Series BB 10% Cumm. Pref.	1,200	13,248	13,248	-
		108,212,393	**108,212,393**	**-**
PROPRIETARY SHARES	**No. of Shares**	**Amount in PHP**	**Amount in PHP**	**Amount in PHP**
Canlubang Golf & Country Club	2	1,600,000	1,600,000	-
Celebrity Sports Plaza	1	110,000	110,000	-
Fuego Development Corporation	1	803,250	803,250	-
Manila Golf & Country Club	3	156,000,000	156,000,000	-
Manila Polo Club	1	12,500,000	12,500,000	-
Matabungkay Beach Resort	1	15,000	15,000	-
Metropolitan Club	1	275,000	275,000	-
Orchard Golf & Country Club	2	100,000	100,000	-
Ridge Country Club	1	10,000	10,000	-
Sta Elena Properties'A'	3	9,000,000	9,000,000	-
Valle Verde Country Club	4	400,000	400,000	-
PLDT	10,708	119,072	119,072	-
Makati Medical Center	300	5,000	5,000	-
Orchards Golf Club "A"	1	90,000	90,000	-
Alabang Country Club "A"	2	5,600,000	5,600,000	-

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS (Note 1)
FOR THE YEAR ENDED DECEMBER 31, 2015
(Amounts in PHP)

Name of issuing Entity and association of each issue	Number of shares or Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet	Value Based on Market Quotations at end of reporting period	Income received & Accrued (Note 2)
Club Filipino	1	180,000	180,000	-
Cresta Del Mar	1	68,000	68,000	-
Makati Sports Club "A"	1	400,000	400,000	-
Philippine Village Resort	1,000	5,000	5,000	-
Valle Verde Country Club	3	1,200,000	1,200,000	-
Valley Golf Club	1	170,000	170,000	-
Manila Southwoods "A"	1	750,000	750,000	-
Puerto Azul	1	80,000	80,000	-
Alta Vista De Cebu (Vistamar)	1	300,000	300,000	-
Camp John Hay	2	220,000	220,000	-
Tagaytay Midlands Golf Club, Inc.	1	450,000	450,000	-
		190,450,322	**190,450,322**	**-**
TOTAL - AFS INVESTMENTS		**7,415,779,409**	**7,415,779,409**	**217,247,373**
GRAND TOTAL - FINANCIAL ASSETS		**7,924,756,043**	**7,924,756,043**	**211,120,152**

Note 1 This account consists of investments that are designated as at AFS, FVPL and held-for-trading investments.

Note 2 This column includes interest income, dividends and unrealized gain/loss in market value of FVPL investments charged to income in 2015.

A. SORIANO CORPORATION
SCHEDULE B - AMOUNTS RECEIVABLE FROM OFFICERS, EMPLOYEES AND RELATED INTEREST
FOR THE YEAR ENDED DECEMBER 31, 2015

Name of Debtors	Beginning Balance	Additions	Collections	Current	Not Current	Ending Balance
CAGUITLA, Emmanuel	680,336	-	153,088	527,248	-	527,248
MNALO, Emilio	645,888	-	152,320	493,568	-	493,568
RIVERA, Ariel	522,256	30,000	143,088	409,168	-	409,168
SANTIAGO, Chevy	176,288	305,693	182,965	299,017	-	299,017
NAVARRA, Sammy	-	272,139	-	272,139	-	272,139
DANJALA, Arnel	345,360	-	150,000	195,360	-	195,360
RESMA, Mark	257,088	605,012	674,850	187,250	-	187,250
ESGUERRA, Anthony	237,940	-	63,269	174,670	-	174,670
SONZA, Arlene	-	137,853	-	137,853	-	137,853
SYJUCO, Michael Glenn	141,400	246,700	276,200	111,900	-	111,900
REYES, Rosalina	99,055	838,763	843,868	93,951	-	93,951
PENULLAR, Benigno	109,852	206,038	225,895	89,996	-	89,996
REYES, Joseph Albert	170,530	285,763	368,080	88,213	-	88,213
BUHION, Salome M.	134,553	349,134	403,574	80,113	-	80,113
CUTIONGCO, Hazel B.	96,102	43,500	67,755	71,847	-	71,847
LIM, Rogelio	669,674	30,000	628,186	71,488	-	71,488
NOTO, Joseph	98,840	85,000	116,340	67,500	-	67,500
LEGASPI, Jason	80,000	90,500	106,500	64,000	-	64,000
HIPOS, Annabellee G.	78,329	125,438	140,379	63,388	-	63,388
MANALOTO, Joven	12,917	67,000	19,917	60,000	-	60,000
DONATO, Jose	16,250	67,000	23,250	60,000	-	60,000
CLAVEL, Omar	23,333	67,000	30,917	59,416	-	59,416
OLIDAR, Allan	26,667	60,000	32,500	54,167	-	54,167
NARCISO, Jerome	23,333	60,000	31,667	51,667	-	51,667
MONTERO, Michael	-	51,410	-	51,410	-	51,410
BAIS, Arnold	12,500	90,000	51,667	50,833	-	50,833
ACUZAR, Michael	158,539	386,072	493,881	50,731	-	50,731
YANGGO, Herma	17,085	60,000	29,218	47,867	-	47,867
JARDINE, Chrisian	-	158,383	110,883	47,500	-	47,500
GATPO, Cesay	-	47,030	-	47,030	-	47,030
PENARANDA, Dinagen	-	45,928	-	45,928	-	45,928
MACAPULAY, Alden	45,695	-	-	45,695	-	45,695
POLINTAN, Renato	30,000	45,000	33,167	41,833	-	41,833
LACSINA, Jeffrey	-	57,000	15,333	41,667	-	41,667
MANALILI, Roderick	25,000	37,000	20,417	41,583	-	41,583
FABELLO, Patrick	41,974	133,200	136,174	39,000	-	39,000
CASTRO, Joshua	600	44,271	7,500	37,370	-	37,370
NUNAG, Ronaldo	24,167	37,000	25,334	35,833	-	35,833
TACTAY, Juelda	72,672	93,539	130,584	35,627	-	35,627
MORENO, Gilbert	-	204,000	169,067	34,933	-	34,933
PEREZ, Bladimer	8,333	45,000	19,166	34,167	-	34,167
SANTOS, Claudine N.	12,920	181,700	160,700	33,920	-	33,920
MALIHAN, Anthony	2,500	37,000	5,750	33,750	-	33,750
CUNANAN, Edcel	36,979	118,200	121,846	33,333	-	33,333
VELASCO, Andrew	42,648	440,000	449,450	33,198	-	33,198
LABAY, Veronica	93,000	60,000	120,947	32,053	-	32,053
JUGO, Reden	20,866	37,000	25,866	32,000	-	32,000
MENDOZA, Wendell	25,833	30,000	25,833	30,000	-	30,000
DUMANDAN, Analyn	18,000	30,000	18,000	30,000	-	30,000
NUNAG, Joemark	14,416	30,000	14,416	30,000	-	30,000
TUCAQUI, Loreto	11,250	45,000	26,250	30,000	-	30,000
BATENGA, Raymund	26,667	30,000	26,667	30,000	-	30,000
BACANI, Maureen	29,648	-	-	29,648	-	29,648
CABUSAO, Joel	10,375	30,000	11,209	29,166	-	29,166
BARTOLOME, LEAH	-	67,800	38,800	29,000	-	29,000
LACTAOTAO, Sander	28,750	37,000	37,000	28,750	-	28,750
MALLARI, Richard Felix	28,750	28,000	28,000	28,750	-	28,750
MENDOZA, Ricky	17,500	30,000	18,750	28,750	-	28,750
ESTRELLA, Jason	470	478,669	451,102	28,037	-	28,037
LUPERA, Karl Lawrence	17,500	30,000	19,999	27,501	-	27,501
BALANDITAN, Walter	10,000	30,000	12,500	27,500	-	27,500
TRAYA, Cherrie Mae	-	30,000	2,500	27,500	-	27,500

A. SORIANO CORPORATION
SCHEDULE B - AMOUNTS RECEIVABLE FROM OFFICERS, EMPLOYEES AND RELATED INTEREST
FOR THE YEAR ENDED DECEMBER 31, 2015

Name of Debtors	Beginning Balance	Additions	Collections	Current	Not Current	Ending Balance
VILLANUEVA, Lorena	21,500	30,000	24,417	27,083	-	27,083
CLAVERIA, Rolando	25,000	37,000	35,333	26,667	-	26,667
GAPAY, Gayford	27,500	30,000	31,250	26,250	-	26,250
ABUY, Deuel	15,000	30,000	19,167	25,833	-	25,833
FERNANDEZ, analyn	26,250	37,000	37,550	25,700	-	25,700
SALVADOR, Muhammad	7,258	60,000	42,258	25,000	-	25,000
SANTOS, Jonathan	28,333	30,000	33,333	25,000	-	25,000
BAJAO, Rolando Danilo	17,000	36,400	28,400	25,000	-	25,000
FRIAS, Noly	20,000	30,000	25,000	25,000	-	25,000
GADEN, Nicanor	21,833	37,000	33,833	25,000	-	25,000
FLORES, Rommel	19,042	30,000	24,042	25,000	-	25,000
MALACASTE, Jay	88,979	125,000	188,979	25,000	-	25,000
CALMA, Homer	30,000	30,000	35,625	24,375	-	24,375
MAGBAG, Jane	6,000	30,000	12,000	24,000	-	24,000
PACHECO, Jesser	26,250	30,000	32,500	23,750	-	23,750
QUIBALLO, Rhandel	20,000	30,000	26,250	23,750	-	23,750
ESCOTO, Erwin	15,958	37,000	29,458	23,500	-	23,500
BERINGUEL, Vivian	85,250	37,500	99,458	23,292	-	23,292
DAVID, Mary Jeane	16,100	37,000	29,850	23,250	-	23,250
LUZANO, Robertson	20,556	30,000	27,431	23,125	-	23,125
CAPIT, Ariel	23,750	30,000	31,250	22,500	-	22,500
MAGAWAY, Pedro	33,333	30,000	40,833	22,500	-	22,500
ESPINO, Cristobal	11,667	30,000	19,167	22,500	-	22,500
OROZCO, Emelinda P.	64,305	8,907	50,935	22,277	-	22,277
MENDOZA, Romano	-	22,250	-	22,250	-	22,250
GULMAYO, Franklin Alfie	-	39,600	17,490	22,110	-	22,110
LUMIBAO, Rhea	23,083	30,000	31,417	21,667	-	21,667
BALAGTAS, Victoria	20,833	30,000	29,167	21,666	-	21,666
DUNAGO, Anita	29,527	30,000	37,917	21,610	-	21,610
DIAZ, Michael	19,042	30,000	27,458	21,583	-	21,583
SANTOS, Jefrey	-	36,000	14,521	21,479	-	21,479
COBARIA, Joselito	27,833	37,000	43,458	21,376	-	21,376
PANELO, Rolando	15,833	30,000	24,583	21,250	-	21,250
VALERIO, Janette M.	13,750	134,500	127,570	20,680	-	20,680
ASIO, Delmar	16,875	30,000	26,875	20,000	-	20,000
BRUNO, Rachel	9,992	30,000	19,992	20,000	-	20,000
CANLAS, Ranilo	23,750	30,000	33,750	20,000	-	20,000
CAPAN, Danilo	17,500	37,000	34,500	20,000	-	20,000
DUPITAS, Gilbert	747	242,007	223,375	19,378	-	19,378
GUTIERREZ, Mario	30,000	37,000	47,667	19,333	-	19,333
GARCIA, Raffy	30,000	30,000	40,718	19,282	-	19,282
BUSRAN, Hussien	23,412	37,000	41,412	19,000	-	19,000
AYRO, Jensyl	23,500	37,500	42,292	18,708	-	18,708
TARING, Ghemar	11,667	30,000	23,111	18,556	-	18,556
FALCO, Beltran	-	18,508	-	18,508	-	18,508
PEDROSA, Jay	21,250	30,000	32,917	18,333	-	18,333
CRESECIA, Rowena	30,000	30,000	41,900	18,100	-	18,100
LEE, ISMAEL	29,167	30,000	41,167	18,000	-	18,000
PEREZ, Joseph	18,000	60,000	60,047	17,953	-	17,953
CUREG, Joferson	5,000	30,000	17,500	17,500	-	17,500
LAYUG, Samuel	-	30,000	13,222	16,778	-	16,778
RAMOS, Mario	16,667	-	-	16,667	-	16,667
FIGUEROA, Jimmy	14,889	30,000	28,222	16,667	-	16,667
AGUAS, Eduard Jon	12,500	30,000	25,833	16,667	-	16,667
SALVADOR, Rennier	11,667	30,000	25,300	16,367	-	16,367
CABOTAGE, Mia	-	16,231	-	16,231	-	16,231
COLOMA, Errol	12,333	30,000	26,500	15,833	-	15,833
AIS, Joanalyn	-	30,000	14,250	15,750	-	15,750
CARDENAS, Rhizza	21,408	368,000	374,039	15,369	-	15,369
AUILAR, Angelie	35,000	35,019	55,000	15,019	-	15,019
PANGILINAN, Julius	6,228	15,000	6,228	15,000	-	15,000
GALLANO, Angelie	-	75,713	60,713	15,000	-	15,000

A. SORIANO CORPORATION
SCHEDULE B - AMOUNTS RECEIVABLE FROM OFFICERS, EMPLOYEES AND RELATED INTEREST
FOR THE YEAR ENDED DECEMBER 31, 2015

Name of Debtors	Beginning Balance	Additions	Collections	Current	Not Current	Ending Balance
RUBIANO, Jay Martin	1,282	30,000	16,282	15,000	-	15,000
CADIANG, Jessie	1,250	30,000	16,250	15,000	-	15,000
LAXAMANA. Lheo	-	30,000	15,000	15,000	-	15,000
GINESE, Pedrally	4,166	30,000	19,167	15,000	-	15,000
TUMANG, Joenar	51,666	-	37,084	14,583	-	14,583
SAHAGUN, Joel	16,667	30,000	32,500	14,167	-	14,167
BANIQUED, Rustan	21,250	30,000	37,083	14,167	-	14,167
ADAOAG, Antonio	24,484	30,000	40,318	14,167	-	14,167
DELA CRUZ, Vernon John	21,250	37,000	44,167	14,083	-	14,083
VICTORIANO, Ricardo	41,166	60,000	87,134	14,033	-	14,033
VILLACERAN, Ayra	25,294	30,000	41,294	14,000	-	14,000
RIVERA, Ronard	11,250	30,000	27,375	13,875	-	13,875
GUTIERREZ, Bernadette	27,333	30,000	43,583	13,750	-	13,750
MONSANTO, Grazilde	26,663	30,000	43,330	13,333	-	13,333
DATANG, Jesus	13,125	37,000	37,000	13,125	-	13,125
VERGARA, Loui	29,167	30,000	46,250	12,917	-	12,917
SANGCO, Jestrael	3,750	30,000	21,083	12,667	-	12,667
DE GUZMAN, Jerry	13,750	37,000	38,250	12,500	-	12,500
PERALTA, Sheryl	-	30,000	17,500	12,500	-	12,500
AGUSTIN, Oscar	1,250	30,000	18,750	12,500	-	12,500
OCAMPO, Gerald	31,666	-	19,167	12,499	-	12,499
GUTIERREZ, Jennifer	6,250	30,000	23,917	12,333	-	12,333
JIMENEZ, Victor	29,167	30,000	46,833	12,333	-	12,333
TIANGHA, Remz	-	12,292	-	12,292	-	12,292
BENITEZ, Napoleon	12,500	30,000	30,300	12,200	-	12,200
GRANADOZIN, Ruben	10,333	30,000	28,375	11,958	-	11,958
AFABLE, Raffy	11,364	-	-	11,364	-	11,364
MUERTEGUE, Salve	15,000	37,000	40,750	11,250	-	11,250
CARREON, Ma. Cristina	26,666	-	15,833	10,833	-	10,833
OCAMPO, Reichel	12,500	30,000	31,667	10,833	-	10,833
PASCUA, Christine	-	116,140	105,364	10,777	-	10,777
GUTIERREZ, Manrico	140,823	30,000	160,373	10,450	-	10,450
RONALDO, Maureen	-	72,500	62,261	10,240	-	10,240
FERNANDEZ, Joselito B.	-	18,000	7,800	10,200	-	10,200
MONSONES, Kelvin	10,144	-	-	10,144	-	10,144
NABONG, Michael	1,666	30,000	21,666	10,000	-	10,000
PINEDA, Atornino	10,000	-	-	10,000	-	10,000
VARIOUS (below P20,000)	2,428,390	3,368,158	4,054,525	1,742,023	-	1,742,023
	9,854,176	14,483,962	15,689,243	8,648,895	-	8,648,895

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE
ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

		Additions						Transactions		Terms		
Name and Designation of Debtor	Balance at Beginning of Period	Newly Consolidated Subsidiaries	Advances	Amounts Collected	Current	Non Current	Balance at End of Period	Nature	Amount	Interest Rate	Payment Terms	Others
A. SORIANO CORPORATION RECEIVABLES FROM ITS SUBSIDIARIES												
Anscor Property Holdings, Inc.	4,673,321		13,445,249	17,848,386	270,184	-	270,184	working capital	13,445,249		non-interest bearing	
Seven Seas Resorts & Leisure Inc.	32,012		661,787	561,683	132,116	-	132,116	working capital	661,787		non-interest bearing	
Pamalican Resorts Inc.	505,583		2,190,486	2,176,547	519,522	-	519,522	management fee & others	2,190,486		non-interest bearing	management fee amounting to $4,000/month
A. Soriano Air Corporation	2,306	-	5,000,000	-	5,000,000	2,306	5,002,306	working capital	5,000,000		non-interest bearing	
A. Soriano Aviation Inc.	(68,895)	-	2,145	4,000	-	(70,750)	(70,750)	working capital	2,145		non-interest bearing	
Sutton Place Holdings, Inc.	316,239	-	-	-	-	316,239	316,239	working capital	-		non-interest bearing	
Anscor Consolidated Corporation	132,844,310		961,351,341	181,664,667	912,530,984	-	912,530,984	dividends & working capital	961,351,341		non-interest bearing	
Phelps Dodge Philippines Energy Corporation	23,816,431		85,025,856	86,734,816	22,107,471	-	22,107,471	management fee & others	85,025,856		non-interest bearing	annual management fees amounting toP7.2 million plus certain percentages of audited income before tax and technical assistance fees.
Cirrus Medical Staffing, Inc.	56,400	-	-	-	-	56,400	56,400	working capital & investments	-		non-interest bearing	
Cirrus Global, Inc.	(1,948,526)	-	-	183,257	(183,257)	(1,948,526)	(2,131,783)	working capital & investments	-		non-interest bearing	
Anscor International, Inc.	3,258,905,585	-	60,091,008	81,403,839	60,091,008	3,177,501,746	3,237,592,754	working capital & investments	60,091,008		non-interest bearing	
	3,419,134,766	**-**	**1,127,767,872**	**370,577,195**	**1,000,468,028**	**3,175,857,415**	**4,176,325,443**					
RECEIVABLES BETWEEN PARENT/SUBSIDIARIES												
A. SORIANO AIR CORP. (Conso)												
Pamalican Resort Inc. (ASAC direct receivables)	(222,749)	-	679,829	-	457,080	-	457,080	working capital	679,829		non-interest bearing	
Pamalican Resort Inc. (IAI direct receivables)	33,673,447	-	44,233,089	58,913,571	18,992,965	-	18,992,965	Air Service	44,233,089		non-interest bearing	Fixed round trip rate, subject to an annual review with a guarantee that IAI operating costs will be covered.
Seven Seas Resorts & Leisure Inc. (PIHI direct receivables)	668,418	-	-	51,634	-	616,784	616,784	working capital	-		non-interest bearing	
	34,119,116	-	44,912,918	58,965,205	19,450,045	616,784	20,066,829					
ANSCOR CONSOLIDATED CORPORATION												
Seven Seas Resorts & Leisure Inc.	700,379	-	-	700,379	-	-	-	working capital	-		non-interest bearing	
	700,379	-	-	700,379	-	-	-					
SEVEN SEAS RESORTS & LEISURE INC. (Conso)												
Island Aviation Inc. (direct receivable of PRI)	72,182,947	-	12,076,248	31,188,501	12,076,248	40,994,446	53,070,694	working capital	12,076,248	5% per annum	payable in ten equal installments starting March 31, 2013	
Pamalican Island Holdings, Inc. (direct receivable of PRI)	19,386,476	-	-	-	-	19,386,476	19,386,476	working capital	-		non-interest bearing	
	91,569,423	-	12,076,248	31,188,501	12,076,248	60,380,922	72,457,170					
ANSCOR PROPERTY HOLDINGS INC. (Conso)												
AFC AgriBusiness	-	-	359,171	-	359,171	-	359,171	working capital	359,171		non-interest bearing	
A. Soriano Air Corporation	284,676	-	-	-	-	284,676	284,676	working capital	-		non-interest bearing	
Phelps Dodge International Products Philippines, Inc.	1,328,258		68,000	-	68,000	1,328,258	1,396,258	working capital	68,000		non-interest bearing	
Seven Seas Resorts & Leisure Inc.	221,452	-	7,533,750	7,566,985	188,217	-	188,217	consultancy fees	7,533,750		non-interest bearing	
	1,834,386	-	7,960,921	7,566,985	615,388	1,612,934	2,228,322					
Sutton Place Holdings Inc. (Conso)												

A. SORIANO CORPORATION AND SUBSIDIARIES

SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE

ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

Name and Designation of Debtor	Balance at Beginning of Period	Additions: Newly Consolidated Subsidiaries	Additions: Advances	Amounts Collected	Current	Non Current	Balance at End of Period	Transactions: Nature	Transactions: Amount	Terms: Interest Rate	Terms: Payment Terms	Terms: Others
A. Soriano Corporation (direct receivable of CGI)	1,948,526	-	183,257		183,257	1,948,526	2,131,783	working capital & investments	183,257		non-interest bearing	
Cirrus Medical Staffing - Conso (direct receivable of CGI)	1,411,220		1,997,921		1,997,921	1,411,220	3,409,141	working capital	1,997,921		non-interest bearing	
	3,359,746	-	2,181,178	-	2,181,178	3,359,746	5,540,924					
Anscor International, Inc.												
Cirrus Global, Inc. (direct receivable of Cirrus Medical Staffing)	-	-	37,648,000		37,648,000	-	37,648,000	working capital & investments	37,648,000		non-interest bearing	
	-	-	37,648,000	-	37,648,000	-	37,648,000					
	131,583,050	**-**	**104,779,265**	**98,421,070**	**71,970,859**	**65,970,386**	**137,941,245**					
PAYABLES BETWEEN PARENT/SUBSIDIARIES												
A. SORIANO AIR CORP. (Conso)												
A. Soriano Corporation	(66,589)	-	5,002,145	4,000		4,931,556	4,931,556	working capital	5,002,145	7% per annum	Until June 15, 2016	
Anscor Property Holdings, Inc,	283,805	-	871		-	283,805	284,676	working capital	871		non-interest bearing	
Seven Seas Resorts & Leisure Inc. - Conso (direct payable of IAI)	72,182,947	-	12,076,248	31,188,501	12,076,248	40,994,446	53,070,694	working capital	12,076,248	5% per annum	payable in ten equal installments starting March 31, 2013	
Seven Seas Resorts & Leisure Inc. - Conso (Direct payable of PIHI)	19,386,746	-	-	-	-	19,386,746	19,386,746	working capital	-		non-interest bearing	
	91,786,909	-	17,079,264	31,192,501	12,076,248	65,596,553	77,673,672					
ANSCOR CONSOLIDATED CORPORATION												
A. Soriano Corporation	132,844,310	-	961,351,341	181,664,667	912,530,984	-	912,530,984	dividends & working capital	961,351,341		non-interest bearing	
	132,844,310	-	961,351,341	181,664,667	912,530,984	-	912,530,984					
SEVEN SEAS RESORTS & LEISURE INC. (Conso)												
A.Soriano Corporation	537,595	-	2,852,273	2,738,230	651,638	-	651,638	working capital	2,852,273		non-interest bearing	
A. Soriano Air Corporation	(222,749)	-	679,829	-	457,080	-	457,080	working capital	679,829		non-interest bearing	
A. Soriano Air Corporation (direct payable of PRI)	33,673,447	-	44,233,089	58,913,571	18,992,965	-	18,992,965	Air Service	44,233,089		non-interest bearing	Fixed round trip rate, subject to an annual review with a guarantee that IAI operating costs will be covered.
Pamalican Island Holdings, Inc. (ASAC- Conso)	668,418	-	-	51,634	-	616,784	616,784	working capital	-		non-interest bearing	
Phelps Dodge International Products Philippines, Inc.	597,960		-	597,960	-	-	-					
Anscor Property Holdings, Inc.	221,452	-	7,533,750	7,566,985	188,217	-	188,217	consultancy fees	7,533,750		non-interest bearing	Certain fee agreed by the two parties
Anscor Consolidated Corporation	700,379		-	700,379	-	-	-	working capital	-		non-interest bearing	
	36,176,502	-	55,298,941	70,568,759	20,289,900	616,784	20,906,684					
PHELPS DODGE INTERNATIONAL PRODUCTS PHILIPPINES, INC.												
A. Soriano Corporation (direct payable of PDP Energy)	23,816,431		85,025,856	86,734,816	22,107,471	-	22,107,471	management fee & others	85,025,856		non-interest bearing	annual management fees amounting toP7.2 million plus certain percentages of audited income before tax and technical assistance fees.
	23,816,431	-	85,025,856	86,734,816	22,107,471	-	22,107,471					
ANSCOR PROPERTY HOLDINGS INC. (Conso)												
A. Soriano Corporation	4,673,321		13,445,249	17,848,386	270,184	-	270,184	working capital	13,445,249		non-interest bearing	
	4,673,321	-	13,445,249	17,848,386	270,184	-	270,184					
SUTTON PLACE HOLDINGS, INC. (Conso)												

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE
ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Name and Designation of Debtor	Balance at Beginning of Period	Additions		Amounts Collected	Current	Non Current	Balance at End of Period	Transactions		Terms		
		Newly Consolidated Subsidiaries	Advances					Nature	Amount	Interest Rate	Payment Terms	Others
Cirrus Medical Staffing (direct payable of CGI)	-	-	37,648,000	-	37,648,000	-	37,648,000	working capital	37,648,000		non-interest bearing	
A. Soriano Corporation	316,239	-	-	-	-	316,239	316,239	working capital	-		non-interest bearing	
	316,239	-	37,648,000	-	37,648,000	316,239	37,964,239					
Anscor International (Conso)												
A. Soriano Corporation (direct payable o f Cirrus)	56,400	-	56,400	-	56,400	56,400	112,800	working capital & investments	56,400		non-interest bearing	
A. Soriano Corporation (direct payable of AI)	3,258,905,585	-	57,774,218	7,413,167	57,774,218	3,251,492,418	3,309,266,636	working capital & investments	57,774,218		non-interest bearing	
Cirrus Global, Inc. (Sutton - Conso)	1,411,220		1,997,921	-	1,997,921	1,411,220	3,409,141	working capital	1,997,921		non-interest bearing	
	3,260,373,205	-	59,828,539	7,413,167	59,828,539	3,252,960,038	3,312,788,577					
	3,549,986,917	**-**	**1,229,677,190**	**395,422,296**	**1,064,751,326**	**3,319,489,614**	**4,384,241,811**					

A. SORIANO CORPORATION AND SUBSIDIARIES

SCHEDULE D - INTANGIBLE ASSETS - OTHER ASSETS

AS OF DECEMBER 31, 2015
(Amounts in PHP)

Description	Beginning Balance	Additions at cost	Deductions: Charged to cost & expenses	Deductions: Charged to other accounts	Other Changes: Additions	Other Changes: Deductions	Ending Balance
PREPAYMENTS AND OTHER CURRENT ASSETS							
Prepaid insurance and others	78,043,758		2,861,906	-	-	-	75,181,852
Deposits	11,504,600	40,450,834	-		-	-	51,955,434
Prepaid taxes and Input VAT	11,024,060	3,062,429	-	-	-	-	14,086,489
Others	4,717,901	11,137,731		-	-		15,855,632
	105,290,319	54,650,994	2,861,906	-	-	-	157,079,407
GOODWILL							
Seven Seas Resorts and Leisure Inc.	99,330,987	-	-	-	-	-	99,330,987
Phelps Dodge International Philippines, Inc.	1,202,945,278	-	-	-	-	-	1,202,945,278
Cirrus Medical Staffing, LLC (Note 1)	517,532,432	-	-	-	32,613,518	-	550,145,950
	1,819,808,697	-	-	-	32,613,518	-	1,852,422,215
OTHER NONCURRENT ASSETS							
Fund for villa operations	45,321,429	26,545,408	-	-	-	-	71,866,837
Deposits to supplier	8,414,815	1,495,710	-	-	-	-	9,910,525
Deferred nurse cost	13,089,154	-	5,863,804	-	-	-	7,225,350
Refundable deposits	9,828,903	-	-	7,777,052	-	-	2,051,851
Others	16,191,145	-	-	4,292,090			11,899,055
Total	92,845,446	28,041,118	5,863,804	12,069,142	-	-	102,953,618

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Note 1 - Goodwill from Cirrus was increased by P32.6 million due to foreign exchange differences in 2015.

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE E - LONG-TERM DEBT
AS OF DECEMBER 31, 2015
(Amounts in PHP)

Title of issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown under caption "Current portion of long-term debt" in related balance sheet	caption "Long-term debt - net of current portion" in related balance sheet
Loan availed by Anscor:			
Bank of the Philippine Islands (Note 1)	1,905,930,000	423,540,000	1,482,390,000
Loan availed by PDP:			
BDO UNIBANK (Note 2)	1,114,285,714	171,429,000	942,856,714
Loan availed by IAI:			
Bank of the Philippine Islands (Note 3)	44,471,700	9,882,600	34,589,100
Loan availed by PRI:			
Bank of the Philippine Islands (Note 4)	33,218,946	33,218,946	-
Total	3,097,906,360	638,070,546	2,459,835,814

Note 1 - On June 24, 2013, the Company obtained a loan from a local bank amounting to US$45.0 million or P1,997.8 million to finance the additional investments in shares of stock of AG&P. The loan is payable quarterly in seven (7) years, inclusive of a 2-year grace period and bears interest equal to outstanding three month LIBOR rate plus 2.0% spread per annum. The loan is secured by pledge to the Company's investments in listed shares with market value amounting to P2,169.1 million and P4,121.9 million as of December 31, 2015 and 2014, respectively. This loan provides for certain affirmative and negative covenants, such as the use of the proceeds of the loan, maintenance at all times of the required collateral value of no less than 100% and 200% of the outstanding loan balance as at December 31, 2015 and 2014, respectively, not allow the Company's debt-to-equity ratio to exceed 1.75:1 and the Company's current ratio to fall below 1.25:1, among others. The loan agreement further provides that in the event that these ratios are violated specifically by reason of any additional indebtedness with maturity exceeding one year, the Company shall notify the bank in writing of such indebtedness.

To finance the acquisition of PDP Group, the Company secured a short-term loan with a local bank in 2014. As a result, the Company's current ratio declined as of December 31, 2014 but such decline is not considered a breach of covenants. As of December 31, 2015 and 2014, the Company is in compliance with the debt covenants.

Note 2 - In 2015, PDP Energy obtained a long-term loan with a local bank to partially refinance the short-term loan of Anscor for the acquisition of 60% ownership of GCC in PDIPI. Principal amount of the loan amounted to P1.20 billion payable in seven years (7) with annual interest of 4.5%, subject to repricing at the end of the fifth year.

PDP Energy is subject to the following negative covenants for as long as the long-term loan remains outstanding, which include, but are not limited to: (a) permitting any material change in its business or in the ownership or control of its business or in the composition of its top management; (b) incurring any indebtedness (long-term loan or borrowings) with other banks; (c) allowing declaration or payment of cash dividends to its stockholders if the debt service covenant ratio is below 1.25 times or in the event of default; (d) selling, leasing, transferring or otherwise disposing all or substantially all of PDP Energy's properties and assets; (e) extending loans, advances or subsidies to any corporation it owned other than for working capital requirements or with prior consent of the Bank; and (f) undertaking any capital expenditures or purchase additional capital equipment outside of the ordinary course of business. The long-term loan also provides that PDP Energy has to maintain a ratio of current assets to current liabilities of at least 1.0 times and debt-to-equity ratio should not be more than 2.0 times until final payment date. As at December 31, 2015, the PDP Energy is in compliance with the debt covenants.

In addition, the long-term loan is secured by the following collaterals, among others:
• Real estate mortgage over the land owned by Minuet;
• Chattel mortgage over machineries and equipment of PDP Energy and PDEI located in PDP Energy's and PDEI's premises;
• Pledge over the shares of stock for 1,121,000 shares of PDIPI held by Anscor; and
• Assignment of leasehold rentals of the properties located in PDP Energy's premises.

The long-term loan also provides for pretermination without penalty.

Note 3 - In 2014, IAI converted the short-term loan amounting to \$1.05 million (P46.56 million) to long-term loan . The term of the loan is six (6) years, inclusive of one (1) year grace period on principal payments. The loan is payable in 20 equal quarterly installments on principal repayment date commencing at the end of the first quarter of the grace period.

The loan is subject to Mortgage Trust Indenture or "MTI" dated November 29, 2005 between SSRLI and the MTI trustee (AB Capital and Investment Corporation), covering a portion of the assets of SSRLI.

The interest rate shall be equivalent to the base interest rate plus margin. The interest shall be payable quarterly in arrears computed based on the outstanding balance of the loan.

Note 4 - Loans payable of PRI amounting to US\$2.0 million (P108.0 million) and US\$1.0 million (P53.0 million) were obtained from local banks on November 29, 2005 and December 22, 2011, respectively. The US\$2.0 million loan, which was transferred from SSRLI through an execution of Deed of Assumption of Loan and Mortgage dated June 2, 2011, is subject to Mortgage Trust Indenture (MTI), covering the assets of SSRLI . Both loans have a floating interest rate per quarter equivalent to the average quarterly LIBOR plus 2% spread. The US\$2.0 million loan has a maximum term of seven (7) years, including three years grace period while the US\$1.0 million loan has a maximum term of five (5) years. Both loans are payable in 17 equal quarterly installments starting October 2012 to 2016. Current portion of loans payable amounted to P33.2 million and P31.57 million as of December 31, 2015 and 2014, respectively.

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE F - INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2015 AND 2014
(Amounts in PHP)

PARTICULARS	Balance at beginning of period	Balance at end of period
Due From:		
Multi-media Telephony, Inc. (MTI) (Notes 1)	**565,846,241**	**566,037,369**
Others	**(1,084,898)**	**1,379,709**
	564,761,343	**567,417,078**
Less Allowance for Doubtful Accounts	**564,761,343**	**564,761,343**
RECEIVABLE - NET	**-**	**2,655,735**

Note 1 In June and September 2005, the Company entered into a loan agreement with MTI for the latter to issue convertible debts to the Company. The debts, totaling US$3.0 million are payable in 270 days and bear interest at 20% per annum. Prior to the payment date, the Company has the option to convert the said debt into Vicinetum Holdings, Inc.'s (VHI) (MTI's parent company) shares of stock.

In 2006, the Company provided additional advances to MTI amounting to US$6.5 million. The advances are payable in two years and bear interest at 20% per annum. The Company has the option to convert these advances to shares of stock of MTI.

In 2007, additional ₱25.0 million advances were extended to MTI to be converted to 278,822 shares of VHI.

As of December 31, 2009, these advances were converted into deposits for future stock subscription of VHI shares.

A. SORIANO CORPORATION AND SUBSIDIARIES

SCHEDULE G - GUARANTEES OF SECURITIES OF OTHER ISSUERS

DECEMBER 31, 2015

(Amounts in PHP)

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by the Company for which this Statement is Filed	Nature of Guarantee
N A	NA	NA	NA	NA

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE H - CAPITAL STOCK
AS OF DECEMBER 31, 2015

Title of Issue	Number of Shares Authorized	Number of Shares issued & Outstanding	Number of shares Reserved for Options,Warrants Conversions & Other Rights	Number of shares Held by related parties	Directors, Officers & employees	Others
Common Stock	3,464,310,958	2,500,000,000	NA			
Treasury shares		-				
No. of shares issued (no. of shares outstanding - legal)		2,500,000,000		1,233,699,354	684,348,787	581,951,859
No. of shares held by a subsidiary (Anscor Consolidated Corporation)		(1,233,699,354) *				
No. of shares outstanding		1,266,300,646				

As of December 31, 2015 and 2014, Anscorcon holds 1,266,300,646 shares and 1,257,900,646 shares, respectively, of the Company. The total number of shares of the Company purchased by the subsidiary was 8,400,000 and 18,903,255 amounting to P55.9 million and P132.4 million in 2015 and 2014, respectively.

A. SORIANO CORPORATION AND SUBSIDIARIES
ANNEX – A
FINANCIAL INDICATORS
DECEMBER 31, 2015

Significant financial indicators of the Group are the following:

	12/31/2015	12/31/2014	12/31/2013
Book Value Per Share (Note 1)	**10.99**	11.94	10.82
Current Ratio (Note 2)	**2.14**	1.28	1.96
Interest Rate Coverage Ratio (Note 3)	**15.35**	34.64	40.08
Debt to Equity Ratio (Note 4)	**0.41**	0.41	0.24
Asset to Equity Ratio (Note 5)	**1.44**	1.44	1.27
Profit Ratio (Net Income Attributable to Equity Holdings of the Parent/Total Revenues)	**12.10%**	47.9%	38.5%
Return on Equity (Net Income/Equity Attributable to Equity Holdings of the Parent)	**9.46%**	13.8%	10.0%

Note 1 – Equity Attributable to Equity Holdings of the Parent/Outstanding Shares
Note 2 – Current Assets/Current Liabilities
Note 3 – EBIT (earnings before interest and taxes)/ total interest expense
Note 4 – Total Liabilities/Equity Attributable to Equity Holdings of the Parent
Note 5 – Total Assets/Equity Attributable to Equity Holdings of the Parent

The Key Financial Indicators of our Major Subsidiaries are the following:

PDP Energy and PDIPI

In Million Pesos

	12/31/2015	12/31/2014	12/31/2013
1. Net sales	**6,102**	6,552	5,587
2. Gross profit	**1,126**	1,123	955
3. Net income	**574**	536	434

Cirrus Group

1. Submission to lock ratio (operating statistic to evaluate recruitment)
2. Nurse/therapist retention ratio (Operating statistic to evaluate retention of nurse and therapist in the pool for staffing business.

In Thousand Pesos

	12/31/2015	12/31/2014	12/31/2013
3. Service income	**1,850,445**	1,250,017	1,201,024
4. Cost of services rendered	**1,468,253**	1,018,339	998,335
5. Net income (loss)	**108,864**	32,367	(3,670)

Seven Seas Group

In Thousand Pesos

	12/31/2015	12/31/2014	12/31/2013
1. Occupancy rate	**47.0%**	34.4%	43.1%
2. Hotel revenue	**644,509**	527,137	445,279
3. Gross operating profit (GOP)	**196,728**	56,877	58,880
4. GOP ratio	**30.5%**	11.8%	13.2%
5. Net income (loss) after tax	**166,854**	(32,294)	(16,440)

Occupancy rate is based on actual room nights sold over room nights on a 12-month period. Hotel revenues include rooms, food and beverage and other ancillary services. GOP is total revenues less direct costs and GOP ratio is GOP over total hotel revenues.

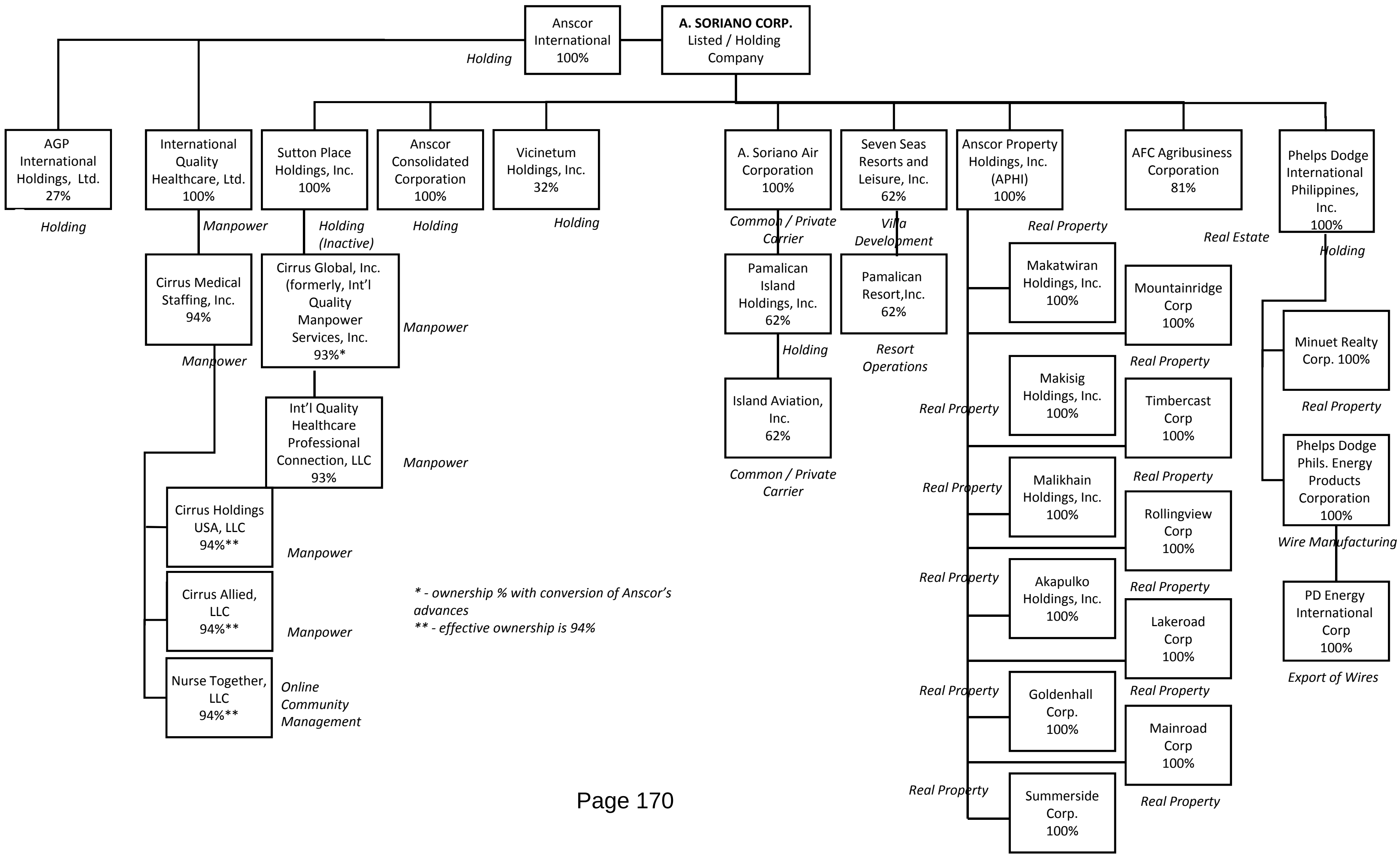
A. SORIANO CORPORATION AND SUBSIDIARIES

ANNEX B
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2015

Unappropriated retained earnings, beginning	₱2,248,905,766
Less: Net deferred tax assets recognized directly to income	(8,433,493)
Unappropriated retained earnings, as adjusted to available for dividend distribution, January 1, 2015	2,240,472,273
Net income during the period:	2,759,486,696
Less: Net increase in deferred tax assets	(19,970,644)
	2,739,516,052
Appropriation of retained earnings	(1,700,000,000)
Cash dividends declared and paid in 2015	(250,000,000)
Total retained earnings available for dividend declaration, December 31, 2015	₱3,029,988,325

Annex C – MAP

A. Soriano Corporation Group Structure



A. SORIANO CORPORATION AND SUBSIDIARIES

ANNEX - D
SCHEDULE OF ALL THE EFFECTIVE STANDARDS AND INTERPRETATIONS UNDER THE PFRS AS OF DECEMBER 31, 2015

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Amendments to PFRS 5: Changes in Methods of Disposal*	Not Early Adopted		
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓

**Standards and interpretations which will become effective subsequent to December 31, 2015.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*	Not Early Adopted		
	Amendments to PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
	Amendments to PFRS 7: Disclosures - Servicing Contracts*	Not Early Adopted		
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments*	Not Early Adopted		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures*	Not Early Adopted		
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Investment Entities			✓
	Amendments to PFRS 10: Investment Entities - Applying the Consolidation Exception*	Not Early Adopted		
	Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Not Early Adopted		
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations*	Not Early Adopted		
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Investment Entities			✓
	Amendments to PFRS 12: Investment Entities - Applying the Consolidation Exception*	Not Early Adopted		
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts			✓
IFRS 15	Revenue from Contracts with Customers*	Not Early Adopted		
IFRS 16	Leases*	Not Early Adopted		

**Standards and interpretations which will become effective subsequent to December 31, 2015.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Disclosure Initiatives*	Not Early Adopted		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts	✓		
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16: Clarification of Acceptable Methods of Depreciation*	Not Early Adopted		
	Amendments to PAS 16: Bearer Plants*	Not Early Adopted		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contribution			✓
	Amendments to PAS 19: Regional Market Issue Regarding Discount Rate*	Not Early Adopted		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation	✓		
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓

**Standards and interpretations which will become effective subsequent to December 31, 2015.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	Amendments to PAS 27: Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements*	Not Early Adopted		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
	Amendments to PAS 28: Investment Entities - Applying the Consolidation Exception*	Not Early Adopted		
	Amendments to PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Not Early Adopted		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
	Amendments to PAS 34: Disclosure of Information 'elsewhere in the interim financial report'*	Not Early Adopted		
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendments to PAS 38: Clarification of Acceptable Methods of Amortization*	Not Early Adopted		

**Standards and interpretations which will become effective subsequent to December 31, 2015.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option	✓		
	Amendments to PAS 39: Financial Guarantee Contracts			✓
	Amendments to PAS 39: Reclassification of Financial Assets	✓		
	Amendments to PAS 39: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PAS 39: Embedded Derivatives	✓		
	Amendment to PAS 39: Eligible Hedged Items	✓		
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property	✓		
PAS 41	Agriculture			✓
	Amendments to PAS 41: Bearer Plants			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✓
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements	✓		

**Standards and interpretations which will become effective subsequent to December 31, 2015.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC-14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 15	Agreements for the Construction of Real Estate*	Not Early Adopted		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases – Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures	✓		
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

**Standards and interpretations which will become effective subsequent to December 31, 2015.*

Note: Standards and interpretations tagged as “Not Applicable” are those standards and interpretations which were adopted but the entity has no significant covered transaction as at and for the years ended December 31, 2015 and 2014.

REPUBLIC OF THE PHILIPPINES

SECURITIES AND EXCHANGE COMMISSION

SEC Building EDSA, Greenhills

City of Mandaluyong Metro Manila

Company Reg. No. PW-02

CERTIFICATE OF FILING
OF
AMENDED BY-LAWS

KNOW ALL PERSONS BY THESE PRESENTS:

THIS IS TO CERTIFY that the Amended By-Laws of

A. SORIANO CORPORATION

copy annexed, adopted on March 06, 2007 by majority vote of the Board of Directors and on April 16, 2007 by the vote of the stockholders owning or representing at least two-thirds of the outstanding capital stock, and certified under oath by the Corporate Secretary and majority of the said Board was approved by the Commission on this date pursuant to the provisions of Section 48 of the Corporation Code of the Philippines Batas Pambansa Blg. 68, approved on May 1, 1980, and copies thereof are filed with the Commission.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of this Commission to be affixed at Mandaluyong City, Metro Manila, Philippines, this 25th day of May, Two Thousand Seven.

BENITO A. CATARAN

Director

Company Registration and Monitoring Department

AMENDED BY-LAWS
OF
A. SORIANO CORPORATION

ARTICLE I

CAPITAL STOCK AND SHARES

Section 1. Each stockholder shall be entitled to one or more shares of the Corporation registered in its Stock Books in the name of the person who has subscribed thereto. Certificates of Stock shall be issued in numerical order from the Stock Certificates Book and shall be signed by the Chairman of the Board and Chief Executive Officer or by the President and Chief Operating Officer, and countersigned by the Secretary and sealed with its corporate seal; Provided, that in lieu of the original signatures of the Chairman of the Board and Chief Executive Officer, or the President and Chief Operating Officer, and of the Secretary there may be substituted a facsimile of said signatures, in which case a certificate must bear the original and genuine signature of the Assistant Secretary or of an authorized representative of the Corporation's stock transfer agent and shall be sealed with the corporate seal. The certificates of stock shall be numbered in the order in which they are issued. On the stub of each certificate issued shall be recorded the data relative to each certificate.

Section 2. The certificates of stock may be transferred, sold, ceded or pledged by written endorsement on the back of the certificate and delivery thereof to the assignee, but the Corporation shall continue to honor the ownership of such certificate of the person in whose name it was issued, until such certificate is surrendered to the Secretary for cancellation and in lieu thereof a new certificate is issued in the name of the assignee.

The Corporation will refuse to record on its book the transfer of, and will not issue or sell, any shares of its capital stock or interest thereon, to persons who are not citizens of the Philippines, if, as a result of such issuance, sale or transfer, the total number of shares of capital stock owned on record or beneficially, as may be known to the Corporation, by non-Philippine citizens, will exceed FORTY PERCENT (40%) of the number of outstanding shares of capital stock and this restriction shall be indicated in all stock certificates.

Section 3. All certificates presented for transfer to the Secretary must be stamped "CANCELLED" on the face thereof together with the date of cancellation, and must be immediately attached to the corresponding stub in the stock book.

Section 4. New certificates of stock in lieu of those which have been lost or destroyed may be issued provided the owner of said certificates of stock, or his legal representative, shall file an affidavit, in triplicate, setting forth the circumstances under which said certificates have been lost or destroyed, the number of shares represented bv each certificate and the numbers of the certificates. The petitioner shall also submit such other information and evidence which he may deem convenient and necessary.

After verifying the affidavit and other information and evidence of the applicant with the books of the corporation, said corporation shall publish a notice of said loss in a newspaper of general circulation in the Philippines published in Manila, once a week for three consecutive weeks, at the expense of the petitioner. The notice shall state the name of the corporation, the name of the registered owner, the number of the certificates, and the number of shares represented by each certificate. After the expiration of one year from the date of the last publication, if no claim has been presented to said corporation regarding said certificates of stock, the right to make such claim shall be barred and said corporation shall cancel in its books the certificates of stock which have been lost or destroyed, issuing in lieu thereof new certificates of stock. If the registered owner files a bond satisfactory to the Board of Directors, running for a period of one year to indemnify the corporation during said period, of any loss or damages which it may incur for the issuance of the new certificates, the new certificates may be issued even before the expiration of the one-year period provided herein. Provided, however, that if a claim has been presented to the corporation or, if an action is pending in Court, regarding the ownership of said certificates of stock, the issuance of the new certificates of stock in lieu thereof shall be suspended until final adjudication by the Court regarding the ownership of the said certificates.

Section 5 The stock and transfer books of the corporation shall be closed for transfer at least twenty (20) days next preceding the Annual Meeting of Stockholders.

ARTICLE II

FUNDS OF THE CORPORATION

The funds of the Corporation shall be deposited in its name in such banks or credit institutions designated by the Board of Directors, with the exception of a small amount to be determined by the Board, which amount can be placed in the safe box of the Corporation.

ARTICLE III

MEETINGS

Section 1. The annual meeting of stockholders, legally constituted, represent the entire stockholdings and any resolutions adopted at such meetings are binding upon all stockholders present or absent.

Section 2. The meetings of stockholders shall be ordinary or extraordinary and held in the principal offices of the Corporation or in such place as may be designated by the Board within Metro Manila. Unless a different date and time preferably in April is fixed by the Board of Directors and only upon due notice, the annual meeting of stockholders shall be held at 10:00 o’clock in the morning on the THIRD WEDNESDAY OF OPRIL OF EACH YEAR, if not a legal holiday, and if a legal holiday, then on the day following. The special meeting of stockholders may be held at any time whenever so called by the Board of Directors or the Chairman and Chief Executive Officer.

Section 3. Notices of ordinary stockholders meeting shall be sent to stockholders or record at least fifteen (15) business days prior to the scheduled annual stockholders meeting. Notices for special meetings shall be mailed and deposited in any post office in Metro Manila addressed to each stockholder at his/her address registered in the Stock and Transfer Books of the Corporation at least fifteen (15) business days prior to the date of the meeting. The notice shall state the business to be discussed at the meeting and any other matters not stated therein shall not be touched upon. *(As amended by the Board on February 15, 2000; by the Stockholders on April 19, 2000.)*

Section 4. The meetings of stockholders, ordinary and extraordinary, duly called, shall be constituted and the minutes recorded, provided that more than one-half of the outstanding stock must be present or represented except in cases in which the Corporation Law requires a higher majority. If no quorum is constituted, the meeting shall be adjourned until the requisite number of stockholders shall be present. When the meeting of stockholders is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting. *(As amended by the Board on February 15, 2000; by the Stockholders on April 19, 2000.)*

Section 5. For the election of Directors it shall be necessary that one-half plus one of all shares subscribed be present or represented.

Section 6. Any stockholder with the right to vote may be represented by proxy at any stockholders' meeting, ordinary or extraordinary. The proxies shall be in writing and signed, with no other formality required. The proxies for the ordinary meetings shall be filed with the Corporate Secretary not less than ten (10) working days prior to the date of such meeting, otherwise the proxies will be invalid. *(As amended by the Board on February 15, 2000; by the Stockholders on April 19, 2000.)*

The Board of Directors shall set the date for validation of proxies which shall not be less than five (5) days prior to the scheduled annual stockholders meeting.

Section 7. Each share of stock, provided each share is fully paid for, is entitled to one vote in the name of the person recorded in the Stock Book of the Corporation.

Section 8. The election of directors must be made in accordance with law and every stockholder entitled to vote such number of shares for as many persons as there are directors or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit;

provided, that the total number of votes cast by him shall not exceed the number of shares owned by him.

Section 9. In the annual meeting of stockholders, a board of SEVEN (7) directors shall be elected who will hold their offices for the ensuing term and until their successors are duly elected and qualified. *(As amended by the Board on February 15, 2000; by the Stockholders on April 19, 2000 and as further amended by the Board of Directors on March 6, 2007 and by the Stockholders on April 16, 2007 .)*

ARTICLE IV

BOARD OF DIRECTORS

Section 1. The corporate powers, business and property of the Corporation shall be exercised, conducted and controlled by the Board of SEVEN (7) Directors who shall be elected annually by the stockholders for a term of one (1) year and shall serve until the election and acceptance of their qualified successors. *(As amended by the Board on February 15, 2000; by the Stockholders on April 19, 2000 and as further amended by the Board of Directors on March 6, 2007 and by the Stockholders on April 16, 2007 .)*

Without prejudice to the general powers hereinabove conferred, the Board of Directors shall have the following express powers:

a. From time to time to make and change rules and regulations not consistent with the by-laws for the management of the Company's business and affairs;

b. To purchase or otherwise acquire for the Company, rights or privileges which the Company is authorized to acquire at such price and on such terms and conditions and for such consideration as it shall from time to time see fit;

c. To pay for any property or rights acquired by the Company or to discharge obligations of the Company either wholly or partly in money or in stock, bond, debentures or other securities of the Company;

d. To borrow money for the Company and for such purpose to create, make and issue mortgages, bonds, deeds of trust and negotiable instruments or securities, secured by mortgage or pledge of property belonging to the Company; provided that, as hereinafter provided, the proper officers of the Company shall have these powers, unless expressly limited by the Board of Directors;

e. To prosecute, maintain, defend, compromise or abandon any law suit in which the Corporation or its officers are either Plaintiffs or Defendants in connection with the business of the Corporation, and likewise, to grant installments for the payments or settlement of whatsoever debts are payable to the Corporation;

f. To delegate, from time to time, any of the powers of the Board in the course of the current business or businesses of the Company to any standing or special committee or to any officer or agent and to appoint any persons to be agents of the Company with such powers (including the power to sub-delegate), and upon such terms, as may be deemed fit; and

g. To dissolve doubts as to the meaning of these by-laws and supply the omissions thereof, and giving an account to the General Meeting of the same.

Section 2. No persons shall be elected director unless he has at lest twenty thousand shares of the capital stock of the Corporation registered in his name.

Section 3. In addition to the right of the Board of Directors to make nominations for the election of directors, nominations for the election of directors may be made by any shareholder entitled to vote for the election of directors if that shareholder complies with all of the following provisions:

a. Nominations shall be received by the Chairman of the Board of Directors (which nominations may be sent to such Chairman in care of the Secretary of the Corporation), on March 1 of every year or at such earlier or later date as the Board of Directors may fix.

b. Each nomination under the preceding paragraph shall set forth (i) the name, age, business address and, if known, residence address of each nominee, (ii) the principal occupation or employment of each such nominee, (iii) the number of shares of stock of the Corporation which are beneficially owned by each such nominee, and (iv) the interests and positions held by each nominee in other corporation. In addition, the shareholder making such nomination shall promptly provide any other information reasonably requested by the Corporation.

c. The Board, by a majority vote unless a greater majority is required under these By-Laws, may, in its discretion, determine and declare that a nomination was not made in accordance with the foregoing procedures, and/or that a nominee is disqualified for election as Director and if the Board should so determine, the defective nomination and the nomination of a disqualified person shall be disregarded.

Section 4. A director shall be qualified to hold office only upon pledging the twenty thousand shares registered in his name to the Corporation to answer for his conduct. If any vacancy shall occur among the directors by death, resignation or otherwise, the remaining directors, by affirmative vote of a majority thereof, may elect a successor to hold office for the unexpired portion of the term of the director whose place shall be vacant and until the election of the new board of directors.

Section 5. Regular meetings of the Board of Directors shall be held once every quarter of the year in the office of the Corporation on such dates and at such times as the Chairman of the Board and Chief Executive Officer, or in his absence, the President and Chief Operating Officer may determine. Special meetings of the Board and Chief Executive Officer, or in his absence, of the President and Chief Operating Officer, or upon the request of a majority of the directors.

Section 6. Notice of the regular or special meetings of the Board shall be communicated by the Secretary to each director, verbally or in writing at his residence or usual place of business at least twenty-four (24) hours before the meeting.

Section 7. A majority of the entire membership of the Board shall constitute a quorum for the transaction of any business, and the decision of a majority of the quorum duly assembled as a Board shall be valid as a corporate act.

A written resolution signed by all the directors shall be binding and valid as if the same had been taken up by the Board in a meeting duly called.

ARTICLE V

EXECUTIVE COMMITTEE

The Board of Directors shall create an Executive Committee composed of five (5) members. The Executive Committee shall meet regularly at such times and places to be determined by a majority vote thereof. Unless otherwise provided for by the Board of Directors, the Executive Committee shall be composed of the Chairman and Chief Executive Officer, the Vice Chairman, the President and Chief Operating Officer, and two (2) officers or directors of the Company to be appointed by the Chairman. The Chairman and Chief Executive Officer of the Company shall act as Chairman of the Executive Committee.

The Executive Committee may act by majority vote of all of its members, on matters within the competence of the Board, except as specifically limited by law or by the Board of Directors. *(As amended by the Board on 2-15-00; by the stockholders on 4-19-00)*

All actions of the Executive Committee shall be reported to the Board of Directors at its meeting next succeeding such action, and shall be subject to revision or alteration by the Board, provided that no rights of third parties arising out of acts approved by the Executive Committee and within its scope of authority shall be affected by such revision or alteration.

Regular minutes of the proceedings of the Committee shall be kept in a book provided for that purpose. Vacancies in the Committee may be filled by the Board of Directors, provided that the parties agree to vote their shares, instruct their directors (to the extent permitted by law), or otherwise exercise their rights as stockholders so as to elect a person nominated by the party that nominated the member whose death, resignation or removal from office caused the vacancy.

Three (3) out of the five (5) members of the Executive Committee shall be necessary to constitute a quorum, and in every case the affirmative vote of the three members shall be necessary for the passage of any resolution. The Executive Committee may act by the written resolution of a quorum thereof, although not formally convened. It shall fix its own rules of procedure and shall meet as provided by such resolution or by resolution of the Board, and shall also meet at the call of its Chairman.

The Board of Directors shall fix the compensation of the members of the Executive Committee.

ARTICLE VI

OFFICERS

Section 1. The officers of the Corporation shall consist of a Chairman of the Board, who shall be the Chief Executive Officer, a Vice Chairman of the Board, a President, who shall be the Chief Operating Officer, an Executive Vice President, one or more Vice Presidents, a Treasurer and an Assistant Treasurer, a Secretary and an Assistant Secretary and such other officers as may, from time to time, be chosen and appointed by the Board of Directors.

Section 2. The Chairman of the Board and Chief Executive Officer of the Corporation shall have the following powers and duties:

a. To preside at the meetings of the Board of Directors and of the Stockholders;

b. To carry out the resolutions of the Board of Directors;

c. To initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of the Board of Directors;

d. To have general supervision and administration of the affairs of the Corporation;

e. To represent the Corporation at all functions and proceedings and, <u>unless otherwise directed by the Board , to attend and/or vote, (in person or by proxy) at any meeting of shareholders of corporations in which the Corporation may hold stock and at any such meeting, to exercise any and all the rights and powers incident to the ownership of such stock which the owner thereof might possess or exercise if present.</u> *(<u>As amended by the Board on 2-15-00; by the stockholders on 4-19-00</u>)*

f. To execute on behalf of the Corporation all contracts, agreements and other instruments affecting the interests of the Corporation which required the approval of the Board of Directors, except as otherwise directed by the Board of

Directors;

g. To make reports to the Directors and Stockholders;

h. To sign certificates of stock; and

i. To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors.

Section 3. The Vice Chairman shall exercise the functions of the Chairman and Chief Executive Officer as specified in the next preceding section of this Article VI in the event of absence or temporary disability of the Chairman of the Board and Chief Executive Officer, and shall perform such other functions as the Board of Directors or the Chairman and Chief Executive Officer may from time to time entrust or delegate to him. *(As amended by the Board on 2-15-00; by the Stockholders on 4-19-00)*

Section 4. The President and Chief Operating Officer shall exercise the following functions:

a. To ensure that the administration and operational policies of the Corporation are carried out under the direction and control of the Chairman of the Board and Chief Executive Officer;

b. To supervise and direct the day-to-day business affairs of the Corporation;

c. To recommend to the Chairman of the Board and Chief Executive Officer specific projects for the attainment of corporate objectives and policies;

d. Subject to guidelines prescribed by law or by the Chairman of the Board and Chief Executive Officer, to appoint, remove, suspend or discipline employees of the Corporation, prescribe their duties, determine their salaries;

e. To oversee the preparation of the budgets and the statements of accounts of the Corporation;

f. To prepare such statements and reports of the Corporation as may be required by law;

g. To exercise such powers and perform such duties as the Chairman of the Board and Chief Executive Officer may from time to time assign to him;

h. Unless otherwise directed by the Board of Directors or by the Chairman of the Board and Chief Executive Officer, to exercise the latter's functions as specified in the next preceding section of this Article VI in the event of absence or temporary disability of the Chairman of the Board and Chief Executive Officer and the Vice Chairman of the Board.

Section 5. The Executive Vice President – In the absence or disability of the President and Chief Operating Officer, the Executive Vice President shall act in his place, exercise his powers and perform his duties pursuant to these By-Laws. The Executive Vice President shall also exercise such powers and perform such duties as the Chairman of the Board and Chief Executive Officer or the President and Chief Operating Officer may assign.

Section 6. The Vice Presidents shall have such powers and shall perform such duties as may from time to time be assigned to them by the Chairman of the Board and Chief Executive Officer or by the President and Chief Operating Officer. *(As amended by the Board on 2-15-00; by the Stockholders on 4-19-00)*

Section 7. The Secretary shall issue notices of all meetings; shall keep their minutes; shall have charge of the seal and the corporate books; shall sign with the Chairman of the Board and Chief Executive Officer or with the President and Chief Operating Officer the certificates of stock and such other instruments as may require such signature; shall act as the inspector at the election of directors and other voting by stockholders, and as such, determine the number of shares of stock outstanding and entitled to vote, the shares represented at the meeting, the existence of a quorum, the validity and effect of proxies, receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote; and shall make such reports and perform such other duties as are incident to his office or are properly required of him by the Board of Directors. The Secretary may assign the exercise or performance of his duty to act as election inspector and all duties related thereto, including the tabulation of votes and the proper conduct of the election or vote, to any other person or persons, subject always to his supervision and control. *(As amended by the Board on 2-15-00; by the Stockholders on 4-19-00)*

Section 8. In the absence of the Secretary, the Assistant Secretary shall act in his place and perform his duties. The Assistant Secretary shall also perform such other duties as may, from time to time, be assigned by the President and Chief Operating Officer.

Section 9. The Treasurer shall have the custody of all moneys, securities and values of the Corporation which come into his possession, and shall keep regular books of account. He shall deposit said moneys, securities and values of the Corporation in such banking institutions, as may be designated from time to time by the Board of Directors, subject to withdrawal therefrom only upon the checks or other written demands of the Corporation which have been signed by such officer or officers, or person or persons as the Board of Directors may from time to time direct.

Section 10. Assistant Treasurer – In the absence of the Treasurer, the Assistant Treasurer shall act in his place and perform his duties. The Assistant Treasurer shall also perform such other duties as may from time to time be assigned to him by the President and

Chief Operating Officer.

ARTICLE VII

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Corporation shall indemnify every director, officer or member of the Board, his heirs, executors and administrators against all costs and expenses reasonably incurred by such person in connection with any civil, criminal, administrative or investigative action, suit or proceeding to which he may be, or is, made a party by reason of his being or having been a director, officer or member of the Board of the Corporation, except in relation to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for negligence or misconduct.

In the event of a settlement or compromise, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Corporation is advised by counsel that the person to be indemnified did not commit such a breach of duty.

The costs and expenses incurred in defending the aforementioned action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit, or proceeding as authorized in the manner provided for in the preceding paragraph upon receipt of an undertaking by or on behalf of the director or officer to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation as authorized in this Article.

ARTICLE VIII

AUDIT OF BOOKS

Section 1. In any ordinary meeting of stockholders to be held, a firm of Certified Public Accountants shall be appointed by the stockholders to examine the books of accounts of the Corporation, until said appointment has been revoked in another ordinary meeting of stockholders.

Section 2. The duties of the Auditor shall be to examine the books of ac counts of the Corporation when he may deem convenient. Such audits shall be made at least once every year and he shall issue his report on the annual balance sheets, which report shall be published together with the balance sheets. To this effect, the Auditor shall be allowed free access at any time to any and all books, documents and files of the Corporation concerning the status of the treasury.

Section 3. A copy of the audited financial statements of the Corporation shall be deposited in the offices of the Corporation <u>at least fifteen (15) business days</u> prior to the date of the annual meeting and shall be at the deposit of the shareholders for approval. *<u>As amended by the Board on 2-15-00; by the Stockholders on 4-19-00)</u>*

Section 4. The Board of Directors from time to time shall determine the remuneration of the Auditors; however, this power may be delegated to a Vice President or an Assistant Vice President.

Section 5. The fiscal year of the Corporation shall begin the first day of January and shall end on the last day of December of each year. *(As amended by the Board on 2-15-00; by the Stockholders on 4-19-00)*

ARTICLE IX

DISTRIBUTABLE FUNDS AND DISSOLUTION OF THE CORPORATION

Section 1. The Board of Directors may declare, from time to time, as partial dividends to the holder of stock, whichsoever funds of the Corporation the Board may deem not necessary for the carrying out of the purposes of the Corporation.

Section 2. The remuneration of the Board of Directors cannot be increased in the future without the approval, through a resolution, by the stockholders representing at lest a majority of the capital stock.

Section 3. Upon the expiration of the term of this Corporation if no agreement has been made regarding its extension, or, in case of dissolution, for any reason, the Board of Directors may perform the functions of liquidator and the applicable part of these by-laws shall continue in force and effect for the purpose and for the duration of such liquidation.

ARTICLE X

MISCELLANEOUS AND TRANSITORY PROVISIONS

Section 1. The Corporate Seal of the Corporation shall be circular in form and inscribed on its margin the name of the Corporation and the words “Makati, Rizal, Philippines” and within the circle, the words “Incorporated 1930”; and said seal shall, for the present, be adopted as seal of the Corporation.

Section 2. These By-Laws may be repealed, amended or revised at any special meeting of the Board of Directors called for the purpose when two-thirds of the members are present. Such amendments, revisions, repeals are to be presented to the stockholders for ratification at the Annual Stockholders’ Meeting immediately following such special meeting of the Board of Directors. Acts done by the Board pursuant to such amendments, repeals or revisions shall, unless and until expressly further amended or repealed by the stockholders, be deemed valid and shall bind the Corporation to all intents and purposes.

Section 3. These By-Laws shall be effective from this date, February 5, 1930, on which they were approved.

STOCKHOLDERS' CERTIFICATE

The undersigned stockholders of "Sorox y Cia", representing more than two-thirds (2/3) of the capital stock issued by the Corporation, for these presents, certify that the foregoing By-Laws and Regulations of the Corporation was adopted by unanimous vote of all stockholders at the Special Meeting of Stockholders held on February 5, 1930 called for this purpose.

IN WITNESS WHEREOF, we have signed these presents this 5th day of February 1930, setting forth opposite our names the corresponding shares owned by each of the undersigned:

(SGD.) A. SORIANO	185 Shares
(MARGARITA ROXAS VDA. DE SORIANO) p.p. (SGD.) A. SORIANO	10 Shares
(SGD.) FRANCISCO ORTIGAS	1 Share
(SGD.) JOHN R. SCHULTZ	1 Share
(SGD.) BENITO RAZON	1 Share
(SGD.) C. A. SOMBRAL	1 Share

DIRECTORS' CERTIFICATE

Manila, February 5, 1930

We the undersigned, a majority of the members of the Board of Directors of "Sorox y Cia", do hereby certify that the preceding typewritten pages constitute the By-Laws of the Corporation, as adopted by unanimous vote of all stockholders present, represented by more than two-thirds (2/3) of the total subscribed and paid-up capital stock of the Corporation in the Annual Meeting of Stockholders held on February 5, 1930 and called for that purpose.

SGD.) A. SORIANO

(SGD.) FRANCISCO ORTIGAS

(SGD.) JOHN R. SCHULTZ

(SGD.) BENITO RAZON

ATTEST:

(SGD.) BENITO RAZON
Secretary

INFORMATION STATEMENT

Wednesday, 20 April 2016 at 10:00 a.m.
Rigodon Ballroom, Manila Peninsula Hotel,
Ayala Avenue corner Makati Avenue,
1226 Makati City, Philippines.

A. SORIANO CORPORATION

ANSCOR

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
   / / Preliminary Information Statement   / x / Definitive Information Statement

2. Name of the registrant as specified in its charter : A. SORIANO CORPORATION

3. Province, or country or other jurisdiction of Incorporation organization : Makati City, Philippines

4. SEC Identification Number : PW - 02

5. BIR Tax Identification Code : 000-103-216-000

6. Address of principal office : 7th Floor Pacific Star Building
   Makati Avenue corner Gil Puyat Avenue Ext.
   1209 Makati City, Philippines

7. Registrant's telephone number, including area code : (632) 819-02-51 to 60

8. Date, Time and Place of the meeting : 20 April 2016, Wednesday at 10:00 A.M.
   Rigodon Ballroom
   Manila Peninsula Hotel
   Ayala Avenue corner Makati Avenue
   1226 Makati City, Philippines

9. Approximate date on which the Information Statement is first to be sent or given to security holders : On or before 29 March 2016

10. In case of Proxy Solicitations
    Name of Person Filing the Statement/Solicitor : Atty. Lorna Patajo-Kapunan, Corporate Secretary
    Address : 7th Floor Pacific Star Bldg., Makati Avenue corner Gil Puyat Avenue Ext., 1209 Makati City, Philippines

    Telephone Nos. : (632) 819-0251 to 60

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount to debt is applicable only to corporate registrants):

    Title of Each Class : Common Shares

    Number of shares of Common Stock Outstanding or Amount of Debt Outstanding As of February 29, 2016 : 2,500,000,000

12. Are any or all of registrant's securities listed on the Philippine Stock Exchange? Yes

    If so, disclose name of the Exchange : Philippine Stock Exchange

INFORMATION STATEMENT

GENERAL INFORMATION

Date, Time and Place of Meeting of Security Holders

Date	:	Wednesday, 20 April 2016
Time	:	10:00 A.M.
Place	:	Rigodon Ballroom Manila Peninsula Hotel Ayala Avenue corner Makati Avenue 1226 Makati City, Philippines
Principal: Office		7th Floor, Pacific Star Bldg. Makati Avenue corner Gil Puyat Avenue Ext. 1209 Makati City, Philippines

This information statement and the enclosed proxy form will be mailed or delivered by messengerial service to stockholders entitled to notice of and to vote at the Annual Meeting on or before 29 March 2016.

Voting, Revocability, Validation, Submission Deadline and Authentication of Proxies

When proxies are properly dated, executed and returned on or before 6 April 2016, the shares they represent will be voted at the Annual Meeting in accordance with the instructions of the stockholder. If no specific instructions are given, the shares will be voted FOR the election of the nominees for directorship whose names appear in the proxy form and FOR the approval of all matters the stockholders' approval of which is sought in the meeting. A stockholder giving a proxy has the power to revoke it at any time prior to its exercise by voting in person at the Annual Meeting, by giving written notice to the Corporate Secretary prior to the Annual Meeting or by giving a subsequent proxy which must be received by the office of the Corporate Secretary not later than 6 April 2016.

Each share of common stock outstanding as of record date will be entitled to one vote on all matters. The candidates for election as directors at the Annual Meeting who receive the highest number of affirmative votes will be elected. The appointment of the independent auditors for the Company for the current year as well as other items presented to the Stockholders during the Annual Meeting will require the affirmative vote of a majority of the votes cast on the matter. Pursuant to Article III, Section 6 of the By-Laws of the Corporation, written proxy shall be filed with the Corporate Secretary not less than ten (10) working days prior to the date of such meeting or not later than 6 April 2016.

Pursuant to the provisions of the By-Laws, the Board of Directors has set the date of validation of proxies on 12 April 2016. For this purpose, the Corporate Secretary shall act as the inspector at the election of directors and other voting by stockholders.

Under SEC Memo Circular No. 5 Series of 1996, all proxies executed abroad must be duly authenticated by the Philippine Embassy or Consular Office.

SOLICITATION INFORMATION

Person Making the Solicitation

The solicitation of proxies in the form accompanying this statement is made on behalf of Management through Atty. Lorna Patajo-Kapunan and the proxy given will be voted in accordance with the authority contained therein. The solicitation of proxies in the accompanying form will be primarily by mail. However, personal solicitation may be made by officers, directors and regular employees of the Company whose number is not expected to exceed fifteen (15) and who will receive no additional compensation therefor. The Company will bear the cost, amounting to One Million Two Hundred Thousand Pesos (₱1,200,000.00) of preparing and mailing the annual reports, information statement and other materials furnished to the stockholders in connection with proxy solicitation.

None of the Directors has informed the Company of any intention to oppose an action intended to be taken by the Company.

Dissenter’s Right of Appraisal

There are no corporate matters or action that will trigger the exercise by the stockholders of their Right of Appraisal under the Corporation Code. However, if at any time after the information statement has been sent out, an action which may give rise to the Right of Appraisal is proposed at the meeting, any stockholder who wishes to exercise such right and who voted against the proposed action must make a written demand within thirty (30) days after the meeting.

The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares. Provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder, upon surrender of the certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made. Provided, that no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment; and provided, further, that upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation.

Interest of Certain Persons in Opposition to Matters to be Acted Upon

No Director or Executive Officer, nominated for re-election as Director, or his Associate has, at any time, any substantial interest, direct or indirect, by security holdings or otherwise, on any of the matters to be acted upon in the meeting, other than the approval of the Annual Report, election to office and ratification of acts of Management.

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

Only stockholders of record on the books of the Company at the close of business on 21 March 2016 will be entitled to vote at the Annual Meeting. Presence in person or by proxy of a majority of the shares of common stock outstanding on the record date is required for a quorum.

There are 2,500,000,000 shares of common stocks outstanding and issued as of 21 March 2016. All the issued shares are entitled to vote on a one (1) share - one (1) vote basis. The Company has only one class of shares.

Pursuant to the Corporation Code and as provided under Article III, Section 8 of the By-Laws, every stockholder is entitled to vote such number of shares for as many persons as there are directors or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit. Provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected. The proxy being solicited includes the authority to cumulate votes.

Except as indicated in section (a) below on Security Ownership of Certain Record and Beneficial Owners, there are no other persons holding 5% or more of the common stock of the Company.

As of February 29, 2016 the foreign ownership level of total outstanding shares is 20.71%.

The Company does not own any other equity securities beneficially owned by its directors and other nominees.

Change in Control

No change in control of the Company occurred since the beginning of the last calendar year. Management is not aware of any arrangement which may result in a change in control of the Company.

a. Security Ownership of Certain Record and Beneficial Owners

As of 29 February 2016, the following are the Security Ownership of Certain Record and Beneficial Owners of the Company:

Title of Class	Name /Address of Record Owner & Relationship w/ Issuer	Name of Beneficial Ownership & Relationship with Record Owner	Citizenship	Number Of Shares	Percentage Held
Common	Anscor Consolidated Corporation 7th Flr. Pacific Star Bldg., Makati Avenue Makati City (Subsidiary)	Anscor Consolidated Corporation (Subsidiary)	Filipino	1,267,406,746*	50.696%
Common	PCD Nominee Corp. (Non-Filipino) 37th Flr. The Enterprise Center, Inc. Ayala Avenue corner Paseo de Roxas, Makati City (Depository Account)	PCD Nominee Corp. (Non-Filipino) (Depository Account)	Non-Filipino	517,681,137	20.707%
Common	A-Z Asia Limited Philippines, Inc. Barrio Mabacan Calauan, Laguna (Stockholder)	A-Z Asia Limited Philippines, Inc. (Stockholder)	Filipino	169,646,329	6.786%
Common	PCD Nominee Corp. (Filipino) 37th Flr. The Enterprise Center, Inc. Ayala Avenue corner Paseo de Roxas, Makati City (Depository Account)	PCD Nominee Corp. (Filipino) (Depository Account).	Filipino	147,235,407	5.889%

*Includes 365,154,443 shares lodged with PCD Nominee Corp. (Filipino)

Anscor Consolidated Corporation is wholly owned by A. Soriano Corporation, the registrant Company, represented by Mr. Ernest K. Cuyegkeng as Treasurer.

PCD Nominee Corporation, a wholly owned subsidiary of Philippine Central Depository, Inc. ("PCD"), is the registered owner of the shares in the books of the Company's transfer agent in the Philippines. The beneficial owners of such shares are PCD's participants, who hold the shares on their behalf or in behalf of their clients of which Maybank ATR KimEng Securities, Inc., is the sole owner of more than 5%, specifically 33.176%, the bulk of which or 17.558% is owned by Deerhaven, LLC, a company registered in Delaware, USA. Shares owned by Deerhaven, LLC are indirectly owned by Andres Soriano III. PCD is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines.

A-Z Asia Limited Philippines, Inc. is a holding company incorporated in the Philippines on 25 April 2003. Shares owned by A-Z Asia Limited Philippines, Inc. are indirectly owned by Eduardo J. Soriano.

Other than the above, there are no Stockholders owning more than 5% of the Company's outstanding shares of stock.

The Company is not aware of any material pending legal proceedings to which the Company or any of its subsidiaries is a party.

b. Securities Ownership of Certain Beneficial Owners and Management

As of 29 February 2016, the following are the security ownership of the Directors and Officers of the Company:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		Citizenship	Percent
Common	Andres Soriano III	489,428,270	Direct/Indirect	American	19.577%
Common	Eduardo J. Soriano	188,515,944	Direct/Indirect	Filipino	7.541%
Common	Ernest K. Cuyegkeng	20,000	Direct	Filipino	0.001%
Common	John L. Gokongwei, Jr.	311,622	Direct/Indirect	Filipino	0.012%
Common	Oscar J. Hilado	6,020,000	Direct/Indirect	Filipino	0.241%
Common	Jose C. Ibazeta	32,951	Direct	Filipino	0.001%
Common	Roberto R. Romulo	20,000	Direct	Filipino	0.001%
	Total	684,348,787			27.374%

William H. Ottiger, Narcisa M. Villaflor, Lorenzo D. Lasco, Atty. Lorna Patajo-Kapunan and Atty. Joshua L. Castro do not own shares of the Company.

c. Voting Trust Agreement

The Company does not have any voting trust agreement with any stockholder.

Directors and Executive Officers

Pursuant to the Corporation's By-Laws, in addition to the right of the Board of Directors to make nominations for the election of Directors including independent Directors, nominations for Directors including independent Directors may be made by any shareholder entitled to vote for the election of Directors.

Nominations shall be received by the Chairman of the Board of Directors (which nominations may be sent through the Corporate Secretary), on the 1st of March of every year or at such earlier or later date as the Board of Directors may fix.

Each nomination under the preceding paragraph shall set forth the name, age, business address and, if known, residence address of each nominee, the principal occupation or employment of each such nominee, the number of shares of stock of the Corporation which are beneficially owned by each such nominee, and the interests and positions held by each nominee in other corporations. In addition, the shareholder making such nomination shall promptly provide any other information reasonably requested by the Corporation.

The Board, by a majority vote unless a greater majority is required under these By-Laws, may, in its discretion, determine and declare that a nomination was not made in accordance with the foregoing procedures, and/or that a nominee is disqualified for election as Director and if the Board should so determine, the defective nomination and the nomination of the disqualified person shall be disregarded.

Mr. Eduardo J. Soriano, the Vice Chairman and Treasurer, nominated all the nominees for Directors including independent Directors contained in the information statement. Mr. Soriano is not related to any of the independent Directors nominated. No other nomination was submitted as of 01 March 2016.

Unless marked otherwise, the proxies received will be voted FOR the election of the nominees named below who have signified their acceptance of their respective nominations. The Board of Directors has no reason to believe that any of such nominees will be unwilling or unable to serve if elected as a Director. Each Director shall serve until the next annual meeting of stockholders or until his successor is elected or appointed in case of vacancy due to death, resignation or removal. Management recommends a vote FOR the election of each of the nominees listed below who are incumbent directors of the Company.

The nominations for independent Directors complies with SRC Rule 38, which requires that a corporation with a class of equity securities listed for trading on the Philippine Stock Exchange or with assets in excess of Fifty Million Pesos (₱50,000,000.00) and having two hundred (200) or more holders, at least two hundred (200) of which are holding at least one hundred (100) shares of a class of its equity securities shall have at least two (2) independent Directors or such independent Directors shall constitute at least twenty percent (20%) of the members of such Board.

The two nominated independent Directors of the Company are Mr. Oscar J. Hilado and Mr. Roberto R. Romulo. They are neither officers nor employees of the Company or of any of its subsidiaries. They do not have any relationship with the Company which would interfere with the exercise of independent judgment in carrying out their responsibilities. Further, the nominated independent Directors possess all the qualifications and none of the disqualifications to serve as independent Directors of the Company. The independent Directors are nominated and elected in the same manner as regular directors in accordance with the nomination and election procedures provided in the By-Laws. The Company amended its By-Laws on 04 March 2010 and 18 February 2011 to incorporate the requirements of SRC Rule 38 with respect to the nomination and election of independent Directors.

The following are the business experience for the last five years of Directors, including independent Directors and Executive Officers.

ANDRES SORIANO III, age 64, American, Director of the Company since 19 May 1982; Chairman and Chief Executive of the Company (1983 to present); Chairman and President of Anscor Consolidated Corporation (1987 to present); Chairman of The Andres Soriano Foundation, Inc. (1985 to present), Phelps Dodge International Philippines, Inc. (1983 to present), Phelps Dodge Philippines Energy Products Corporation (1997 to present), Seven Seas Resorts and Leisure, Inc. (1998 to present) and Pamalican Resort, Inc. (May 2011 to present); Director of Cirrus Medical Staffing, Inc. (2007 to present), International Container Terminal Services, Inc. (ICTSI) (July 1992 to present),and Manila Peninsula Hotel, Inc. (1986 to present). Mr. Soriano was formerly the President and Chief Operating Officer of San Miguel Corporation and was subsequently the Chairman and Chief Executive Officer of San Miguel Corporation. He was Chairman of Coca-Cola (Philippines), Coca-Cola Amatil (Australia) and Nestle (Philippines). He was a Director of SPI Technologies and eTelecare Global Solutions, Inc. until 2006. He was also a Member of the G.E. Asian Advisory and the Wharton East Asia Executive Board. He holds a Bachelor of Science Degree in Economics, Major in Finance and International Business, Wharton School of Finance and Commerce, University of Pennsylvania, (1972).

EDUARDO J. SORIANO, age 61, Filipino, Director of the Company since 21 May 1980; Vice Chairman-Treasurer of the Company (1990 to present); Chairman of Cirrus Global, Inc. (formerly International Quality Manpower Services, Inc.) (2004 to present); Chairman and President of Anscor Property Holdings, Inc. (1985 to present); Director of Phelps Dodge Philippines Energy Products Corporation (1997 to present), Phelps Dodge International Phils., Inc. (1997 to present); Graduate of Bachelor of Science Degree in Economics, Major in History, University of Pennsylvania, (1977).

ERNEST K. CUYEGKENG, age 69, Filipino, Director of the Company since 22 April 2009; Executive Vice President and Chief Financial Officer of the Company (1990 to present); President and Director of Anscor Property Holdings, Inc. (1990 to present), Phelps Dodge Philippines Energy Products Corporation (1999 to present), A. Soriano Air Corporation (2003 to present), and Cirrus Global, Inc. (formerly International Quality Manpower Services, Inc.) (2004 to present); Director of Seven Seas Resorts and Leisure, Inc. (2008 to present), KSA Realty Corporation (2001 to present), T-O Insurance (2008 to present), and Sumifru, Singapore (2003 to present); Chairman and Director of ArthaLand Corporation (2007 to present); Trustee of The Andres Soriano Foundation, Inc. (1990 to present); Member of the Management Association of the Philippines, Makati Business Club and Financial Executive Institute of the Philippines (FINEX); Graduate of De La Salle University, B.A. Economics and B.S. Business Administration, (1968). Masters Degree in Business Administration, Columbia Graduate School of Business, New York, (1970).

JOHN L. GOKONGWEI, JR., age 89, Filipino, Director of the Company since 21 May 1980; Director and Chairman Emeritus of JG Summit Holdings, Inc.; Chairman and CEO of JG Summit Holdings, Inc. (from 1990 to 2001); Chairman and Chief Executive Officer of Robinsons Retail Holdings, Inc.; Director of Universal Robina Corporation, Robinsons Land Corporation, Cebu Air, Inc., JG Summit Petrochemical Corporation, JG Summit Olefins Corporation, Oriental Petroleum and Minerals Corporation, Manila Electric Company (March 31, 2014 to present); Chairman of the Gokongwei Brothers Foundation, Inc., Deputy Chairman and Director of United Industrial Corporation Limited; Graduate of De La Salle University, Masters Degree in Business Administration, (1977) Advance Management Program, Harvard University, (1972-1973).

OSCAR J. HILADO, age 78, Filipino, an independent Director of the Company since 13 April 1998; Chairman of Philippine Investment Management (PHINMA), Inc. (January 1994 to present); Chairman of the Board & Chairman of the Executive Committee of Phinma Corporation; Chairman of the Board of Phinma Property Holdings Corporation; Vice Chairman of Trans Asia Power Generation Corporation (1996 to present); Chairman of Trans Asia Oil & Energy Development Corporation (April 2008 to present); Director of Manila Cordage Corporation (1986 to present); Independent Director of Seven Seas Resorts & Leisure, Inc., and Pamalican Resort, Inc. (May 2011 to present), Independent Director of First Philippine Holdings Corporation (November 1996 to present), Philex Mining Corporation (December 2009 to present); Digital Telecommunications Philippines, Inc. (DIGITEL) (May 2013 to present), Smart Communications, Inc. (May 2013 to present) and Rockwell Land Corporation (May 2015 to present); Graduate of De La Salle College (Bacolod), Bachelor of Science in Commerce (1958), Masters Degree in Business Administration, Harvard Graduate School of Business, (1962). Mr. Hilado also serves as Chairman of the Audit Committee of the Company.

JOSE C. IBAZETA, age 73, Filipino, Director of the Company from 1981 to 1998, 2004 to present; Director of International Container Terminal Services, Inc. (January 1988 to present), Anscor Consolidated Corporation (1980 to present), Anscor Property Holdings, Inc. (1982 to present), A. Soriano Air Corporation (1988 to present), Island Aviation, Inc., Minuet Realty Corporation (1995 to present), Phelps Dodge Philippines Energy Products Corporation (1997 to present), AG&P International Holdings, Ltd. (December 2014 to present), ICTSI Ltd, and ICTHI. President of Seven Seas Resorts & Leisure, Inc. (2008 to present) and Pamalican Resort, Inc. (May 2011 to present); Member, Finance Committee of Ateneo de Manila University (1997 to present); Board of Trustees of Radio Veritas (1991 to present). Mr. Ibazeta was President and CEO of Power Sector Assets & Liabilities Management Corporation (PSALM) (February 2007 to March 2010) and Acting Secretary of Energy (April-June 2010); Graduate of Bachelor of Science in Economics, Ateneo de Manila University, (1963), Masters Degree in Business Administration, University of San Francisco, (1968), MBA in Banking and Finance, New York University (1972).

ROBERTO R. ROMULO, age 77, Filipino, an independent Director of the Company since 13 April 1998; Chairman of AIG Philippines Insurance, Inc. (June 2000 to present), PETNET, Inc. (February 2006 to present), MediLink Network, Inc. (September 1999 to present), Nationwide Development Corporation (NADECOR), Carlos P. Romulo Foundation for Peace and Development, Philippine Foundation for Global Concerns, Inc. (PFGC) (1996 to present), Zuellig Family Foundation (June 2008 to present), Romulo Asia Pacific Advisory, Inc. (December 1997 to present) and Asia-Europe Foundation of the Philippines; Advisory Board Member of Philippine Long Distance Telephone Co. (PLDT) (March 2001 to present) and Independent Director of Equicom Savings Bank (January 2008 to present), Robinson Retail Holdings, Inc. (2013 to present) and Maxicare Healthcare Corporation (2014 to present); 25-year career at IBM Corporation holding CEO positions in the Philippines, Thailand, Burma and Bangladesh; Graduate of Georgetown University, (A.B.) and Ateneo de Manila University (LLB); Former Ambassador to Belgium, Luxembourg and the European Commission and Secretary of Foreign Affairs.

The following are the members of the Audit Committee, Compensation Committee, Executive Committee and Nomination Committee:

Audit Committee:

Mr. Oscar J. Hilado	Chairman
Mr. Eduardo J. Soriano	Member
Mr. Jose C. Ibazeta	Member

Compensation Committee:

Mr. Oscar J. Hilado	Chairman
Mr. Andres Soriano III	Member
Mr. Eduardo J. Soriano	Member

Executive Committee:

Mr. Andres Soriano III	Chairman
Mr. Eduardo J. Soriano	Vice Chairman
Mr. Oscar J. Hilado	Member
Mr. Ernest K. Cuyegkeng	Member
Mr. Jose C. Ibazeta	Member

Nomination Committee:

Mr. Eduardo J. Soriano	Chairman
Mr. Oscar J. Hilado	Member
Mr. Roberto R. Romulo	Member

The following are not nominees but incumbent officers of the Company:

WILLIAM H. OTTIGER, age 48, Swiss, Senior Vice President and Corporate Development Officer of the Company; President and CEO of Cirrus Medical Staffing; Director of AG&P International, Executive Committee Member of Enderun Colleges, Inc.; Director of Cirrus Global, Inc., AG&P Manila and Prople, Inc.; Formerly spent 9 years with San Miguel Brewing Group and 3 years with UBS Investment Bank; Graduate of Washington & Lee University, B.A. History, (1990). London Business School, Masters of Business Administration, (2001).

NARCISA M. VILLAFLOR, age 53, Filipino, Vice President and Comptroller of the Company since 19 April 2000; Treasurer of Seven Seas Resorts and Leisure, Inc., Pamalican Resort, Inc., The Andres Soriano Foundation, Inc., Cirrus Global, Inc. (formerly International Quality Manpower Services, Inc.), A. Soriano Air Corporation, Pamalican Island Holdings, Inc., and Sutton Place Holdings, Inc.; Director of Anscor Consolidated Corporation, Cirrus Global, Inc.; Trustee of The Andres Soriano Foundation, Inc. Joined SGV (January 1985 to November 1989) and joined Anscor in December 1989; Graduate of University of the Philippines, Bachelor of Science in Business Administration and Accountancy (1984). Attended AIM Management Program (November 1996).

LORENZO D. LASCO, age 53, Filipino, Vice President (joined the group in 1997); Director and General Manager of Anscor Property Holdings, Inc., the real estate arm of Anscor; Director and President of Cirrus Global, Inc. (formerly International Quality Manpower Services, Inc.); Director of AFC Agribusiness Corp.; Project Manager at Seven Seas Resorts and Leisure, Inc. (Amanpulo); used to be connected with Ayala Land, Inc. (ALI) for nine years; Graduate of the Asian Institute of Management, Masters in Business Administration (1989).

LORNA PATAJO-KAPUNAN, age 63, Filipino, Corporate Secretary of A. Soriano Corporation (1998 to present); Senior Partner of Kapunan Garcia & Castillo Law Offices; Corporate Secretary, Roxas Holdings, Inc. (1995 to 2014), Central Azucarera de Don Pedro (February 1995), Central Azucarera de la Carlota (March 1996), Beverage Industry Association of the Philippines (February 1991 to present), Seven Seas Resorts & Leisure, Inc. (November 1990 to present), Pamalican Island Holdings, Inc. (1995 to present), iAcademy (2002 to 2011), Uni-President Phils., Inc. (2002 to present), Huntly Corporation (February 1992 to present), Palomino Resources, Inc. and Malate Pensionne, Inc. (2001 to 2014), Cuisine Exchange, Inc. and Culinary Innovators, Inc. (2001 to 2014), Jose M. Velero Corporation (2001 to 2014), Creative Concoctions, Inc. (2001 to 2014), Hotel Concepts, Inc. (September 2001 to present), Creative Hotel Concepts, Inc. (September 2001 to 2014), Culinary Events, Inc. (2001 to 2014), AH Distribution Corporation, Hotel & Resorts Trench, Inc. (2002 to 2014), It's About Taste (I'ATE), Inc. (2002 to 2014), Kitchen Alley, Inc. (2001 to 2014), Les Maitres Gourmands, Inc. (July 2001 to 2014); Traditional Financial Services Philippines, Inc. (2008 to present); Avaya Philippines, Inc. (2006 to present), Elixir Gaming Technologies Philippines, Inc. (2007 - 2008), Elixir Group Philippines, Inc. (2006-2008); Director of AMAX Holdings Limited (2008 to 2014), Corporate Secretary, Blessed Mary Mother of the Poor Foundation, Inc. (2014), Montemar Beach Club, Inc. (2013 to resent), Philcomsat Communications Satellite Corporation (Philcomsat) (2013 to present), UNLAD Foundation (2015). Graduate of University of the Philippines College of Law, (1978); Seminar Courses: Japan Institute of Invention and Innovation (JIII) Tokyo (1997); National Institute on Humanitarian Law, San Remo, Italy (September 2005); Summer Course International Humanitarian Law, Magdalene College, Cambridge University, London UK (July 2010).

JOSHUA L. CASTRO, age 41, Filipino, Assistant Vice President (April 2013 to present) and Assistant Corporate Secretary (2006 to present) of the Company; Assistant Corporate Secretary of Seven Seas Resorts and Leisure, Inc. (2006 to present) and Island Aviation, Inc. (2006 to present); Corporate Secretary of Phelps Dodge Philippines Energy Products Corporation (2006 to present), A. Soriano Air Corporation (2006 to present), Cirrus Global, Inc. (formerly International Quality Manpower Services, Inc.) (2006 to present), Anscor Property Holdings, Inc. (2006 to present), and The Andres Soriano Foundation, Inc. (2006 to present). Tax Lawyer, SyCip Gorres Velayo & Co. (1999 to 2005); Graduate of San Beda College of Law (1999).

Ownership Structure and Parent Company

The registrant has no parent company.

Family Relationship

Andres Soriano III and Eduardo J. Soriano are brothers. There are no other family relationships known to the Company.

Executive Officers and Significant Employees

There are no significant employees.

Legal Proceedings

For the last five years and as of 29 February 2016, Management is not aware of any pending material legal proceeding i.e. bankruptcy petitions, convictions by final judgment, being subject to any order, judgment or decree or violation of a Securities or Commodities Law involving its nominees for directorship, executive officers and incumbent officers and directors.

Certain Relationship and Related Transactions

There are no Management transaction during the year or proposed transaction to which the Company was or is to be a party, in which any of its Directors, nominees for election as Directors, Executive Officers, security holders owning more than 5% of the outstanding shares of the Company, or any member of the immediate family of any of the forgoing persons, have or is to have material interest.

Resignation of Directors

No incumbent Director has resigned or declined to stand for re-election to the Board of Directors due to disagreement with Management since the date of the last annual meeting.

Compensation of Directors and Executive Officers

As approved in 2004, Directors are paid a per diem of ₱20,000.00 per meeting attended and are given directors bonus representing no more than 1% of previous year's net income. Similarly, annual bonus, of no more than 3% of the preceding year's net income as well as salary increase of Executive Officers are approved by the Compensation Committee and the Board of Directors.

Name	Principal Position	Compensation		
		2014 Actual	2015 Actual	2016 (Estimate)
Andres Soriano III	Chairman & Chief Executive Officer			
Eduardo J. Soriano	Vice Chairman & Treasurer			
Ernest K. Cuyegkeng	Executive Vice President & Chief Financial Officer			
William H. Ottiger	Senior Vice President & Corporate Development Officer			
Narcisa M. Villaflor	Vice President & Comptroller			
Joshua L. Castro	Assistant Vice President & Assistant Corporate Secretary			
Salaries		₱ 55,752,341	₱ 56,394,233	₱ 56,394,233
Benefits		1,446,769	1,446,769	1,500,000
Bonus		41,250,000	63,300,000	39,300,000
Sub-Total Top Executive		**98,449,110**	**121,141,002**	**97,194,233**
Other Directors		**13,468,929**	**18,495,714**	**14,760,000**
Total		**₱ 111,918,039**	**₱ 139,636,716**	**₱111,954,233**

Employment Contracts and Termination of Employment and Change-in Control Arrangements

All the Executive Officers are not subject of any employment contract. Neither are there any compensatory plans or arrangements with respect to the named executive officers that will result from their resignation, retirement or any other termination or from change in control in the Company or change in the named executive officers' responsibilities following a change in control.

Warrants and Options Outstanding

There are no warrants or options granted to the Directors, Chief Executive Officer, and other named Executive Officers.

Compliance with Leading Practice on Corporate Governance

On 04 December 2014, the Company submitted its annual Certification to the SEC confirming its substantial compliance with its Manual on Corporate Governance. Before issuance of said Certification, the Board of Directors and Management evaluated the Company's compliance with the Manual on Corporate Governance. The different Board Committees also evaluate the level of compliance with the Manual on Corporate Governance.

The Company continues to improve its systems and processes to enhance adherence and fully comply with leading practices on good corporate governance. In line with this goal, Directors of the Company are required, before assuming office, to attend a seminar on Corporate Governance conducted by a duly recognized private or government institution.

Likewise, in line with the SEC's thrust to promote a better corporate governance environment, the Company complied with SEC Memorandum Circular No. 11, Series of 2014, which provides for template for publicly-listed companies' websites. The Company's website contains all the items indicated in said Circular.

As part of the Company's continuing efforts to comply with leading practice on corporate governance, on 10 March 2010, the Company submitted to the SEC and PSE its revised Manual on Corporate Governance in conformity with SEC Memorandum Circular No. 6, Series of 2009. The Manual on Corporate Governance was further revised on 18 February 2011 to comply with additional requirements of the SEC.

On 02 July 2014, the Company submitted to the SEC and PSE its Amended Manual on Corporate Governance in conformity with SEC Memorandum Circular No. 9, Series of 2014. All the revisions to the Manual on Corporate Governance are discussed and deliberated upon by the Board of Directors prior to its approval and subsequent submission to the SEC.

As of 29 February 2016, there were no deviations from the Company's Manual on Corporate Governance.

Appointment of Independent Auditors

SyCip Gorres Velayo & Co. (SGV) has been the Company's independent auditors since its establishment in 1946. They will again be nominated for reappointment and presented for approval by the stockholders during the stockholders' meeting as external auditors for the ensuing calendar year. Unless marked to the contrary, proxies received will be voted FOR the appointment of SGV as the independent auditors for the ensuing year. The Management recommends a vote FOR the appointment of SGV as independent auditors of the Company for the ensuing year.

A representative of SGV is expected to be present at the Annual Meeting to respond to appropriate questions from the stockholders and to make a statement if so desired.

The Company has no disagreements with its independent auditors on Accounting and Financial Disclosure and changes in Accounting and Financial Disclosures are included in the attached Notes to Financial Statements, if applicable.

In compliance with SRC Rule 68 paragraph 3(b) (iv) (Rotation of External Auditors), the SGV audit partner, as of December 2015, is Ms. Julie Christine C. Ong-Mateo who is on her second year of audit engagement.

Audit and Audit Related Fees

The Company paid to its external auditors the following fees in the past two years:

Year	Audit Fees
2015	**₱ 1,155,000**
2014	₱ 1,100,000

The audit fees were evaluated and approved by the Audit Committee based on the scope of work of external auditors and the complexity of accounting and audit issues identified. There are no other fees paid to the external auditors for other assurance and related services.

Tax Consultancy and Other Fees

No tax consultancy fees were paid by the Company to SGV for the year 2015.

FINANCIAL AND OTHER INFORMATION

Management's Discussion and Analysis of Operation

Description of General Nature and Scope of Business

A. Soriano Corporation ("Anscor") was incorporated on February 13, 1930.

Anscor is a Philippine holding company with diverse investments. Anscor's major investments are in Phelps Dodge Philippines Energy Products Corporation ("PDP Energy") which manufactures wire and cable products and Seven Seas Resorts and Leisure, Inc., owner of Amanpulo Resort. It has investments in US-based nurse and physical therapists staffing company and steel modular engineering and constructions. It has other investments in companies engaged in a wide range of activities in the Philippines including aviation, nurse deployment, business process outsourcing and real estate. As a holding company, the principal sources of income for Anscor are: the share in net earnings of the companies in which it has investments, management fees, interest income, dividends and gains from the sale of investments mainly the trading gain on marketable securities and bonds.

As of 31st December 2015, the Company's consolidated total assets stood at ₱19.5 billion. For the year ended 31st December 2015, consolidated revenues of the Company amounted to about ₱10.6 billion.

In December 2014, taking most promising opportunities, Anscor raised its stake in Phelps Dodge International Philippines, Inc. (PDIPI) by acquiring the 60% stake of General Cable Corporation, making PDIPI a 100%-owned subsidiary of Anscor.

Growing the businesses is vital to Anscor's long-term success. The Company keeps a tight watch on the existing portfolio of businesses and new opportunities as they emerge.

In 2015, Anscor was able to increase revenue, manage expenses, and improve business margins and profitability of most of its operating units.

A. Soriano Corporation has the following direct/indirect subsidiaries/ associates as of December 31, 2015:

Company	% Ownership	Business	Jurisdiction
A. Soriano Air Corporation	100%	Service/Rental	Philippines
Pamalican Island Holdings, Inc.	62%	Holding Company	Philippines
Island Aviation, Inc.	62%	Air Transport	Philippines
Anscor Consolidated Corporation	100%	Holding Company	Philippines
Anscor International, Inc.	100%	Holding Company	British Virgin Island
IQ Healthcare Investments Limited	100%	Manpower Services	British Virgin Island
Cirrus Medical Staffing, Inc.	94%	Manpower Services	USA
Cirrus Holdings USA, LLC	94%	Manpower Services	USA
Cirrus Allied, LLC (formerly NurseTogether, LLC	94%	Online Community	USA
AG&P International Holdings, Ltd.	27%	Modular Steel Engineering/ Construction	British Virgin Island

Company	% Ownership	Business	Jurisdiction
Anscor Property Holdings, Inc.	100%	Real Estate Holding	Philippines
Akapulko Holdings, Inc.	100%	Real Estate Holding	Philippines
Goldenhall Corporation	100%	Real Estate Holding	Philippines
Lakeroad Corporation	100%	Real Estate Holding	Philippines
Mainroad Corporation	100%	Real Estate Holding	Philippines
Makatwiran Holdings, Inc.	100%	Real Estate Holding	Philippines
Makisig Holdings, Inc.	100%	Real Estate Holding	Philippines
Malikhain Holdings, Inc.	100%	Real Estate Holding	Philippines
Mountainridge Corporation	100%	Real Estate Holding	Philippines
Rollingview Corporation	100%	Real Estate Holding	Philippines
Summerside Corporation	100%	Real Estate Holding	Philippines
Timbercrest Corporation	100%	Real Estate Holding	Philippines
Sutton Place Holdings, Inc.	100%	Holding Company	Philippines
Cirrus Global, Inc.	93%	Manpower Services	Philippines
IQ Healthcare Professional Connection, LLC	93%	Manpower Services	Houston, Texas, United States
Phelps Dodge International Philippines, Inc.	100%	Holding Company	Philippines
Minuet Realty Corporation	100%	Landholding	Philippines
Phelps Dodge Philippines Energy Products Corporation	100%	Wire Manufacturing	Philippines
PD Energy International Corporation	100%	Wire Manufacturing	Philippines
AFC Agribusiness Corporation	81%	Agricultural Land Holding	Philippines
Seven Seas Resorts and Leisure, Inc.	62%	Villa Project Development	Philippines
Pamalican Resort, Inc.	62%	Resort Operations	Philippines
Vicinetum Holdings, Inc.	32%	Holding Company	Philippines
Enderun Colleges, Inc.	20%	Culinary School	Philippines
Prople Limited	20%	Business Processing & Outsourcing	Hongkong
Prople, Inc.	20%	Business Processing & Outsourcing	Philippines
DirectWithHotels	15%	Online Reservation	Philippines
KSA Realty Corporation	11%	Realty	Philippines

Below are the Key Performance Indicators of the Company:

Over the last years, consolidated revenues and net income from operations are as follows (in thousand pesos except earnings per share):

	Years Ended December 31		
	2015	**2014**	**2013**
REVENUES			
Sale of goods	₱ **6,102,269**	₱ –	₱ –
Services	**2,691,043**	1,966,140	1,812,137
Sale of real estate	**293,036**	–	82,033
Dividend income	**209,652**	260,862	237,966
Equity in net earnings of associates	**153,954**	147,141	228,946
Interest income	**83,315**	96,439	95,592
Management fee	**–**	78,344	58,926
Others	**1,208**	882	10,468
	9,534,477	2,549,808	2,526,069
INVESTMENT GAINS (LOSSES)			
Gain on sale of:			
AFS investments	**1,091,214**	1,661,986	1,101,884
Investment in associates	**–**	56,059	–
Loss on decrease in market values of FVPL investments	**(25,654)**	(9,487)	(102,835)
	1,065,559	1,708,558	999,048
TOTAL	**10,600,036**	4,258,366	3,525,117
INCOME BEFORE INCOME TAX	**1,672,659**	2,064,102	1,362,896
PROVISION FOR INCOME TAX	**309,398**	29,360	16,114
NET INCOME	₱ **1,363,262**	₱ 2,034,742	₱ 1,346,782
Attributable to:			
Equity holdings of the Parent	₱ **1,282,783**	₱ 2,041,142	₱ 1,358,036
Noncontrolling interests	**80,479**	(6,400)	(11,254)
	₱ **1,363,262**	₱ 2,034,742	₱ 1,346,782
Earnings Per Share			
Basic/diluted, for net income attributable to equity holdings of the Parent	₱ **1.03**	₱ 1.63	₱ 1.08

Year 2015 Financial Performance

In 2015, Anscor achieved a consolidated net income of ₱1.3 billion, lower than the ₱2.0 billion net profit reported last year, despite the higher consolidated revenues of ₱10.6 billion against ₱4.3 billion of 2014.

Increased in revenues were contributed by Phelps Dodge International Philippines, Inc. (PDP), Cirrus Medical Staffing, Inc. and Seven Seas Resorts and Leisure, Inc.

Two factors contributed to the decrease in net income.

First, there was a lower gain on the sale of traded shares from ₱1.7 billion in 2014 to ₱1.1 billion in 2015. Second, the Company set up a provision of ₱805.2 million for its investments that experienced challenges in 2015 and which are expected to continue in 2016. Anscor's net profit in 2015 before valuation allowances amounted to ₱2.1 billion, slightly higher than the ₱2.0 billion net income posted last year.

Anscor's core investments in traded shares, which include Aboitiz Power Corporation, International Container Terminal Services, Inc., iPeople, other marketable equity holdings; and its investment in KSA Realty Corporation generated a dividend income of ₱209.7 million in 2015. Interest income of ₱83.3 million was lower than the ₱96.4 million income of the previous year.

With the depreciation of the Philippine peso against the US dollar, the value of Anscor's foreign currency-denominated investments improved and were offset by the Group's dollar-denominated loans. This resulted in a net consolidated foreign exchange loss of ₱28.9 million against the ₱10.0 million in 2014.

The share in the earnings of Anscor's operating investments amounted to ₱154.0 million, ahead of last year's ₱147.1 million. This was attributable to the profit reported in 2015 by AG&P from the renegotiated contracts with its customers, which offset net loss of the previous year. In 2014, the Company's share in the net profit of PDP was lodged in equity earnings. With Anscor's increased stake in PDP from 40% to 100% as of December 2014, PDP was fully consolidated in 2015 and no longer reflected in equity in net earnings.

During the year, the Company paid total cash dividends of ₱0.35 per share: ₱0.25 per share on January 7, 2015 and ₱0.10 per share on May 29, 2015.

The Company's book value per share decreased from ₱11.94 to ₱10.99 as of December 31, 2015, mainly due to a significant decline in the value of our traded equities.

The Anscor Group Operations

Phelps Dodge International Philippines, Inc. (PDP)

The continued strong growth in the construction sector pushed PDP's profit to another record high of ₱574.4 million, a 7.3% increase from 2014, despite lower copper prices and higher interest expense. While revenues dropped from ₱6.6 billion to ₱6.1 billion due to lower commodity prices, sales in metric tons were about the same in 2015 against that of 2014.

Strong cost controls, new product sales, consistent marketing efforts and a better sales mix all contributed to a strong performance. Although sales to the utilities and manufacturers declined due to competition from lower priced imports, sales to the construction segment grew by 8%.

PDP's continued thrust to expand its offerings of products, services and customer solutions enabled the company to win several large projects.

PDP strengthened its operational edge by adding new equipment that increased production capacity, capability and flexibility.

The in-house programs on production methods and processes for employee safety, efficient machine use and better product quality, continue to be vital elements of the company's operating objectives.

Financially, the company's balance sheet remains strong. Long and short term debt of ₱1.5 billion funded a portion of Anscor's acquisition of 60% of the company from General Cable. Cash flows remain strong, servicing both debt and dividend commitments. Anscor was paid a dividend of ₱1.6 billion in 2015.

Seven Seas Resorts And Leisure, Inc. (Owner Of Amanpulo Resort)

The Resort generated total revenue of ₱644.5 million, an increase of 22.3% compared to the previous year's ₱527.1 million. Occupancy rate grew by 12.8 % to 47.2% versus 34.4% in 2014. The average room rate $1,117 was in line with the previous years's $1,168 and a weaker peso contributed to the higher revenue.

In 2015, Amanpulo digested the major refurbishment of the last two years that has led to improvements in many areas. Traditional source markets showed strong growth, with the Philippines and the USA standing out, reaching record increases of 49% and 69%, respectively.

Total number of villa rentals increased by 27%, from 707 nights to 901 nights in 2015. The Resort's villa management and handling fees amounted to ₱75.1 million compared to last year's ₱63.2 million, an increase of 18.8%.

Gross operating profit (GOP) of 30.5% in 2015 was up from last year's 19.6%, a ₱93.6 million increase. Amanpulo committed to increasing flights throughout the low season to allow two flights daily, year-round for the first time. This resulted in a considerable increase in air charter costs affecting GOP negatively.

The Resort completed the renovation of the beach club in 2015. For 2016, the purchase of a new generator, a desalination plant and new roofing for the beach club and the lagoon club are scheduled. The upgrade of back-of-house facilities for the staff, namely bathrooms, canteen, recreation area and cottages are scheduled for completion in the first quarter of 2016.

The Seven Seas' villa development division generated a handling fee of ₱56.5 million and a profit of ₱118.9 million on a villa sale. Four villas under construction last year were turned over during the first half of 2015. Two villas remain under construction and are slated for completion within the third quarter of 2016.

Total consolidated results of both the resort and the villa development operations rose to ₱165.9 million net income versus the ₱32.3 million net loss reported last year.

Cirrus Medical Staffing, Inc./Cirrus Global, Inc.

Demand for temporary healthcare staff in the United States grew approximately 17% in 2015, driven by an improving economy and an increase in hospital admissions due to the Affordable Health Act. According to the US Congressional Budget Office, there were 17 million newly insured people in 2015. The increase in patient volumes drove strong demand in virtually all areas of health care staffing.

For 2015, the company reported ₱1.9 billion in consolidated revenue, an all-time high and a 48% increase over that of 2014. Sales growth was underpinned by growth in the Travel Nursing business.

The Travel Therapy business also grew and reversed the declines seen over the previous two years, which had been due to regulatory changes in Medicare reimbursements and customer consolidation. To cope with the increased demand, the company added selectively to its account management and back office capabilities.

Consolidated operating income was ₱175.7 million, compared to an operating income of ₱51.9 million in 2014. Improved profitability was driven by top-line growth, steady gross margins and the control of sales and general administration expenses.

Cirrus Global's direct placement business in Abu Dhabi, United Arab Emirates, continued to do well in partnership with one of the most sophisticated healthcare providers in the region.

AG&P International Holdings Ltd.

AG&P revenues grew by 66% to US$355.4 million in 2015, as the Ichthys and Yamal LNG projects peaked in work progress and in revenue accrual. EBITDA increased by 471% to US$26.6 million, as selling and general and administrative expenses decreased by 5%, despite the uptick in operating activity.

AG&P ended 2015 with a net income of US$12.1 million, a significant turnaround from the previous year's net loss of US$2.7 million.

The focus for 2016 will be on completing the Ichthys and Yamal LNG projects, achieving greater operational efficiencies and most critically being able to close on new major projects both locally and abroad, despite the challenging macroeconomic environment in the oil and gas industry.

Enderun Colleges, Inc.

For the fiscal year June 1, 2014 to May 31, 2015, Enderun Colleges posted a consolidated net income of ₱94.2 million. Enderun's adjusted EBITDA for fiscal year 2014 to 2015 was ₱139.1 million, 17% higher than that of the previous period.

As of May 31, 2015, the company's cash position stood at ₱121.2 million and the College is debt-free. During the year, it paid cash dividends of ₱75.7 million, of which ₱15.6 million accrued to Anscor.

Enderun's student population has grown to close to 1,200 full-time college and certificate students, spread almost evenly across the school's three main degree offerings in Hospitality Management, Business Administration and Entrepreneurship.

There has been significant growth in Enderun's continuing education unit, Enderun Extension. Its revenues rose 21% year-on-year to ₱70.2 million. A key driver of growth in this segment has been the College's language training and tutorial business. Enderun recently launched its first off-campus tutorial center, branded *The Study*, at the Podium Mall in Ortigas Center. This will be the first of several branches to be rolled out.

The College's hotel management and consultancy arm, Enderun Hospitality Management (EHM), which was launched in 2014, is off to a great start with several hotel and resort properties already under Enderun management. With the F&B and hospitality expertise of the College, EHM is expected to deliver double-digit growth rates in the years to come.

Enderun is fully complying with the K to 12 program mandated by the 2013 Enhanced Basic Education Act (RA 10533). It expects to mitigate the impact on enrolment by reconfiguring its academic year and by growing its other business lines.

Enderun continues to strengthen its position in the premier market for higher education, in hospitality and in business management. The College will soon launch a new major in Sustainability, further cementing Enderun's position as the college of choice for career-focused students.

Prople Limited

In 2015, Prople Limited faced multiple challenges related to the 2013 acquisition of Kellogg & Andelson, a US accounting firm that provides tax, general accounting and bookkeeping services to small and medium-sized companies in California and the Midwestern part of the United States. There was a 15% year-on-year decrease in revenue in 2015, largely attributable to the closure of Kellogg & Andelson's San Diego office and client attrition in the Midwest.

In 2016, management will endeavor to strengthen the operating model, senior leadership team and client satisfaction, while the company's Board of Directors evaluates the future direction of this acquisition.

KSA Realty Corporation

In 2015, KSA Realty Corporation experienced strong performance in its leasing operation resulting in a net income of ₱1.3 billion, an 85% improvement on net profit for the same period last year, at a 96% occupancy rate. The 2016 net income included a net gain of ₱517.0 million on fair value adjustment of KSA's investment property which appreciated to ₱8.9 billion.

By converting the food court of The Enterprise Center, leasable area increased by 841 square meters with definite prospects already lined up and a possible handover of the space to the new tenant in the first quarter of 2016. The company will continue to invest in improving leasable spaces and common areas of the building in 2016, and among other projects, completely refurbish the lobby and restroom areas. The Enterprise Center continues to maintain its reputation as one of the premiere office buildings in the Makati Business District.

During the year, KSA paid cash dividends of ₱600.0 million, of which ₱68.5 million accrued to Anscor.

Predictive Edge Technologies, LLC

Predictive Edge Technologies is an early-stage technology company. Currently, the company has eight patents pending or awarded. Its subsidiary, Behavior Matrix LLC, is a world class emotional and behavior analytics platform that gives companies and organizations a unique way of understanding their audiences. With advanced mathematics, analytical algorithms and big data harvesting, Behavior Matrix provides insights that guide clients in their business intelligence and marketing strategies.

In 2015, Behavior Matrix's year-over-year sales fell 73%. Sales for the year were $524,323, down from $1,953,705 of the prior year. The drop was due to a decline in revenue from the political customer segment, a cyclical business that the company has exited. It is currently focused on the pharmaceutical, military Intelligence and media sectors and is evaluating strategic options, including the sale of Behavior Matrix LLC.

New Project

In 2014, Anscor extended a convertible loan to three geothermal project companies of the Red Core Group and under the Department of Energy's regulation. The loan has funded the exploration of potential geothermal energy resources in the volcanically active areas of Tiaong-Dolores (Quezon), Tayabas-Lucban (Quezon) and San Juan (Batangas).

Once a geothermal resource is identified using geology, geochemistry and geophysics (sub-surface imaging using electromagnetic properties), exploration drilling is done to validate the extent of the geothermal resource and measure its capacity potential. With a successful outcome, a power plant can be planned and built.

To date, two potential geothermal resources have been identified within the Tiaong-Dolores contract area and studies continue in Tayabas-Lucban (Quezon) and San Juan (Batangas).

Other Information

Except as discussed above, disclosures of the following information are not applicable for the registrant and its subsidiaries:

Business Development

- Bankruptcy, receivership or similar proceedings
- Material reclassification, merger, consolidation or purchase or sale of a significant amount of asset

Business of the Issuer

- Distribution methods of the products or services
- Status of any publicly-announced new product and services
- Competition
- Transaction with and/or related parties (except those disclosed in the notes to financial statements)
- Patents, trademarks, copyrights, licenses, franchises, royalty, etc.

- Need for any government approval of principal products and services
- Effect of existing or probable governmental regulations on the business
- The amount spent on development activities and its percentage to revenues during each of the last three years.

Anscor and its subsidiaries are not aware of any major risks involved in their businesses.

Significant financial indicators of the Group are the following:

	12/31/2015	12/31/2014	12/31/2013
1. Book Value Per Share (Note 1)	**10.99**	11.94	10.82
2. Current Ratio (Note 2)	**2.14**	1.28	1.96
3. Interest Rate Coverage Ratio (Note 3)	**15.35**	34.64	40.08
4. Debt to Equity Ratio (Note 4)	**0.41**	0.41	0.24
5. Asset to Equity Ratio (Note 5)	**1.44**	1.44	1.27
6. Profit Ratio (Net Income Attributable to Equity Holdings of the Parent/ Total Revenues)	**12.29%**	47.9%	38.5%
7. Return on Equity (Net Income/Equity Attributable to Equity Holdings of the Parent)	**9.46%**	13.8%	10.0%

Note 1 – Equity Attributable to Equity Holdings of the Parent/ Outstanding Shares
Note 2 – Current Assets/Current Liabilities
Note 3 – EBIT (earnings before interest and taxes)/ total interest expense
Note 4 – Total Liabilities/Equity Attributable to Equity Holdings of the Parent
Note 5 – Total Assets/Equity Attributable to Equity Holdings of the Parent

The Key Financial Indicators of our Major Subsidiaries are the following:

PDP Energy and PDIPI

In Million Pesos

		12/31/2015	12/31/2014	12/31/2013
1.	Net sales	**6,104**	6,552	5,587
2.	Gross profit	**1,192**	1,123	955
3.	Net income	**574**	536	434

Cirrus Group

1. Submission to lock ratio (operating statistic to evaluate recruitment)
2. Nurse/therapist retention ratio (Operating statistic to evaluate retention of nurse and therapist in the pool for staffing business.

(In Thousand Pesos)

	12/31/2015	12/31/2014	12/31/2013
3. Service income	**1,850,445**	1,250,017	1,201,024
4. Cost of services rendered	**1,468,253**	1,018,339	998,335
5. Net income (loss)	**108,864**	32,367	(3,670)

Seven Seas Group

(In Thousand Pesos)

	12/31/2015	12/31/2014	12/31/2013
1. Occupancy rate	**47%**	34.4%	43.1%
2. Hotel revenue	**644,509**	527,137	445,279
3. Gross operating profit (GOP)	**196,728**	56,877	58,880
4. GOP ratio	**30.5%**	11.8%	13.2%
5. Net income (loss) after tax	**166,854**	(32,294)	(16,440)

Occupancy rate is based on actual room nights sold over room nights on a 12-month period. Hotel revenues include rooms, food and beverage and other ancillary services. GOP is total revenues less direct costs and GOP ratio is GOP over total hotel revenues.

Outlook and Investment Strategy

While the Philippine economy is projected to pick up in 2016, Anscor will adapt to any major change in the environment in which it operates and adjusts to the economic landscape as it impacts on the Company's businesses, strategic decisions and on shareholders.

Anticipating what lies ahead, the Company will closely monitor developments in the oil and gas industry where the slowdown will impact on AG&P. The need to improve the country's infrastructure opens opportunities in which AG&P can be involved. There was a 51% increase in public spending in the last quarter of 2015, creating demand for construction materials and solutions which, if sustained will present opportunities for both AG&P and PDP.

The Philippine Stock Market also bears close watching since the Company has holdings in traded shares whose values have dropped considerably.

Through all this, the Company will continue its tight watch on the portfolio of diverse businesses that its shareholders have entrusted to Anscor. While disruptions are part of Anscor's times, Management has confidence in its people and in the judgment of corporate leadership to manage these uncertainties.

Employees

The Company and the Group as of December 31, 2015, has 23 and 701 employees, respectively. Breakdowns are as follows:

	Parent	Subsidiaries	Group
Management	9	148	157
Rank and file	14	530	544
TOTAL	**23**	**678**	**701**

- The Company and the Group were not subjected to any employees' strike in the past three years nor were there any threatening strike for the ensuing year.

- Employees of the Group are not subject to Collective Bargaining Agreement (CBA).

- The Group provides various employee benefits including health care and retirement benefits and has enjoyed good labor relations in the past.

Properties

Anscor owns and maintains its office at 7/F, Pacific Star Building in Makati City with approximately 2,000 square meters. It also owns the following:

Shipping Centre Bldg.,	1 office condo unit/509 sq. meters Intramuros, Manila

Information regarding properties of major subsidiaries and affiliates are:

- PDP Energy plants are situated on an 18.4 hectare property owned by Phelps Dodge's wholly owned subsidiary, Minuet Realty Corporation in the Luisita Industrial Park in San Miguel, Tarlac.

- Seven Seas owns a 40-room resort in Pamalican Island, called Amanpulo. This covers about 75 hectares of land, with 40 room casitas of about 65 sq. meter each and back of house facilities to service its power and water and staff house requirements. Additional 56 villa rooms are available for rent under the management agreement executed by PRI and the villa owners as of December 31, 2015.

- APHI has interests in land covering an area of approximately 830.12 hectares in Berong, Palawan, 24.1 hectares in San Vicente, Palawan and parcels of land with a total area of 40.41 hectares in Cebu. Also, APHI owns a lot at the Cebu Business Park and about 1.27 hectare properties in Puerto Princesa.

Other Information:

- The registrant is not involved in lease contracts requiring it to pay substantial amount of rental fees.
- There were no commitments for major capital expenditures or acquisitions of properties in the next twelve months.

Financial Condition

There was no significant change in the Company's Balance Sheet as of December 31, 2015 versus December 31, 2014 except for the decrease in unrealized valuation gain on AFS investments from ₱3.2 billion to ₱686.2 million due to the decrease in prices of Anscor's traded shares.

The discussions below were based on the consolidated balance sheet of the Company and its subsidiaries as of December 31, 2015 and 2014.

Cash and Cash Equivalents

The increase in cash and cash equivalents can be attributed to net cash flows from operating and investing activities amounting to ₱1.4 billion offset by cash used in financing activities of ₱1.0 billion.

(Please see attached consolidated cash flow statements for detailed analysis of cash movements).

Fair Value Through Profit and Loss (FVPL) Investments

The decrease in the account can be attributed to the net disposal for the period of about ₱64.4 million. The market value of foreign denominated investment in bonds, stocks and funds decreased by ₱22.3 million vs. December 31, 2014 values.

Receivables

The increase in receivables was mainly due to receivables of the Resort, the US-based staffing business and the wire manufacturing business.

Inventories

The decrease is traced to inventories sold by the wire manufacturing subsidiaries and the spare parts and supplies utilized for the year by the aviation and resort subsidiaries.

Available for Sale (AFS) Investments (current and noncurrent)

Net decrease in this account amounted to ₱2.7 billion. There was a decrease in market value of AFS investments of about ₱2.5 billion offset by net addition to AFS investments of ₱628.4 million for 2015. Also, the Company set up valuation allowances of ₱803.7 million for its investments.

Investments and Advances

The increase in investments and advances were due to equity in net earnings of associates for the period amounting to ₱154.0 million, unrealized foreign exchange gain related to foreign equity investment amounting to ₱119.9 million and additional investments of ₱49.2 million.

Goodwill

The goodwill from US-based staffing business increased by ₱32.6 million due to foreign exchange gain from the translation of net assets of the medical staffing company.

Property, Plant and Equipment - net

Depreciation charged to operations amounted to ₱236.8 million while net additions to property and equipment amounted to ₱237.3 million, mainly attributable to capital expenditures of the manufacturing, resort and aviation subsidiaries.

Retirement Plan Asset

The decrease in the retirement plan asset was due to actuarial changes arising mainly from remeasurement of plan assets.

Other Current Assets/Noncurrent Assets

Change in the account balance can be attributed to the increase in project costs for the remaining villas that are still under construction by Seven Seas and reclassification from noncurrent to other current assets for project costs of Seven Seas. This caused the other noncurrent assets to decrease from ₱191.6 million to ₱100.5 million.

Notes Payable

The decrease in the balance was mainly due to payment of ₱1.5 billion short-term loan of the Parent Company out of cash dividend paid by PDP.

Accounts Payable and Accrued Expenses

The decrease was attributable to payment of liabilities to contractors for ongoing projects of the resort subsidiary and payment of trade payables by PDP and Seven Seas.

Dividends Payable

Decrease in the account was mainly attributable to dividend checks issued and paid last January 7, 2015 but declared in November 2014 at ₱0.20/share. The balance as of December 31, 2015 represents unclaimed dividend checks of stockholders with problematic addresses.

Customer's Deposits for Property Development

The increase in the account was due to additional payments of two villa buyers of Seven Seas.

Income Tax Payable

Movement in the account was attributable to higher tax provision of the Group mainly Seven Seas and PDP for the year 2015.

Long-term Debt (current and noncurrent)

The increase in the account can be attributed to ₱1.2 billion loan availed by PDP, offset by current portion of debt paid by the resort subsidiary and the Parent Company.

Deferred Revenue

The slight decrease in deferred revenue pertained to revenue that was recognized by Cirrus Global, Inc. from payments of its client hospital when the nurses were deployed.

Deferred Income Tax Liabilities

Increase in the account was mainly due to deferred tax effect of the fair value adjustment on unquoted AFS investments, specifically for KSA and Enderun.

Other noncurrent liabilities

Increase in the account was mainly due to the payment of villa owners for future back of house facilities improvement of the resort subsidiary.

Cumulative Translation Adjustment

The increase includes upward adjustments of Anscor International, Inc., Cirrus Medical Staffing, Inc. and Cirrus Global, Inc.'s subsidiary, IQHPC dollar-denominated assets.

Unrealized valuation gains on AFS investments (equity portion)

AFS assets (mainly traded shares) were sold, the gain was realized and reflected in the consolidated statements of income and removed from the unrealized valuation gains reflected in the balance sheet. Also, the decrease is mainly attributable to the decline in market values of AFS investments, mainly traded equities, amounting to ₱2.6 billion from January 1 to December 31, 2015.

Others

There were no commitments for major capital expenditures in 2015.

Results of Operation

Management is not aware of any known trends, events or uncertainties except for political and market uncertainties that may have material impact on the Company's recurring revenues and profits.

The discussions below were based on the consolidated results of the Company and its subsidiaries for the year ended December 31, 2015 as compared to consolidated results for the year ended December 31, 2014 (2015 included the revenue, costs and expenses of PDP Group):

Revenues

This year's consolidated gross revenues of ₱10.6 billion was 148.9% higher than last year's revenue of ₱4.3 billion. This was mainly due to the inclusion of PDP's ₱6.1 billion revenues for the period January 1 to December 31, 2015 which was zero for the year 2014. Higher revenues were registered by the Resort and staffing subsidiaries.

Cost of Goods Sold/Services Rendered

Increase in cost services rendered was mainly attributable to higher cost of services of nurse staffing business and resort operation while cost of goods sold was higher due to the consolidation of PDP's cost for the period January 1 to December 31, 2015 which was zero for the year 2014.

Operating Expenses

Operating expenses increased as a result of consolidation of PDP operating expenses for the period January 1 to December 31, 2015 which was zero for the year 2014.

Interest Expense

The Group reported higher interest charges mainly due to the PDP and parent company's long-term loans.

Foreign Exchange Loss

Due to the appreciation of dollar and euro vis-à-vis peso, the parent company reported higher foreign exchange loss on its dollar denominated loan, partially offset by foreign exchange gain on foreign currency denominated investment holdings of the Parent Company.

Other Income (Charges) – net

Change in the account was mainly due to valuation allowances of ₱802.8 million recorded by the parent company for its investments.

Provision for Income Tax - net

The current provision for income tax of the group increased due to consolidation of PDP's income tax expense for the period January 1 to December 31, 2015.

Noncontrolling interest (statements of income)

Increase in minority interest was mainly due to share of minority shareholders in net income of resort, aviation subsidiary, Cirrus Medical Staffing, Inc. and Cirrus Global, Inc. for the period ended December 31, 2015.

<u>Year Ended December 31, 2014 Compared with Year Ended December 31, 2013 (as reported in 2014 SEC 17-A)</u>

Revenues

This year's consolidated gross revenues of ₱4.2 billion was 20.3% higher than last year's revenue of ₱3.5 billion. Anscor posted higher investment gain due to higher number of traded shares sold in the stock market during the period. Also, the group posted revenue from services and dividend income amounting to ₱2.0 billion and ₱260.9 million, respectively, higher than the revenue reported in 2013.

Cost of Services Rendered

Increase in cost of services rendered was mainly attributable to higher cost of services of the resort and nurse staffing business.

Operating Expenses

Increase can be attributed to the higher operating expenses of the parent company, resort and nurse staffing business, mainly caused by higher revenues.

Interest Expense

The Group reported higher charges mainly due to the parent company's long-term loan. 2014 included four (4) quarters of interest expense of the parent company while 2013 only had two (2) quarters of charges.

Foreign Exchange Gain (Loss)

Due to the appreciation of dollar and euro vis-à-vis peso, the parent company reported higher foreign exchange loss on its dollar denominated loan partially offset by foreign exchange gain on its foreign currency denominated investment in financial assets.

Provision for Income Tax - net

The provision for income tax current is slightly due to the parent company minimum corporate income tax and higher income tax reported of the resort subsidiary. Also, there was a significant increase in deferred tax liability recognized by Cirrus Group.

Other Income (Charges)

Other income in 2014 includes recovery of allowances for impairment losses by the Parent Company and insurance claim for business interruption loss by the resort subsidiary.

Noncontrolling Interests (statements of income)

Decrease in minority interest was mainly due to share of minority shareholders on higher losses reported by the resort subsidiary and Cirrus Global, Inc. for the year 2014.

Year Ended December 31, 2013 Compared with Year Ended December 31, 2012 (as reported in 2013 SEC 17-A)

Revenues

This year's consolidated gross revenues of ₱3.5 billion was 5.1% lower than last year's revenue of ₱3.7 billion. Anscor posted lower investment gain (₱1.2 billion to ₱1.0 billion) due to reduced number of equities sold in the stock market. Also, there is significant decline in market values of FVPL investments from gain of ₱67.2 million to a loss of ₱102.8 million. Amanpulo Resort reported a decline in service revenues due to business interruption brought by Typhoon Yolanda. The operation was temporarily suspended on November 8, 2013 and resumed only on December 15, 2013. However, Anscor posted equity in net earnings and dividend income amounting to ₱228.9 million and ₱238.0 million, respectively, higher than revenues for the same period in 2013. Seven Seas' net gain on sale of villa lots amounting to ₱62.2 million also contributed to this year's revenues and Cirrus Group reported improved service revenues.

Cost of Services Rendered

Increase in cost of services rendered was mainly attributable to higher cost of the resort subsidiary, particularly air transfer costs while nurse staffing business' cost of services increased due to higher revenues.

Operating Expenses

Increase can be attributed to the higher operating expenses of the Parent Company, resort and nurse staffing business.

Valuation Allowances

The Parent Company setup a provision for decline in market value of some AFS investments based on their significant decrease or prolonged decline in values.

Foreign Exchange Gain

Due to the appreciation of dollar and euro vis-à-vis peso, the Parent Company reported higher foreign exchange gain on its foreign currency denominated investment in financial assets.

Interest Expense

The Group reported higher charges for interest expense resulting from increased loan to fund the AG&P and Prople investments by the Parent Company.

Provision for Income Tax - net

The provision for income tax current is slightly higher due to the parent company's minimum corporate income tax. However, this was offset by increase in deferred tax assets recognized by the parent company mainly from decline in value of FVPL investments.

Noncontrolling Interests (statements of income)

Decrease in minority interest was mainly due to share of minority shareholders on losses reported by the Resort Group, Cirrus Medical Staffing and Cirrus Global, Inc. for the year 2013.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new and amended PFRS and Philippine Accounting Standards (PAS) which became effective on January 1, 2015.

- PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions (Amendments)*
  PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is not relevant to the Group since it has no defined benefit plans with contributions from employees or third parties.

Annual Improvements to PFRSs (2010-2012 cycle)

These improvements are effective for annual periods beginning on or after July 1, 2014. Unless otherwise stated, these amendments have no significant impact on the Group's consolidated financial statements. They include:

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*
  This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
  - a performance condition must contain a service condition
  - a performance target must be met while the counter party is rendering service
  - a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
  - a performance condition may be a market or non-market condition
  - if the counter party, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
  This improvement clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39, Financial Instruments: Recognition and Measurement (or PFRS 9, Financial Instruments, if early adopted). This is not relevant to the Group as it has no business combination with contingent consideration.

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
  The amendments clarify that:
  - An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.

- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The disclosures required by the standard are included in the Group's consolidated financial statements.

- PAS 16, *Property, Plant and Equipment, and PAS 38, Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization*
The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. This amendment is not relevant to the Group's consolidated financial statements as it has not adopted the revaluation method.

- PAS 24, *Related Party Disclosures - Key Management Personnel*
The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

<u>Annual Improvements to PFRSs (2011-2013 cycle)</u>

The Annual Improvements to PFRSs (2011-2013 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the consolidated financial statements. They include:

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:
  - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
  - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

- PFRS 13, *Fair Value Measurement - Portfolio Exception*
  The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39.

- PAS 40, *Investment Property*
  The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).

<u>New Accounting Standards, Interpretations and Amendments to Existing Standards Effective Subsequent to December 31, 2015</u>

The Group will adopt the standards, interpretations and amendments listed below to existing standards when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended standards and interpretations to have a significant impact on the consolidated financial statements.

<u>*Effective January 1, 2016*</u>

- PFRS 10, *Consolidated Financial Statements, and PAS 28, Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception* (Amendments).
  These amendments clarify that the exemption in PFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity that measures all of its subsidiaries at fair value and that only a subsidiary of an investment entity parent is consolidated. The amendments also allow an investor (that is not an investment entity and has an investment entity associate or joint venture), when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries. These amendments are effective for annual periods beginning on or after January 1, 2016. These amendments are not expected to have any impact to the consolidated financial statements.

- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (Amendments)
  The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

  The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group.

- PFRS 14, *Regulatory Deferral Accounts*
  PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Group is an existing PFRS preparer, this standard would not apply.

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

  Early application is permitted and entities do not need to disclose that fact as the amendments are considered to be clarifications that do not affect an entity's accounting policies or accounting estimates. The Group is currently assessing the impact of these amendments on its financial statements.

- PAS 16, *Property, Plant and Equipment, and PAS 38, Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)
  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that it has not used a revenue-based method to depreciate its non-current assets.

- PAS 16, *Property, Plant and Equipment, and PAS 41, Agriculture - Bearer Plants* (Amendments)
  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as it does not have any bearer plants.

- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments)
  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the consolidated financial statements.

Annual Improvements to PFRSs (2012-2014 cycle)

The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the consolidated financial statements. These include:

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
  The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
  PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- PFRS 7 - *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
  This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

- PAS 19, *Employee Benefits - regional market issue regarding discount rate*
  This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- PAS 34, *Interim Financial Reporting - disclosure of information 'elsewhere in the interim financial report'*
  The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective January 1, 2018

- PFRS 9, *Financial Instruments* (2014 or final version)
  In July 2014, the final version of PFRS 9, *Financial Instruments,* was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement,* and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015. The Group is currently assessing the impact of this standard.

- *International Financial Reporting Standard (IFRS) 15 Revenue from Contracts with Customers*
  IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

- IFRS 16, *Leases*
  On January 13, 2016, the IASB issued its new standard, IFRS 16, *Leases*, which replaces International Accounting Standards (IAS) 17, the current leases standard, and the related Interpretations.

  Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with IAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

  The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under IAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

  The new standard is effective for annual periods beginning on or after January 1, 2019. Entities may early adopt IFRS 16 but only if they have also adopted IFRS 15, *Revenue from Contracts with Customers*. When adopting IFRS 16, an entity is permitted to use either a full retrospective or modified retrospective approach, with options to use certain transition reliefs. The Group is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date once adopted locally.

Deferred

- Philippine Interpretation International Financial Reporting Interpretations Committee
(IFRIC) 15, Agreements for the Construction of Real Estate

  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the consolidated financial statements of the Group.

Other Financial Information

- There are no material events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

- There are no off-balance sheet transactions, arrangements, obligations including contingent obligations, and other relationships of the Company with unconsolidated entities or other persons created during the year.

- There were no commitments for major capital expenditures in 2015 and onwards.

- The management has no knowledge of known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenue or income from continuing operations.

- There are no seasonality or cyclicality trends in the business that would have material effect on the Company's result of operations and financial condition.

- There is no other change in composition of the registrant, no restructuring, except the business combination mentioned above.

- There is no other material event subsequent to the reporting period that has not been reflected in the financial statements.

<u>Legal Proceedings</u>

- There are no material pending Legal Proceedings to which Anscor or any of its subsidiaries or affiliates is a party except:

  a. ASAC is a founding member of the Federation of Aviation Organizations of the Philippines (FEDAVOR) since 1986. In 2005, FEDAVOR won a Supreme Court case against MIAA involving its imposition of higher rates for rental and other services without a public hearing. ASAC accrued its share in FEDAVOR's legal expenses in 2006. In 2009, MIAA filed and subsequently won their motion for reconsideration with the Court of Appeals ruling that all refunds have to be coursed through the Commission on Audit. As of December 31, 2015, the refund process has remained pending.

With no quick resolution in sight and in view of the change in the MIAA administration, the Company had planned to enter into a new lease contract with the MIAA, with the Company as the lessor and IAI as sublessor. However, due to the MIAA's denial of its request to modify and/or delete the onerous provisions contained in the contract, the Company decided to withdraw its lease application in late 2013 and is now back to sublessee status. The Company recognized accruals amounting to ₱1.14 million as of December 31, 2015 and 2014 for the Concessionaire's Privilege Fees which covers the subleasing that the MIAA is set to bill the Company.

b. ASAC is a defendant in labor law suits and claims. As of December 31, 2015 and 2014, management has recognized provisions for losses amounting to ₱5.72 million (see Note 17) that may be incurred from these lawsuits.

c. SSRLI has commitments, litigations and contingent liabilities that arise in the normal course of the SSRLI's operations which are not reflected in the consolidated financial statements. Management is of the opinion that as of December 31, 2015 and 2014, losses, if any, from these commitments and contingencies will not have a material effect on the consolidated financial statements.

Financial Statements

1. The financial statements were presented using the classified balance sheet format in accordance with the Philippines Financial Reporting Standards (PFRS).

2. The financial statements were prepared in accordance with the disclosures required by SRC Rules 68 and 68.1, current PFRS/IAS.

3. The consolidated financial statements included disclosures with regards to new accounting standards that the Company and its subsidiaries adopted.

Audited Financial Statements

The audited Financial Statements as of 31 December 2015 are included in pages 14 to 115 while the Statement of Management Responsibility is on page 13 of the 2015 Annual Report in the same CD containing this Information Statement.

Action with Respect to Reports

The following reports/minutes shall be submitted for approval/ ratification:

Approval of Minutes of Annual Meeting of Stockholders on 15 April 2015

The Minutes of Annual Meeting of Stockholders of the Company held on 15 April 2015 ("Minutes") will be presented for approval of the stockholders. Such action on the part of the stockholders will not constitute approval or disapproval of the matters referred to in said Minutes since Stockholders' approval and action on those items had already been obtained in that meeting and subsequently carried out.

The Minutes and related records are available for inspection at the office of the Company during business hours. In addition, copies of the Minutes shall be posted at the meeting site.

Summary of the Minutes of 15 April 2015:

In the Annual Stockholders' Meeting the following were taken up:

1. Approval of the Annual Report and Audited Financial Statements as of 31 December 2014 and ratification of all acts, contracts, investments and resolutions of the Board as set forth in the minutes of the Board of Directors.
2. Election of the members of the Board of Directors.
3. Appointment of external auditors.

In the organizational meeting that followed after the Stockholders' Meeting, the Executive Officers were re-elected and the members of the Audit Committee, Executive and Compensation Committee were re-appointed.

Approval of 2015 Audited Financial Statements

The Audited Financial Statements of the Company for the period ended 31 December 2015 will be submitted for approval of the stockholders at the Annual Meeting.

SGV had examined the Financial Statements in accordance with generally accepted auditing standards and have expressed their opinion on the fairness of the presentation in their report to the Board of Directors and Stockholders of the Company. The information and representation in the Financial Statements are the responsibility of Company's Management.

Ratification of All Acts, Contracts, Investments and Resolutions of the Board of Directors and Management since the February 18, 2015 Meeting.

As a matter of corporate policy, Management seeks the approval and ratification by the stockholders of all acts, contracts, investments and resolutions of the Board of Directors and Management since 18 February 2015. These are reflected in the Minutes of the meetings of the Board of Directors in their regular reports and disclosure to the Securities and Exchange Commission, and the Philippine Stock Exchange, and in the 2014 Annual Report of the Company. For reference, attached herewith (Annex A) is a list of all the resolutions approved by the Board of Directors since 18 February 2015 which are the subject of ratification by the stockholders.

Voting Procedures

SyCip Gorres Velayo & Co., the Independent Auditors elected as Board of Election Inspectors in the last Annual Meeting, has signified no changes in the voting procedures, which will be the same as in the previous years.

Stockholders as of 21 March 2016 may vote at the scheduled Stockholders Meeting.

Registration of stockholders and proxies attending the meeting will open at 9:00 a.m. on 20 April 2016.

As in previous meetings of stockholders, considering that only seven (7) were nominated to fill the seven (7) seats of the Board of Directors, there was no balloting.

In case of balloting, only stockholders and proxies who have previously registered will be given ballots. The ballots will be distributed at the registration booths. Upon being given a ballot, a stockholder/proxy should sign the stockholder/proxy registration list beside his/her signature placed earlier during registration.

After casting his/her vote, the stockholder/proxy may place his/her ballot inside any of the ballot boxes clearly marked as such and located at designated areas at the place of the meeting. Stockholders/proxies will be given a sufficient period of time to vote. Thereafter, SyCip Gorres Velayo & Co. will proceed to collect the ballot boxes and canvass the votes.

All questions and elections shall be decided by majority vote of stockholders present and in proxy and entitled to vote thereat.

Other Matters

As of the date hereof, there are no other matters which the Board of Directors intends to present or has reason to believe others will present at the meeting. If other matters come before the meeting, the proxy holders will vote in accordance with his best judgment with respect to such matters that are not known to the solicitors at a reasonable time before the solicitation is made.

The Company shall provide to the stockholders, without charge, on written request the Annual Report of the Company on SEC Form 17-A. All such requests for a copy of the Annual Report shall be directed to the Corporate Secretary, 7th Floor Pacific Star Building, Makati Avenue corner Gil Puyat Avenue, Makati City, Philippines.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on 29 March 2016.

LORNA PATAJO-KAPUNAN
Corporate Secretary

Market Information

The Principal Market where the registrant's Common equity is traded:

Philippine Stock Exchange
Latest Market Price – 29 February 2016

Previous close	High	Low	Close
6.00	6.00	5.95	5.95

The following are the high and low sales prices of the shares of the Company for each quarter within the last two fiscal years:

	2015		2014	
Quarter	High	Low	High	Low
First	7.25	6.62	6.90	6.30
Second	7.25	6.66	7.30	6.65
Third	7.09	6.01	7.37	6.91
Fourth	6.78	6.01	7.39	6.62

Source: PSE Report

The total number of stockholders/accounts as of 29 February 2016 is 11,297 holding 2,500,000,000 shares of common stock.

Dividends

In 2015, the Board of Directors declared the following cash dividends:

Classification	Peso Rate Per Share	Declaration Date	Record Date	Payable Date
Regular	**0.10**	**15-April-15**	**06-May-15**	**29-May-15**

The cash dividends declared by the Board of Directors in 2014 was:

Classification	Peso Rate Per Share	Declaration Date	Record Date	Payable Date
Regular	0.25	20-Nov-14	05-Dec-14	07-Jan-15

There is no restriction on payment of dividends other than the availability of retained earnings following the SEC rule on calculation of available retained earnings for dividend declaration. As of 31 December 2015, the Company has sufficient retained earnings available for dividend declaration.

Security Holders

The top 20 stockholders as of 29 February 2016 are as follows:

	Stockholder Name	Number of Common Shares	% of Ownership
1.	Anscor Consolidated Corporation	1,267,406,746	50.696
2.	PCD Nominee Corp. (Non-Filipino)	517,681,137	20.707
3.	A-Z Asia Limited Philippines, Inc.	169,646,329	6.786
4.	PCD Nominee Corp. (Filipino)	147,235,407	5.889
5.	Universal Robina Corporation	64,605,739	2.584
6.	Philippines International Life		
	Insurance Co., Inc.	55,002,875	2.200
7.	Andres Soriano III	50,490,265	2.010
8.	C & E Holdings, Inc.	28,011,922	1.120
9.	Edmen Property Holdings, Inc.	27,511,925	1.100
10.	MCMS Property Holdings, Inc.	26,513,928	1.061
11.	Express Holdings, Inc.	23,210,457	0.928
12.	EJS Holdings, Inc.	15,518,782	0.621
13.	DAO Investment & Management Corp.	8,628,406	0.345
14.	Philippines Remnants Co., Inc.	7,554,760	0.302
15.	Balangingi Shipping Corporation	2,767,187	0.111
16.	Leonardo T. Siguion Reyna	2,000,000	0.080
17.	Jocelyn C. Lee	2,000,000	0.080
18.	Lennie C. Lee	2,000,000	0.080
19.	F. Yap Securities, Inc.	1,361,011	0.054
20.	Josefina Uy-Yupangco or Ramon Yupangco	1,309,176	0.052
	Total	2,420,456,052	96.806

There are no recent sales of unregistered or exempt securities including recent issuance of securities constituting an exempt transaction.

ANNEX A

Resolutions Approved During the Meetings of the Board of Directors of A. Soriano Corporation for the period February 18, 2015 to March 2, 2016

1. **Board Meeting held on February 18, 2015**

1.1 "RESOLVED, That the Board of Directors of A. SORIANO CORPORATION (the "CORPORATION") authorize, as it hereby authorizes, the CORPORATION to mortgage, pledge, assign or otherwise encumber in favor of BDO Unibank, Inc. (the "BANK") property/ies of the CORPORATION, whether real or personal, particularly 1,121,000 shares of PHELPS DODGE INTERNATIONAL PHILIPPINES, INC. as collateral for all obligations arising from or in connection with all credit accommodations extended in the future to PHELPS DODGE PHILIPPINES ENERGY PRODUCTS CORPORATION (the "BORROWER") by said BANK (as well as any and all increases, over-availments, renewals, roll-overs, extensions, restructurings, amendments, or novations thereof), including all interest, default interest/penalties, expenses, costs, and charges, it being understood that said undertaking of the CORPORATION is a continuing one and shall subsist and bind the CORPORATION until all such obligations shall have been fully paid and satisfied.

RESOLVED, FURTHER, That the Board of Directors of the CORPORATION authorize, as it hereby authorizes, the CORPORATION to appoint and constitute the BANK as its attorney-in-fact, with full powers of substitution, to register the CORPORATION to appoint and constitute the BANK as its attorney-in-fact, with full powers of substitution, to register the mortgage, pledge, assignment and/ encumbrance with any and all appropriate government offices/agencies. The CORPORATION hereby declares that the power of attorney to be coupled with interest and as such is irrevocable until all obligations secured by the aforementioned properties of the CORPORATION are fully paid to the entire satisfaction of the BANK.

RESOLVED, FURTHER, That any two (2) of the following officers named below be authorized, as they are hereby authorized, to sign, execute and deliver from time to time the Mortgage Contract, Deed of Pledge/Assignment, Continuing Suretyship and all other documents necessary or related thereto under such terms and conditions as they may deem appropriate under the circumstances.

Name	Title/Designation
Eduardo J. Soriano	Vice Chairman &Treasurer
Ernest K. Cuyegkeng	Executive VP & CFO
Jose C. Ibazeta	Director
Joshua L. Castro	Asst. VP & Asst. Corp. Secretary

Provided, further, that any two (2) of the aforementioned officers are authorized, with full powers of substitution, to receive, for and on behalf of the CORPORATION the aforementioned property/ies of the CORPORATION upon full payment to the entire satisfaction of the BANK of the obligations secured thereby.

RESOLVED, FURTHER, That the Board of Directors of the CORPORATION acknowledge, as it hereby acknowledges, that the foregoing act is necessary and essential to carry out the purposes of the CORPORATION or is incidental to the exercise of the powers conferred to it.

RESOLVED, FURTHER, That all transactions, warranties, representations, covenants, dealing and agreements by this CORPORATION by any of its officers with the BANK prior to the approval of this Resolution are hereby approved, confirmed and ratified to be the valid and binding acts, representation, warranties and covenants of the CORPORATION;

RESOLVED, FURTHER, That these resolutions shall be valid and subsisting and shall remain in full force and effect unless otherwise revoked or amended in writing by the CORPORATION and duly served upon the BANK.

RESOLVED, FINALLY, That any one of the above-named officers is hereby empowered and authorized to advise the BANK of these resolutions.

2. **<u>Board Meeting held on April 15, 2015</u>**

2.1 RESOLVED, That the Board of Directors of A. Soriano Corporation by unanimous concurrence, submits herewith the Statement and Annual Report of the Chairman of the Board of Directors and President of the Corporation as its own Report to the Stockholders for the year ended December 31, 2014.

2.2 RESOLVED, as it is hereby resolved, that there is hereby declared out of the surplus profits of the Corporation, a cash dividend of Ten Centavos (₱0.10) per share on the common stock of the Corporation, payable on May 29, 2015, to all stockholders of record as of the close of business on May 6, 2015, and Mr. Ernest K. Cuyegkeng, the Corporation's Executive Vice President and Chief Financial Officer, is hereby directed and authorized to cause the payment of the said cash dividend on the specified date.

2.3 RESOLVED, as it is hereby resolved, that the Board of Directors of the Company approves the updates to its 2014 Annual Corporate Governance Report (ACGR) as follows:

- Date of election and the number of years served of the members of the Board of Directors;
- Directorship of some of the Directors in other listed companies;
- Shareholdings of Directors in the Company;
- Programs and seminars attended by the Directors during the year;
- Number of Board meetings during the year and attendance of Directors;
- Aggregate remuneration of Executive Directors, Non-Executive Directors and Independent Directors;
- Pension plan/s contribution of Executive Directors;
- Remuneration of the Officers of the Company;

- Number of meetings of the Board Committees held during the year and the length of service of its members in their respective Committees;
- Ownership structure of the substantial stockholders and affiliates of the Company;
- External Auditor's fee for the year 2014;
- Dividend declared by the Company for the year 2014;
- Details of attendance in the 2014 stockholders meeting of the Company;
- Definitive information statements and management report for 2014;
- Company's Investor Relation Officer; and
- Corporate Social Responsibility initiatives

2.4 RESOLVED, as it is hereby resolved, that A. Soriano Corporation (the "Corporation") is hereby authorized to invest with Maybank ATR Kim Eng Capital Partners, Inc. – Trust Department ("Maybank ATR") under such terms and conditions as may be for the best interest of the Corporation;

RESOLVED, FURTHER, that for purposes of its investment in Maybank ATR, the Corporation is hereby authorized to execute the Investment Management Agreement with Maybank ATR;

RESOLVED, FURTHER, That any two (2) of the following officers, namely:

NAME	POSITION
Mr. Eduardo J. Soriano	Vice Chairman and Treasurer
Mr. Ernest K. Cuyegkeng	Executive Vice President and Chief Financial Officer
Mr. Jose C. Ibazeta	Director
Atty. Joshua L. Castro	Asst. Vice President and Asst. Corporate Secretary

are hereby authorized to sign any and all documents that may be required to give full force and effect to this resolution.

2.5 RESOLVED, as it is hereby resolved, that A. Soriano Corporation (the “Corporation”) is empowered and authorized to renew its working capital facilities with Bank of the Philippine Islands (BPI) as follows:

FACILITY	AMOUNT
Revolving Promissory Note Line (RPNL)	PhP 500,000,000.00
Bills Purchase Line (BPL)	PhP 100,000,000.00
Long Term Loan (LTL)	PhP 1,000,000,000.00
Foreign Exchange Line	US$ 1,000,000.00

RESOLVED, FURTHER, That any two of the following officers of the Corporation, namely:

NAME	POSITION
Mr. Eduardo J. Soriano	Vice Chairman and Treasurer
Mr. Ernest K. Cuyegkeng	Executive Vice President and Chief Financial Officer
Mr. Jose C. Ibazeta	Director
Atty. Joshua L. Castro	Asst. Vice President and Asst. Corporate Secretary

be authorized, as they are hereby authorized, directed and empowered, in the name and for the account of the Corporation, to negotiate for and enter into the foregoing transactions with BPI under such terms and conditions as may be acceptable to the aforementioned officers, and to execute, sign and deliver any and all promissory notes, instruments, agreements, contracts and documents that may be necessary and/or required for the implementation of the foregoing transaction;

RESOLVED, FINALLY, That all transactions, warranties, representations, covenants, dealings and agreements by the aforementioned officers of the Corporation with BPI prior to the approval of this Resolution are all hereby approved, confirmed and ratified to be the valid and binding acts, representations, warranties and covenants of the Corporation.

3. **Board Meeting held on June 18, 2015**

3.1 RESOLVED, as it is hereby resolved, that the Board of Directors of A. Soriano Corporation, through its subsidiary, Anscor International, Inc. (the "Corporation") empowers and authorizes the Corporation to enter into, sign, execute and deliver the Amendment to Convertible Note Agreement as amended, with Prople Limited (the "Issuer"), whereby the Corporation agrees to purchase Tranche C Notes of the Issuer in the amount of FIVE HUNDRED THOUSAND US DOLLARS (US$500,000.00) by way of cash made to the Issuer, under such terms as the authorized signatory named herein below may deem to be in the best interest of the Corporation.

RESOLVED, FURTHER, That the Director, ERNEST K. CUYEGKENG, is hereby empowered and authorized to represent and act for and on behalf of the Corporation, and to sign, execute and deliver the aforesaid Amendment to Convertible Note Agreement as amended and such other documents required under the said agreement.

3.2 RESOLVED AS IT IS HEREBY RESOLVED, That the Corporation be as it is hereby authorized to appoint BANK OF THE PHILIPPINE ISLANDS ("the Bank") as Investment Manager to invest in any of the trust and investment products being offered by the Bank, through its Asset Management & Trust Group, or any of its subsidiaries and affiliates, such as but not limited to Special Deposit Account, Unit Investment Trust Funds, Mutual Funds, etc.;

RESOLVED, FINALLY, That any TWO (2) of the following officers, are hereby authorized to make, execute, sign, acknowledge and deliver the Investment Management Agreement and all subsequent documents, agreements, deeds or contracts, instructions and requests, including waivers, releases, or other instruments in writing, relative to and in connection with the opening, management and closing/termination of a specific investment management account with the Bank:

Mr. Eduardo J. Soriano
Mr. Ernest K. Cuyegkeng
Mr. Jose C. Ibazeta
Atty. Joshua L. Castro

3.3 RESOLVED, That the Board of Directors of the Corporation ratify, as it hereby ratifies, the appointment of BDO Unibank, Inc. - Trust and Investments Group ("BDO-Trust") as of July 1, 2015 as the trustee of the retirement plan for their employees known as the A. SORIANO CORPORATION RETIREMENT PLAN (the "Plan") and the opening of Trust Account No. 301-78148-0 with BDO-Trust (the "Account") for such purpose on December 23, 2002.

RESOLVED, FURTHER, That the Board of Directors ratify, as it hereby ratifies, all acts performed by the Corporation on and after December 23, 2002 in connection with the Account.

RESOLVED, FINALLY, That any two (2) of the following members of the Retirement Committee established in accordance with the Plan, signing jointly, be authorized to sign, execute and deliver any and all documents and do any and all acts necessary to implement the foregoing resolutions, as well as to give instructions and approvals regarding the Account:

Mr. Eduardo J. Soriano
Mr. Ernest K. Cuyegkeng
Ms. Narcisa M. Villaflor
Atty. Joshua L. Castro

4. **Board Meeting held on September 4, 2015**

RESOLVED, That for the purpose of purchases of fuel products from PETRON CORPORATION the Board of Directors authorize as it hereby authorizes ATTY. JOSHUA L. CASTRO, to negotiate and conclude a Credit Line Agreement with PETRON CORPORATION, under such terms and conditions as may be considered necessary and beneficial to the Corporation.

RESOLVED, FURTHER, That MR. ERNEST K. CUYEGKENG, Executive Vice President and Chief Financial Officer and ATTY. JOSHUA L. CASTRO, Asst. Vice President and Asst. Corporate Secretary, are hereby authorized to sign for and in behalf of ANSCOR said Credit Line Agreement and/or such instruments of understanding;

RESOLVED, FURTHER, as it is hereby resolved, that the Corporation guarantees for all Petron Fleet Cards issued to the Corporation;

RESOLVED, FURTHER, as it is hereby resolved, that any and all acts done and/or performed by the above mentioned officer under and by virtue of this resolution be, as it is hereby, confirmed and ratified."

5. **Board Meeting held on November 27, 2015**

RESOLVED, as it is hereby resolved, that the Corporation is hereby authorized to appropriate the amount of ₱1.2 billion from the Corporation's unrestricted retained earnings, which appropriation shall be used for the Company's investment program within the next three years on business activities related to the service sector, tourism and manufacturing, whether based in the Philippines or offshore.

6. **Board Meeting held on March 2, 2016**

6.1 RESOLVED, as it is hereby resolved, that the audited Financial Statements of A. Soriano Corporation for the year ended December 31, 2015 is hereby approved.

6.2 The Board proceeded to approve the record date, proxy validation date and the date of the Annual Stockholders' Meeting as follows:

Record Date – March 21, 2016
Proxy Validation Date – April 12, 2016
Date of Stockholders' Meeting – April 20, 2016

6.3. RESOLVED, as it is hereby resolved, that there is hereby declared out of the surplus profits of the Corporation, a cash dividend of Twenty Centavos (₱0.20) per share on the common stock of the Corporation, payable on April 20, 2016, to all stockholders of record as of the close of business on March 23, 2016, and Mr. Ernest K. Cuyegkeng, the Corporation's Executive Vice President and Chief Financial Officer, is hereby directed and authorized to cause the payment of the said cash dividend on the specified date.

6.4 RESOLVED, as it is hereby resolved, that the Corporation is hereby authorized to appropriate the amount of ₱100 million from the Corporation's unrestricted retained earnings, which appropriation shall be used for the Company's investment program within the next three years on business activities related to the service sector, tourism and manufacturing, whether based in the Philippines or offshore.

A. SORIANO CORPORATION
7th Floor, Pacific Star Building
Makati Avenue corner Gil Puyat Avenue Ext.,
1209 Makati City, Philippines

A. SORIANO CORPORATION

ANSCOR

2015 ANNUAL REPORT

ANSCOR

CONCURRENT RESOLUTION OF THE BOARD OF DIRECTORS

The Board of Directors of A. Soriano Corporation by unanimous concurrence, submits herewith the Statement and Annual Report of the Chairman of the Board and President of the Corporation as its own Report to the Stockholders for the year ended December 31, 2015.

CHAIRMAN'S MESSAGE

The domestic economy will benefit from government's PPP and public spending.

ANDRES SORIANO III

THE ECONOMIC PICTURE

The year 2015 saw Domestic Product grow by 5.8%, a modest drop from the previous year's 6.1%. The service sector continued to hold ground at 6.7%. Government spending increased from 1.8% to 9.4% and household expenditures were up from 5.4% to 6.2%. In contrast, agriculture registered a decline from 1.6% to 0.2% as a result of numerous typhoons affecting several key agricultural provinces. "The agriculture sector is not just stagnant, it is deteriorating and the next administration should initiate improvements in this sector and make it a priority policy."* Total exports fell by 3.2%, from US$86.9 billion in 2014 to US$84.1 billion in 2015 while imports rose more than expected.

On the positive side, inflation dropped to 1.4% from 4.1% in 2015, as a result of lower food and oil prices. The Philippines featured positively on the world stage as it hosted Heads of State at global conferences and the visit of Pope Francis.

The US recovery is tentatively on track despite global unease and the improvement in its economy is expected to stabilize and support the slower growth of the rest of the world. The Philippine peso and most other currencies weakened as the US currency strengthened.

**FILIPINO WORLDVIEW by Roberto Romulo (The Philippine Star) March 4, 2016.*

The domestic economy will remain fairly strong with private consumption supported by OFW remittances (albeit at a slower pace caused by lower oil prices), and the expanding Business Process Outsourcing sector. The investment account will benefit from an acceleration in the government's Public Private Partnership program and public spending will pick up ahead of presidential elections this May.

2015 FINANCIAL PERFORMANCE

In 2015, your Company achieved a consolidated net income of ₱1.3 billion, lower than the ₱2.0 billion net profit reported last year, despite achieving higher consolidated revenues of ₱10.6 billion against ₱4.3 billion of 2014.

Increased revenues were contributed by Phelps Dodge International Philippines, Inc. (PDP), Cirrus Medical Staffing, Inc. and Seven Seas Resorts and Leisure, Inc.

Two factors contributed to the decrease in net income.

First, there was a lower gain on the sale of traded shares from ₱1.7 billion in 2014 to ₱1.1 billion in 2015. Second, the Company set up a provision of ₱805.2 million for our investments that experienced challenges in 2015 and which are expected to continue into 2016. Anscor's net profit in 2015 before valuation allowances amounted to ₱2.1 billion, slightly higher than the ₱2.0 billion net income posted last year.

Our core investments in traded shares which include Aboitiz Power Corporation, International Container Terminal Services, Inc., iPeople, other marketable equity holdings and our investment in KSA Realty Corporation generated a dividend income of ₱209.7 million in 2015. Interest income of ₱83.3 million was lower than the ₱96.4 million income of the previous year.

With the depreciation of the Philippine peso against the US dollar, the value of Anscor's foreign currency-denominated investments improved and were offset by the Group's dollar-denominated loans. This resulted in a net consolidated foreign exchange loss of ₱28.9 million against ₱10.0 million in 2014.

The share in the earnings of our operating investments amounted to ₱154.0 million, ahead of last year's ₱147.1 million. This was attributable to the profit reported in 2015 by AG&P from the renegotiated contracts with its customers, which offset the net loss of the previous year. In 2014, our share in the net profit of PDP was lodged in equity earnings. With Anscor's increased stake in PDP from 40% to 100% as of December 31, 2014, PDP was fully consolidated in 2015 and no longer reflected in equity in net earnings.

During the year, your Company paid total cash dividends of ₱0.35 per share: ₱0.25 per share on January 7, 2015 and ₱0.10 per share on May 29, 2015.

Your Company's book value per share decreased from ₱11.94 to ₱10.99 as of December 31, 2015, mainly due to a significant decline in the value of our traded equities.

ANSCOR GROUP OPERATIONS

PHELPS DODGE INTERNATIONAL PHILIPPINES, INC. (PDP)

The continued strong growth in the construction sector pushed PDP's profit to another record high of ₱574.4 million, a 7.3% increase from 2014, despite lower copper prices and higher interest expense. While revenues dropped from ₱6.6 billion to ₱6.1 billion due to lower commodity prices, sales in metric tons were about the same in 2015 against that of 2014.

PDP won several large projects due to its offerings of products, services and customer solutions.

Strong cost controls, new product sales, consistent marketing efforts and a better sales mix all contributed to a strong performance. Although sales to the utilities and manufacturers declined due to competition from lower-priced imports, sales to the construction segment grew by 8%.

PDP's continued thrust to expand its offerings of products, services and customer solutions enabled the company to win several large projects. PDP strengthened its operational edge by adding new equipment that increased production capacity, capability and flexibility.

The in-house programs on production methods and processes for employee safety, efficient machine use and better product quality, continue to be vital elements of the company's operating objectives.

Financially, the company's balance sheet remains strong. Long- and short-term debt of ₱1.5 billion funded a portion of Anscor's acquisition of 60% of the company from General Cable. Cash flows remain strong, servicing both debt and dividend commitments. Anscor was paid a dividend of ₱1.6 billion in 2015.

SEVEN SEAS RESORTS AND LEISURE, INC.
(OWNER OF AMANPULO RESORT)

The Resort generated total revenue of ₱644.5 million, an increase of 22.3% compared to the previous year's ₱527.1 million. Occupancy rate grew by 12.8% to 47.2% versus 34.4% in 2014. The average room rate of $1,117 was in line with the previous year's $1,168 and a weaker peso contributed to the higher revenue.

In 2015, Amanpulo digested the major refurbishment of the last two years that has led to improvements in many areas. Traditional source markets showed strong growth, with the Philippines and the US standing out, reaching record increases of 49% and 69%, respectively.

Total number of villa rentals increased by 27%, from 707 nights to 901 nights in 2015. The Resort's villa management and handling fees amounted to ₱75.1 million compared to last year's ₱63.2 million, an increase of 18.8%.

Gross operating profit (GOP) of 30.5% in 2015 was up from last year's 19.6%, a ₱93.6 million increase. Amanpulo committed to increasing flights throughout the low season to allow two flights daily, year-round for the first time. This resulted in a considerable increase in air charter costs affecting GOP negatively.

The Resort completed the renovation of the beach club in 2015. For 2016, the purchase of a new generator, a desalination plant and new roofing for the beach and the lagoon clubs are scheduled. The upgrade of back-of-house facilities for the staff, namely bathrooms, canteen, recreation area and cottages are scheduled for completion in the first quarter of 2016.

Cirrus reported all-time high revenues of ₱1.9 billion.

The Seven Seas' villa development division generated a handling fee of ₱56.5 million and a profit of ₱118.9 million on a villa sale. Four villas under construction last year were turned over during the first half of 2015. Two villas remain under construction and are slated for completion within the third quarter of 2016.

Total consolidated results of both the resort and the villa development operations rose to ₱165.9 million net income versus the ₱32.3 million net loss reported last year.

CIRRUS MEDICAL STAFFING, INC./ CIRRUS GLOBAL INC.

Demand for temporary healthcare staff in the United States grew approximately 17% in 2015, driven by an improving economy and an increase in hospital admissions due to the Affordable Health Act. According to the US Congressional Budget Office, there were 17 million newly insured people in 2015. The increase in patient volumes drove strong demand in virtually all areas of healthcare staffing.

For 2015, the company reported ₱1.9 billion in consolidated revenue, an all-time high and a 48% increase over that of 2014. Sales growth was underpinned by growth in the Travel Nursing business.

The Travel Therapy business also grew and reversed the declines seen over the previous two years, which had been due to regulatory changes in Medicare reimbursements and customer consolidation. To cope with the increased demand, the company added selectively to its account management and back office capabilities.

Consolidated operating income was ₱175.7 million, compared to an operating income of ₱51.9 million in 2014. Improved profitability was driven by top-line growth, steady gross margins and the control of sales and general administration expenses.

Cirrus Global's direct placement business in Abu Dhabi, United Arab Emirates, continued to do well in partnership with one of the most sophisticated healthcare providers in the region.

AG&P INTERNATIONAL HOLDINGS LTD.

AG&P revenues grew by 66% to US$355.4 million in 2015, as the Ichthys and Yamal LNG projects peaked in work progress and in revenue accrual. EBITDA increased by 471% to US$26.6 million, as selling and general and administrative expenses decreased by 5%, despite the uptick in operating activity.

AG&P ended 2015 with a net income of US$12.1 million, a significant turn-around from the previous year's net loss of US$2.7million.

The focus for 2016 will be on completing the Ichthys and Yamal LNG projects, achieving greater operational efficiencies and most critically, being able to close on new major projects both locally and abroad, despite the challenging macroeconomic environment in the oil and gas industry.

ENDERUN COLLEGES, INC.

For the fiscal year June 1, 2014 to May 31, 2015, Enderun Colleges posted a consolidated net income of ₱94.2million. Enderun's adjusted EBITDA for fiscal year 2014 to 2015 was ₱139.1 million, 17% higher than that of the previous period.

As of May 31, 2015, the company's cash position stood at ₱121.2 million and the College is debt-free. During the year, it paid cash dividends of ₱75.7 million, of which ₱15.6 million accrued to Anscor.

Enderun's student population has grown to close to 1,200 full-time college and certificate students, spread almost evenly across the school's three main degree offerings in Hospitality Management, Business Administration and Entrepreneurship.

There has been significant growth in Enderun's continuing education unit, Enderun Extension. Its revenues rose 21% year-on-year to ₱70.2 million. A key driver of growth in this segment has been the College's language training and tutorial business. Enderun recently launched its first off-campus tutorial center, branded *The Study,* at the Podium Mall in Ortigas Center. This will be the first of several branches to be rolled out.

The College's hotel management and consultancy arm, Enderun Hospitality Management (EHM), which was launched in 2014, is off to a great start with several hotel and resort properties already under Enderun management. With the F&B and hospitality expertise of the College, EHM is expected to deliver double-digit growth rates in the years to come.

Enderun is fully complying with the K to 12 program mandated by the 2013 Enhanced Basic Education Act (RA 10533). It expects to mitigate the impact on enrolment by reconfiguring its academic year and by growing its other business lines.

Enderun continues to strengthen its position in the premium sector of higher education.

Enderun continues to strengthen its position in the premier market for higher education, in hospitality and in business management. The College will soon launch a new major in Sustainability, further cementing Enderun's position as the college of choice for career-focused students.

PROPLE LIMITED

In 2015, Prople Limited faced multiple challenges related to the 2013 acquisition of Kellogg & Andelson, a US accounting firm that provides tax, general accounting and bookkeeping services to small and medium-sized companies in California and the Midwestern part of the United States. There was a 15% year-on-year decrease in revenue in 2015, largely attributable to the closure of Kellogg & Andelson's San Diego office and client attrition in the Midwest.

In 2016, management will endeavor to strengthen the operating model, senior leadership team and client satisfaction, while the company's Board of Directors evaluates the future direction of this acquisition.

KSA REALTY CORPORATION

In 2015, KSA Realty Corporation experienced strong performance in its leasing operation resulting in a net income of ₱1.3 billion, an 85% improvement on net profit for the same period last year, at a 96% occupancy rate. The 2015 net income included a net gain of ₱517.0 million on fair value adjustment of KSA's investment property which appreciated to ₱8.9 billion.

By converting the foodcourt of The Enterprise Center, leasable area increased by 841 square meters with definite prospects already lined up and a possible handover of the space to the new tenant in the first quarter of 2016. The company will continue to invest in improving leasable spaces and common areas of the building in 2016, and among other projects, completely refurbish the lobby and restroom areas. The Enterprise Center continues to maintain its reputation as one of the premiere office buildings in the Makati Business District.

During the year, KSA paid cash dividends of ₱600.0 million, of which ₱68.5 million accrued to Anscor.

PREDICTIVE EDGE TECHNOLOGIES, LLC

Predictive Edge Technologies is an early-stage technology company. Currently, the company has eight patents pending or awarded. Its subsidiary, Behavior Matrix LLC, is a world class emotional and behavior analytics platform that gives companies and organizations a unique way of understanding their audiences. With advanced mathematics, analytical algorithms and big data harvesting, Behavior Matrix provides insights that guide clients in their business intelligence and marketing strategies.

In 2015, Behavior Matrix's year-over-year sales fell 73%. Sales for the year were $524,323, down from $1,953,705 the prior year. The drop was due to a decline in revenue from the political customer segment, a cyclical business that the company has exited. It is currently focused on the pharmaceutical, military intelligence and media sectors and is evaluating strategic options, including the sale of Behavior Matrix LLC.

NEW PROJECT

In 2014, Anscor extended a convertible loan to three geothermal project companies of the Red Core Group and under the Department of Energy's regulation. The loan has funded the exploration of potential geothermal energy resources in the volcanically active areas of Tiaong-Dolores (Quezon), Tayabas-Lucban (Quezon) and San Juan (Batangas).

Once a geothermal resource is identified using geology, geochemistry and geophysics (sub-surface imaging using electromagnetic properties), exploration drilling is done to validate the extent of the geothermal resource and measure its capacity potential. With a successful outcome, a power plant can be planned and built.

To date, two potential geothermal resources have been identified within the Tiaong-Dolores contract area and studies continue in Tayabas-Lucban (Quezon) and San Juan (Batangas).

CORPORATE SOCIAL RESPONSIBILITY

There are two significant milestones in our Foundation's history: December 2015, the 50th year of our cancer care program, and May 2016, the 30th year of our small islands development program.

Each of these years proves the Andres Soriano Foundation's (ASF) commitment to improve the quality of life of Filipinos in areas we serve through programs and projects with lasting impact.

We are extremely grateful for the support of our partners, stakeholders and especially donors whose steadfast commitment and trust in the Foundation have never faltered throughout the years. We are honored and humbled to be chosen as their conduit to their chosen charity.

SMALL ISLAND SUSTAINABLE DEVELOPMENT PROGRAM

On the 30th year of its Small Island Program, ASF has reached over 30 geographically-isolated and disadvantaged small island and coastal villages in Northeastern Palawan as it empowers these communities to improve the quality of life.

The Foundation's Environment Protection Program continues to be its centerpiece development initiative with the Coastal Resource Management Project supporting protection and management of marine sanctuaries including mangrove planting (4,600 seedlings), coastal clean-up and solid waste segregation activities.

Building Hope.
Igniting Dreams.

The yearly Health Caravan provided medical consultation to 4,357 patients versus last year's 2,533 and supported 710 versus 385 malnourished children in 2014.

Cancer Care Program

Efforts were intensified to increase awareness of cancer through our 24th Annual Andres Soriano, Jr. Memorial Lecture, another 30-year milestone, held in Sto. Tomas, Batangas.

Its Oncology Fellowship Program came full circle on the program's 50th year, with 28 doctors sponsored for Oncology Fellowship and 22 nurses provided scholarships for the Oncology Nursing Course. True to its commitment, ASF continues to support the 5-year chemotherapy maintenance medicines of 46 Stage 2 breast cancer patients at the UP-PGH Cancer Institute.

OUTLOOK AND STRATEGY

While the Philippine economy is projected to pick up in 2016, we will adapt to any major change in the environment in which we operate and adjust to the economic landscape as it impacts our businesses, our strategic decisions and our shareholders.

Anticipating what lies ahead, we will closely monitor developments in the oil and gas industry where the slowdown will impact on AG&P. The need to improve the country's infrastructure opens opportunities in which AG&P can be involved. There was a 51% increase in public spending in the last quarter of 2015, creating demand for construction materials and solutions which, if sustained will present opportunities for both AG&P and PDP.

The Philippine Stock Market also bears close watching since we have holdings in traded shares whose values have dropped considerably.

Through all this, your Company will continue its tight watch on the portfolio of diverse businesses that you, our shareholders, have entrusted to us. While disruptions are part of our times, we have confidence in our people and in the judgment of corporate leadership to manage these uncertainties.

The Company will adjust to the economic landscape as it impacts on our businesses.

ACKNOWLEDGMENT

To all our valued shareholders, customers, employees and partners, we would like to express our appreciation for your support, trust and confidence in the leadership of the Anscor Group and all its member companies.

Together, we will continue to grow our companies not only into viable and leading institutions but also into even more socially relevant and responsible corporate citizens that move the country forward. On behalf of the Board of Directors, thank you.

FINANCIAL HIGHLIGHTS

(In Million Pesos Except for Ratios and Per Share Data)

CONSOLIDATED FOR THE YEAR	2015	2014 (Note 1)	2013 (Note 1)
REVENUES	**10,600.0**	4,258.43	3,525.1
Sale of goods (Note 1)	**6,102.3**	–	–
Services	**2,691.0**	1,966.1	1,812.1
Gain on sale of available-for-sale investments and investments in associates	**1,091.2**	1,718.0	1,101.9
Sale of real estate	**293.0**	–	82.0
Dividend income	**209.7**	260.9	238.0
Equity in net earnings of associates	**154.0**	147.1	228.9
Interest income	**83.3**	96.4	95.6
Loss on decrease in market values of fair value through profit or loss investments	**(25.7)**	(9.5)	(102.8)
Management fee (Note 1)	**–**	78.3	58.9
Other income	**1.2**	0.9	10.5
NET INCOME*	**1,282.8**	2,041.1	1,358.0
EARNINGS PER SHARE**	**1.03**	1.63	1.08

CONSOLIDATED AT YEAR-END	2015	2014	2013
Total Assets	**19,493.2**	21,426.4	17,326.5
Equity Attributable to Equity Holdings of the Parent	**13,556.7**	14,835.2	13,637.9
Investment Portfolio	**11,859.4**	14,310.0	14,721.3
Current Ratio	**2.14**	1.27	1.96
Debt to Equity Ratio	**0.41**	0.41	0.24
Book Value Per Share***	**10.99**	11.94	10.82

Note 1 PDP Group's revenues, costs and expenses were not included in 2014 and 2013 since PDP was still an associate then. In 2015, PDP Group was consolidated when Anscor increased its holding from 40% to 100%. Management fee from PDP Group was eliminated in the line by line consolidation.

* *Attributable to equity holdings of the parent.*

** *Based on weighted average number of shares of 1,244.6 million in 2015, 1,254.0 million in 2014 and 1,261.0 million in 2013.*

*** *Based on outstanding shares of 1,233.7 million, 1,242.1 million and 1,261.0 million as of December 31, 2015, 2014 and 2013. respectively.*

ANSCOR GROUP
KEY FINANCIAL DATA

(In Million Pesos)

	2015	2014
PHELPS DODGE PHILIPPINES ENERGY PRODUCTS CORPORATION (NOTE 1)		
Revenues	**6,102**	6,552
Net Income	**574**	536
Total Assets	**3,489**	3,327
Equity	**1,872**	2,905
CIRRUS MEDICAL STAFFING, INC. AND SUBSIDIARIES		
Revenues	**1,850**	1,251
Net Income	**109**	32
Total Assets	**1,041**	883
Equity	**912**	759
SEVEN SEAS RESORTS AND LEISURE, INC.		
Revenues (resort operations)	**645**	527
Net Income (Loss) - Note 2	**166**	(32)
Total Assets	**1,799**	1,655
Equity	**731**	766
REVENUES – OTHER AFFILIATES		
KSA Realty Corporation	**992**	900
Prople Limited	**443**	508
Enderun Colleges, Inc.	**493**	457
Island Aviation, Inc.	**177**	168
Cirrus Global, Inc. (consolidated; formerly IQMAN)	**64**	39

Available figures as of March 11, 2016.
Note 1: Inclusive of PD Energy International Corporation's financial information.
Note 2: Including villa development division's net gain on sale of a villa of ₱118.9 million in 2015.

FIVE-YEAR REVIEW

Consolidated Financial Information

(In Million Pesos Except Per Share Data)

YEAR	NET INCOME	EQUITY ATTRIBUTABLE TO EQUITY HOLDINGS OF THE PARENT	WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	EARNINGS PER *SHARE	BOOK VALUE PER **SHARE
2015	**1,282.8**	**13,556.7**	**1,244.6**	**1.03**	**10.99**
2014	2,041.1	14,835.2	1,254.0	1.63	11.94
2013	1,358.0	13,637.9	1,261.0	1.08	10.82
2012	1,467.9	12,211.7	1,374.3	1.07	9.71
2011	993.4	11,293.3	1,350.7	0.74	8.69

YEAR	GROSS ***REVENUE	TOTAL ASSETS	INVESTMENT PORTFOLIO
2015	**10,600.0**	**19,493.2**	**11,859.4**
2014	4,258.4	21,426.4	14,310.0
2013	3,525.1	17,326.5	14,721.3
2012	3,716.5	13,949.9	11,551.6
2011	2,807.8	12,550.1	10,519.4

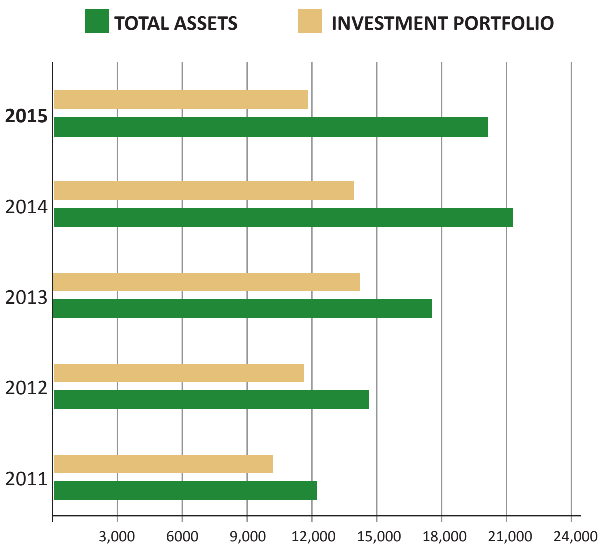
* *Ratio of net income to weighted average number of shares outstanding during the year.*

** *Ratio of equity attributable to equity holdings of the parent to outstanding number of shares as of end-December.*

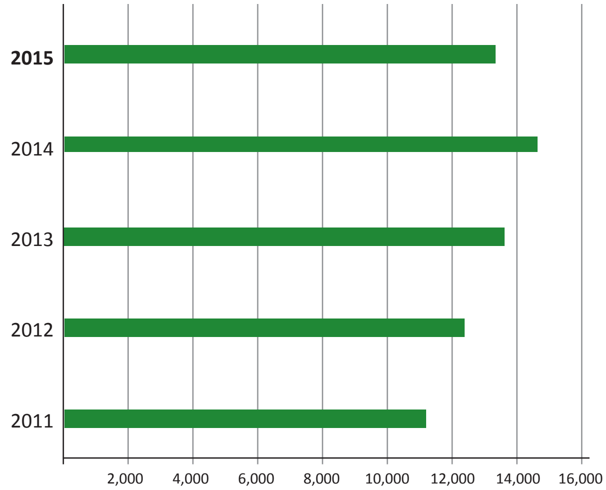
*** *2015 included PDP Group's gross revenues.*

(In Million Pesos)

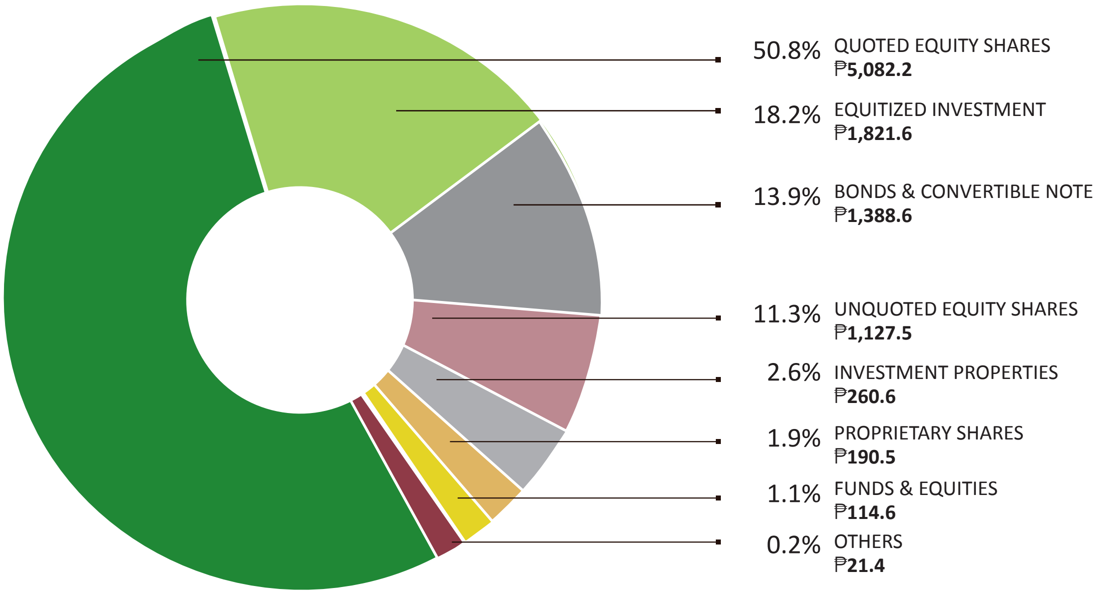
CONSOLIDATED TOTAL ASSETS & INVESTMENT PORTFOLIO



EQUITY ATTRIBUTABLE TO EQUITY HOLDINGS OF THE PARENT



CONSOLIDATED INVESTMENT PORTFOLIO DETAILS DECEMBER 31, 2015



STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The management of A. Soriano Corporation is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended December 31, 2015, 2014 and 2013, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders for the years ended December 31, 2015, 2014 and 2013, has examined the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

ANDRES SORIANO III
Chairman & Chief
Executive Officer/President

ERNEST K. CUYEGKENG
Executive Vice President &
Chief Financial Officer

Signed this 3rd day of March 2016

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY, METRO MANILA) S.S.

SUBSCRIBED AND SWORN to before me this 3rd day of March 2016 affiants exhibited to me the following:

NAME	PASSPORT NO.	DATE & PLACE OF ISSUE
Andres Soriano III	506368805	Jan. 14 2015 to Jan. 13, 2025/U.S.
Ernest K. Cuyegkeng	EB4390925	Jan. 31, 2015 to Jan. 30, 2020/Manila

Doc. No. 432;
Page No. 88;
Book No. XIV;
Series of 2016.

ATTY. REGINALDO L. HERNANDEZ
Notary Public for and in the City of Makati
Appointment No. M-260; Roll No. 20642
Commission expires on 12-31-16
PTR No. 5329973; 1-13-16; Makati City
IBP No. 1031036; 2-22-16; Pasig City
TIN: 100-364-501

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Phone: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015 valid until November 9, 2018

The Stockholders and the Board of Directors
A. Soriano Corporation

We have audited the accompanying consolidated financial statements of A. Soriano Corporation and Subsidiaries, which comprise the consolidated balance sheets as at December 31, 2015 and 2014, and the consolidated statements of income, 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 Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of A. Soriano Corporation and Subsidiaries as at December 31, 2015 and 2014, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2015, in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Julie Christine O. Mateo

Julie Christine O. Mateo
Partner
CPA Certificate No. 93542
SEC Accreditation No. 0780-AR-2 (Group A),
May 1, 2015, valid until April 30, 2018
Tax Identification No. 198-819-116
BIR Accreditation No. 08-001998-68-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5321675, January 4, 2016, Makati City

March 2, 2016

Consolidated Balance Sheets

	December 31	
	2015	2014 (As restated, Note 6)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 7)	₱ 1,774,319,172	₱ 1,401,033,659
Fair value through profit or loss (FVPL) investments (Note 8)	508,976,634	595,681,712
Receivables (Notes 6 and 9)	1,958,668,503	1,692,829,023
Inventories (Notes 6 and 10)	700,984,189	900,214,435
Property development in progress (Note 12)	175,812,028	57,863,813
Available-for-sale (AFS) investments - current (Note 11)	56,786,078	24,691,343
Prepayments	75,181,852	78,043,758
Other current assets (Note 29)	81,897,555	27,246,561
Total Current Assets	5,332,626,011	4,777,604,304
Noncurrent Assets		
AFS investments - net of current portion (Note 11)	7,358,993,331	10,067,299,976
Investments and advances (Note 12)	1,824,260,087	1,541,990,755
Goodwill (Note 6)	1,852,422,215	1,819,808,697
Property and equipment (Notes 6, 13 and 18)	2,701,877,014	2,701,963,732
Investment properties (Notes 14 and 29)	260,569,744	260,569,744
Retirement plan asset - net (Notes 6 and 23)	59,482,997	65,533,724
Property development in progress - net of current portion (Note 12)	–	98,778,684
Other noncurrent assets (Notes 6, 12, 15 and 29)	102,953,618	92,845,446
Total Noncurrent Assets	14,160,559,006	16,648,790,758
TOTAL ASSETS	₱ 19,493,185,017	₱ 21,426,395,062
LIABILITIES AND EQUITY		
Current Liabilities		
Notes payable (Note 16)	₱ 26,197,832	₱ 1,529,461,840
Accounts payable and accrued expenses (Notes 6, 17 and 30)	916,122,968	1,014,496,149
Dividends payable (Note 19)	229,648,921	519,664,033
Customers' deposits for property development (Note 12)	597,268,360	381,844,350
Income tax payable	85,381,137	66,199,040
Current portion of long-term debt (Notes 6 and 18)	638,070,546	237,502,643
Total Current Liabilities	2,492,689,764	3,749,168,055

(Forward)

Consolidated Balance Sheets

	December 31	
	2015	2014 (As restated, Note 6)
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 18)	₱ **2,459,835,814**	₱ 1,934,135,533
Deferred revenues (Note 29)	**10,117,900**	29,715,303
Deferred income tax liabilities - net (Notes 6 and 24)	**443,678,526**	389,879,502
Retirement benefits payable - net (Notes 6 and 23)	**6,666,773**	9,054,911
Other noncurrent liabilities (Notes 6, 15 and 29)	**145,275,611**	105,002,529
Total Noncurrent Liabilities	**3,065,574,624**	2,467,787,778
Total Liabilities	**5,558,264,388**	6,216,955,833
Equity Attributable to Equity Holdings of the Parent (Note 19)		
Capital stock - ₱1 par value	**2,500,000,000**	2,500,000,000
Additional paid-in capital	**1,605,613,566**	1,605,613,566
Equity reserve on acquisition of noncontrolling interest (Note 3)	**(26,356,543)**	(26,356,543)
Cumulative translation adjustment	**187,917,388**	10,702,438
Unrealized valuation gains on AFS investments (Note 11)	**686,254,240**	3,238,819,432
Remeasurement on retirement benefits (Note 23)	**34,992,585**	40,843,333
Retained earnings:		
Appropriated (Note 19)	**6,300,000,000**	4,600,000,000
Unappropriated (Note 19)	**4,487,779,074**	5,029,204,349
Cost of shares held by a subsidiary (1,266,300,646 shares and 1,257,900,646 shares in 2015 and 2014, respectively) (Note 19)	**(2,219,505,295)**	(2,163,648,770)
	13,556,695,015	14,835,177,805
Noncontrolling Interests (Note 3)	**378,225,614**	374,261,424
Total Equity	**13,934,920,629**	15,209,439,229
TOTAL LIABILITIES AND EQUITY	₱ **19,493,185,017**	₱ 21,426,395,062

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Income

	Years Ended December 31		
	2015	2014 *	2013*
REVENUES			
Sale of goods - net of discount and allowances of ₱74.83 million in 2015	₱ **6,102,268,950**	₱ –	₱ –
Services (Note 29)	**2,691,042,766**	1,966,139,955	1,812,136,972
Dividend income (Note 11)	**209,651,661**	260,862,079	237,966,271
Equity in net earnings of associates (Note 12)	**153,953,858**	147,141,103	228,945,588
Sale of real estate (Note 14)	**293,036,415**	–	82,033,482
Interest income (Notes 7, 8, 11 and 22)	**83,315,419**	96,438,999	95,592,251
Management fee (Notes 9, 26 and 29)	**–**	78,344,162	58,926,242
Others	**1,208,172**	881,793	10,468,291
	9,534,477,241	2,549,808,091	2,526,069,097
INVESTMENT GAINS (LOSSES)			
Gain on sale of:			
AFS investments (Note 11)	**1,091,213,611**	1,661,985,514	1,101,883,509
Investment in associates (Note 12)	**–**	56,059,176	–
Loss on decrease in market values of FVPL investments (Note 8)	**(25,654,441)**	(9,487,014)	(102,835,133)
	1,065,559,170	1,708,557,676	999,048,376
TOTAL	**10,600,036,411**	4,258,365,767	3,525,117,473
Cost of goods sold (Note 20)	**(4,931,773,630)**	–	–
Costs of services rendered (Note 20)	**(1,809,102,441)**	(1,361,515,068)	(1,330,261,339)
Cost of real estate sold (Note 14)	**(174,139,992)**	–	(19,860,844)
Operating expenses (Note 20)	**(1,166,299,873)**	(864,121,022)	(761,493,193)
Interest expense (Note 22)	**(116,599,234)**	(61,361,043)	(34,877,538)
Foreign exchange gain (loss) - net	**(28,856,549)**	(9,962,427)	32,696,008
Other income (charges) - net (Notes 22 and 29)	**(700,605,228)**	102,695,296	(48,424,613)
INCOME BEFORE INCOME TAX	**1,672,659,464**	2,064,101,503	1,362,895,954
PROVISION FOR INCOME TAX (Note 24)	**309,397,655**	29,359,944	16,113,987
NET INCOME	₱ **1,363,261,809**	₱ 2,034,741,559	₱ 1,346,781,967
Attributable to:			
Equity holdings of the Parent	₱ **1,282,782,660**	₱ 2,041,141,959	₱ 1,358,036,019
Noncontrolling interests	**80,479,149**	(6,400,400)	(11,254,052)
	₱ **1,363,261,809**	₱ 2,034,741,559	₱ 1,346,781,967
Earnings Per Share			
Basic/diluted, for net income attributable to equity holdings of the Parent (Note 25)	₱ **1.03**	₱ 1.63	₱ 1.08

See accompanying Notes to Consolidated Financial Statements.

** PDP Group's revenues, costs and expenses were not included in 2014 and 2013 since PDP was still an associate. In 2015, management fees for PDP Group was eliminated as PDP is now a subsidiary.*

Consolidated Statements of Comprehensive Income

	Years Ended December 31		
	2015	2014	2013
NET INCOME	**₱ 1,363,261,809**	₱ 2,034,741,559	₱ 1,346,781,967
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:			
Unrealized valuation gains (losses) on AFS investments (Note 11)	**(2,246,929,467)**	1,349,350,540	1,468,825,443
Income tax effect	**(24,996,268)**	(15,918,015)	(18,177,103)
	(2,271,925,735)	1,333,432,525	1,450,648,340
Realized gains on sale of AFS investments, net of impairment losses, recognized in the consolidated statements of income (Note 11)	**(285,974,884)**	(1,794,468,827)	(1,237,321,771)
Income tax effect	**5,335,427**	23,913,736	3,815,782
	(280,639,457)	(1,770,555,091)	(1,233,505,989)
	(2,552,565,192)	(437,122,566)	217,142,351
Cumulative translation adjustment	**177,214,950**	31,120,016	135,752,012
	(2,375,350,242)	(406,002,550)	352,894,363
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain (loss) (Note 23)	**(8,358,212)**	6,403,863	15,440,233
Income tax effect	**2,507,464**	(1,921,158)	(4,747,470)
	(5,850,748)	4,482,705	10,692,763
OTHER COMPREHENSIVE INCOME (LOSS)	**(2,381,200,990)**	(401,519,845)	363,587,126
TOTAL COMPREHENSIVE INCOME (LOSS)	**(₱ 1,017,939,181)**	₱ 1,633,221,714	₱ 1,710,369,093
Attributable to:			
Equity holdings of the Parent	**(₱ 1,098,418,330)**	₱ 1,640,262,701	₱ 1,721,447,737
Noncontrolling interests	**80,479,149**	(7,040,987)	(11,078,644)
	(₱ 1,017,939,181)	₱ 1,633,221,714	₱ 1,710,369,093

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Equity

	Equity Attributable to Equity Holdings of the Parent (Note 19)					
	Capital Stock	Additional Paid-in Capital	Equity Reserve on Acquisition of Noncontrolling Interest (Note 3)	Cumulative Translation Adjustment	Unrealized Valuation Gains (Losses) on AFS Investments (Note 11)	Remeasurement on Retirement Benefits (Note 23)
BALANCES AT DECEMBER 31, 2012	₱ 2,500,000,000	₱ 1,574,103,911	(₱ 26,356,543)	(₱ 156,169,590)	₱ 3,458,799,647	₱ 25,202,686
Total comprehensive income (loss) for the year	–	–	–	135,752,012	217,142,351	10,517,355
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱309.8 million (Note 19)	–	–	–	–	–	–
Shares repurchased during the year (Note 19)	–	–	–	–	–	–
Treasury shares reissued during the year	–	31,509,655	–	–	–	–
Movement in noncontrolling interests (Notes 3 and 6)	–	–	–	–	–	–
Additional investment in a subsidiary (Note 12)	–	–	–	–	–	–
Appropriation during the year (Note 19)	–	–	–	–	–	–
BALANCES AT DECEMBER 31, 2013	2,500,000,000	1,605,613,566	(26,356,543)	(20,417,578)	3,675,941,998	35,720,041
Total comprehensive income (loss) for the year	–	–	–	31,120,016	(437,122,566)	5,123,292
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱314.5 million (Note 19)	–	–	–	–	–	–
Shares repurchased during the year (Note 19)	–	–	–	–	–	–
Movement in noncontrolling interests (Notes 3 and 6)	–	–	–	–	–	–
Appropriation of retained earnings (Note 19)	–	–	–	–	–	–
BALANCES AT DECEMBER 31, 2014	2,500,000,000	1,605,613,566	(26,356,543)	10,702,438	3,238,819,432	40,843,333
Total comprehensive income (loss) for the year	–	–	–	177,214,950	(2,552,565,192)	(5,850,748)
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱125.8 million (Note 19)	–	–	–	–	–	–
Shares repurchased during the year (Note 19)	–	–	–	–	–	–
Movement in noncontrolling interests (Notes 3 and 29)	–	–	–	–	–	–
Appropriation of retained earnings (Note 19)	–	–	–	–	–	–
BALANCES AT DECEMBER 31, 2015	**₱ 2,500,000,000**	**₱ 1,605,613,566**	**(₱ 26,356,543)**	**₱ 187,917,388**	**₱ 686,254,240**	**₱ 34,992,585**

Consolidated Statements of Changes in Equity

	Equity Attributable to Equity Holdings of the Parent (Note 19)						
		Retained Earnings		Cost of Shares Held by a		Noncontrolling	Grand
	Subtotal*	Appropriated	Unappropriated	Subsidiary	Total	Interests	Total
BALANCES AT DECEMBER 31, 2012	₱ 7,375,580,111	₱ 2,100,000,000	₱ 4,755,876,861	(₱ 2,019,724,599)	₱ 12,211,732,373	₱ 342,029,170	₱ 12,553,761,543
Total comprehensive income (loss) for the year	363,411,718	–	1,358,036,019	–	1,721,447,737	(11,078,644)	1,710,369,093
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱309.8 million (Note 19)	–	–	(315,325,652)	–	(315,325,652)	–	(315,325,652)
Shares repurchased during the year	–	–	–	(21,419,406)	(21,419,406)	–	(21,419,406)
Treasury shares reissued during the year	31,509,655	–	–	9,921,364	41,431,019	–	41,431,019
Movement in noncontrolling interests (Notes 3 and 6)	–	–	–	–	–	(1,939,021)	(1,939,021)
Additional investment in a subsidiary (Note 12)	–	–	–	–	–	41,027,025	41,027,025
Appropriation during the year (Note 19)	–	900,000,000	(900,000,000)	–	–	–	–
BALANCES AT DECEMBER 31, 2013	7,770,501,484	3,000,000,000	4,898,587,228	(2,031,222,641)	13,637,866,071	370,038,530	14,007,904,601
Total comprehensive income (loss) for the year	(400,879,258)	–	2,041,141,959	–	1,640,262,701	(7,040,987)	1,633,221,714
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱314.5 million (Note 19)	–	–	(310,524,838)	–	(310,524,838)	–	(310,524,838)
Shares repurchased during the year (Note 19)	–	–	–	(132,426,129)	(132,426,129)	–	(132,426,129)
Movement in noncontrolling interests (Notes 3 and 6)	–	–	–	–	–	11,263,881	11,263,881
Appropriation during the year (Note 19)	–	1,600,000,000	(1,600,000,000)	–	–	–	–
BALANCES AT DECEMBER 31, 2014	7,369,622,226	4,600,000,000	5,029,204,349	(2,163,648,770)	14,835,177,805	374,261,424	15,209,439,229
Total comprehensive income (loss) for the year	(2,381,200,990)	–	1,282,782,660	–	(1,098,418,330)	80,479,149	(1,017,939,181)
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱314.5 million (Note 19)	–	–	(124,207,935)	–	(124,207,935)	–	(124,207,935)
Shares repurchased during the year (Note 19)	–	–	–	(55,856,525)	(55,856,525)	–	(55,856,525)
Movement in noncontrolling interests (Notes 3 and 6)	–	–	–	–	–	(76,514,959)	(76,514,959)
Appropriation during the year (Note 19)	–	1,700,000,000	(1,700,000,000)	–	–	–	–
BALANCES AT DECEMBER 31, 2015	**₱ 4,988,421,236**	**₱ 6,300,000,000**	**₱ 4,487,779,074**	**(₱ 2,219,505,295)**	**₱ 13,556,695,015**	**₱ 378,225,614**	**₱ 13,934,920,629**

* *Sum of equity details in page 20.*
See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

	Years Ended December 31		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱ 1,672,659,464**	₱ 2,064,101,503	₱ 1,362,895,954
Adjustments for:			
Loss (gain) on sale of:			
AFS investments (Note 11)	**(1,091,213,611)**	(1,661,985,514)	(1,101,883,509)
Investment in associates	**–**	(56,059,176)	–
Property and equipment (Note 13)	**–**	28,151	–
Valuation allowances - net (Note 22)	**841,123,370**	683,780,320	73,678,356
Dividend income (Note 11)	**(209,651,661)**	(260,862,079)	(237,966,271)
Depreciation and amortization (Note 13)	**236,767,900**	132,907,136	127,561,862
Equity in net earnings of associates (Note 12)	**(153,953,858)**	(147,141,103)	(228,945,588)
Interest expense (Note 22)	**116,599,234**	61,361,043	34,877,538
Interest income (Note 22)	**(83,315,419)**	(96,438,999)	(95,592,251)
Unrealized foreign exchange losses - net	**62,227,101**	32,420,744	106,014,593
Loss on decrease in market values of FVPL investments (Note 8)	**25,654,441**	9,487,014	102,835,133
Retirement benefit costs (Note 23)	**16,230,854**	11,722,183	11,474,829
Gain on remeasurement of previously held interest (Note 22)	**–**	(699,011,094)	–
Operating income before working capital changes	**1,433,127,815**	74,310,129	154,950,646
Decrease (increase) in:			
FVPL investments	**40,316,999**	(124,275,601)	(54,078,824)
Receivables	**(44,016,071)**	(17,241,769)	(97,790,402)
Inventories	**199,230,246**	(39,327,133)	4,186,191
Property development in progress	**(19,169,531)**	–	–
Prepayments and other current assets	**(55,563,541)**	(39,349,178)	(42,734,568)
Increase (decrease) in:			
Accounts payable and accrued expenses	**(66,274,258)**	282,359,937	32,152,326
Customers' deposits for property development	**215,424,010**	224,986,350	156,858,000
Deferred revenues	**(19,597,403)**	1,266,987	(1,226,729)
Net cash provided by operations	**1,683,478,266**	362,729,722	152,316,640
Dividends received	**209,651,661**	356,062,079	307,566,271
Interest received	**83,315,419**	98,046,778	97,227,033
Interest paid	**(148,698,157)**	(61,361,043)	(34,877,538)
Retirement benefit contribution (Note 23)	**(20,926,478)**	(13,923,949)	(15,695,633)
Income taxes paid	**(253,933,598)**	(12,094,161)	(23,226,651)
Net cash flows from operating activities	**1,552,887,113**	729,459,426	483,310,122

(Forward)

Consolidated Statements of Cash Flows

	Years Ended December 31		
	2015	2014	2013
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of:			
AFS investments (Note 11)	**₱ 3,294,238,365**	₱ 5,650,606,104	₱ 5,181,601,386
Investment in associates	**–**	56,059,176	–
Additions to:			
AFS investments (Note 11)	**(3,426,157,700)**	(4,435,277,618)	(5,131,238,087)
Property and equipment (Note 13)	**(237,320,248)**	(196,878,710)	(283,486,670)
Acquisition of subsidiaries, net of cash acquired (Note 6)	**–**	(2,369,366,713)	–
Advances to affiliates (Note 12)	**(2,655,735)**	5,914,823	(1,886,405)
Movement in other noncurrent assets	**(10,108,172)**	–	–
Acquisition of an associate (Note 12)	**(2,100,000)**	–	(1,737,200,000)
Net cash flows used in investing activities	**(384,103,490)**	(1,288,942,938)	(1,972,209,776)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from notes payable (Note 16)	**557,000,000**	1,529,461,840	176,133,976
Payments of:			
Notes payable (Note 16)	**(2,072,225,829)**	(78,139,466)	(389,625,547)
Long-term debt (Note 18)	**(219,884,036)**	(30,419,980)	(24,254,167)
Dividends (Note 19)	**(414,223,047)**	(54,875,431)	(420,473,090)
Company shares purchased by a subsidiary (Note 19)	**(55,856,525)**	(132,426,129)	(21,419,406)
Increase (decrease) in noncontrolling interests	**(76,514,959)**	504,714	39,263,412
Proceeds from long-term debt (Note 18)	**1,500,000,000**	–	1,973,976,357
Proceeds from sale of treasury stock (Note 19)	**–**	–	41,431,019
Net cash flows from (used in) financing activities	**(781,704,396)**	1,234,105,548	1,375,032,554
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**387,079,227**	674,622,036	(113,867,100)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(13,793,714)**	(17,480,886)	(12,793,005)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,401,033,659**	743,892,509	870,552,614
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱ 1,774,319,172**	₱ 1,401,033,659	₱ 743,892,509

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. Corporate Information

A. Soriano Corporation (Anscor or the Company) was registered with the Philippine Securities and Exchange Commission (SEC) on February 13, 1930 to, among others, act as agent or representative of corporations, partnerships or individuals whether residing here or abroad; to buy, retain, possess shares of stock, franchises, patents of any person or entity and to issue shares of stock, bonds or other obligations for the payment of articles or properties acquired by the Company; and to buy or acquire all or part of the property, assets, business and clientele of any person, corporation or partnership, managing the properties or businesses so purchased or acquired and exercising all the powers necessary and convenient for the management and development of the said properties or businesses. On July 17, 1979, the SEC approved the Company's amended articles of incorporation extending the term of its existence for another fifty years up to February 12, 2030. The Company is a corporation incorporated and domiciled in the Philippines whose shares are publicly traded. The registered office address of the Company is at 7th Floor, Pacific Star Building, Makati Avenue corner Gil Puyat Avenue Extension, Makati City, Philippines.

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") as of December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015 were authorized for issue by the Board of Directors (BOD) on March 2, 2016.

2. Basis of Preparation and Changes in Accounting Policies and Disclosures

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for securities at fair value through profit or loss (FVPL) and available-for-sale (AFS) investments that have been measured at fair value. The consolidated financial statements are presented in Philippine pesos (Peso), which is the Company's functional and presentation currency. Amounts are presented to the nearest Peso unless otherwise stated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new and amended PFRS and Philippine Accounting Standards (PAS) which became effective on January 1, 2015.

- PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions* (Amendments)
  PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is not relevant to the Group since it has no defined benefit plans with contributions from employees or third parties.

Annual Improvements to PFRSs (2010-2012 cycle)

These improvements are effective for annual periods beginning on or after July 1, 2014. Unless otherwise stated, these amendments have no significant impact on the Group's consolidated financial statements. They include:

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*
  This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
  - a performance condition must contain a service condition
  - a performance target must be met while the counter party is rendering service
  - a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
  - a performance condition may be a market or non-market condition
  - if the counter party, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
  This improvement clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39, Financial Instruments: Recognition and Measurement (or PFRS 9, Financial Instruments, if early adopted). This is not relevant to the Group as it has no business combination with contingent consideration.

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
  The amendments clarify that:
  - An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
  - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

  The disclosures required by the standard are included in the Group's consolidated financial statements (see Note 5).

- PAS 16, *Property, Plant and Equipment, and PAS 38, Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization*
  The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. This amendment is not relevant to the Group's consolidated financial statements as it has not adopted the revaluation method.

- PAS 24, *Related Party Disclosures - Key Management Personnel*
  The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

<u>Annual Improvements to PFRSs (2011-2013 cycle)</u>

The Annual Improvements to PFRSs (2011-2013 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the consolidated financial statements. They include:

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
  The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:
  - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
  - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

- PFRS 13, *Fair Value Measurement - Portfolio Exception*
  The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39.

- PAS 40, *Investment Property*
  The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).

New Accounting Standards, Interpretations and Amendments to
<u>Existing Standards Effective Subsequent to December 31, 2015</u>

The Group will adopt the standards, interpretations and amendments listed below to existing standards when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended standards and interpretations to have a significant impact on the consolidated financial statements.

Effective January 1, 2016

- PFRS 10, *Consolidated Financial Statements, and PAS 28, Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception* (Amendments).
  These amendments clarify that the exemption in PFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity that measures all of its subsidiaries at fair value and that only a subsidiary of an investment entity parent is consolidated. The amendments also allow an investor (that is not an investment entity and has an investment entity associate or joint venture), when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries. These amendments are effective for annual periods beginning on or after January 1, 2016. These amendments are not expected to have any impact to the consolidated financial statements.

- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (Amendments)
  The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

  The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group.

- PFRS 14, *Regulatory Deferral Accounts*
  PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Group is an existing PFRS preparer, this standard would not apply.

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

  Early application is permitted and entities do not need to disclose that fact as the amendments are considered to be clarifications that do not affect an entity's accounting policies or accounting estimates. The Group is currently assessing the impact of these amendments on its financial statements.

- PAS 16, *Property, Plant and Equipment, and PAS 38, Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)
  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that it has not used a revenue-based method to depreciate its non-current assets.

- PAS 16, *Property, Plant and Equipment, and PAS 41, Agriculture - Bearer Plants* (Amendments)
  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as it does not have any bearer plants.

- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments)
  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the consolidated financial statements.

Annual Improvements to PFRSs (2012-2014 cycle)

The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the consolidated financial statements. These include:

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
  The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
  PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- PFRS 7 - *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
  This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

- PAS 19, *Employee Benefits - regional market issue regarding discount rate*
  This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- PAS 34, *Interim Financial Reporting - disclosure of information 'elsewhere in the interim financial report'*
  The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective January 1, 2018

- PFRS 9, *Financial Instruments* (2014 or final version)
  In July 2014, the final version of PFRS 9, Financial Instruments, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, Financial Instruments: Recognition and Measurement, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015. The Group is currently assessing the impact of this standard.

- *International Financial Reporting Standard (IFRS) 15 Revenue from Contracts with Customers*
  IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

- IFRS 16, *Leases*
  On January 13, 2016, the IASB issued its new standard, IFRS 16, Leases, which replaces International Accounting Standards (IAS) 17, the current leases standard, and the related Interpretations.

  Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with IAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

  The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under IAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

  The new standard is effective for annual periods beginning on or after January 1, 2019. Entities may early adopt IFRS 16 but only if they have also adopted IFRS 15, *Revenue from Contracts with Customers.* When adopting IFRS 16, an entity is permitted to use either a full retrospective or modified retrospective approach, with options to use certain transition reliefs. The Group is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date once adopted locally.

3. Summary of Significant Accounting and Financial Reporting Policies

Basis of Consolidation

The consolidated financial statements of the Group comprise the financial statements of the Company and the following wholly-owned and majority-owned subsidiaries as of December 31:

	Nature of Business	Percentage of Ownership 2015	2014	2013
A. Soriano Air Corporation (Note 29)	Services/Rental	**100**	100	100
Pamalican Island Holdings, Inc. (PIHI)	Holding	**62**	62	62
Island Aviation, Inc. (IAI, Notes 18 and 29)	Air Transport	**62**	62	62
Anscor Consolidated Corporation (Anscorcon)	Holding	**100**	100	100

(Forward)

	Nature of Business	Percentage of Ownership 2015	2014	2013
Anscor International, Inc. (AI, Note 12)	Holding	100	100	100
IQ Healthcare Investments Limited (IQHIL, Note 12)	Manpower Services	100	100	100
Cirrus Medical Staffing, Inc. (Cirrus, Notes 6, 12 and 29)	Manpower Services	94	94	94
Cirrus Holdings USA, LLC (Cirrus LLC, Notes 6 and 29)	Manpower Services	94	94	94
Cirrus Allied, LLC (Cirrus Allied, Notes 6 and 29)	Manpower Services	94	94	94
NurseTogether, LLC (NT) (Note 6)	Online Community Management	94	94	94
Anscor Property Holdings, Inc. (APHI, Note 14)	Real Estate Holding	100	100	100
Akapulko Holdings, Inc. (Akapulko)	Real Estate Holding	100	100	100
Goldenhall Corp.	Real Estate Holding	100	100	100
Lakeroad Corp.	Real Estate Holding	100	100	100
Mainroad Corp.	Real Estate Holding	100	100	100
Makatwiran Holdings, Inc. (Makatwiran)	Real Estate Holding	100	100	100
Makisig Holdings, Inc. (Makisig)	Real Estate Holding	100	100	100
Malikhain Holdings, Inc. (Malikhain)	Real Estate Holding	100	100	100
Mountainridge Corp.	Real Estate Holding	100	100	100
Rollingview Corp.	Real Estate Holding	100	100	100
Summerside Corp.	Real Estate Holding	100	100	100
Timbercrest Corp.	Real Estate Holding	100	100	100
Phelps Dodge International Philippines, Inc. (PDIPI, Notes 6, 12 and 29)	Holding	100	100	–
Minuet Realty Corporation (Minuet)	Landholding	100	100	–
Phelps Dodge Philippines Energy Products Corporation (PDP Energy, Notes 6, 12 and 29)	Wire Manufacturing	100	100	–
PD Energy International Corporation (PDEIC)	Wire Manufacturing	100	100	–
Sutton Place Holdings, Inc. (Sutton)	Holding	100	100	100
Cirrus Global, Inc. (CGI, Note 29)	Manpower Services	93	93	93
IQ Healthcare Professional Connection, LLC (IQHPC, Notes 15 and 29)	Manpower Services	93	93	93
AFC Agribusiness Corporation (ACC) (Note 12)	Real Estate Holding	81	81	–
Seven Seas Resorts and Leisure, Inc. (SSRLI, Notes 12 and 29)	Villa Project Development	62	62	62
Pamalican Resort, Inc. (PRI, Notes 12 and 29)	Resort Operations	62	62	62

Except for AI, IQHIL, Cirrus and its subsidiaries and IQHPC, the above companies are all based in the Philippines. The principal business location of AI and IQHIL is in the British Virgin Islands (BVI), while Cirrus and its subsidiaries and IQHPC are based in the United States of America (USA).

Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins from the date of acquisition, being the date on which control is transferred to the Group and continue to be consolidated until the date that such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Non-controlling interests represent a portion of profit or loss and net assets of subsidiaries not held by the Group, directly or indirectly, and are presented separately in the consolidated statement of comprehensive income and within the equity section in the consolidated balance sheet and consolidated statement of changes in equity, separately from Company's equity.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

In 2008, Sutton acquired an additional 32% interest in CGI, increasing its ownership to 93%. The excess of the consideration over the book value of the interest acquired was taken to "Equity Reserve on Acquisition of Noncontrolling Interest" in the consolidated balance sheet.

Current Versus Non-current Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Investments in Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in associates are accounted for under the equity method of accounting in the consolidated financial statements and are initially recognized at cost. On acquisition of investment in an associate, any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as goodwill. Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment. After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in associates. At each reporting date, the Group determines whether there is objective evidence that the investment in associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value.

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated statement of income, and its share of post-acquisition movements in the associates' equity reserves is recognized directly in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity.

Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the assets transferred. The reporting dates of the associates of the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

The Group determines at the end of each reporting period whether there is any evidence that the investments in associates are impaired. If this is the case, the amount of impairment is calculated as the difference between the carrying amount of the investments and their recoverable amount.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in consolidated profit or loss.

The following are the Group's associates:

	Nature	**Percentage of Ownership**		
	of Business	**2015**	2014	2013
Vicinetum Holdings, Inc. (VHI, Note 12)	Holding	**32**	32	32
AGP International Holdings Ltd. (AGPI, Note 12)***	Holding	**27**	27	27
NewCo., Inc. (NewCo, Note 12)*	Real Estate	**–**	–	45
AFC Agribusiness Corporation**	Real Estate	**–**	–	45
Anscor-Casto Travel Corporation*	Travel Agency	**–**	–	44
PDIPI (Notes 12 and 29)**	Holding	**–**	–	40
Minuet	Landholding	**–**	–	60
PDP Energy, (Notes 12 and 29)	Wire Manufacturing	**–**	–	40
PDEIC	Wire Manufacturing	**–**	–	40

* *Sold in 2014 (see Note 12)*
** *Became subsidiaries as of December 31, 2014 (see Note 6)*
*** *Its associate is engaged in modular steel fabrication.*

In 2013, Minuet was excluded in the consolidated financial statements as special voting requirements adopted by its shareholders manifested that the Company's 60% holdings in Minuet is not sufficient to carry major business decisions. With the acquisition of PDIPI as discussed in Note 6, Minuet became a wholly-owned subsidiary of the Company and is included in the consolidated financial statements as of December 31, 2014.

On June 28, 2013, AI converted its Convertible Bridge Notes from AGPI to Series B voting preferred shares. On June 29, 2014, AI signed a definitive agreement with AGPI for the subscription to series C voting preferred shares. The subscription increases its holdings to 27%, making AGPI an associate of the Group.

Except for AGPI, the above companies are all based in the Philippines. The principal business location of AGPI is in the British Virgin Islands.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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

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

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS 39 is measured at fair value with changes in fair value recognized either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of PAS 39, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit or a group of cash-generating units and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Asset Acquisitions

If the assets acquired and liabilities assumed in an acquisition transaction do not constitute a business, the transaction is accounted for as an asset acquisition. The Group identifies and recognizes the individual identifiable assets acquired and liabilities assumed. The acquisition cost is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill. Where the Group acquires a controlling interest in an entity that is not a business, but obtains less than 100% of the entity, after it has allocated the cost to the individual assets acquired, it notionally grosses up those assets and recognizes the difference as non-controlling interests.

Foreign Currency Translation

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in Peso based on the exchange rate recorded at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing exchange rate at the end of reporting period. All differences are taken to the consolidated statement of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the closing exchange rates at the date when the fair value was determined. Foreign exchange gains and losses relating to AFS equity instruments are presented under other comprehensive income.

Financial statements of consolidated foreign subsidiaries which are considered foreign entities are translated into the presentation currency of the Group (Peso) at the closing exchange rate at end of reporting period and their statements of income are translated using the monthly weighted average exchange rates for the year. The exchange differences arising from the translation are taken directly to a separate component of equity (under cumulative translation adjustment). On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the consolidated statement of income.

Fair Value Measurement

The Group measures financial assets (such as FVPL and AFS investments) at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortized cost and of investment properties are disclosed.

Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted AFS financial assets, and for non-recurring fair value measurement.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial Instruments

Date of recognition

The Group recognizes a financial asset or a financial liability in the consolidated balance sheet when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date. Derivatives are recognized on trade date basis.

Initial recognition of financial instruments

All financial assets are initially recognized at fair value. Except for securities at FVPL, the initial measurement of financial assets includes transaction costs. The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, AFS investments, and loans and receivables. Financial liabilities are classified as financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired and whether they are in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Classification of financial instruments

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

As of December 31, 2015 and 2014, the Group has the following categories of financial assets and financial liabilities:

(a) Financial assets and financial liabilities at FVPL

This category includes financial assets and financial liabilities held for trading and financial assets and financial liabilities designated upon initial recognition as at FVPL. Financial assets and financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

Financial assets or financial liabilities classified in this category may be designated by management on initial recognition when the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or

- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or

- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Derivatives recorded at FVPL

The Group enters into derivative contracts such as currency forwards. These derivative financial instruments are initially recorded at fair value and are subsequently remeasured at fair value at each reporting date. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as accounting hedges) are taken directly to the consolidated statement of income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. There are no outstanding freestanding derivative contracts as of December 31, 2015 and 2014.

The Group has certain derivatives that are embedded in host financial contracts, such as structured notes and debt investments and conversion. These embedded derivatives include calls and puts in debt investments and interest rate and conversion options among others.

An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met: (a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and (c) the hybrid or combined instrument is not recognized at FVPL.

Embedded derivatives are measured at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Financial assets and financial liabilities at FVPL are recorded in the consolidated balance sheet at fair value. Changes in fair value are recorded in “Gain (loss) on increase (decrease) in market values of FVPL investments”. Interest earned or incurred is recorded in interest income or expense, respectively, while dividend income is recorded as such according to the terms of the contract, or when the right of payment has been established.

As of December 31, 2015 and 2014, the Group has designated as FVPL all investments in bonds that have callable and other features, managed/hedged funds, and derivatives amounting to ₱509.0 million and ₱595.7 million, respectively. No financial liability at FVPL is outstanding as of December 31, 2015 and 2014 (see Note 8).

(b) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not in an active market. They are not entered into with the intention of immediate or short-term resale. After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included in the interest income in the consolidated statement of income. The losses arising from impairment of such loans and receivables are recognized as “Recoveries (valuation allowances) - net” account under “Other income (charges) - net” in the consolidated statement of income.

Included under loans and receivables are cash in banks, short-term investments, trade receivables, receivables from villa owners, notes receivable, interest receivable, advances to employees and other receivables.

(c) AFS investments

AFS investments are those which are designated as such or do not qualify to be classified as FVPL, HTM or loans and receivables. They are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions. They include equity investments, money market papers, investments in managed funds and other debt instruments.

After initial measurement, AFS investments are subsequently measured at fair value. However, AFS instruments in unquoted equity shares whose fair values cannot be reliably measured are carried at cost, less any impairment loss. The effective yield component of AFS debt securities, as well as the impact of restatement on foreign currency-denominated AFS debt securities, is reported in the consolidated statement of income. The unrealized gains and losses arising from the fair valuation of AFS investments and the impact of restatement on foreign currency-denominated AFS equity securities are reported as part of other comprehensive income.

When the security is disposed of, the cumulative gain or loss previously recognized under other comprehensive income is transferred to profit or loss as “Gain on sale of AFS investments”. Where the Group holds more than one investment in the same security, cost of the disposed investment is determined on a weighted average cost basis. Interest earned on holding AFS investments are reported as interest income using the effective interest rate. Dividends earned on holding AFS investments are recognized as such in the consolidated statement of income when the right of payment has been established.

The Group classifies bonds held as AFS investments as current assets when the investments are expected to mature within twelve months after the reporting period.

As of December 31, 2015 and 2014, the Group’s AFS investments include investment in equity securities and bond and convertible notes.

(d) Other financial liabilities

All loans and borrowings are initially recognized at the fair value of the consideration received, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated statement of income when the liabilities are derecognized as well as through the amortization process.

Borrowings are classified as current liabilities unless these are expected to be settled within 12 months after the reporting date or the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

As of December 31, 2015 and 2014, included in other financial liabilities are the Group's notes payable, accounts payable and accrued expenses, long-term debt and dividends payable.

As of December 31, 2015 and 2014, there were no financial instruments classified as HTM.

Derecognition of Financial Assets and Financial Liabilities

Financial assets

A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized or removed from the consolidated balance sheet where:

- the contractual rights to receive cash flows from the asset have expired; or
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Financial liabilities

A financial liability is removed from the consolidated balance sheet when the obligation under the liability is discharged or cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification will result into the removal of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Impairment of Financial Assets

The Group assesses at each end of reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

Assets carried at amortized cost

For loans and receivables carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

For individually significant financial assets, if there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as industry, collateral type, past-due status and term.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with changes in related observable data from period to period (such changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the Group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate, adjusted for the original credit risk premium. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable. The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to the consolidated statement of income. Interest income, if any, continues to be recognized based on the original effective interest rate of the asset. Loans, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. If a future write-off is later recovered, any amounts formerly charged are credited to "Recoveries (valuation allowances) - net" account under "Other income (charges) - net" in the consolidated statement of income.

Assets carried at cost

If there is an objective evidence that an impairment loss of an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or a derivative asset that is linked to and must be settled by delivery of such unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

AFS investments

In case of equity investments classified as AFS, objective evidence of impairment would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statement of income - is removed from equity and recognized in the consolidated statement of income. The losses arising from impairment of such investments are recognized as "Recoveries (valuation allowances) - net" account under "Other income (charges) - net" in the consolidated statement of income. Impairment losses on equity investments are not reversed through the consolidated statement of income. Increases in fair value after impairment are recognized in the consolidated statement of comprehensive income.

In the case of debt instruments classified as AFS investments, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recorded as part of "Interest income" in the consolidated statement of income. If, in the subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of income, the impairment loss is reversed through the consolidated statement of income.

"Day 1" Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in the consolidated statement of income unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is recognized in the consolidated statement of income only when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements and the related assets and liabilities are presented gross in the consolidated balance sheet.

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received excluding discounts, rebates, and other sales taxes or duties.

The following specific recognition criteria must be met before revenue is recognized:

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Sale of real estate

Sale of real estate is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Revenue on villa development project including handling fee

Revenue on Villa Development Project of a subsidiary is recognized under the completed contract method.

Rendering of services

Handling fee, service fee, management fees, air transport services, and other aviation-related activities are recognized when the services have been performed.

Revenue on nurse placements is recognized upon the nurses' arrival and employment in the U.S. and UAE hospitals.

All deposits on contracts with U.S. hospitals are recorded under "Deferred revenues" until the contracted nurses' arrival and employment in the U.S. and UAE hospitals.

Revenue from temporary staffing is recognized when services are rendered.

Revenue on permanent placements is recognized when the candidate starts with the contracting facility. If a candidate leaves a permanent placement within a relatively short period of time, it is customary for the Group to provide a replacement at no additional cost to the hospital.

Revenue from contractual services consists of jobs filled by subcontractors. The Group contracts with other staffing companies to provide the travelers to fill the jobs for the Group. These staffing companies are called subcontractors. Subcontractors are paid based on agreed terms at a percentage of the invoice.

Revenue from rooms is recognized based on actual occupancy. Other ancillary services are recognized when the related services are rendered and/or facilities/amenities are used.

Interest

Interest income from bank deposits and investments in bonds are recognized as interest accrues based on the effective interest rate method.

Dividends

Dividend income is recognized when the shareholders' right to receive the payment is established.

Rental

Rental income is accounted for on a straight-line basis over the lease term.

Costs and Expenses

Costs and expenses are recognized in profit or loss when there is a decrease in future economic benefit related to a decrease in an asset, or an increase of a liability, that can be measured reliably. Costs and expenses include the cost of administering the business, and are expensed as incurred.

Cost of goods sold

The cost of goods sold is recognized as expense when the related goods are sold.

Cost of real estate sold

The cost of real estate sold includes the acquisition cost of the land determined based on average method.

Costs of services rendered

All direct nurse costs incurred in deployment of nurses are deferred and included in "Other noncurrent assets" in the consolidated balance sheets, until the nurses' arrival and employment in the U.S. hospitals. Upon the nurses' arrival and employment in the U.S. hospitals, deferred costs are reversed to "Costs of services rendered".

Cost and expenses related to room services are charged to operations when incurred.

Selling, general and administrative expenses

All selling and general and administrative expenses are expensed as incurred.

Other Comprehensive Income

Other comprehensive income comprises of items of income and expense that are not recognized in consolidated profit or loss for the year in accordance with PFRS. Other comprehensive income of the Group pertains to gains and losses on remeasuring AFS investments, exchange differences on translating foreign operations and remeasurements comprising actuarial gains and losses on retirement plan assets and liabilities. In computing for the earnings available for dividend declaration and earnings per share, other comprehensive income is not considered.

Cash and Cash Equivalents

Cash includes cash on hand and with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Restricted cash funds are recorded as other noncurrent assets unless the restriction is expected to be released at least 12 months after the reporting period.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Cost of aircraft spare parts and supplies is determined at purchase price using the first-in, first-out method while NRV is the estimated current replacement cost of such spare parts and supplies.

Cost of food and beverage inventories and operating supplies is determined using the moving average method. NRV of food and beverage inventories is the estimated selling price in the ordinary course of business, less the estimated cost of preparation and the estimated cost necessary to make the sale. NRV of operating supplies is the estimated current replacement cost.

Residential units held for sale include those costs incurred for the development and improvement of the properties. Its NRV is based on the available net selling price of similar residential units sold during the year.

Finished goods and work in process is determined at standard cost adjusted to actual cost, which includes direct materials, direct labor and applicable allocation of fixed and variable costs, determined using weighted average method. Raw materials, other materials, reels inventory and spare parts and supplies are determined at purchase price using weighted average method.

Prepayments

Prepayments include advance payments of various goods and services that are yet to be delivered and from which future economic benefits are expected to flow to the Group within the normal operating cycle or, within 12 months from the reporting date.

They are initially measured at the amount paid in advance by the Group for the purchase of goods and services and are subsequently decreased by the amount of expense incurred.

Property and Equipment

Depreciable properties, including buildings and improvements, leasehold improvements, machinery and other equipment, flight and ground equipment, furniture, fixtures and office equipment, and transportation equipment are stated at cost less accumulated depreciation and amortization, and any impairment in value. Land is stated at cost less any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance, are normally charged to income in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Property and equipment are written-off when either these are disposed of or when these are permanently withdrawn from use and there is no more future economic benefit expected from its use or disposal.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment in value are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Depreciation is computed on a straight-line method over the following estimated useful lives of the properties, except for aircraft engine which is computed based on flying hours.

Category	Number of Years
Buildings and improvements	10 - 30
Land improvements	25
Leasehold improvements*	5 - 20
Flight, ground, machinery and other equipment	5 - 25
Furniture, fixtures and office equipment	3 - 5
Transportation equipment	3 - 5

** or lease term, whichever is shorter*

The useful lives, depreciation and amortization method, and residual values are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the use of property and equipment.

Construction in progress (CIP) is stated at cost. This includes cost of construction and other direct costs. CIP is not depreciated until such time the relevant assets are completed and put into operational use.

Property Development in Progress
Property development in progress includes the development costs incurred.

Investment Properties
Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, the Group's investment properties are stated at cost, less accumulated depreciation and any accumulated impairment losses. Land is subsequently carried at cost less any impairment in value.

Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred. Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Investment properties are written-off when either these are disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of the investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Impairment of Nonfinancial Assets
At each reporting date, the Group assesses whether there is any indication that its nonfinancial assets (namely, property and equipment and investment properties) may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

An impairment loss is charged to operations in the year in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Goodwill

Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statement of income.

Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill as of December 31 of each year.

Customers' Deposits for Property Development

Customers' deposit for property development, which pertain to advance payment by a villa buyer that is required to start and complete the villa development, is recognized at the fair value of the deposit received. Upon completion of the sale, the deposit will be applied against the total selling price of the villa.

Other Noncurrent Assets and Other Noncurrent Liabilities

Other noncurrent assets generally represent restricted cash funds for future acquisition of specific property and equipment and for future villa operating requirements. A corresponding liability is recognized for these funds under other noncurrent liabilities.

Capital Stock

Capital stock represents the total par value of the shares issued.

Additional Paid-in Capital

Additional paid-in capital pertains to the amount paid in excess of the par value of the shares issued.

Retained Earnings

Retained earnings represent the cumulative balance of net income or loss, net of any dividend declared.

Unappropriated retained earnings represent that portion which is free and can be declared as dividends to stockholders, after adjustments for any unrealized items, which are considered not available for dividend declaration.

Appropriated retained earnings represent that portion which has been restricted and therefore is not available for any dividend declaration.

Cost of Shares Held by a Subsidiary

The Company's shares which are acquired and held by a subsidiary (treasury shares) are deducted from equity and accounted for at weighted average cost. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Company's shares. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. There is a change in contractual terms, other than a renewal or extension of the arrangement;
b. A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
c. There is a change in the determination of whether fulfillment is dependent on a specified asset; or
d. There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios a, c or d above, and at the date of renewal or extension period for scenario b.

The Group as Lessee

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term.

The Group as Lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Borrowing Costs

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

Pension Benefits

The Group has non-contributory defined benefit retirement plans.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Provisions and Contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Income Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that have been enacted or substantively enacted as of end of the reporting period.

Deferred income tax

Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred income tax assets are recognized for deductible temporary differences, carryforward benefits of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax, and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from excess MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

Deferred income tax liabilities are not provided on taxable temporary differences associated with investments in domestic subsidiaries. With respect to investments in foreign subsidiaries, deferred income tax liabilities are recognized except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each end of reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each end of reporting period and are recognized to the extent that it has become probable that sufficient future taxable income will allow the deferred income tax assets to be recovered.

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

Current income tax and deferred income tax relating to items recognized directly in equity are also recognized in equity and not in the consolidated statement of income.

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

Value Added Tax (VAT)

Input VAT is the 12% indirect tax paid by the Group in the course of the Group's trade or business on local purchase of goods or services, including lease or use of property, from a VAT-registered person. VAT on capital goods are spread evenly over the useful life or 60 months, whichever is shorter.

Output VAT pertains to the 12% tax due on the lease or exchange of taxable goods or properties or services by the Group.

If at the end of any taxable month the output VAT exceeds the input VAT, the excess shall be paid by the Group. If the input VAT exceeds the output VAT, the excess shall be carried over to the succeeding month or months. Input VAT on capital goods may, at the option of the Group, be refunded or credited against other internal revenue taxes, subject to certain tax laws.

Expenses and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Earnings Per Share

Basic earnings per share (EPS) is computed by dividing net income for the year by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any. The Company does not have potentially dilutive common shares as of December 31, 2015, 2014 and 2013.

Dividends on Common Shares

Dividends on common shares are recognized as a liability and deducted from equity when approved by the respective shareholders of the Company and subsidiaries. Dividends for the year that are approved after the end of reporting period are dealt with as an event after the end of reporting period.

Events After the Reporting Period

Post year-end events that provide additional information about the Group's position at the end of reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 5.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires the Group to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, other comprehensive income (loss) and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments, estimates and assumptions 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.

<u>Judgments</u>

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

Determination of functional currency

The Company's functional currency was determined to be the Peso. It is the currency of the primary economic environment in which the Company operates.

Classification of financial instruments

The Group classifies a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definition of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated balance sheets (see Note 28).

Operating lease commitments - the Group as Lessee

The Group has entered into leases of office and commercial spaces. The Group has determined that all significant risks and rewards of ownership of these spaces remain with the lessors.

Operating lease commitments - the Group as Lessor

The Group has entered into a commercial property lease on its investment property. The Group has determined that it retains all the significant risks and rewards of ownership of this property and so accounts for it as an operating lease.

Determination of absence of significant influence over Enderun

The Company determined that it has no significant influence over Enderun. Management assessed that it does not exercise significant influence over the financial and operating policy decisions of the investee. Accordingly, Enderun is considered an AFS investment (see Note 11).

Determining whether an acquisition represents a business combination or an asset purchase

Determining whether the acquisition meets the definition of a business combination requires judgment to be applied on a case by case basis. The Company acquired AAC, a subsidiary. At the time of acquisition, the Company considers whether the acquisition represents an acquisition represents an acquisition of a business or an asset acquisition. At acquisition date, the subsidiary owns a parcel of land which is idle and as such, the acquisition is accounted for as an asset acquisition (see Note 12).

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation and uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment losses on loans and receivables

The Group reviews its loans and receivables at each reporting date to assess whether an impairment loss should be recorded in the consolidated statement of income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

For the advances to related parties, the Group uses judgment, based on the best available facts and circumstances, including but not limited to, assessment of the related parties' operating activities (active or dormant), business viability and overall capacity to pay, in providing reserve allowance against recorded receivable amounts. For the receivables, the Group evaluates specific accounts where the Group has information that certain customers or third parties are unable to meet their financial obligations. Facts, such as the Group's length of relationship with the customers or other parties and their current credit status, are considered to ascertain the amount of reserves that will be recognized. These reserves are re-evaluated and adjusted as additional information is received. Allowance for doubtful accounts as of December 31, 2015 and 2014 amounted to ₱637.3 million and ₱606.3 million, respectively. Receivables and advances, net of valuation allowance, amounted to ₱1,961.3 million and ₱1,692.8 million as of December 31, 2015 and 2014, respectively (see Notes 9 and 12).

Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's-length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for terms with similar terms and risk characteristics; or,
- other valuation models.

However, if the range of reasonable fair value measurements is significant and the probabilities of the various estimates cannot be reasonably assessed, the Group measures the investment at cost.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. The Group performs periodic reassessment by reference to prices from observable current market transactions in the same instrument or from other available observable market data (see Note 28).

Unquoted equity investments amounted to ₱1,127.5 million and ₱892.6 million as of December 31, 2015 and 2014, respectively (see Note 11).

Impairment of AFS equity investments

The Group recognizes impairment losses on AFS equity investments when there has been a significant or prolonged decline in the fair value of such investments below its cost or when other objective evidence of impairment exists. The determination of what is significant or prolonged requires judgment. The Group generally treats significant decline as 30% or more and prolonged decline as greater than 12 months. In addition, the Group evaluates other factors, including normal volatility in share price for equities and future cash flows and the discount factors for unquoted equities.

In 2015 and 2014, impairment loss was recognized totaling ₱607.3 million and ₱161.5 million, respectively, on its equity instruments. AFS equity investments amounted to ₱6,508.3 million and ₱8,917.5 million as of December 31, 2015 and 2014, respectively (see Note 11).

Impairment of AFS debt investments

For AFS debt investments, the Group assesses the counterparty's ability to comply with the contractual obligations to pay out principal and interest. Further, the Group assesses whether the market prices of these bonds indicate objective evidence of impairment. In 2015 and 2014, impairment loss was recognized totaling ₱197.9 million and ₱98.5 million, respectively. The carrying value of AFS debt investments amounted to ₱907.5 million and ₱1,174.5 million as of December 31, 2015 and 2014, respectively (see Note 11).

Estimation of allowance for inventory and impairment losses

The Group estimates the allowance for inventory obsolescence and impairment losses related to inventories based on specifically identified inventory items. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for inventory and impairment losses would increase recorded expenses and decrease current assets.

As of December 31, 2015 and 2014, allowance for inventory losses and obsolescence amounted to ₱80.4 million and ₱60.5 million, respectively. The carrying amount of the inventories amounted to ₱701.0 million and ₱900.2 million as of December 31, 2015 and 2014, respectively (see Note 10).

Estimation of useful lives of the Group's property and equipment

The Group estimates the useful lives of property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the assets. In addition, the estimation of the useful lives of these assets is based on collective assessment of internal technical evaluation and experience with similar assets. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

As of December 31, 2015 and 2014, the carrying value of property and equipment amounted to ₱2,701.9 million and ₱2,702.0 million, respectively (see Note 13).

Investments carried at equity method

Investments carried at equity method are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group's impairment test on investments carried at equity is based on value in use calculations that use a discounted cash flow model. The cash flows are derived from the budget for the next five years as well as the terminal value at the end of five years. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

As of December 31, 2015 and 2014, allowance for decline in value of investments amounted to ₱444.2 million and ₱462.5 million, respectively. The carrying amounts of the investments amounted to ₱1,821.6 million and ₱1,542.0 million as of December 31, 2015 and 2014, respectively (see Note 12).

Impairment of non-financial assets
(a) Property and equipment and investment properties

The Group assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

As of December 31, 2015 and 2014, the carrying value of property and equipment and investment properties amounted to ₱2,962.4 million and ₱2,962.5 million, respectively (see Notes 13 and 14).

There is no impairment loss on property and equipment and investment properties for each of the three years in the period ended December 31, 2015 (see Notes 13 and 14).

(b) Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the "value-in-use" of the cash-generating units to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Considering the U.S. crisis and the unemployment rate, the Group recognized an impairment provision of ₱100.0 million since December 31, 2009 on its investment in Cirrus.

As of December 31, 2015 and 2014, the carrying value of goodwill amounted to ₱1,852.4 million and ₱1,819.8 million, respectively. (see Note 6).

Recognition of deferred income tax assets
The Group reviews the carrying amounts of the deferred income tax assets at each end of reporting period and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. However, there is no assurance that the Group will utilize all or part of the deferred income tax assets. As of December 31, 2015 and 2014, the Group recognized gross deferred income tax assets amounting to ₱152.2 million and ₱146.9 million, respectively (see Note 24).

Determination of pension and other retirement benefits

The cost of defined benefit pension plans as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Net retirement plan asset as of December 31, 2015 and 2014 amounted to ₱59.5 million and ₱65.5 million, respectively. Net retirement benefits payable as of December 31, 2015, and 2014 amounted to ₱6.7 million and ₱9.1 million, respectively. Further details are provided in Note 23.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country. Further details about the assumptions used are provided in Note 23.

Provisions and contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provision and disclosure of contingencies are discussed in the preceding notes and in Note 30.

Purchase price allocation in business combinations and goodwill

The Company accounts for the acquired businesses using the acquisition method which require extensive use of accounting judgments and estimates to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities and contingent liabilities, if any, at the acquisition date. Any difference in the purchase price and the fair values of the net assets acquired is recorded as either goodwill in the consolidated statement of financial position or gain on bargain purchase in profit or loss. Thus, the numerous judgments made in estimating the fair value to be assigned to the acquiree's assets and liabilities can materially affect the Company's financial position and performance.

The Company's acquisitions of certain subsidiaries have resulted in recognition of goodwill. In 2014, the acquisition of PDIPI and its subsidiary, PDP Energy, has resulted in recognition of goodwill which amounted to ₱1,452.5 million based on provisional purchase price allocation. In 2015, the valuation was completed and final goodwill amounted to ₱1,202.9 million. The total carrying value of goodwill amounted to ₱1,852.4 million and ₱1,819.8 million as of December 31, 2015 and 2014, respectively (see Note 6).

5. Segment Information

The Company and its subsidiaries' operating businesses are organized and managed separately according to the nature of the products or services offered. Prior to 2008, the Group has no geographical segments (except for IQHPC's operations) as majority of the companies within the Group were incorporated and are operating within the Philippines. The Group has no inter-segment sales and transfers. The amounts disclosed were determined consistent with the measurement basis under PFRS.

Holding company segment pertains to the operations of the Company.

Nurse/Physical Therapist (PT) staffing companies segment pertains to the subsidiaries providing healthcare and allied services operating in the United States.

Resort operations and villa development segment pertains to the Company's subsidiary providing hotel and resort accommodation, relaxation and entertainment, among others, and construction and sale of villas (see Note 3).

Cable and wire manufacturing segment pertains to the Company's subsidiaries engaged in manufacturing, importing, exporting, buying, selling or otherwise dealing in, at wholesale, goods such as building wires, power cables, aluminum wires and cables, copper rods, automotive wires and other energy-related goods of electrical nature, including all equipment, materials, supplies used or employed in or related to the manufacture of its finished products.

Amounts for the investments in associates comprise the Group's equity in net earnings of the associates.

Other operations include air transportation, hangarage, real estate holding and management, and recruitment services.

The following tables present the financial information of the business segments as of and for the years ended December 31, 2015, 2014 and 2013 (in thousands):

	Before Eliminations							
		Philippines						
	US Nurse/PT Staffing Co.	Holding Co. (Parent)	Resort Operations and Villa Development	Cable and Wire Manufacturing	*Other Operations	Total	Eliminations	Consolidated
As of and for the year ended December 31, 2015								
Revenues, excluding interest income	₱ 1,850,730	₱ 2,742,914	₱ 937,545	₱ 6,102,341	₱ 382,875	₱12,016,405	(₱ 2,565,243)	₱ 9,451,162
Interest income	–	75,395	758	1,083	6,079	83,315	–	83,315
Investment gains	–	1,061,756	–	–	(1,160)	1,060,596	4,963	1,065,559
Interest expense	340	74,240	1,155	39,134	1,730	116,599	–	116,599
Income tax expense (benefit)	66,883	(15,815)	29,167	221,657	15,500	317,392	(7,994)	309,398
Net income (loss)	108,864	2,754,957	166,854	574,356	364,558	3,969,589	(2,606,327)	1,363,262
Total assets	1,041,115	15,582,216	1,799,068	3,488,824	3,745,714	25,656,937	(6,163,752)	19,493,185
Investments and advances	–	8,127,677	74,091	–	2,253,691	10,455,459	(8,631,199)	1,824,260
Property and equipment	4,743	29,727	837,454	573,253	95,388	1,540,565	1,161,312	2,701,877
Total liabilities	129,598	2,252,921	1,067,584	1,616,526	4,695,279	9,761,908	(4,203,644)	5,558,264
Depreciation and amortization	4,914	7,369	97,984	70,967	29,435	210,669	26,099	236,768
Impairment loss	–	550,091	4,266	14,940	271,826	841,123	–	841,123
Cash flows from (used in):								
Operating activities	927,193	2,017,011	430,416	773,270	48,197	4,196,087	(2,643,200)	1,552,887
Investing activities	(38,281)	(200,104)	(64,949)	(101,420)	(5,368)	(410,122)	26,019	(384,103)
Financing activities	(909,597)	(1,720,889)	(280,715)	(492,814)	(21,151)	(3,425,166)	2,643,462	(781,704)

* "Other operations" include ASAC, AAC, Anscorcon, AI, APHI, CGI, IAI, and the Group's equity in net earnings of associate.

	Before Eliminations							
		Philippines						
	US Nurse/PT Staffing Co.	Holding Co. (Parent)	Resort Operations and Villa Development	Cable and Wire Manufacturing	*Other Operations	Total	Eliminations	Consolidated
As of and for the year ended December 31, 2014								
Revenues, excluding interest income	₱ 1,250,017	₱ 760,785	₱ 494,071	₱ –	₱ 545,505	₱ 3,050,378	(₱ 597,009)	₱ 2,453,369
Interest income	9,349	80,214	3,353	–	3,523	96,439	–	96,439
Investment gains	–	1,708,776	–	–	(218)	1,708,558	–	1,708,558
Interest expense	1,981	53,840	1,912	–	3,628	61,361	–	61,361
Income tax expense	19,511	(3,777)	6,754	–	6,872	29,360	–	29,360
Net income (loss)	30,352	1,602,622	(27,280)	–	474,120	2,079,814	(45,072)	2,034,742
Total assets	3,631,986	18,534,609	1,646,336	3,326,645	693,273	27,832,849	(6,513,391)	21,319,458
Investments and advances	2,012,400	7,743,783	–	–	35,827	9,792,010	(8,250,019)	1,541,991
Property and equipment	4,275	32,974	860,177	543,922	72,652	1,514,000	831,505	2,345,505
Total liabilities	3,452,932	4,356,736	881,577	421,764	343,102	9,456,111	(3,346,093)	6,110,018
Depreciation and amortization	7,101	2,235	92,390	–	31,181	132,907	–	132,907
Impairment loss	2,599	700,348	352	–	5,034	708,333	–	708,333
Cash flows from (used in):								
Operating activities	42,297	568,772	218,641	–	18,432	848,142	(118,683)	729,459
Investing activities	(1,269)	(2,041,432)	(151,145)	–	(38,976)	(2,232,822)	943,879	(1,288,943)
Financing activities	40,425	1,445,125	5,106	–	(12,397)	1,478,259	(244,153)	1,234,106

* "Other operations" include ASAC, AAC, Anscorcon, AI, APHI, CGI, IAI, and the Group's equity in net earnings of associate.

	Before Eliminations							
		Philippines						
	US Nurse/PT Staffing Co.	Holding Co. (Parent)	Resort Operations and Villa Development	Other Operations	Investments in Associates	Total	Eliminations	Consolidated
As of and for the year ended December 31, 2013								
Revenues, excluding interest income	₱ 1,201,024	₱ 696,067	₱ 527,783	₱ 533,183	₱ –	₱2,958,057	(₱ 527,580)	₱ 2,430,477
Interest income	227	88,867	3,737	2,761	–	95,592	–	95,592
Investment gains	–	1,000,607	–	(1,559)	–	999,048	–	999,048
Interest expense	1,448	27,422	1,744	4,264	–	34,878	–	34,878
Income tax expense	(4,514)	(4,553)	20,192	4,989	–	16,114	–	16,114
Net income (loss)	6,909	1,534,524	(21,302)	307,254	228,946	2,056,331	(709,549)	1,346,782
Total assets	3,505,636	16,049,801	1,376,518	962,796	–	21,894,751	(4,568,234)	17,326,517
Investments and advances	1,997,775	5,146,562	51,850	23,477	–	7,219,664	(4,141,374)	3,078,290
Property and equipment	6,854	39,628	791,162	69,611	–	907,255	123,905	1,031,160
Total liabilities	3,358,962	2,416,691	582,645	219,370	–	6,577,668	(3,259,056)	3,318,612
Depreciation and amortization	7,001	5,684	87,003	27,874	–	127,562	–	127,562
Other non-cash expenses	–	71,357	–	2,321	–	73,678	–	73,678
Cash flows from (used in):								
Operating activities	34,278	463,909	194,594	551,565	–	1,244,346	(761,036)	483,310
Investing activities	(16,346)	(1,712,414)	(222,407)	54,390	–	(1,896,777)	(75,433)	(1,972,210)
Financing activities	(2,884)	974,853	(104,542)	49,327	–	916,754	458,278	1,375,032

* "Other operations" include ASAC, AAC, Anscorcon, AI, APHI, CGI and IAI.

6. Business Combinations

a. Step-acquisition

On December 19, 2014, the Company acquired 60% shares and voting interest in PDIPI, and its subsidiary, PDP Energy (collectively referred to as "PDP Group"). As a result, the Company's equity interest in PDP Group increased from 40% to 100%, obtaining control of PDP Group. The primary reason for the additional investment is that the Company believes in the continuing success of PDP Group and in its ability to give an attractive rate of return.

The net assets recognized in the December 31, 2014 consolidated financial statements were based on a provisional assessment of fair value while the valuation had not been completed by the date the 2014 consolidated financial statements were approved for issue by the BOD. Provisional goodwill recognized in 2014 amounted to ₱1,452.5 million.

In 2015, the valuation was completed. Except for property and equipment and the related deferred income tax liability, there were no differences between the provisional and final fair value of the assets and liabilities. The final fair values of identifiable assets and liabilities of PDP Group at the date of acquisition were (in millions):

		Final Fair Values Recognized on Acquisition
Cash and cash equivalents	₱	661.0
Receivables		1,241.5
Inventories		778.2
Property, plant and equipment		1,608.0
Other assets		102.7
Total assets		4,391.4
Accounts payable and accrued expenses		(358.5)
Other payables		(63.9)
Deferred income tax liability		(319.2)
Total identifiable net assets acquired		3,649.8
Goodwill arising from the acquisition		1,202.9
Total consideration	₱	4,852.7
Cash paid (presented as investing activities)		2,995.7
Fair value of previously held interest		1,857.0
Total consideration	₱	4,852.7

The December 31, 2014 comparative information was restated to reflect the adjustment to the provisional amounts. As a result, property and equipment and deferred income tax liability increased by ₱356.5 million and ₱106.9 million, respectively. The final purchase price allocation resulted in goodwill of ₱1,202.9 million from the previous determined provisional amount of ₱1,452.5 million.

The fair values of trade receivables amounted to ₱1,241.5 million. The gross amount of trade receivables is ₱1,307.5 million, of which ₱66.0 million is expected to be uncollectible.

The deferred tax liability mainly comprises the tax effect of the excess of fair value over cost of property, plant and equipment.

Goodwill is allocated entirely to the PDP Energy, the cash generating unit. There are no specific values assigned to the customer and staff base. These are not separate and quantifiable and therefore, do not meet the criteria for recognition as an intangible asset under PAS 38, *Intangible Assets*.

Acquisition-related costs of ₱6.5 million have been charged to operations in 2014.

Since the change in ownership occurred towards the end of the year, for purposes of consolidation of balance sheet, the Company treated PDP Group as a consolidated subsidiary at the end of 2014. As such, no revenue and cost and expenses of PDP Group were included in the consolidated statement of comprehensive income in 2014. Had PDP Group been consolidated from January 1, 2014, the consolidated statement of income would show an increase in pro-forma revenue of ₱6,552.4 million and increase in net income of ₱321.3 million in 2014.

The Company recognized a gain of ₱699.0 million as a result of measuring at fair value its 40% equity interest in PDP Group held before the business combination. The gain is included in "Other income (charges) - net" account in the 2014 consolidated statement of income (see Note 22).

b. Goodwill represents the excess of acquisition cost of the following subsidiaries over the Anscor's share in the fair value of their net assets. The carrying amount of goodwill allocated to each cash-generating unit (subsidiaries) follows (in millions):

		2015		2014 (As restated)
PDP (see Note 6a)	₱	**1,202.9**	₱	1,202.9
Cirrus		**550.2**		517.6
SSRLI (Note 12)		**99.3**		99.3
	₱	**1,852.4**	₱	1,819.8

The goodwill allocated to Cirrus of ₱577.9 million, before accumulated exchange differences amounting to ₱78.1 million and ₱45.4 million as of December 31, 2015 and 2014, respectively, and valuation allowance amounting to ₱105.8 million as of December 31, 2015 and 2014, comprises the value of the acquired companies' customer and staff base and existing market share in the healthcare staffing industry. There are no specific values assigned to the customer and staff base. These are not separate and quantifiable and therefore, do not meet the criteria for recognition as an intangible asset under PAS 38, *Intangible Assets.* The goodwill from Cirrus increased by ₱32.7 million and ₱4.5 million in 2015 and 2014, respectively, due to foreign exchange differences.

c. Impairment Testing of Goodwill

i. PDP Group

The recoverable amount of the investments in PDP Group has been determined based on the value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five year period. The key assumptions used to determine the recoverable amount as of December 31, 2015 are discussed below:

Discount rate
Discount rate is consistent with the risk-free industry interest rate. The pre-tax discount rate applied to cash flow projections is 11% in 2015.

Terminal value
Cash flows beyond the five-year period in 2015 are based on earnings before interest and taxes, depreciation and amortization multiples of entities deemed similar to PDP Group.

Growth rate
PDP Group assumed a growth rate of 4% in 2015. Management has used the average industry growth rate for the forecast.

Sensitivity to changes in assumptions
Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of the cash-generating unit to materially exceed its recoverable amount.

ii. Cirrus

The recoverable amount of the investments in Cirrus has been determined based on the value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five year period. The key assumptions used to determine the recoverable amount as of December 31, 2015 and 2014 are discussed below:

Discount rate
Discount rate is consistent with the risk-free industry interest rate. The pre-tax discount rate applied to cash flow projections is 12% in 2015 and 2014.

Terminal value
Management has used the most recent healthcare staffing transaction price earnings multiple in determining the terminal value.

Growth rate
Cirrus assumed a growth rate of 10% to 15% and 9% to 10% in 2015 and 2014, respectively. Growth rate assumptions for the ten-year cash flow projections are supported by the different initiatives of Cirrus which started in 2010.

Sensitivity to changes in assumptions
In 2015, no reasonably possible change in any of the key assumptions would cause the carrying value of the cash generating unit to materially exceed its recoverable amount. In 2014, a reduction to 7% in the revenue growth rate, assuming all other assumptions remain constant, would result in further impairment.

As to other key assumptions, management believes that no reasonably possible change in these key assumptions would cause the carrying value of the cash-generating unit to materially exceed its recoverable amount.

iii. SSRLI

The recoverable amount of the investments in SSRLI has been determined based on the value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five year period. The key assumptions used to determine the recoverable amount as of December 31, 2015 and 2014 are discussed below:

Discount rate
Discount rate is consistent with the risk-free industry interest rate. The pre-tax discount rate applied to cash flow projections is 12% in 2015 and 10% in 2014.

Growth rate
Growth rate assumptions for the five-year cash flow projections in 2015 and 2014 are supported by the different initiatives of SSRLI. The Company used 5% growth rate in revenue in its cash flow projection in both years.

Terminal value
Cash flows beyond the five-year period in 2015 and 2014 are based on earnings before interest and taxes, depreciation and amortization multiples of entities deemed similar to SSRLI.

Sensitivity to changes in assumptions
Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of the cash-generating unit to materially exceed its recoverable amount.

7. Cash and Cash Equivalents

	2015	2014
Cash on hand and with banks	**₱ 1,296,692,431**	₱ 1,341,444,528
Short-term investments	**477,626,741**	59,589,131
	₱ 1,774,319,172	₱ 1,401,033,659

Cash with banks earn interest at the respective bank deposit rates ranging from 0.125% to 0.25% and 0.25% to 1.25% in 2015 and 2014, respectively. Short-term investments with interest rates ranging from 0.16% to 0.55% and 0.30% to 1.45% in 2015 and 2014 are made for varying periods of up to three months depending on the immediate cash requirements of the Group (see Note 22).

8. Fair Value Through Profit or Loss (FVPL) Investments

	2015	2014
Bonds	**₱ 481,184,519**	₱ 560,889,748
Funds and equities	**6,352,114**	8,621,964
Others	**21,440,001**	26,170,000
	₱ 508,976,634	₱ 595,681,712

This account consists of investments that are designated as FVPL and held-for-trading investments. Designated FVPL investments consist of foreign currency-denominated fixed income securities with embedded derivatives (e.g. call and put options) that significantly modify the security's cash flow. These investments are classified under bonds and others.

Held-for-trading investments include foreign currency-denominated mutual/hedge funds, and equity investments that are managed together on a fair value basis. These investments are classified under funds and equities.

FVPL investments in bonds represent foreign currency-denominated bond securities with variable and fixed interest rates. The FVPL coupon interest rate per annum ranges from 4.24% to 13.13% in 2015, 5.25% to 13.13% in 2014, and 4.88% to 13.13% in 2013.

Net gains (losses) on increase (decrease) in market value of FVPL investments as of December 31 are as follows (in millions):

	Unrealized valuation gains (losses) in market values as of December 31		Gain (loss) on increase (decrease) in market value of FVPL investments
	2015	**2014**	**in 2015**
Bonds	**(₱ 43.8)**	(₱ 22.7)	**(₱ 21.1)**
Funds and equities	**(1.7)**	0.3	**(2.0)**
Others	**1.9**	1.2	**0.7**
Total	**(43.6)**	(21.2)	**(22.4)**
Add realized loss on sale of FVPL investments			**(3.3)**
Net loss on decrease in market value of FVPL investments			**(₱ 25.7)**

	Unrealized valuation gains (losses) in market values as of December 31		Gain (loss) on increase (decrease) in market value of FVPL investments
	2014	**2013**	**in 2014**
Bonds	(₱ 22.7)	(₱ 16.3)	(₱ 6.4)
Funds and equities	0.3	(2.3)	2.6
Others	1.2	1.1	0.1
Total	(21.2)	(17.5)	(3.7)
Add realized loss on sale of FVPL investments			(5.8)
Net loss on decrease in market value of FVPL investments			(₱ 9.5)

(In Millions)	Unrealized valuation gains (losses) in market values as of December 31 2013	2012	Gain (loss) on increase (decrease) in market value of FVPL Investments in 2013
Bonds	(₱ 16.3)	₱ 19.4	(₱ 35.7)
Funds and equities	(2.3)	2.6	(4.9)
Others	1.1	0.2	0.9
Total	(17.5)	22.2	(39.7)
Add realized loss on sale of FVPL investments			(63.1)
Net loss on decrease in market value of FVPL investments			(₱ 102.8)

In 2014 and 2013, the Group entered into non-deliverable currency forward contracts to manage foreign currency risk. These contracts were all settled during the year and resulted to a realized gain of ₱0.9 million in 2014, and realized loss of ₱80.1 million in 2013. There were no outstanding forward transaction as of December 31, 2015 and 2014.

9. Receivables

	2015	2014
Trade	**₱ 1,860,418,462**	₱ 1,548,437,227
Tax credits/refunds	**69,087,707**	68,174,021
Notes receivable	**40,000,000**	40,000,000
Interest receivable	**16,498,411**	19,585,300
Receivables from villa owners	**15,960,585**	10,872,107
Advances to employees	**12,374,133**	10,170,075
Advances to suppliers	**2,117,084**	290,733
Others	**14,709,562**	36,826,515
	2,031,165,944	1,734,355,978
Less allowance for doubtful accounts	**72,497,441**	41,526,955
	₱ 1,958,668,503	₱ 1,692,829,023

Trade receivables are non-interest bearing and are normally settled on 30 days' term.

The Company has notes receivables from Maybank ATR KimEng which amounted to ₱40.0 million as of December 31, 2015 and 2014 for the latter's working capital requirements. The loan is unsecured, interest-bearing and currently due demandable.

Interest receivable pertains to accrued interest income from cash and cash equivalents, FVPL and AFS investments in debt instruments.

Receivable from villa owners pertain to SSRLI's net rental share and handling fees from reimbursable expenses such as guest supplies and other amenities, operating supplies, utilities, manpower, laundry services and other expenses for villa maintenance.

Others include advance to a supplier related to the total cost of fuel tanks and pipelines funded initially by the subsidiary but will be recovered from the supplier over the supply contract period agreed upon by the parties.

Movement in the allowance for doubtful trade and other receivable accounts are as follows:

2015	Trade	Others	Total
At January 1	₱ 39,693,797	₱ 1,833,158	₱ 41,526,955
Provision for the year (Note 22)	32,110,190	–	32,110,190
Write-off	(1,139,704)	–	(1,139,704)
At December 31	₱ 70,664,283	₱ 1,833,158	₱ 72,497,441

2014	Trade	Others	Total
At January 1	₱ 34,128,560	₱ 1,833,158	₱ 35,961,718
Provision for the year (Note 22)	6,174,132	–	6,174,132
Write-off	(608,895)	–	(608,895)
At December 31	₱ 39,693,797	₱ 1,833,158	₱ 41,526,955

10. Inventories

	2015	2014
At cost:		
Food and beverage	₱ 15,355,783	₱ 13,019,981
Aircraft parts in transit	10,033,989	–
Materials in transit	7,200,152	759,453
Reel inventory	4,043,109	4,458,476
Others	2,733,524	12,371,119
	39,366,557	30,609,029
At net realizable value:		
Finished goods - net of allowance for inventory obsolescence of ₱19.0 million in 2015 and ₱13.5 million in 2014	262,455,851	361,740,556
Raw materials - net of allowance for inventory obsolescence of ₱6.8 million in 2015 and ₱7.6 million in 2014	149,452,841	195,131,872
Work in process - net of allowance for inventory obsolescence of ₱7.0 million in 2015 and ₱7.1 million in 2014	116,874,466	109,840,108
Spare parts and operating supplies - net of allowance for inventory obsolescence of ₱26.7 million in 2015 and ₱36.0 million in 2014	104,184,985	131,459,751
Aircraft spare parts and supplies - net of allowance for inventory losses of ₱5.1 million in 2015 and ₱2.2 million in 2014	21,159,618	20,223,843
Construction-related materials - net of allowance for inventory obsolescence of ₱1.5 million in 2015 and ₱1.2 million in 2014	2,135,894	51,209,276
Others	5,353,977	–
	661,617,632	869,605,406
	₱ 700,984,189	₱ 900,214,435

Provision for inventory losses recognized in 2015 and 2014 amounted to ₱7.1 million and ₱1.5 million, respectively.

Aircraft parts in transit are purchased from suppliers abroad under Freight on Board Shipping Point. These items are in the custody of either the Bureau of Customs or freight forwarder as of December 31, 2015 and 2014.

Operating supplies pertain to inventory items used in providing services such as printing, cleaning and office and guest supplies.

Construction-related materials are excess materials and supplies from Villa Development Project. These are held for use in other construction of villas.

11. Available for Sale (AFS) Investments

	2015	2014
Quoted equity shares	₱ 5,082,198,801	₱ 7,542,719,341
Unquoted equity shares	1,127,466,140	892,643,443
Bonds and convertible notes	907,451,753	1,174,457,942
Funds and equities	108,212,393	311,119,241
Proprietary shares	190,450,322	171,051,352
	7,415,779,409	10,091,991,319
Less current portion of AFS bonds	56,786,078	24,691,343
	₱ 7,358,993,331	₱10,067,299,976

Quoted equity shares consist of marketable equity securities that are listed and traded on the Philippine Stock Exchange (PSE). The fair market values of these listed shares are based on their quoted market prices as of December 31, 2015 and 2014 which are assessed to be the exit prices.

AFS investments in bonds represent foreign currency-denominated bond securities with variable and fixed coupon interest rate per annum ranging from 3.88% to 8.35% in 2015, 4.22% to 9.88% in 2014 and 3.88% to 9.75% in 2013. Maturity dates range from April 22, 2016 to May 3, 2042 for bonds held as of December 31, 2015 and March 15, 2014 to January 13, 2037 for bonds held as of December 31, 2014.

In 2015, 2014 and 2013, gain on sale of AFS investments amounted to ₱1,091.2 million, ₱1,662.0 million, and ₱1,101.9 million, respectively.

The Group's AFS unquoted equity investments, bonds and convertible note include the following:

a. Prople Limited

In November 2013, AI invested US$4.0 million (₱175.9 million) convertible notes in Prople Limited. In August 2015, AI purchased Tranche C notes of Prople Limited amounting to US$0.5 million (₱22.6 million). These notes are convertible at the option of the holder into common shares of Prople Limited. The interest is 5% for the first 3 years and if not converted on the 3rd anniversary of closing date (i.e., November 18, 2016, the conversion date), the interest will be the prevailing five year US Dollar Republic of the Philippine (ROP) plus 400 basis points or 7%, whichever is higher for the next two years.

In 2015 and 2014, AI provided impairment loss amounting to ₱197.9 million and ₱40.0 million, respectively. The carrying value of the investment in Prople amounted to nil and ₱165.0 million as at December 31, 2015 and 2014, respectively.

b. Enderun College, Inc. (Enderun)

In 2008, the Company entered into a subscription agreement for the acquisition of 16,216,217 shares of stock equivalent to 20% equity stake in Enderun, a college that offers a full range of bachelor's degree and non-degree courses in the fields of hotel administration, culinary arts and business administration. The total cost of the investment in Enderun amounting to ₱286.2 million approximates its fair value as of December 31, 2014.

In 2015, the Company recognized ₱58.6 million gain on fair value adjustment in its investment in Enderun presented in other comprehensive income. The carrying value of the investment in Enderun amounted to ₱344.8 million and ₱286.2 million as at December 31, 2015 and 2014, respectively.

Investment in Enderun is classified as AFS investments because the Company does not exercise significant influence and its holding in Enderun is not sufficient to carry major business decisions (see Note 4).

c. YmAbs Therapeutics, Inc. (YmAbs)

In December 2015, IQHPC invested US$1.0 million (₱47.1 million) in YmAbs, a clinical stage biotechnology company specializing in developing novel antibody therapeutics to treat cancer. This was classified as an AFS equity investment.

d. Alphion Corporation (Alphion)

Alphion is a fiber optic network company based in New Jersey, with sales, marketing, procurement and R&D offices in India. Alphion develops, manufactures and markets high-speed fiber optic access and switching systems that enable "triple play" services, or voice, video, and data transmission in a single line. As of December 31, 2015 and 2014, the total investment of AI in Alphion amounted to ₱78.0 million, which was fully provided with allowance.

e. Predictive Edge Technologies, LLC (Predictive)

In October 2011, AI entered into a subscription agreement with Predictive Edge Media Holdings, LLC (PEMH) for the acquisition of 1,000,000 Series A preferred units at US$3 per unit, which constitute 10% of the total Series A preferred units outstanding. In the first quarter of 2012, AI's holdings in PEMH, first acquired in October 2011, were exchanged for an interest in Predictive Edge Technologies, LLC ("Predictive"), PEMH's parent company. Predictive is a US-based early-staged technology company, which provides products and services that make practical and effective use of its patented behavioral science, based on psychological principles and state-of-the art mathematics, that allow it to measure and quantify emotions associated with digital content.

In July 2015, AI made an additional investment of US$0.5 million (₱22.5 million).

In 2015, AI provided impairment loss of ₱57.2 million. As of December 31, 2015 and 2014, the net carrying value of AI's investment in Predictive amounted to nil and ₱22.0 million, respectively.

f. Leopard Cambodia Investments (BVI) Ltd. (Leopard)

In 2012, AI purchased 525 shares of Leopard. Leopard is a limited company established in the British Virgin Islands (BVI). The objective is to achieve capital appreciation through investments primarily in businesses with significant operations in Cambodia and in real estate located in Cambodia.

g. KSA Realty Corporation (KSA)

The Company has an 11% stake in KSA, the owner of The Enterprise Center, an office building. The Company received cash dividends from KSA amounting to ₱68.5 million in 2015, ₱91.4 million in 2014 and ₱40.0 million in 2013.

The Company recognized ₱99.2 million and ₱28.3 million gain on fair value adjustment in its investment in KSA in 2015 and 2014, respectively (see Note 24). As at December 31, 2015 and 2014, the Company's investment in KSA amounted to ₱516.4 million and ₱417.2 million, respectively.

h. Maybank ATR KimEng Capital Partners, Inc. (Maybank ATR)

On October 21, 2013, the Company entered into a Memorandum of Agreement with Maybank ATR and other parties to incorporate an entity that shall serve as the holding company of the parties for their investments in a stand-alone trust company. In 2013, the Company invested ₱18.75 million in 15,000,000 common shares and ₱18.75 million in 18,750,000 cumulative, non-voting, redeemable and non-convertible preferred shares of the new entity. These investments give the Company a total of 10% interest in the new entity. As of December 31, 2015 and 2014, the cost of the Company's investment amounted to ₱37.5 million.

i. Geothermal Project

On January 10, 2014, the Company entered into a loan and investment agreement with SKI Construction Group, Inc. (SKI), Red Core Investment Corp. (Red Core), Tayabas Power, Tiaong Geothermal Power, Inc. (Tiaong Power), and San Juan Geothermal Power, Inc. (San Juan Power) to jointly survey and explore the geothermal energy potential in the areas defined by the Tayabas, Tiaong and San Juan Geothermal Renewable Energy Service Contract (GRESC). Under this agreement, the Company committed to fund US$4 million (₱172 million) through zero-coupon notes for exploration phase of the three sites. In 2015 and 2014, total advances amounted to ₱25.5 million and ₱116.4 million, respectively.

The Company may choose to convert each Note into common shares of the three operating companies: Tayabas Power, Tiaong Power and San Juan Power to achieve 9.1% stake in each of these entities. If the Company will not convert the note within the agreed time frame, these notes will be changed into a medium term note with a coupon to be repaid as soon as possible.

Below is the rollforward of the unrealized valuation gains (losses) on AFS investments recognized in equity:

	2015	2014
Beginning balance	₱ 3,238,819,432	₱ 3,675,941,998
Gain recognized directly in equity - net of tax	(2,271,925,735)	1,333,432,525
Amount removed from equity and recognized in profit and loss - net of tax	(280,639,457)	(1,770,555,091)
Ending balance	₱ 686,254,240	₱ 3,238,819,432

In 2015, 2014 and 2013, the Group recognized impairment losses on its quoted and unquoted AFS debt and equity investments amounting to ₱805.2 million, ₱260.0 million, and ₱71.2 million, respectively (see Note 22).

12. Investments and Advances

	2015	2014
Investments at equity - net	₱ 1,821,604,352	₱ 1,541,990,755
Advances - net of allowance for doubtful accounts of ₱564.8 million in 2015 and 2014 (Note 26)	2,655,735	–
	₱ 1,824,260,087	₱ 1,541,990,755

Investments at equity consist of:

	2015	2014
Acquisition cost:		
Common shares	₱ 188,638,207	₱ 186,538,207
Preferred shares	1,997,775,000	1,997,775,000
Total	2,186,413,207	2,184,313,207
Accumulated equity in net earnings (losses):		
Balances at beginning of year	(194,466,476)	788,411,955
Equity in net earnings for the year	153,953,858	147,141,103
Dividends received	–	(95,200,000)
Step acquisition of an associate (Note 6)	–	(1,034,819,534)
Balances at end of year	(40,512,618)	(194,466,476)
Valuation allowance (Note 22)	(444,221,237)	(462,480,976)
Effect of foreign exchange differences	119,925,000	14,625,000
	₱ 1,821,604,352	₱ 1,541,990,755

The significant transactions involving the Group's investments in associates for 2015 and 2014 follow:

AGP International Holdings Ltd. (AGPI)

In December 2011, AI entered into a subscription agreement with AGPI for US$5.0 million Convertible Bridge Notes (the "Notes"), with interest rate of 9% compounded annually. The principal, together with the accrued interest, is payable on the one year anniversary of the issuance of each Note. The Notes are convertible at the option of the holder into: (a) Series B preferred shares at the per share price paid to buy out existing Series A preferred shares (US$0.345/share or the "conversion price"); or (b) the equity security issued by AGPI in its next round of equity financing at the per share price paid in such next round of financing.

AGPI is a British Virgin Islands business company formed in 2010 in connection with the acquisition of equity of Atlantic, Gulf and Pacific Company of Manila, Incorporated (AG&P). AGPI, through its subsidiary and associates, is focused on providing modular engineering and construction and general engineering design services, including, fabrication, assembly and manpower services, particularly in the oil, gas, petrochemical, power generation and mining industries.

On June 28, 2013, AI converted the US$5.0 million Convertible Bridge Notes to 16.4 million Series B, voting preferred shares. On June 29, 2013, AI signed a definitive agreement with AGPI amounting to US$40.0 million for the subscription of 83.9 million Series C, voting preferred shares in AGPI. Series B and Series C preferred shares are convertible, at the option of the holder into Class A common shares. The subscription increased AI's holdings to 27% giving the Group significant influence over AGPI.

The principal place of business of AGPI is Vantepool Plaza, 2nd Floor, Wickhams Cay 1, Road Town, Tortola British Virgin Island.

The total cost of the investment in AGPI amounted to ₱2.0 billion and is presented under investment in associate as of December 31, 2013. In 2014, the Group recognized an allowance for probable losses on the investment which amounted to ₱440.4 million (see Note 22). As of December 31, 2015 and 2014, the carrying value of the investment amounted to ₱1,821.6 million and ₱1,542.0 million, respectively.

Significant details of the balance sheets as of December 31, 2015 and 2014 and statements of comprehensive income for the year ended December 31, 2015 and 2014 (in millions):

	2015	2014
Balance Sheets:		
Current assets	₱ **6,466.3**	₱ 6,306.6
Noncurrent assets	**10,651.7**	8,753.4
Current liabilities	**8,097.8**	6,824.1
Noncurrent liabilities	**2,852.4**	3,031.8
Equity	**6,167.7**	5,204.3
Proportion of the Group's ownership interest	**27%**	27%
Group's share in the net assets	**1,666.5**	1,406.2
Excess of cost over book value	**604.0**	561.6
Valuation allowance	**(444.2)**	(440.4)
Foreign exchange difference	**(4.7)**	14.6
Carrying amount of the investment	₱ **1,821.6**	₱ 1,542.0

		2015		2014
Statements of Comprehensive Income:				
Revenue	₱	**16,657.1**	₱	9,589.4
Income (loss) from continuing operations, before tax		**614.3**		(171.2)
Net income (loss)		**568.7**		(250.4)
Other comprehensive income (loss)		**–**		–
Total comprehensive income (loss)		**568.7**		(250.4)
Proportion of the Group's ownership interest		**27%**		27%
Group's share in the total comprehensive income (loss)		**154.0**		(67.1)

The associates as of December 31, 2015 and 2014 have no contingent liabilities or capital commitments.

PDIPI and Subsidiaries

a. PDP Energy established PDEIC, a PEZA-registered company engaged in manufacturing wires, mainly for export.
b. Cash dividends received by the Company amounted to ₱95.2 million at ₱40.3 per share in 2014 and ₱69.6 million at ₱29.5 per share in 2013.

As discussed in Note 6, PDP Group became subsidiaries of the Company towards the end of December 2014. Prior to that, PDP Group is accounted for as an associate. The summarized financial information of the significant associates (PDP Energy and PDEIC) follows (in millions):

		As of December 31, 2014
Balance Sheets:		
Current assets	₱	2,175
Noncurrent assets		627
Current liabilities		443
Equity		2,359

		2014
Statements of Comprehensive Income:		
Net sales	₱	6,552
Gross profit		1,123
Income from continuing operations, before tax		728
Net income		536
Other comprehensive income		–
Total comprehensive income		536
Proportion of the Group's ownership interest		40%
Group's share in the total comprehensive income		214

Anscor-Casto Travel Corporation

In 2014, the Company sold its 44% interest in Anscor-Casto Travel Corporation for ₱9.5 million which resulted in a gain for the same amount since the carrying value of the investment is nil.

<u>NewCo</u>

In 2014, the Company sold its 45% interest in Newco for ₱46.6 million which resulted in a gain for the same amount since the carrying value of the investment is nil.

<u>AAC</u>

In July 2014, the Company acquired 81% interest in AAC, a real estate entity incorporated in the Philippines, for ₱43.0 million. AAC's asset significantly consists of a parcel of land which is idle and not used in business. As such, the Company accounted for this transaction as an asset purchase.

<u>SSRLI and PRI</u>

a. On January 9, 2007, SSRLI and the Philippine Economic Zone Authority (PEZA) signed a Registration Agreement declaring SSRLI as an Ecozone Developer/Operator, entitling SSRLI to establish, develop and construct the villas and to operate the Ecozone. SSRLI is entitled to four-year income tax holiday and tax-free importation on PEZA-covered registered activities under the Registration Agreement.

b. On December 18, 2009, SSRLI's resort operations have been registered with PEZA to engage in the renovation and expansion of Amanpulo Resort at the Pamalican Island Tourism Ecozone. SSRLI's resort operations are entitled to 5% gross income tax on revenues generated from foreign clients and regular income tax on non-foreign clients under the Registration Agreement.

c. On February 18, 2011, the BOD of the Company approved the Company's acquisition of additional shares from the minority shareholders of SSRLI. The acquisition increased the ownership of the Company from 46.79% to 62.30% of the total outstanding common and preferred shares of SSRLI. Total acquisition price for the additional shares is US$5.89 million (₱255.9 million) cash consideration plus the fair value of the 46.79% investment amounting to ₱302.7 million. Goodwill recognized from the acquisition amounted to ₱99.3 million.

d. On July 1, 2011, PRI took over the resort operations of SSRLI. On the same date, PEZA approved PRI's application for registration as an Ecozone Tourism Enterprise. SSRLI also transferred in the name of PRI all resort operation-related contracts entered into with related parties and third parties, including its long-term loans with a bank (see Note 18).

e. On October 3, 2012, PRI entered into an operating lease agreement with SSRLI covering all rights and interests in resort-related assets, which include land, land improvements and buildings for period of 20 years beginning July 1, 2011.

   As of December 31, 2013, all contracts with related parties that are related to resort operations were transferred to PRI except for the foreshore lease contract with the Department of Environment and Natural Resources (DENR) which is nontransferable.

   On February 20, 2013, the BOD and stockholders authorized the increase in PRI's authorized capital stock from ₱1.0 million, divided into 10,000 common shares with par value of ₱100 per share, to ₱200.0 million, divided into 1,500,000 preferred shares and 500,000 common shares, both with par value of ₱100 per share. On August 28, 2013, SEC approved the increase in the authorized capital stock. On the same date, SSRLI has subscribed to 850,000 preferred shares.

On October 10, 2013, SSRLI subscribed to additional 150,000 preferred shares of PRI at an issue price of ₱666.67 and assigned its outstanding receivable amounting to ₱100.0 million as payment for such subscription. The excess of the assigned receivables of ₱85.0 million over the par value of shares subscribed of ₱15.0 million was recorded as additional paid in capital.

In December 2013, the remaining 53,366,400 Class A preferred shares and 35,577,600 Class B preferred shares of SSRLI were subscribed at ₱1.22 per share for a total amount of ₱108.8 million by its existing stockholders via conversion of the SSRLI's shareholders' advances into preferred stock equity based on their proportionate shareholdings in SSRLI. The excess of the consideration received over par value amounting to ₱19.9 million was recorded as additional paid in capital.

f. On November 8, 2013, Amanpulo Resort sustained property damages brought by Typhoon Yolanda. Because of these damages, its operations was temporarily suspended and resumed only on December 15, 2013. In 2013, PRI applied for insurance claims for property damages, business interruption and cost of debris clearing.

In August and September 2014, PRI received from its insurance a total amount of ₱46.23 million for business interruption (see Note 22).

g. SSRLI entered into a memorandum of agreement with the buyers of villa who made a total deposit of ₱597.3 million and ₱381.8 million as of December 31, 2015 and 2014, respectively. This is presented as "Customers' deposits for property development" in the consolidated balance sheets.

h. Starting 2013, SSRLI has property development in progress, which pertains to the costs related to the development of various projects. As of December 31, 2015 and 2014, total property development in progress amounted to ₱175.8 million and ₱156.6 million, respectively, of which ₱175.8 million and ₱57.9 million, respectively, pertain to projects to be completed within one year and are, thus, presented as current assets. Current and noncurrent portion of property development in progress were previously classified under "Other current assets" and "Other noncurrent assets", respectively, in the 2014 consolidated balance sheet.

Material Partly-Owned Subsidiaries (SSRLI and PRI)

Set out below are the summarized financial information of entities that has non-controlling interest that is material to the Group. The amounts disclosed are based on those included in the consolidated financial statements before intercompany eliminations.

Significant details of the balance sheets and statements of comprehensive income of SSRLI and PRI are enumerated below as of December 31 (in millions):

	2015	2014
Balance Sheets:		
Current assets	₱ 690.9	₱ 699.0
Noncurrent assets	1,108.2	956.1
Current liabilities	919.3	734.7
Noncurrent liabilities	148.2	154.8
Equity	731.5	765.7
Attributable to noncontrolling interest (NCI)	270.6	288.7

		2015		2014
Statements of Comprehensive Income (Loss):				
Revenue	₱	825.3	₱	480.1
Income (loss) from continuing operations, before tax		196.0		(26.4)
Net income (loss)		166.9		(32.3)
Other comprehensive loss		(0.1)		(1.7)
Total comprehensive income (loss)		166.8		(34.0)
Allocated income (loss) to NCI during the year		62.9		(12.8)

		2015		2014
Statements of Cash Flows				
Cash flows from operations	₱	430.4	₱	243.6
Cash flows used in investing activities		(64.9)		(151.2)
Cash flows used in financing activities		(280.7)		(19.8)
Dividends paid to NCI		–		–

13. Property and Equipment

	2015					
	Land, Buildings and Improvements	Flight, Ground, Machinery and Other Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Construction in Progress	Total
Cost						
January 1	₱ 2,588,972,115	₱ 762,499,675	₱ 295,345,186	₱ 147,146,569	₱ 40,941,659	₱ 3,834,905,204
Additions	19,585,661	53,432,485	28,292,544	15,313,172	120,696,386	237,320,248
Reclassification	15,566,895	46,858,945	60,931,571	–	(123,357,411)	–
Retirement/ disposals	–	(59,064,552)	(3,672,319)	(1,977,286)	–	(64,714,157)
Foreign exchange adjustment	137,607	–	899,986	–	–	1,037,593
December 31	2,624,262,278	803,726,553	381,796,968	160,482,455	38,280,634	4,008,548,888
Accumulated Depreciation and Amortization						
January 1	508,141,758	289,726,339	232,415,175	102,658,200	–	1,132,941,472
Depreciation and amortization	90,263,073	95,321,896	36,425,705	14,757,226	–	236,767,900
Retirement/disposals	–	(59,064,552)	(3,605,736)	(1,102,881)	–	(63,773,169)
Foreign exchange adjustment	(45,337)	–	781,008	–	–	735,671
December 31	598,359,494	325,983,683	266,016,152	116,312,545	–	1,306,671,874
Net Book Value	₱ 2,025,902,784	₱ 477,742,870	₱ 115,780,816	₱ 44,169,910	₱ 38,280,634	₱ 2,701,877,014

	2014 (As restated, Note 6)					
	Land, Buildings and Improvements	Flight, Ground, Machinery and Other Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Construction in Progress	Total
Cost						
January 1	₱ 1,224,349,307	₱ 426,330,273	₱ 255,713,613	₱ 133,815,042	₱ 109,584,012	₱ 2,149,792,247
Additions	194,950	24,429,466	43,796,227	701,961	127,756,106	196,878,710
Reclassification	236,085,101	–	–	–	(236,085,101)	–
Retirement/ disposals	(88,406,044)	(18,863,294)	(12,622,177)	–	–	(119,891,515)
Foreign exchange adjustment	19,301	–	126,360	–	–	145,661
Property and equipment of acquired subsidiary (Note 6)	1,216,729,500	330,603,230	8,331,163	12,629,566	39,686,642	1,607,980,101
December 31	2,588,972,115	762,499,675	295,345,186	147,146,569	40,941,659	3,834,905,204
Accumulated Depreciation and Amortization						
January 1	532,699,503	289,337,826	204,208,266	92,386,421	–	1,118,632,016
Depreciation and amortization	63,915,074	19,251,807	39,468,468	10,271,787	–	132,907,136
Retirement/ disposals	(88,406,046)	(18,863,294)	(12,594,024)	–	–	(119,863,364)
Foreign exchange adjustment	(66,773)	–	1,332,465	(8)	–	1,265,684
December 31	508,141,758	289,726,339	232,415,175	102,658,200	–	1,132,941,472
Net Book Value	₱ 2,080,830,357	₱ 472,773,336	₱ 62,930,011	₱ 44,488,369	₱ 40,941,659	₱ 2,701,963,732

As of December 31, 2015 and 2014, land with improvements and structures of SSRLI with appraised value of ₱2,923.0 million and ₱2,281.5 million, respectively, were used as collateral for the loan obtained in 2005 by a subsidiary (see Note 18). As of December 31, 2015 and 2014, the mortgage participating certificates or “MPC” issued to the creditor bank represent 5% and 7%, respectively, of the appraised value of the properties that were used as collateral. The carrying value of the related property amounted to ₱301.9 million and ₱344.0 million, respectively.

Construction in progress includes cost of the on-going construction of the land and building improvements and cost of constructing and assembling machineries and equipment.

Depreciation charged to operations amounted to ₱236.8 million, ₱132.9 million, and ₱127.6 million in 2015, 2014 and 2013, respectively.

14. Investment Properties

	2015	2014
January 1	₱ 260,569,744	₱ 206,769,100
Additions	–	53,800,644
December 31	₱ 260,569,744	₱ 260,569,744

The Group's investment properties include 144 hectares of land in Palawan, 875 hectares of land in Cebu, and 97.4 hectares in Guimaras. Based on the valuation performed by independent appraisers as of November and December 2015, the aggregate fair market values of these properties amounted to ₱549.32 million. The fair value was determined using the sales comparison approach which considers the sale of similar or substitute properties, related market data and the assets' highest and best use. The fair value of the investment properties is categorized as Level 3 which used adjusted inputs for valuation that are unobservable as of the date of valuation.

The inputs used were offer prices of similar land. Significant increases or decreases in offer price would result in higher or lower fair value of the asset.

The appraisers determined that the highest and best use of these properties are for residential, agricultural, commercial and recreational utility. For strategic reasons, the properties are not being used in this manner. These properties are currently held by the Group for capital appreciation.

The Group has no restrictions on the realizability of the investment properties and no contractual obligation to either purchase, construct or develop investment properties.

In 2015, 2014 and 2013, the Group derived no income from these investment properties. The aggregate direct expenses pertaining to real property taxes amounted to ₱0.3 million in 2015, 2014 and 2013.

15. Other Noncurrent Assets and Other Noncurrent Liabilities

Other noncurrent assets as of December 31 include:

		2015		2014
Fund for villa operations and capital expenditures	₱	**71,866,837**	₱	45,321,429
Deposit to supplier		**9,910,525**		8,414,815
Deferred nurse cost		**7,225,350**		13,089,154
Refundable deposits		**2,051,851**		9,828,903
Others		**11,899,055**		16,191,145
	₱	**102,953,618**	₱	92,845,446

Fund for villa operations and capital expenditures is a restricted cash fund of PRI held as a source of future maintenance requirements and for future replacement of power generating units and desalination plant. Interest income on this fund shall accrue to the villa owners. A liability related to the fund was recognized and is presented as "Other noncurrent liabilities" in the consolidated balance sheets (see Note 29).

Other noncurrent liabilities also include ₱73.0 million and ₱25.6 million fund for future infrastructure and utility development of villas as of December 31, 2015 and 2014, respectively, which is an allocated charge to the villa owners. The fund is intended to be used for putting up new infrastructure or utilities such as power generating units, roads, potable water, and sewer and irrigation lines, electrical and auxiliary lines essential for a villa to be operable. The fund also includes the villa's share in the future expansion of the existing back-of-house facilities (power generation, potable water production, sewage treatment plant, etc.) of PRI so that the resort's utilities' capacity can accommodate the additional demand that arises from the proposed new villa.

16. Notes Payable

Notes payable represent unsecured (unless otherwise stated), short-term, interest-bearing liabilities of the following companies in the Group to various local banks:

		2015		2014
Bank loans availed by:				
Cirrus	₱	26,197,832	₱	29,461,840
Anscor		–		1,500,000,000
	₱	26,197,832	₱	1,529,461,840

a. In December 2014, the Company obtained an unsecured, short-term loan which amounted to ₱1.5 billion from a local bank to finance the acquisition of PDP Group. The loan carried interest rate of 3.5% with a term of 6 months (see Note 18). In April 2015, the Company paid the short-term loan in full.

b. Cirrus has obtained a loan with Branch Banking and Trust Company, a foreign bank domiciled in the United States of America, with interest payable monthly at LIBOR plus 2.5%. Cirrus has to abide by certain loan covenants on eligible accounts receivable and minimum net income requirements. Loans payable outstanding as of December 31, 2015 and 2014 amounted to US$0.6 million (₱26.2 million) and US$0.7 million (₱29.5 million), respectively. As of December 31, 2015 and 2014, Cirrus has an available credit line which amounted to US$1.9 million (₱89.4 million) and US$1.8 million (₱82.3 million), respectively. As of December 31, 2015 and 2014, Cirrus is in compliance with the debt covenants.

c. IAI availed of a short-term loan from a local bank which amounted to US$1.0 million (₱43.8 million) in 2010 and bears an annual interest rate of 3-month LIBOR + 2% per annum. In June 2011, IAI availed of an additional US$0.5 million (₱21.9 million) loan. The note has a maturity of 90 days, with option to extend for another 90 days and was subsequently extended in March, June, September and December 2011. IAI paid US$0.2 million (₱8.2 million) in December 2012. In June 2013, IAI paid US$0.2 million (₱8.5 million). In December 2013, IAI availed an additional US$0.2 million (₱8.8 million) loan. The maturity of the remaining US$1.3 million (₱57.7 million) was extended and is payable in March 2014.

   In March 2014, IAI paid US$250 thousand (₱11.16 million) of the above loan and converted the remaining US$1.05 million (₱46.96 million) short-term loan to long-term loan (see Note 18).

d. In 2015, the Company availed of loans from a local bank totaling to ₱257.0 million with terms of 14 to 30 days with 4.0% interest rate in 2015. As of December 31, 2015, the loans were fully paid. The Company's unavailed loan credit line from banks amounted to ₱1.9 billion in 2015 and ₱500.0 million in 2014.

e. In 2015, PDP Energy availed a short-term loan from a local bank amounting to ₱300.0 million which bears annual interest rates ranging from 2.75% to 3.00%, repriced monthly based on the market conditions. As of December 31, 2015, the loan was fully paid.

Total interest expense recognized in the consolidated statements of income amounted to ₱21.7 million in 2015, ₱17.7 million in 2014 and ₱11.5 million in 2013 (see Note 22).

17. Accounts Payable and Accrued Expenses

	2015	2014
Trade payables	₱ 346,260,502	₱ 506,644,800
Accrued expenses (Note 30)	274,104,750	249,480,035
Advances from customers	101,331,461	22,483,320
Refundable deposits	87,929,132	78,164,538
Payable to government agencies	29,643,000	24,160,340
Payable to villa owners	21,389,213	41,161,813
Payable to contractors	19,613,461	86,540,285
Other payables	35,851,449	5,861,018
	₱ 916,122,968	₱ 1,014,496,149

Trade payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

Accrued expenses include unpaid operating costs of the Group.

Advances from customers pertain mainly to payment of PDP's customers for future delivery of goods.

Refundable deposits pertain to the advance payments made by resorts' guests.

Payable to contractors are amount due to suppliers for ongoing construction projects.

18. Long-term Debt

Long-term debt pertains to the following:

	2015	2014
Long-term debt availed by:		
Anscor	₱ 1,905,930,000	₱ 2,012,400,000
PDP	1,114,285,714	–
IAI	44,471,700	46,956,000
PRI	33,218,946	112,282,176
	3,097,906,360	2,171,638,176
Less current portion	638,070,546	237,502,643
	₱ 2,459,835,814	₱ 1,934,135,533

a. On June 24, 2013, the Company obtained a loan from a local bank amounting to US$45.0 million or ₱1,997.8 million to finance the additional investments in shares of stock of AG&P. The loan is payable quarterly in seven (7) years, inclusive of a 2-year grace period and bears interest equal to outstanding three month LIBOR rate plus 2.0% spread per annum. The loan is secured by pledge to the Company's investments in listed shares with market value amounting to ₱2,169.1 million and ₱4,121.9 million as of December 31, 2015 and 2014, respectively. This loan provides for certain affirmative and negative covenants, such as the use of the proceeds of the loan, maintenance at all times of the required collateral value of no less than 100% and 200% of the outstanding loan balance as at December 31, 2015 and 2014, respectively, not allow the Company's debt-to-equity ratio to exceed 1.75:1 and the Company's current ratio to fall below 1.25:1, among others. The loan agreement further provides that in the event that these ratios are violated specifically by reason of any additional indebtedness with maturity exceeding one year, the Company shall notify the bank in writing of such indebtedness.

   To finance the acquisition of PDP Group, the Company secured a short-term loan with a local bank as discussed in Note 16. As a result, the Company's current ratio declined but such decline is not considered a breach of covenant. As of December 31, 2015 and 2014, the Company is in compliance with the debt covenants.

b. In 2015, PDP Energy obtained a long-term loan with a local bank to partially refinance the short-term loan of Anscor for the acquisition of 60% ownership of GCC in PDIPI. Principal amount of the loan amounted to ₱1.20 billion payable in seven years (7) with annual interest of 4.5%, subject to repricing at the end of the fifth year.

   PDP Energy is subject to the following negative covenants for as long as the long-term loan remains outstanding, which include, but are not limited to: (a) permitting any material change in its business or in the ownership or control of its business or in the composition of its top management; (b) incurring any indebtedness (long-term loan or borrowings) with other banks; (c) allowing declaration or payment of cash dividends to its stockholders if the debt service covenant ratio is below 1.25 times or in the event of default; (d) selling, leasing, transferring or otherwise disposing all or substantially all of PDP Energy's properties and assets; (e) extending loans, advances or subsidies to any corporation it owned other than for working capital requirements or with prior consent of the Bank; and (f) undertaking any capital expenditures or purchase additional capital equipment outside of the ordinary course of business. The long-term loan also provides that PDP Energy has to maintain a ratio of current assets to current liabilities of at least 1.0 times and debt-to-equity ratio should not be more than 2.0 times until final payment date. As at December 31, 2015, the PDP Energy is in compliance with the debt covenants.

   In addition, the long-term loan is secured by the following collaterals, among others:

   - Real estate mortgage over the land owned by Minuet;
   - Chattel mortgage over machineries and equipment of PDP Energy and PDEI located in PDP Energy's and PDEI's premises;
   - Pledge over the shares of stock for 1,121,000 shares of PDIPI held by Anscor; and
   - Assignment of leasehold rentals of the properties located in PDP Energy's premises.

   The long-term loan also provides for pretermination without penalty.

Breakdown of long-term loan as at December 31, 2015 is as follows:

Availment	₱	1,200,000,000
Payments		(85,714,286)
Ending balance		1,114,285,714
Less current portion		171,429,000
Noncurrent portion	₱	942,856,714

Interest expense from long-term loan of PDP Energy amounted to ₱36.18 million in 2015. Accrued interest payable amounted to ₱9.93 million as at December 31, 2015.

c. In 2014, IAI converted the short-term loan amounting to US$1.05 million (₱46.96 million) to long-term loan (see Note 16). The term of the loan is six (6) years, inclusive of one (1) year grace period on principal payments. The loan is payable in 20 equal quarterly installments on principal repayment date commencing at the end of the first quarter of the grace period.

The loan is subject to Mortgage Trust Indenture or "MTI" dated November 29, 2005 between SSRLI and the MTI trustee (AB Capital and Investment Corporation), covering a portion of the assets of SSRLI.

The interest rate shall be equivalent to the base interest rate plus margin. The interest shall be payable quarterly in arrears computed based on the outstanding balance of the loan.

d. Loans payable of PRI amounting to US$2.0 million (₱108.0 million) and US$1.0 million (₱53.0 million) were obtained from local banks on November 29, 2005 and December 22, 2011, respectively. The US$2.0 million loan, which was transferred from SSRLI through an execution of Deed of Assumption of Loan and Mortgage dated June 2, 2011, is subject to Mortgage Trust Indenture (MTI), covering the assets of SSRLI (see Note 13). Both loans have a floating interest rate per quarter equivalent to the average quarterly LIBOR plus 2% spread. The US$2.0 million loan has a maximum term of seven (7) years, including three years grace period while the US$1.0 million loan has a maximum term of five (5) years. Both loans are payable in 17 equal quarterly installments starting October 2012 to 2016. Current portion of loans payable amounted to ₱33.2 million and ₱31.57 million as of December 31, 2015 and 2014, respectively.

On October 3, 2012, PRI obtained a loan from its stockholder amounting to ₱30.0 million. The loan has a grace period of five (5) years and is payable in seven (7) equal annual installments commencing in the year 2018 up to 2024. In lieu of the interest, PRI waives the landing and take-off charges on the said stockholder's use of PRI's runway in Amanpulo. In 2013, PRI obtained an additional loan from the stockholder amounting to ₱19.1 million with the same terms from the previous loan. In May 2015, the loan to stockholder amounting to ₱49.2 million was fully settled by SSRLI on behalf of PRI.

Total interest expense recognized in the consolidated statements of income amounted to ₱94.9 million, ₱43.4 million and ₱23.1 million in 2015, 2014 and 2013, respectively (see Note 22).

19. Equity

Equity holdings of the Parent

Capital stock consists of the following common shares:

	Number of Shares	Amount
Authorized	3,464,310,958	₱ 3,464,310,958
Issued	2,500,000,000	₱ 2,500,000,000

Outstanding shares, net of shares held by a subsidiary, as of December 31, 2015 and 2014 totaled 1,233,699,354 and 1,242,099,354, respectively. The Company's number of equity holders as of December 31, 2015 and 2014 is 11,302 and 11,363, respectively.

The SEC authorized the offering/sale to the public of the Company's 10.0 million and 140.0 million common shares with par value of ₱1.0 each on December 29, 1948 and January 17, 1973, respectively. On August 30, 1996, the SEC authorized the licensing of 910,476,302 common shares at the subscription price of ₱2.50 per share.

In 2015, 2014 and 2013, the Company declared the following cash dividends:

		2015		2014		2013
Cash dividends per share	₱	**0.10**	₱	0.25	₱	0.25
Month of declaration		**May**		November		October
Total cash dividends	₱	**250.0 million**	₱	P 625.0 million	₱	625.0 million
Share of a subsidiary	₱	**125.8 million**	₱	314.5 million	₱	309.8 million

As of December 31, 2015 and 2014, the Company's dividends payable amounted to ₱229.6 million and ₱519.7 million, respectively. Dividends payable represents mainly dividend checks that were returned by the post office and which remained outstanding as of December 31, 2015 and 2014 due to problematic addresses of some of the Company's stockholders.

On December 6, 2011, the BOD approved the appropriation of the Company's unrestricted retained earnings amounting to ₱2.1 billion for expansion projects and investments in 2012 onwards in the areas of tourism, business process outsourcing (BPOs), manpower services, education and manufacturing. On February 21, 2013, the BOD approved the additional appropriation of the Company's unrestricted retained earnings amounting to ₱0.9 billion. The appropriated retained earnings will be used for the Company's investment program within three years on business activities gearing towards service sector, tourism and manufacturing whose operations are based within and outside the Philippines.

On September 15 and November 20, 2014, the BOD approved the appropriation of the Company's unrestricted retained earnings which amounted to ₱1.1 billion and ₱0.5 billion, respectively, for future investment programs within three years on business activities related to the service sector, tourism, manufacturing, or such other areas of activities as the Board may deem fit for the best interest of the Corporation.

On February 18 and November 27, 2015, the BOD approved the increase of the Corporation's appropriation of its unrestricted retained earnings amounting to ₱0.5 billion and ₱1.2 billion, respectively, which shall be used for the Company's investment program within the next three years on business activities related to the service sector, tourism and manufacturing, whether based in the Philippines or offshore.

The unrestricted retained earnings is restricted for the dividend declaration by the following:

- Balance of gross deferred income tax assets amounting ₱152.2 million and ₱146.9 million as of December 31, 2015 and 2014, respectively.
- Shares in the undistributed retained earnings of subsidiaries and associates amounting to ₱1.6 billion and ₱2.8 billion as of December 31, 2015 and 2014, respectively, which are included in retained earnings, are not available for declaration as dividends until declared by the subsidiaries.

Shares held by a subsidiary

As of December 31, 2015 and 2014, Anscorcon holds 1,266,300,646 shares and 1,257,900,646 shares, respectively, of the Company. The total number of shares of the Company purchased by the subsidiary was 8,400,000 and 18,903,255 amounting to ₱55.9 million and ₱132.4 million in 2015 and 2014, respectively.

20. Cost of Goods Sold, Services Rendered and Operating Expenses

Cost of goods sold for the year ended December 31, 2015 consists of:

Materials used and changes in inventories (Note 10)	₱ **4,547,877,135**
Repairs and maintenance	**102,892,525**
Salaries, wages and employee benefits (Note 21)	**90,045,965**
Utilities	**88,514,624**
Depreciation and amortization (Note 13)	**80,706,067**
Transportation and travel	**5,191,943**
Insurance	**2,489,433**
Dues and subscriptions	**1,680,190**
Fuel cost	**398,488**
Others	**11,977,260**
	₱ **4,931,773,630**

Cost of services rendered consists of:

	2015	2014	2013
Salaries, wages and employee benefits (Note 21)	₱ **1,177,618,229**	₱ 821,596,656	₱ 777,847,614
Other operating costs - resort	**105,012,101**	73,385,305	49,928,640
Insurance	**90,683,928**	66,864,333	60,731,220
Recruitment services (Note 29)	**89,437,777**	70,470,909	86,641,772
Dues and subscriptions	**65,420,731**	40,091,648	36,372,003
Outside services	**43,162,954**	60,019,196	81,430,086
Transportation and travel	**36,144,655**	25,025,021	40,504,432
Fuel cost	**33,328,482**	55,147,646	53,372,798
Housing cost	**31,219,222**	30,794,148	32,904,260
Materials and supplies - resort operations	**30,502,161**	24,656,357	19,512,872

(Forward)

	2015	2014	2013
Depreciation and amortization (Note 13)	₱ 28,409,146	₱ 27,154,445	₱ 27,959,509
Repairs and maintenance	22,173,010	22,207,388	26,189,570
Commissions	15,260,469	13,154,514	14,522,250
Variable nurse costs (Note 29)	7,461,184	3,388,812	6,533,706
Others	33,268,392	27,558,690	15,810,607
	₱ 1,809,102,441	₱ 1,361,515,068	₱ 1,330,261,339

Operating expenses consist of:

	2015	2014	2013
Salaries, wages and employee benefits (Note 21)	₱ 340,945,122	₱ 276,776,685	₱ 259,827,943
Depreciation and amortization (Note 13)	127,652,687	105,752,691	99,602,353
Advertising	116,267,925	58,940,372	48,717,931
Professional and directors' fees	94,483,322	76,167,744	57,166,449
Shipping and delivery expenses	79,891,698	977,353	809,087
Utilities	68,855,836	92,803,138	77,624,748
Taxes and licenses	67,625,106	43,522,272	29,702,051
Repairs and maintenance	41,432,321	41,723,110	24,518,181
Commissions	40,094,155	22,151,535	22,698,413
Insurance	26,148,572	13,094,357	11,670,093
Transportation and travel	21,025,407	29,395,090	20,765,317
Communications	19,212,844	9,645,650	8,220,006
Rental (Note 29)	18,756,512	13,052,306	12,185,879
Entertainment, amusement and recreation	18,550,777	12,779,121	10,304,915
Security services	18,307,777	14,258,848	16,441,181
Association dues	7,690,415	5,867,816	7,600,981
Donation and contribution	7,632,540	5,480,051	12,338,670
International processing cost	7,356,938	4,195,032	13,281,140
Office supplies	7,263,853	4,295,975	4,932,614
Meetings and conferences	3,783,380	3,174,816	2,884,291
Medical expenses	3,632,848	–	–
Computer programming	3,209,205	3,303,519	1,258,880
Contract maintenance	330,075	239,196	2,477,233
Others	26,150,558	26,524,345	16,464,837
	₱ 1,166,299,873	₱ 864,121,022	₱ 761,493,193

In 2015, 2014 and 2013, the Company paid bonus to its non-executive directors amounting to ₱13.4 million, ₱6.4 million and ₱6.6 million, respectively.

21. Personnel Expenses

	2015	2014	2013
Salaries and wages	₱ 1,479,276,277	₱ 1,059,316,132	₱1,005,928,575
Pension costs (Note 23)	16,230,854	11,722,183	11,474,829
Social security premiums, meals and other employees' benefits	113,102,185	27,335,026	20,272,153
	₱ 1,608,609,316	₱ 1,098,373,341	₱ 1,037,675,557

In 2015, 2014 and 2013, the Company declared and paid bonuses to its executive officers amounting to ₱63.3 million, ₱29.3 million and ₱23.8 million, respectively.

22. Interest Income, Interest Expense and Other Income (Charges)

Interest income consists of:

	2015	2014	2013
Debt instruments (Notes 8 and 11)	₱ 73,314,316	₱ 75,149,914	₱ 78,681,235
Cash and cash equivalents (Note 7)	4,679,094	17,439,665	16,606,664
Funds and equities	5,309,052	3,406,469	–
Others	12,957	442,951	304,352
	₱ 83,315,419	₱ 96,438,999	₱ 95,592,251

Interest income on debt instruments is net of bond discount amortization amounting to ₱0.4 million in 2015, ₱2.8 million in 2014 and ₱0.6 million in 2013.

Interest expense consists of:

	2015	2014	2013
Notes payable (Note 16)	₱ 21,652,492	₱ 17,722,053	₱ 11,494,158
Long-term debt (Note 18)	94,940,763	43,408,333	23,069,785
Others	5,979	230,657	313,595
	₱ 116,599,234	₱ 61,361,043	₱ 34,877,538

Other income (charges) -net consists of:

	2015	2014	2013
Valuation allowances on:			
AFS investments (Note 11)	(₱ 805,238,727)	(₱ 259,940,637)	(₱ 71,245,484)
Receivables (Note 9)	(32,110,190)	(6,174,132)	(5,018,782)
Other current and noncurrent assets (Note 10)	(3,774,453)	(1,811,227)	(515,316)
Investment in associate (Note 12)	–	(440,407,829)	–
Handling and service fees	115,478,261	17,713,044	–
Gain on remeasurement of previously held interest (Note 6)	–	699,011,094	–
Recovery of allowances for impairment losses (Notes 9, 10 and 11)	–	24,553,505	3,101,226
Insurance claims (Note 12)	–	46,228,744	–
Others	25,039,881	23,522,734	25,253,743
	(₱ 700,605,228)	₱ 102,695,296	(₱ 48,424,613)

In 2014, SSRLI entered into a Construction Service Contract (service contract) with the PEZA-registered villa owners in which SSRLI shall be provide project management, general and specific administration and supervision over the preconstruction and construction stages of the Project. The villa owners shall pay SSRLI a handling fee which represents 15% of the actual project cost during the villa construction or renovation. In 2015 and 2014, SSRLI recognized handling fees amounting to ₱56.5 million and ₱17.7 million, respectively.

In 2015, a subsidiary entered into a contract and received fee of ₱59.0 million for various services rendered.

Others included ASAI's reimbursement from lessees and costs of PRI charged to villa owners.

23. Pension and Other Post-employment Benefit Plans

The Group has funded defined benefit pension plans covering substantially all of its officers and employees. The benefits to be received by the officers and employees under the pension plans shall not be less than the minimum mandated retirement benefit plan under Republic Act (RA) No. 7641. The funds are administered by trustee banks under the control and supervision of the Board of Trustees (BOT) of the pension plans, who is composed of the executive officers of the Company.

The Company contributes to the funds as required under accepted actuarial principles to maintain the plan in sound condition and reserves the right to discontinue, suspend or change the rate and amount of its contribution to the funds at any time.

Funding Policy

The Company contributes to the plans amounts (estimated by an actuary on the basis of reasonable actuarial assumptions) which are necessary to provide the defined benefits. No member is required to make any contribution to the plans. Contributions to the plans are determined using the projected unit credit method. Under this method, the current service cost is the present value of retirement benefits payable in the future in respect of services in the current period. The past service cost (PSC) is the present value of the units of benefits payable in the future in respect of services rendered prior to valuation date.

The Group's management performs an Asset-Liability Matching Study annually. The overall investment policy and strategy of the Group's defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risks of the plans. The Group's current strategic investment strategy consists of 40% of equity instruments and 60% of debt instruments.

The Group's plan assets and investments as of December 31, 2015 and 2014 consist of the following:

a. Cash and cash equivalents, which include regular savings and time deposits;

b. Investments in government securities, which include retail treasury bonds and fixed rate treasury notes that bear interest ranging from 2.13% to 9.13% in 2015 and 2014, and have maturities from September 4, 2016 to October 24, 2037 in 2015 and November 4, 2016 to October 24, 2037 in 2014;

c. Investments in corporate debt instruments, consisting of both short-term and long-term corporate notes and land bonds, which bear interest ranging from 4.41% to 8.5% in 2015 and 4.38% to 8.46% in 2014 and have maturities from August 27, 2019 to April 25, 2025 in 2015 and from February 23, 2014 to November 29, 2032 in 2014; and

d. Investments in equity securities, which consist of unlisted and actively traded securities of holding firms, banks and companies engaged in energy, oil and gas, telecommunications, transportation, real estate, construction, food and beverage, mining and other services among others.

As of December 31, 2015 and 2014, the Company's defined benefit retirement fund has investments in shares of stock of the Company with a cost of ₱71.1 million and ₱30.2 million, respectively. All of the fund's investing decisions are made by the BOT of the pension plans. The retirement benefit fund's total gains arising from the changes in market prices amounted to ₱2.1 million and ₱13.3 million in 2015 and 2014, respectively.

As of December 31, 2015 and 2014, the fund's carrying value and fair value amounted to ₱426.7 million and ₱409.6 million, respectively.

The following tables summarize the components of net benefit expense recognized in the consolidated statements of income and the funded status and amounts recognized in the consolidated balance sheets.

	2015	2014	2013
Retirement benefit cost:			
Current service cost	₱ 19,132,392	₱ 13,730,445	₱ 12,918,528
Net interest	(2,901,538)	(2,008,262)	(1,730,706)
Past service cost - plan amendment and others	–	–	287,007
Net benefit expense	₱ 16,230,854	₱ 11,722,183	₱ 11,474,829
Actual return on plan assets	₱ 1,730,655	₱ 23,535,342	₱ 35,316,020

Changes in net retirement plan asset are as follows:

	2015	2014	2013
Net retirement plan asset (retirement benefits payable), beginning	₱ 65,533,724	₱ 53,846,435	₱ 38,369,388
Current service cost	(13,310,014)	(10,316,336)	(9,738,438)
Net interest	3,221,383	2,383,337	2,442,611
	(10,088,631)	(7,932,999)	(7,295,827)
Actuarial changes arising from:			
Remeasurement of plan assets	(17,100,815)	9,836,624	20,320,127
Experience adjustments	7,386,456	1,357,122	(1,079,240)
Changes in financial assumptions	99,446	657,490	(1,709,165)
Changes in the effect of asset ceiling	2,473,743	(2,982,175)	(2,482,016)
	(7,141,170)	8,869,061	15,049,706
Contribution	11,179,074	7,723,131	7,723,168
Net plan assets of acquired subsidiary (Note 6)	–	3,028,096	–
Net retirement plan asset, end	₱ 59,482,997	₱ 65,533,724	₱ 53,846,435

Changes in net retirement benefits payable are as follows:

	2015	2014	2013
Retirement benefits payable, beginning	(₱ 9,054,911)	(₱ 10,965,263)	(₱ 14,846,513)
Current service cost	(5,822,378)	(3,414,109)	(3,180,090)
Net interest	(319,845)	(375,075)	(711,905)
	(6,142,223)	(3,789,184)	(3,891,995)
Actuarial changes arising from:			
Experience adjustments	(4,826,719)	(795,535)	(699,009)
Remeasurement of plan assets	(581,257)	190,861	667,478
Changes in financial assumptions	4,190,933	(922,028)	(167,689)
	(1,217,043)	(1,526,702)	(199,220)
Contribution	9,747,404	6,200,818	7,972,465
Benefits paid directly by the Group	–	1,025,420	–
Net retirement benefits payable, end	(₱ 6,666,773)	(₱ 9,054,911)	(₱ 10,965,263)

Computation of net retirement plan assets:

2015:

	Retirement Plan Asset	Retirement Liability	Total
Present value of defined benefit obligation	(₱ 325,294,428)	(₱ 39,236,445)	(₱ 364,530,873)
Fair value of plan assets	394,111,065	32,613,650	426,724,715
Surplus (deficit)	68,816,637	(6,622,795)	62,193,842
Effect of the asset ceiling	(9,333,640)	(43,978)	(9,377,618)
Retirement plan asset (liability)	₱ 59,482,997	(₱ 6,666,773)	₱ 52,816,224

2014:

	Retirement Plan Asset	Retirement Liability	Total
Present value of defined benefit obligation	(₱ 307,945,604)	(₱ 33,824,951)	(₱ 341,770,555)
Fair value of plan assets	384,808,111	24,770,040	409,578,151
Surplus (deficit)	76,862,507	(9,054,911)	67,807,596
Effect of the asset ceiling	(11,328,783)	–	(11,328,783)
Retirement plan asset (liability)	₱ 65,533,724	(₱ 9,054,911)	₱ 56,478,813

Changes in the present value of defined benefit obligation:

	2015	2014
Opening defined benefit obligation	₱ 341,770,555	₱ 280,049,491
Interest cost	16,082,344	12,176,349
Current service cost	19,132,392	13,730,445
Benefits paid from plan assets	(5,604,302)	(4,806,179)
Benefits paid directly by the Group	–	(1,025,420)
Remeasurement in other comprehensive income:	–	
Actuarial loss (gain) - changes in financial assumptions	(4,290,379)	500,618
Actuarial loss (gain) - change in demographic assumptions	–	–
Actuarial gain - experience adjustments	(2,559,737)	(1,809,482)
Benefit obligation of acquired subsidiary (Note 6)	–	42,954,733
	₱ 364,530,873	₱ 341,770,555

Changes in the fair value of plan assets:

		2015		2014
Opening fair value of plan assets	₱	**409,578,151**	₱	330,795,953
Contributions		**20,926,478**		13,923,949
Interest income		**19,506,460**		14,519,672
Benefits paid from plan assets		**(5,604,302)**		(4,806,179)
Remeasurement gain (loss)		**(17,682,072)**		9,015,670
Plan assets of acquired subsidiary (Note 6)		**–**		46,129,086
	₱	**426,724,715**	₱	409,578,151

Changes in the effect of asset ceiling:

		2015		2014
Beginning balance	₱	**11,328,783**	₱	7,865,290
Interest on the effect of asset ceiling		**522,578**		335,061
Changes in the effect of asset ceiling		**(2,473,743)**		2,982,175
Effect of asset ceiling of the new subsidiary (Note 6)		**–**		146,257
	₱	**9,377,618**	₱	11,328,783

The fair value of plan assets as of December 31 are as follows:

		2015		2014
Debt instruments	₱	**151,923,113**	₱	187,651,043
Equity instruments		**120,684,378**		108,850,051
Unit investment trust funds		**97,074,293**		97,204,156
Cash and cash equivalents		**40,742,739**		10,238,644
Others		**16,300,192**		5,634,257
	₱	**426,724,715**	₱	409,578,151

The financial instruments with quoted prices in active market amounted to ₱204.2 million and ₱195.7 million as of December 31, 2015 and 2014, respectively. The remaining plan assets do not have quoted market prices in active market.

The plan assets have diverse investments and do not have any concentration risk.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation of the Parent Company and PDP Group as of the end of the reporting period, assuming all other assumptions were held constant:

2015	Increase (decrease)	Effect on present value of defined benefit obligation Increase (decrease)	
Discount rates	**-0.6% to 4.9%**	**(₱**	**4,099,559)**
	+0.7 to 5.4%		**4,472,116**
Future salary increases	**+1.1% to 10.2%**	**₱**	**7,981,416**
	-1.0% to 8.8%		**(6,925,561)**

2014	Increase (decrease)	Effect on present value of defined benefit obligation Increase (decrease)	
Discount rates	-0.5% to 0.7%	(₱	4,127,199)
	+0.5 to -0.7%		4,517,193
Future salary increases	+1.0% to 1.2%	₱	8,151,977
	-1.0% to -1.2%		(7,043,507)

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation of the subsidiaries, except PDP Group in 2014, as of the end of the reporting period, assuming all other assumptions were held constant:

2015	Increase (decrease)	Effect on present value of defined benefit obligation Increase(decrease)	
Discount rates	**-1.0% to -7.8%**	**(₱**	**496,858)**
	+1.0% to 9.1%		**580,414**
Future salary increase	**+1.0% to 8.0%**	**₱**	**508,937**
	-1.0% to 7.0%		**(446,728)**

2014	Increase (decrease)	Effect on present value of defined benefit obligation Increase (decrease)	
Discount rates	+1.0% to 2.0%	(₱	2,559,838)
	-1.0% to 2.0%		3,194,930
Future salary increase	+1.0% to 2.0%	₱	1,611,867
	-1.0% to 2.0%		(1,454,847)

The Group expects to make contributions amounting to ₱20.9 million to its defined benefit pension plans in 2016.

The principal assumptions used in determining pension benefit obligations for the Group's plans are shown below:

	2015	2014
Discount rate	4.3% to 5.64%	4% to 6%
Future salary increases	5.0% to 10.0%	5% to 6%

The weighted average duration of the defined benefit obligation as of December 31, 2015 and 2014 ranges from 1.8 to 16.8 years and 1.6 to 19.8 years, respectively.

24. Income Taxes

The provision for income tax consists of:

	2015	2014	2013
Current	₱ 272,752,008	₱ 12,927,935	₱ 26,586,615
Deferred	36,645,647	16,432,009	(10,472,628)
	₱ 309,397,655	₱ 29,359,944	₱ 16,113,987

The components of the net deferred income tax assets (liabilities) are as follows:

	2015	2014 (As restated, Note 6)
Deferred income tax assets:		
Allowance for doubtful accounts	₱ 37,599,049	₱ 19,801,875
Allowance for inventory losses	28,311,111	18,214,493
Unrealized foreign exchange loss	20,950,566	10,766,182
NOLCO on federal and state income tax	16,335,541	79,176,980
Unamortized past service cost	14,992,741	3,117,180
Market adjustment on FVPL	13,072,011	6,366,630
Accrued expenses	11,109,266	3,811,258
Retirement benefits payable	214,295	2,716,473
Others	9,601,685	2,975,522
	152,186,265	146,946,593
Deferred income tax liabilities:		
Fair value adjustment	(356,389,025)	(356,389,025)
Goodwill amortization	(128,522,084)	(101,947,016)
Unrealized valuation gains on AFS investments	(59,970,480)	(40,309,639)
Unrealized foreign exchange gains	(26,757,874)	(12,213,730)
Retirement plan assets	(18,390,286)	(19,660,118)
Uncollected management fee	(5,835,042)	(6,306,567)
	(595,864,791)	(536,826,095)
Net deferred tax liability	(₱ 443,678,526)	(₱ 389,879,502)

There are deductible temporary differences for which no deferred income tax assets were recognized as future realizability of these deferred income tax assets is not certain. These deductible temporary differences are as follows:

	2015	2014
Allowances for:		
Doubtful accounts	₱ 1,028,942,693	₱ 1,032,743,947
Impairment losses	1,023,578,710	220,820,097
Inventory losses	3,955,899	6,625,786
NOLCO	249,329,859	318,657,950
MCIT	4,474,885	5,697,745
Accrued pension benefits and others	27,365,371	45,996,319

The Company and other subsidiaries domiciled in the Philippines are subjected to the Philippine statutory tax rate of 30% in 2015, 2014 and 2013 while a foreign subsidiary is subject to U.S. federal tax rate of 34% in 2015, 2014 and 2013.

The reconciliation of provision for income tax computed at the statutory tax rates to provision for income tax is as follows:

	2015	2014	2013
Provision for income tax at statutory tax rates	₱ 501,797,840	₱ 619,230,451	₱ 408,868,786
Additions to (reductions from) income taxes resulting from:			
Gain on sale of AFS investments, marketable equity securities and other investments subjected to final tax	(322,201,613)	(515,638,967)	(336,528,398)
Movement in unrecognized deferred income tax assets	212,131,672	239,693,660	59,566,099
Dividend income not subject to income tax	(62,895,499)	(78,258,624)	(61,258,810)
Equity in net earnings of associates not subject to income tax	(46,186,157)	(44,142,332)	(68,683,677)
Interest income already subjected to final tax	(335,147)	(2,427,063)	(4,787,788)
Nondeductible expenses	694,908	1,822,242	481,617
Gain on remeasurement of previously held interest	–	(209,703,328)	–
Others	26,391,651	18,783,905	18,456,158
	₱ 309,397,655	₱ 29,359,944	₱ 16,113,987

The Group has available NOLCO and MCIT which can be claimed as deduction from taxable income and as credit against income tax due, respectively, as follows:

NOLCO

The following table summarizes the NOLCO as of December 31, 2015 of the Company and its subsidiaries domiciled in the Philippines:

Period of Recognition	Availment period	Amount	Applied	Expired	Balance
2012	2013-2015	₱ 66,077,438	₱ –	(₱ 66,077,438)	₱ –
2013	2014-2016	121,722,313	–	–	121,722,313
2014	2015-2017	130,858,199	–	–	130,858,199
2015	2016-2018	157,641,973	–	–	157,641,973
		₱ 476,299,923	**₱ –**	**(₱ 66,077,438)**	**₱ 410,222,485**

As of December 31, 2015 and 2014, a foreign subsidiary has NOLCO on federal and state income tax purposes of approximately US$3.8 million (₱178.8 million) and US$7.6 million (₱337.4 million), respectively. Portion of NOLCO incurred in prior year will begin to expire in 2028. No deferred income tax assets were recognized on this NOLCO as its future realizability is not certain.

MCIT

Period of Recognition	Availment period	Amount	Applied	Expired	Balance
2012	2013-2015	₱ 2,147,145	(₱ 169,774)	(₱ 1,977,371)	₱ –
2013	2014-2016	2,327,321	–	–	2,327,321
2014	2015-2017	1,223,279	–	–	1,223,279
2015	2016-2018	924,285	–	–	924,285
		₱ 6,622,030	**(₱ 169,774)**	**(₱ 1,977,371)**	**₱ 4,474,885**

25. Earnings Per Share - Basic / Diluted

Earnings per share - basic / diluted were computed as follows:

	2015	2014	2013
Net income attributable to equity holdings of the parent	**₱ 1,282,782,660**	₱ 2,041,141,959	₱ 1,358,036,019
Weighted average number of shares (Note 19)	**1,244,599,629**	1,253,952,678	1,261,027,565
Earnings per share	**₱ 1.03**	₱ 1.63	₱ 1.08

The Company does not have potentially dilutive common stock equivalents in 2015, 2014 and 2013.

26. Related Party Transactions

Related party relationship exists when the party has the ability to control, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely to the legal form.

In the normal course of business and in addition to those disclosed in Notes 12 and 29, the Group grants/receives cash advances to/from its associates and affiliates.

The consolidated balance sheets include the following transactions and account balances as of December 31 with related parties:

2015		Amount Volume		Outstanding Balance Receivable	Terms	Conditions
Associates						
Vicinetum:						
Advances (Note 12)	₱	**191,128**	₱	**1,276,026**	Non-interest bearing	Unsecured, with allowance for doubtful accounts of ₱564.8 million

2014		Amount Volume		Outstanding Balance Receivable	Terms	Conditions
Associates						
Vicinetum:						
Advances (Note 12)	₱	229,517	₱	1,084,898	Non-interest bearing	Unsecured, with allowance for doubtful accounts of ₱564.8 million

Compensation of the Group's key management personnel (in millions):

		2015		2014		2013
Short-term employee benefits (Note 21)	₱	**154.7**	₱	112.0	₱	100.1
Post-employment benefits (Note 23)		**7.6**		7.1		6.3
Total	₱	**162.3**	₱	119.1	₱	106.4

There are no termination benefits, share-based payments or other long-term employee benefits granted to key management personnel.

27. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents, receivables, investments in debt instruments, quoted and unquoted equity securities, investments in mutual and hedge funds, and short-term and long-term bank loans. The Group's other financial instruments include accounts payable and dividends payable and amounts due to affiliates, which arose directly from operations.

The Company's investment objectives consist mainly of:

a) maintaining a bond portfolio that earns adequate cash yields and,
b) maintaining a stable equity portfolio that generates capital gains through a combination of long-term strategic investments and short-term to medium-term hold type investment.

The main risks arising from the use of these financial instruments are credit risk, liquidity risk, interest rate risk, equity price risk, foreign currency risk, and copper price risk. These risks are monitored by the Company's Investment Committee (the Committee).

The Committee evaluates the performance of all investments and reviews fund allocation to determine the future strategy of the fund. The Committee is formed by the Company's Chairman, Vice Chairman, Chief Finance Officer, and an independent consultant. These meetings occur at least every quarter. The BOD reviews and approves the Company's risk management policies. The Company's policies for managing each of these risks are summarized below.

Credit risk

The Group is exposed to credit risk primarily because of its investing and operating activities. Credit risk losses may occur as a result of either an individual, counter party or issuer being unable to or unwilling to honor its contractual obligations. The Group is exposed to credit risk arising from default of the counter parties (i.e., foreign and local currency denominated debt instruments and receivables) to its financial assets. The Group does not have a counter party that accounts for more than 10% of the consolidated revenue.

Credit risk management

In managing credit risk on these investments, capital preservation is paramount. The Group transacts only with recognized and creditworthy counter parties. Investments in bonds are invested in highly recommended, creditworthy debt instruments that provides satisfactory interest yield.

Credit risk exposures

The table below shows the gross maximum exposure for each class of financial assets before the effects of collateral, credit enhancements and other credit risk mitigation techniques:

	2015	2014
Cash in banks	₱ 1,296,692,431	₱ 1,341,444,528
Short-term investments	477,626,741	59,589,131
FVPL investments - bonds	481,184,519	560,889,748
AFS investments - debt instruments	907,451,753	1,174,457,942
	3,162,955,444	3,136,381,349
Loans and receivables:		
Trade	1,789,754,179	1,508,743,430
Notes receivable	40,000,000	40,000,000
Interest receivable	16,498,411	19,585,300
Receivable from villa owners	15,960,585	10,872,107
Advances to employees	12,374,133	10,170,075
Others	12,876,404	34,993,357
	1,887,463,712	1,624,364,269
	₱ 5,050,419,156	₱ 4,760,745,618

The Group has no collateral held as security nor credit enhancements as of December 31, 2015 and 2014, except for the notes receivable amounting to ₱20.8 million in 2013 from Tayabas Power guaranteed in full by SKI Construction Group, Inc., its parent company.

Credit quality per class of financial assets

For the Group's financial assets, credit quality is monitored and managed using internal credit ratings. Internal risk ratings are derived in accordance with the Group's rating policy. The table below shows the credit quality by class of financial asset based on the Group's credit rating system:

	Financial Assets that are Neither Past Due nor Impaired				
2015	**High Grade**	**Standard Grade**	**Past Due But Not Impaired**	**Impaired**	**Total**
Cash in banks	₱ 1,296,692,431	₱ –	₱ –	₱ –	₱ 1,296,692,431
Short-term investments	477,626,741	–	–	–	477,626,741
FVPL investments - Bonds	24,747,254	456,437,265	–	–	481,184,519
AFS investments - Debt instruments	165,885,612	741,566,141	–	–	907,451,753
Receivables:					
Trade	–	1,221,346,395	568,407,784	70,664,283	1,860,418,462
Notes receivables	–	40,000,000	–	–	40,000,000
Interest receivable	–	16,498,411	–	–	16,498,411
Receivables from villa owners	–	15,960,585	–	–	15,960,585
Advances to employees	11,771,382	602,751	–	–	12,374,133
Others	–	12,876,404	–	1,833,158	14,709,562
	₱ 1,976,723,420	₱2,505,287,952	₱ 568,407,784	₱ 72,497,441	₱ 5,122,916,597

2014	Financial Assets that are Neither Past Due nor Impaired — High Grade	Standard Grade	Past Due But Not Impaired	Impaired	Total
Cash in banks	₱ 1,341,444,528	₱ –	₱ –	₱ –	₱ 1,341,444,528
Short-term investments	59,589,131	–	–	–	59,589,131
FVPL investments -					
Bonds	9,701,915	551,187,833	–	–	560,889,748
AFS investments -					
Debt instruments	54,467,526	1,119,990,416	–	–	1,174,457,942
Receivables:					
Trade	–	1,000,711,761	508,031,669	39,693,797	1,548,437,227
Notes receivables	–	40,000,000	–	–	40,000,000
Interest receivable	–	19,585,300	–	–	19,585,300
Receivables from villa owners	–	10,872,107	–	–	10,872,107
Advances to employees	–	10,170,075	–	–	10,170,075
Others	–	34,993,357	–	1,833,158	36,826,515
	₱ 1,465,203,100	₱2,787,510,849	₱ 508,031,669	₱ 41,526,955	₱ 4,802,272,573

The Group evaluates credit quality on the basis of the credit strength of the security and/or counter party/ issuer. High grade financial assets reflect the investment grade quality of the investments and/or counter party; realizability is thus assured. Standard grade assets are considered moderately realizable.

Financial assets that are past due but not impaired

The table below shows the aging analysis of past due but not impaired loans/receivables per class that the Group held. Under PFRS 7, a financial asset is past due when a counter party has failed to make a payment when contractually due.

	Financial Assets that are Past Due but Not Impaired				
December 31, 2015	**Less than 30 days**	**31 to 60 days**	**61 to 90 days**	**More than 91 days**	**Total**
Trade and others	₱ **323,754,131**	₱ **148,833,254**	₱ **68,388,744**	₱ **27,431,655**	₱**568,407,784**

	Financial Assets that are Past Due but Not Impaired				
December 31, 2014	**Less than 30 days**	**31 to 60 days**	**61 to 90 days**	**More than 91 days**	**Total**
Trade and others	₱ 248,174,745	₱ 142,265,529	₱ 91,435,013	₱ 26,156,382	₱508,031,669

Liquidity risk

Liquidity risk is defined as the risk that the Group may not be able to settle or meet its obligations as they fall due. Aside from yielding good returns, the Group ensures investments have ample liquidity to finance operations and capital requirements. Short-term bank loans are secured to fill in temporary mismatch of funds for new investments.

Where applicable, long-term debt or equity are used for financing when the business requirement calls for it to ensure adequate liquidity in the subsidiaries and affiliates' operation.

The Group's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when they are due. This is done by primarily investing in highly liquid investments.

The tables below summarize the maturity profile of the Group's financial liabilities at December 31 based on undiscounted contractual payments as well as the financial assets used for liquidity management.

December 31, 2015	Within 6 months	6 to 12 months	1 to 5 years	Over 5 years	Total
Cash in banks	₱ 1,296,692,431	₱ –	₱ –	₱ –	₱ 1,296,692,431
Short-term investments	477,626,741	–	–	–	477,626,741
FVPL investments -					
Bonds	10,311,599	–	125,731,438	345,141,482	481,184,519
AFS investments -					
Bonds	56,534,651	286,241,765	564,675,337	–	907,451,753
Receivables	1,727,583,282	130,961,652	28,918,778	–	1,887,463,712
	₱ 3,568,748,704	₱ 417,203,417	₱ 719,325,553	₱ 345,141,482	₱ 5,050,149,156
Notes payable	₱ 26,197,832	₱ –	₱ –	₱ –	₱ 26,197,832
Accounts payable and					
accrued expenses*	785,148,507	–	–	–	785,148,507
Long-term debt	–	638,070,546	2,459,835,814	–	3,097,906,360
Interest payable	38,869,275	34,559,115	125,037,850	–	198,466,240
Dividends payable	229,648,921	–	–	–	229,648,921
	₱ 1,079,864,535	₱ 672,629,661	₱ 2,584,873,664	₱ –	₱ 4,337,367,860

*Excluding non-financial liabilities amounting to ₱131.0 million.

December 31, 2014	Within 6 months	6 to 12 months	1 to 5 years	Over 5 years	Total
Cash in banks	₱ 1,341,444,528	₱ –	₱ –	₱ –	₱ 1,341,444,528
Short-term investments	59,589,131	–	–	–	59,589,131
FVPL investments -					
Bonds	–	9,701,915	–	551,187,833	560,889,748
AFS investments -					
Bonds	24,691,343	–	772,790,720	376,975,879	1,174,457,942
Receivables	1,535,882,523	88,481,746	–	–	1,624,364,269
	₱ 2,961,607,525	₱ 98,183,661	₱ 772,790,720	₱ 928,163,712	₱ 4,760,745,618
Notes payable	₱ 1,529,461,840	₱ –	₱ –	₱ –	₱ 1,529,461,840
Accounts payable and					
accrued expenses*	967,852,489	–	–	–	967,852,489
Long-term debt	–	237,502,643	1,934,135,533	–	2,171,638,176
Interest payable	61,705,069	31,629,919	195,659,481	–	288,994,469
Dividends payable	519,664,033	–	–	–	519,664,033
	₱ 3,078,683,431	₱ 269,132,562	₱ 2,129,795,014	₱ –	₱ 5,477,611,007

*Excluding non-financial liabilities amounting to ₱46.6 million.

The Group's total financial liabilities due to be settled within one year include notes payable that management considers as working capital. Accounts payable and accrued expenses and dividends payable are expected to be settled using cash to be generated from operations and drawing from existing lines of credits or liquidity reserves.

Market risks

Market risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It is the risk coming from adverse movements in factors that affect the market value of financial instruments of the Group. The Group is exposed primarily to the financial risks of changes in interest rates, equity price risk, price risk of mutual funds, and foreign currency risk.

Investments exposed to market risk are foreign and local currency denominated quoted debt instruments, foreign and local currency denominated equity instruments and mutual fund/hedge fund investments.

There has been no change to the Group's manner in managing and measuring the risk.

a. Interest rate risks

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The following tables demonstrate management's best estimate of the sensitivity (in millions) to reasonably possible change in interest rates, with all other variables held constant:

2015	**Change in interest rates [in basis points (bps)]**	**Effect on income before tax Increase (decrease)**
Floating debt instrument	**+150**	**(₱ 29.73)**
	-150	**29.73**

2014	**Change in interest rates (in bps)**	**Effect on income before tax Increase (decrease)**
Floating debt instrument	+150	(₱ 22.98)
	-150	22.98

The sensitivity analysis shows the effect on the consolidated statements of income of assumed changes in interest rates on the net interest income for one year, based on the floating rate of financial assets and liabilities held at December 31, 2015 and 2014. There is no other impact on equity other than those affecting profit and loss.

Fair value interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group accounts for its quoted debt instruments at fair value. Changes in benchmark interest rate will cause changes in the fair value of quoted debt instruments.

The tables below show the impact on income before income tax (in millions) and equity of the estimated future bond yields using a duration based sensitivity approach. Items affecting profit and loss are bonds classified as FVPL and items affecting equity account are bonds classified as AFS.

2015	Change in interest rates (in bps)	Increase (Decrease) Effect on income before tax	Effect on equity
AFS investments	+100	₱ –	(₱ 19.82)
	-100	–	21.02
FVPL investments	+100	(24.25)	–
	-100	28.36	–

2014	Change in interest rates (in bps)	Increase (Decrease) Effect on income before tax	Effect on equity
AFS investments	+100	₱ –	(₱ 28.38)
	-100	–	31.15
FVPL investments	+100	(34.58)	–
	-100	39.56	–

b. Equity price risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of the equity indices and the values of individual stock. The equity price risk exposure arises from the Group's investment in stock listed in the Philippine Stock Exchange (PSE).

The sensitivity analysis assumes that the stock's standard deviation on its historical returns for the past one year provides the basis for the range of reasonably possible changes in prices of the stock investments. In establishing the relative range of the stock investment returns, the Group also assumes a 99% confidence level.

The tables below show the impact on income before income tax and equity of the estimated future return of the stock investments (in millions) using a Beta-based sensitivity approach.

2015	Change in PSE price index	Increase (Decrease) Effect on income before tax	Effect on equity
AFS investments	+34.28%	₱ –	₱ 822.25
	-34.28%	–	(822.25)

2014	Change in PSE price index	Increase (Decrease) Effect on income before tax	Effect on equity
AFS investments	+28.02%	₱ –	₱ 1,080.93
	–28.02%	–	(1,080.93)

The annual standard deviation of the PSE price index is approximately 14.73% and 12.04% and with 99% confidence level, the possible change in PSE price index could be +/- 34.28% and +/-28.02% in 2015 and 2014, respectively. There are no outstanding stock investments listed in PSE that are classified as FVPL as of December 31, 2015 and 2014.

c. Price risk of mutual funds

The Group is exposed to the risk of changes in the fund's net asset value (NAV) due to its market risk exposures.

The sensitivity analysis demonstrates management's best estimate of the impact of reasonably possible change in NAV, with all other variables held constant.

The tables below show the impact on income before income tax and equity (in millions) of assumed changes in NAV. A negative amount in the table reflects a potential reduction on income before income tax or equity while a positive amount reflects a potential increase on income before income tax or equity.

2015	**Change in NAV**	**Increase (Decrease) Effect on income before tax**	**Effect on equity**
Mutual funds	**+10%**	**₱ 1.01**	**₱ 32.51**
	-10%	**(1.01)**	**(32.51)**

2014	**Change in NAV**	**Increase (Decrease) Effect on income before tax**	**Effect on equity**
Mutual funds	+10%	₱ 0.53	₱ 22.90
	-10%	(0.53)	(22.90)

d. Foreign currency risks

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rate. The Group's exposure arises primarily from investments in foreign currency denominated debt investments and equity securities.

The Company and a subsidiary's foreign exchange risk arises primarily from investments in foreign currency denominated debt and equity securities. To minimize income volatility due to exchange rate movements, liquid investments are held in a basket of currencies, including Philippine peso and other major currencies such as U.S. dollar, Euro and Japanese Yen. This also enables the Company and a subsidiary to access investment opportunities in those currencies. The Group occasionally engages in foreign currency forward contracts as a defensive measure against foreign currency volatility.

On borrowings, it is the Company's group-wide policy for its subsidiaries and associates where it has significant influence to minimize any foreign exchange risks. Thus, all borrowings whether short-term or long-term, in general, should be in Philippine peso. Any foreign currency borrowings may be engaged only if matched by the entities' corresponding currency revenue flows or by a foreign currency asset. As such, PRI, SSRLI and CGI can borrow in U.S. dollar as their revenues are dollar-based. It is also the policy of the Group to minimize any foreign exchange exposure in its management of payables. Any substantial exposure is covered by foreign exchange contracts, if necessary.

The analysis discloses management's best estimates of the effect of reasonably possible movement of the currency rate against the Philippine peso (in millions). It assumes that all other variables remain constant. A negative amount in the table reflects a potential reduction in income before income tax or equity, while a positive amount reflects a net potential increase in income before income tax or equity.

2015	**Change in currency rate**	**Effect on income before tax Increase (Decrease)**
US Dollar	**+3.80%**	**(₱ 6.41)**
	-3.80%	**6.41**
Japanese Yen	**+8.51%**	**(0.76)**
	-8.51%	**0.76**

2014	**Change in currency rate**	**Effect on income before tax Increase (Decrease)**
Japanese Yen	+8.39%	₱ 5.76
	-8.39%	(5.76)
US Dollar	+4.41%	(0.40)
	-4.41%	0.40

e. Copper price risk

The PDP Group uses copper rods in the manufacturing of its products. Copper rods component represents a significant portion of the cost of each unit produced. Average monthly purchase of copper rods amounted to ₱273.82 million with an average quantity of about 959 metric tons in 2015 and ₱311.15 million with an average quantity of about 952 metric tons in 2014.

Copper rods are priced based on the London Metal Exchange prices and are affected by the volatility (in millions) in the price of metal in the world market. The following table represents the effect on income before tax of the reasonably possible change in metal prices, as they affect prices of copper rods, with all other variables held constant:

	% Change in copper rod prices	**Effect on income before income tax**
2015	**+11.11%**	**(₱ 31.58)**
	-11.11%	**31.58**
2014	+1.26%	(4.69)
	-1.26%	4.69

The PDP Group's exposure to price risk on copper rod purchases is managed through back-to-back purchase of rods versus sales orders, average pricing on the firm orders like automobile wire products with long-term contracts, and obtaining orders from contractors with a fixed price or locked-in contracts with a specified period.

f. Operating and regulatory risk

CMSIS is accredited by the The Joint Commission, a private sector, US-based, not-for-profit organization. This accreditation significantly influences the CMSIS's credentialing and documentation processes for the traveling healthcare professionals. The Joint Commission accreditation is deemed as the Gold Seal of Standards for healthcare staffing companies and provides license to transact business with hospitals and association requiring The Joint Commission accreditation. Any changes on the accreditation rules and regulations may adversely affect the CMSIS's credentialing and operating procedures and ability to staff qualified healthcare professionals. The CMSIS manages its exposure to such risks by conducting internal audits and monitoring new rules and regulations from The Joint Commission.

With respect to its international business segment, the CMSIS is subject to regulations by the US State Department for the immigration of nurses and temporary work visa of therapists to the USA. These governmental regulations significantly influence the Group's ability to deploy nurses and therapists in the USA. The Group manages its exposure to such risks by actively monitoring legal and regulatory pronouncements issued by the US State Department.

Capital Management

Due to the diversity of the operations of each company in the Group, capital risk management processes in place are specific to each company. Below are the capital risk management policies of the Company and its more significant subsidiaries and associate:

a. The primary objective of the Group's capital management is to ensure an adequate return to its shareholders and to maximize its value to its shareholders. In pursuance of this goal, the Group establishes an optimum risk return investment objectives through a sound diversified investment portfolio and in ensuring a fair credit rating, the Group establishes prudent financial policies through appropriate capitalization ratios in its investments and maintain reasonable liquidity.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the consolidated balance sheet.

No changes were made in the objectives, policies or process for the years ended December 31, 2015 and 2014.

b. Cirrus' and CGI's capital management objectives are:

- To ensure its ability to continue as a going concern; and
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

CGI monitors capital on the basis of the carrying amount of equity as presented on the face of its balance sheet.

CGI sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. It manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying business.

28. Financial Instruments

Categorization of Financial Instruments

December 31, 2015	Loans and Receivables	Financial Assets at FVPL	AFS Investments	Total
Cash and cash equivalents	₱ **1,774,319,172**	₱ **–**	₱ **–**	₱ **1,774,319,172**
FVPL investments	**–**	**508,976,634**	**–**	**508,976,634**
AFS investments	**–**	**–**	**7,415,779,409**	**7,415,779,409**
Receivables	**1,887,463,712**	**–**	**–**	**1,887,463,712**
	₱ **3,661,782,884**	₱ **508,976,634**	₱ **7,415,779,409**	₱ **11,586,538,927**

December 31, 2014	Loans and Receivables	Financial Assets at FVPL	AFS Investments	Total
Cash and cash equivalents	₱ 1,401,033,659	₱ –	₱ –	₱ 1,401,033,659
FVPL investments	–	595,681,712	–	595,681,712
AFS investments	–	–	10,091,991,319	10,091,991,319
Receivables	1,624,364,269	–	–	1,624,364,269
	₱ 3,025,397,928	₱ 595,681,712	₱ 10,091,991,319	₱ 13,713,070,959

Other Financial Liabilities	2015	2014
Notes payable	₱ **26,197,832**	₱ 1,529,461,840
Accounts payable and accrued expenses*	**785,148,507**	967,852,489
Long-term debt, including current portion	**3,097,906,360**	2,171,638,176
Dividends payable	**229,648,921**	519,664,033
	₱ **4,138,901,620**	₱ 5,188,616,538

** Excluding non-financial liabilities amounting to ₱131.0 million and ₱46.6 million in 2015 and 2014, respectively.*

Fair Values of Financial Assets and Liabilities

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments:

	December 31, 2015		December 31, 2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
FVPL investments:				
Bonds	₱ 481,184,519	₱ 481,184,519	₱ 560,889,748	₱ 560,889,748
Funds and equities	6,352,114	6,352,114	8,621,964	8,621,964
Others	21,440,001	21,440,001	26,170,000	26,170,000
	508,976,634	508,976,634	595,681,712	595,681,712
AFS investments:				
Quoted equity shares	5,082,198,801	5,082,198,801	7,542,719,341	7,542,719,341
Bonds and convertible note	907,451,753	907,451,753	1,174,457,942	1,174,457,942
Funds and equities	108,212,393	108,212,393	311,119,241	311,119,241
Proprietary shares	190,450,322	190,450,322	171,051,352	171,051,352
Unquoted shares	861,146,084	861,146,084	703,437,468	703,437,468
	7,149,459,353	7,149,459,353	9,902,785,344	9,902,785,344
	₱ 7,658,435,987	₱ 7,658,435,987	₱10,498,467,056	₱ 10,498,467,056

The carrying amounts of cash and cash equivalents, receivables, notes payable, dividends payable and accounts payable and accrued expenses approximate their fair values due to the short-term maturity of these financial instruments. As of December 31, 2015 and 2014, AFS investments amounting to ₱266.4 million and ₱189.2 million, respectively, were carried at cost less impairment since these are investments in unquoted equity shares and the fair values cannot be measured reliably.

The carrying values of long-term debt, which have floating rates with quarterly repricing, approximate their fair values.

The following methods and assumptions were used to estimate the fair values:

- FVPL investments in bonds, funds and equities and others are derived from quoted market prices in active markets.

- AFS investments in bonds, quoted equity shares and funds and equities and proprietary shares are derived from quoted market prices in active markets.

- AFS investments in unquoted equity shares are based on the discounted cash flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, and growth rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

The following table provides the Group's fair value measurement hierarchy of its assets:

As of December 31, 2015:

		Fair value measurement using		
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable Inputs (Level 3)
FVPL investments:				
Bonds	₱ 481,184,519	₱ 481,184,519	₱ –	₱ –
Funds and equities	6,352,114	6,352,114	–	–
Others	21,440,001	21,440,001	–	–
	508,976,634	508,976,634	–	–
AFS investments:				
Bonds and convertible notes	907,451,753	907,451,753	–	–
Quoted equity shares	5,082,198,801	5,082,198,801	–	–
Funds and equities	108,212,393	108,212,393	–	–
Proprietary shares	190,450,322	190,450,322	–	–
Unquoted shares	861,146,084	–	–	861,146,084
	7,149,459,353	6,288,313,269	–	861,146,084
	₱ 7,658,435,987	₱ 6,797,289,903	₱ –	₱ 861,146,084

As of December 31, 2014:

		Fair value measurement using		
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable Inputs (Level 3)
FVPL investments:				
Bonds	₱ 560,889,748	₱ 560,889,748	₱ –	₱ –
Funds and equities	8,621,964	8,621,964	–	–
Others	26,170,000	26,170,000	–	–
	595,681,712	595,681,712	–	–
AFS investments:				
Bonds and convertible notes	1,174,457,942	1,174,457,942	–	–
Quoted equity shares	7,542,719,341	7,542,719,341	–	–
Funds and equities	311,119,241	311,119,241	–	–
Proprietary shares	171,051,352	171,051,352	–	–
Unquoted shares	703,437,468	–	–	703,437,468
	9,902,785,344	9,199,347,876	–	703,437,468
	₱10,498,467,056	₱ 9,795,029,588	₱ –	₱ 703,437,468

Description of significant unobservable inputs to valuation of financial instruments classified under Level 3 (in millions):

2015	Valuation technique	Significant unobservable inputs	Range	Sensitivity of input to fair value
Enderun	DCF Model	Student growth rate of 10%	**5% to 15%**	**5%: fair value of ₱344** **15%:fair value of ₱347**
		Tuition fee increase by 5%	**0% to 5%**	**0%: fair value of ₱309** **5% fair value of ₱389**
		Cost of capital of 14%	**12% to 16%**	**12%: fair value of ₱438** **16%: fair value of ₱289**
KSA	DCF Model	Dividend payout is ₱60 million	**-5% to 10%**	**-5% fair value of ₱497** **10% fair value of ₱556**
		Liquidity discount of 20%	**10% to 30%**	**10%: fair value of ₱524** **30% fair value of ₱508**
		Cost of capital of 11.5%	**10% to 13%**	**10%: fair value of ₱571** **13% fair value of ₱469**

2014	Valuation technique	Significant unobservable inputs	Range	Sensitivity of input to fair value
Enderun	DCF Model	Student growth rate of 5%	5% to 15%	5%: fair value of ₱248 15%:fair value of ₱279
		Tuition fee increase by 5%	0% to 5%	0%: fair value of ₱286 5% fair value of ₱257
		Cost of capital of 11%	8% to 12%	8%: fair value of ₱290 12%: fair value of ₱282
KSA	DCF Model	Dividend payout is ₱40 million	-5% to 10%	-5% fair value of ₱402 10% fair value of ₱446
		Liquidity discount of 20%	10% to 30%	10%: fair value of ₱425 30% fair value of ₱409
		Cost of capital of 11%	10% to 12%	10%: fair value of ₱447 12% fair value of ₱389

An increase in the percentage of EBITDA over revenue would increase the fair value of the investment in Enderun.

An increase in the expected lease income of KSA would increase the dividend payout, which would lead to an increase in the fair value of the investment in KSA.

Reconciliation of fair value measurement of AFS assets in unquoted equity shares (in millions):

	Enderun	KSA	Total
As at 1 January 2014	₱ 286	₱ 389	₱ 675
Re-measurement recognized in OCI	–	28	28
Realized gains (losses) in profit or loss	–	–	–
Unrealized gains (losses) in profit or loss	–	–	–
Purchases	–	–	–
Reclassified in discontinued operations	–	–	–
Transfer into/out of Level 3	–		
As at 31 December 2014	286	417	703
Re-measurement recognized in OCI	59	99	158
Realized gains (losses) in profit or loss	–	–	–
Unrealized gains (losses) in profit or loss	–	–	–
Purchases	–	–	–
Reclassified in discontinued operations	–	–	–
Transfer into/out of Level 3	–	–	–
Sales	–	–	–
As at 31 December 2015	**₱ 345**	**₱ 516**	**₱ 861**

For the years ended December 31, 2015 and 2014, there were no transfers from Level 1, Level 2 and Level 3 fair value measurements.

29. Contracts and Agreements

Sutton

a. On February 26, 2009, CGI's BOD ratified the new Service Agreement with IQHPC with a revised fee equivalent to 3% of all billed expenses effective January 1, 2009.

b. In the ordinary course of business, IQHPC enters into Service Agreements with U.S. hospitals and/or staffing agencies to provide services in relation to the placement of qualified Filipino nurses for full time employment in the U.S. The Service Agreement sets forth the rights, responsibilities, terms and conditions governing IQHPC's services, which include among others, training and procedural assistance in obtaining all required licensure examinations, obtaining U.S. permanent residence status and eventual placement of the nurses to the U.S. hospitals and/or agency.

As of December 31, 2015 and 2014, IQHPC has outstanding Service Agreements with different U.S. hospitals and one with a staffing agency. Service income recognized in 2015, 2014 and 2013 amounted to ₱3.6 million, ₱3.4 million and ₱14.8 million, respectively.

c. CGI entered into a non-cancellable operating lease covering certain offices. The lease has terms ranging up to three years, with renewal options and includes annual escalation rates of 5% to 10%. In 2015, the lease agreement was renewed for one year term ending July 31, 2016.

The future minimum rentals payable under the non-cancellable operating lease within one year from the balance sheet date amounted to ₱1.7 million as of December 31, 2015 and 2014.

Rent expense in 2015, 2014 and 2013 amounted to ₱2.8 million, ₱2.8 million and ₱2.6 million, respectively.

d. In May 2010, CGI entered into a sublease agreement with a third party covering its office space. The sublease has a term of one year ending April 30, 2011 renewable upon mutual agreement of both parties. Upon its maturity, the sublease agreement was renewed for several periods. The extended sublease agreement ended last July 31, 2014.

In October 2014, CGI entered into sublease agreement with another third party covering its office space renewable upon mutual agreement of both parties. The initial sublease agreement is for a period of eight months ending July 15, 2015. At the end of the lease term, the sublease agreement was renewed and extended until July 15, 2016.

Rent income from the sublease agreement in 2015, 2014 and 2013 amounted to ₱0.7 million, ₱0.6 million, and ₱0.8 million, respectively.

e. In 2014, advances to CGI amounting to ₱6.0 million were assigned to Sutton in exchange for its 948 common shares, respectively.

f. On April 2012, the Company entered into a Service Agreement with Cleveland Clinic Abu Dhabi (CCAD) for the Company to provide nurses for deployment in Abu Dhabi. In consideration of the services provided by the Company, the Service Agreement provides that CCAD shall pay a lump-sum fee of 17% of the first year salary, exclusive of benefits, of each candidate that satisfactorily completes all legal and regulatory requirements to live and work at CCAD.

Permitted fees are to be invoiced in the following manner:

- 25% of fee upon signing the contract offer of employment;
- 50% of fee upon deployment; and
- 25% of fee upon completion of the probationary 90-day time period at CCAD.

CGI records deferred revenue equal to a percentage of service fee involved to CCAD. Portion of the deferred revenue were already advanced by CCAD and are refundable once the service agreements are not met.

Cirrus

a. Cirrus Holdings USA, LLC and Cirrus Allied, LLC have various staffing contracts with their U.S. clients concerning certain rates and conditions, among others. Service income amounted to ₱1.91 billion, ₱1.25 billion, and ₱1.25 billion in 2015, 2014 and 2013, respectively.

b. Cirrus has entered into a third party non-cancellable operating lease agreements for the rental of office space and equipment. The leases include options to renew, as well as rent escalation clauses and in certain cases, incentives from the landlord for rent-free months and allowances for tenant improvements.

As of December 31, 2015 and 2014, future minimum lease payments associated with these agreements with terms of one year or more are as follows:

		2015		2014
Within one year	₱	**9,377,598**	₱	9,770,918
After one year but not more than five years		**20,559,102**		31,350,732
	₱	**29,936,700**	₱	41,121,650

Rent expense in 2015, 2014 and 2013 amounted to ₱10.7 million, ₱10.9 million and ₱11.4 million, respectively.

c. On December 10, 2010, Cirrus acquired NT, a company maintaining web domains for nurses and physical therapist, and agreed to pay a maximum total consideration amounting to US$1.06 million for the net assets of NT as of purchase date. Of the amount, US$0.51 million will be paid by Cirrus provided certain revenue and earnings target are met. To facilitate the transaction, the Company made advances to AI in the amount of US$840,000 (₱37.09 million).

ASAC

ASAC enters into a lease agreement for ground handling equipment in the conduct of its operations. The lease agreement is in force for a period of not more than one year unless all parties formally extend the said term.

IAI

a. On August 23, 2006, IAI entered into a Maintenance Service Plan (MSP) with Honeywell effective for five years for the latter to service IAI's additional aircraft engine acquired in 2007. Under the terms of the programs, IAI agrees to pay a fee computed at a rate of engine's actual operating hours or the minimum operating hours, subject to annual escalation. The engine shall be shipped to the United States to undergo repairs and maintenance as necessary, by a Honeywell authorized service center. The contract was renewed under the same terms in 2011. Deposits for the MSP as of December 31, 2015 and 2014 amounted to ₱14.16 million and ₱45.81 million, respectively, and included as part of "Other noncurrent assets" account in the consolidated balance sheets.

b. IAI conducts its operations from leased facilities which include the aircraft hangar, parking lots and the administrative office. The lease agreement is for a period of two years commencing on September 1, 2009 and is subsequently renewed for another two years upon its termination in 2011 and 2013. The renewed lease agreement will terminate in August 2017.

The same shall be renewable upon mutual agreement if either party receives no notice of termination. Rent expense recognized in operations amounted to ₱2.9 million in 2015, ₱2.8 million in 2014 and ₱2.7 million in 2013.

Future minimum annual rentals payable under this lease are as follows:

		2015		2014
Not later than one year	₱	**3,114,911**	₱	1,857,143
Later than one year but not later than 5 years		**2,076,607**		–
	₱	**5,191,518**	₱	1,857,143

<u>SSRLI and PRI</u>

a. Since 1995, the Company charges PRI a monthly fee amounting to US$4,000 or its Peso equivalent for the Company's general, administrative, treasury, tax and legal services rendered to SSRLI.

b. PRI executed in the past an Operating and Management Agreement (OMA) with Amanresorts Management, B.V. (AMBV, the Operator of Amanresorts), a company based in Amsterdam, the Netherlands, for a fee of 5% of PRI's gross operating profits, as defined in the OMA. The OMA provides for, among others, the reimbursements by PRI to Amanresorts of all costs and expenses incurred by the latter in connection with the management and operation of resort and a reserve cash funding equivalent to 4% of gross revenues which will be used to cover the cost of replacements, renewals, and additions to furniture, fixtures and equipment. On June 24, 2013, both parties have mutually entered into a new OMA, effective on the same date, in which PRI will pay a basic fee amounting to 4% of gross revenue and an incentive fee of 10% based on the gross operating profit collectively known as management fee. In addition to the management fees discussed, PRI shall also reimburse AMBV for all costs and expenses incurred by AMBV directly in connection with rendering services under the new OMA.

Likewise, marketing services and license contracts with AMBV were entered into by PRI in the past, providing marketing fee of 3% of the resort's annual gross hotel revenues and US$1,000 monthly fee, respectively. On June 24, 2013, both parties mutually entered into a new marketing services agreement of the same terms and conditions except for a lower marketing fee rate of 1% of gross revenue from 3%.

PRI also executed a Reservation Services Agreement with Hotel Sales Services Ltd. (HSSL) in which PRI will pay the latter a monthly fee of 6.5% of the gross accommodation charges processed through HSSL's central sales and reservation offices, with the exception of bookings made through the global distribution system which cost US$100 per booking. Upon commencement of the service agreement on June 24, 2013, PRI paid an establishment fee of US$1,500. PRI pays annual maintenance fee of US$1,000 to HSSL. The agreement will expire upon the date the Hotel is no longer managed by AMBV.

PRI also obtained from Amanresorts I.P.R.B.V. (AIPRBV), a company incorporated in Amsterdam, the Netherlands, the nonexclusive license to use the Amanresorts Marks in connection with the operation of the Resort.

The OMA, marketing and license contracts will expire on the June 23, 2018. Further, AMBV has the option to extend the operating term for a period of 5 years from the date of its expiration. Total fees related to these agreements amounted to ₱51.8 million, ₱34.8 million and ₱17.9 million in 2015, 2014, and 2013, respectively.

c. SSRLI has an agreement with IAI for the latter to provide regular air service. IAI shall charge SSRLI a fixed round trip rate per passenger, subject to an annual review by both parties, with a guarantee that all of IAI's operating costs will be covered.

As a result of the transfer of resort operations from SSRLI to PRI (see Note 12), the latest renewal of the air service agreement was made between PRI and IAI covering a three-year period from July 1, 2011 to June 30, 2014. The duration of the contract may be extended upon such terms and conditions as may be mutually agreed by both parties.

d. PRI entered into a lease agreement with IAI for the Guest Lounge and Purchasing Office. The lease agreement has duration of two years and was executed in September 2013. The agreement provides that the Company is not allowed to sublease any part of the leased premises. In 2015, the lease agreement was renewed for another two years. The agreement provides that PRI is not allowed to sublease any part of the leased premises.

Rent relating to the lease amounted to ₱2.5 million in 2015, and ₱1.9 million in 2014 and 2013.

e. In January 2007, APHI and SSRLI entered into a consultancy agreement whereby APHI will provide project management, general and specific administration and supervision over pre-construction and post-construction stages of SSRLI's Amanpulo Phase 2 and other capital expenditure projects for a certain fee agreed by the two parties. As of December 31, 2011, the consultancy contract is still in effect but at a reduced fee.

f. On May 31, 2013, APHI and SSRLI entered into a management contract in which APHI will provide technical advice, supervision and management services and general administration for various Phase 3-A villa projects, such as but not limited to other Amanpulo special capital expenditure projects. SSRLI shall pay a fixed monthly fee amounting to ₱615,000 exclusive of VAT, effective June 1, 2013 until the projects have been completed, delivered and accepted by SSRLI.

g. On July 1, 2011, PRI entered into management agreements with the villa owning companies wherein PRI shall provide general maintenance and accounting and administrative services for the villas. PRI shall also be responsible for the marketing and promotion of the villas. In return for these services, PRI shall be entitled to 50% of the net villa rental proceeds. PRI shall also receive reimbursements of costs, with 15% handling fees (except for utilities), incurred in providing services to the villa guests. PRI's total villa management and handling fees amounted to ₱75.1 million, ₱63.2 million and ₱57.2 million in 2015, 2014, and 2013, respectively, and is presented as part of "Services revenue" in the consolidated statements of income.

As part of the agreement, PRI will also maintain a fund which shall be used for future maintenance requirements of the villas. As of December 31, 2015 and 2014, the restricted fund amounted to ₱65.3 million and ₱39.8 million, respectively, which is included under “Other noncurrent assets” and “Other noncurrent liabilities” in the consolidated balance sheets (see Note 15).

h. In November 2005, the DENR awarded to SSRLI the exclusive use of the foreshore land surrounding the Pamalican Island, where Amanpulo Resort is situated. The award has a duration of 25 years which may be renewed for another full period at the option of SSRLI. Annual rent shall be paid in advance on or before the 16th day of November every year.

On October 3, 2012, PRI entered into a lease agreement with SSRLI covering the land where PRI operates and certain resort-related assets for a period of 20 years. Annual lease rental amounted to ₱53.5 million payable within the first five days at the beginning of each quarter.

Future minimum lease payments under these lease agreements as of December 31 are as follows:

		2015		2014
Within one year	₱	45,390,751	₱	54,904,336
After one year but not more than five years		172,927,167		267,500,000
More than five years		449,400,000		561,658,453
	₱	667,717,918	₱	884,062,789

i. In 2014, SSRLI entered into a Construction Service Contract (Service Contract) with the PEZA-registered villa owners in which SSRLI shall provide project management general and specific administration and supervision over the preconstruction and post-construction stages of the Project. The villa owners shall pay SSRLI a handling fee which represents 15% of the actual project cost during the villa construction or renovation. In 2015 and 2014, SSRLI recognized handling fee, included under “Other income (charges)” account which amounted to ₱56.48 million and ₱17.71 million, respectively.

j. In 2015, SSRLI redeemed Class A preferred stock of 117,080,330 shares and Class B preferred stocks of 82,919,670 shares amounting to ₱200.0 million.

PDIPI and Subsidiaries

a. The Company has a management contract with PDP Energy which provides, among others, for payment of annual management fees amounting to ₱7.2 million (VAT inclusive) plus certain percentages of audited income before tax and management and technical assistance fees (VAT exclusive). Due from PDP Energy amounted to ₱15.2 million and ₱16.9 million (eliminated in the consolidated financial statements) as of December 31, 2015 and 2014, respectively (see Notes 9 and 26). Management fees amounted to ₱71.0 million (eliminated in the consolidated financial statements), ₱62.2 million and ₱58.9 million in 2015, 2014 and 2013, respectively.

b. Beginning January 2004, PDP Energy entered into a technical assistance contract with Phelps Dodge International Corporation which provides an annual payment of technical fees amounting to a certain percentage of audited income before tax (VAT inclusive). There will be no technical fees starting 2015. Technical fees amounted to ₱57.7 million and ₱52.5 million in 2014 and 2013, respectively. These are included in "Management fee" in the Group's consolidated statements of income. On December 19, 2014, PDP Energy entered into a technical assistance and support agreement with General Cable Corporation (GC). The agreement provides that GC shall make available to PDP Energy technical assistance and support services which include, among others the availability of technical and qualified resource persons with expertise in materials, technologies and manufacturing processes to be made available to PDP Energy through periodic consultation meetings with PDP Energy personnel and technical visits to PDP Energy.

c. In 2008, PDP Energy entered into a contract of lease with a third party covering the lease of its office building. The contract is for a two year lease period and renewable at the option of both parties. The contract ended in 2013 and was no longer renewed. In line with this, PDP Energy entered into a contract of lease with another third party for the lease of its office building. The term is for a period of five years and renewable at the option of both parties.

The future aggregate minimum lease payments under the new operating lease are as follows:

		2015		2014
Not later than 1 year	₱	**6,533,374**	₱	5,593,233
More than 1 year but not later than 5 years		**10,344,029**		10,440,703
	₱	**16,877,403**	₱	16,033,936

d. On December 19, 2014, PDIPI entered into a trademark licensing agreement with General Cable Technologies Corporation (GC) wherein GC will grant a perpetual and exclusive license to PDIPI to use the Phelps Dodge trademark in the manufacture and sale of wires and cables in the Philippines. On the same date, PDP Energy entered into a distributor and representative agreement with General Cable Industries Inc. (GC) which provides, among others, the exclusive distributor, reseller and representative for the sale of GC products to customers within the Philippines.

30. Other Matters

a. ASAC is a founding member of the Federation of Aviation Organizations of the Philippines (FEDAVOR) since 1986. In 2005, FEDAVOR won a Supreme Court case against MIAA involving its imposition of higher rates for rental and other services without a public hearing. ASAC accrued its share in FEDAVOR's legal expenses in 2006. In 2009, MIAA filed and subsequently won their motion for reconsideration with the Court of Appeals ruling that all refunds have to be coursed through the Commission on Audit. As of December 31, 2015, the refund process has remained pending.

With no quick resolution in sight and in view of the change in the MIAA administration, ASAC had planned to enter into a new lease contract with the MIAA, with ASAC as the lessor and IAI as sublessor. However, due to the MIAA's denial of its request to modify and/or delete the onerous provisions contained in the contract, ASAC decided to withdraw its lease application in late 2013 and is now back to sublessee status. ASAC recognized accruals amounting to ₱1.14 million as of December 31, 2015 and 2014 for the Concessionaire's Privilege Fees which covers the subleasing that the MIAA is set to bill ASAC.

b. ASAC is a defendant in labor lawsuits and claims. As of December 31, 2015 and 2014, management has recognized provisions for losses amounting to ₱5.72 million (see Note 17) that may be incurred from these lawsuits.

c. SSRLI has commitments, litigations and contingent liabilities that arise in the normal course of the SSRLI's operations which are not reflected in the consolidated financial statements. Management is of the opinion that as of December 31, 2015 and 2014, losses, if any, from these commitments and contingencies will not have a material effect on the consolidated financial statements.

31. Subsequent Events

On March 2, 2016, the BOD of Anscor approved the appropriation from unrestricted retained earnings the amount of ₱100.0 million. The appropriated retained earnings will be used for Anscor's investment program within the next three years on investment programs related to the services sector, tourism and manufacturing which operations are based within and outside the Philippines.

On the same date, Anscor's BOD approved the declaration of cash dividends amounting to ₱500.0 million (₱0.20 per share) to stockholders of record as of March 23, 2016, which will be paid on April 20, 2016.

BOARD OF DIRECTORS

ANDRES SORIANO III
Chairman of the Board/
Chief Executive Officer/President

EDUARDO J. SORIANO
Vice Chairman/
Treasurer

ERNEST K. CUYEGKENG

JOHN L. GOKONGWEI, JR

OSCAR J. HILADO

JOSE C. IBAZETA

ROBERTO R. ROMULO

OFFICERS & CORPORATE DIRECTORY

SUBSIDIARIES

A. Soriano Air Corporation
AFC Agribusiness Corporation
Anscor Consolidated Corporation
Anscor International, Inc.
Anscor Property Holdings, Inc.
Cirrus Allied, LLC
Cirrus Global, Inc.
Cirrus Holdings USA, LLC
Cirrus Medical Staffing, Inc.
IQ Healthcare Investments Limited
IQ Healthcare Professional Connection, LLC
Island Aviation, Inc.
Minuet Realty Corporation
NurseTogether, LLC
Pamalican Island Holdings, Inc.
Pamalican Resort, Inc.
PD Energy International Corporation
Phelps Dodge International Philippines, Inc.
Phelps Dodge Philippines Energy Products Corporation
Seven Seas Resorts and Leisure, Inc.
Sutton Place Holdings, Inc.

AFFILIATES

AG&P International Holdings Ltd.
DirectWithHotels, Inc.
Enderun Colleges, Inc.
KSA Realty Corporation
Predictive Edge Technologies, LLC
Prople Limited
Vicinetum Holdings, Inc.

OFFICERS

ERNEST K. CUYEGKENG
Executive Vice President & Chief Financial Officer

WILLIAM H. OTTIGER
Senior Vice President & Corporate Development Officer

NARCISA M. VILLAFLOR
Vice President & Comptroller

LORENZO D. LASCO
Vice President

JOSHUA L. CASTRO
Assistant Vice President & Assistant Corporate Secretary

LORNA P. KAPUNAN
Corporate Secretary

CORPORATE DIRECTORY

Corporate Social Responsibility Arm
The Andres Soriano Foundation, Inc.
Andrews Avenue, Pasay City
(632) 831-99-41 • (632) 851-55-07
www.asorianofdn.org

Address
7th Floor Pacific Star Building,
Makati Ave. cor Gil Puyat Ave. Ext.,
1209 Makati City, Philippines

Post Office Box
1304 Makati Central Post Office
1252 Makati City, Philippines

Websites
www.anscor.com.ph
www.sorianogroup.com.ph

Telephone Numbers
(632) 819-02-51 to 60

Fax Number
(632) 811-50-68

External Auditors
SyCip Gorres Velayo & Co.

Stock Transfer Agent
Stock Transfer Service, Inc.
34th Floor, Unit D, Rufino Pacific Tower
6784 Ayala Avenue, Makati City

Legal Counsels
Kapunan Garcia & Castillo
Picazo Buyco Tan Fider & Santos
Tan Acut Lopez & Pison

A. SORIANO CORPORATION
7th Floor, Pacific Star Building,
Makati Avenue corner Gil Puyat Avenue Ext.,
1209 Makati City, Philippines

COVER SHEET
for
SEC FORM 17- Q

SEC Registration Number

				P	W	2				

Company Name

A SORIANO CORPORATION AND
SUBSIDIARIES

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

7th Floor, Pacific Star Building,
Makati Avenue corner Gil Puyat
Avenue Extension, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q	SEC	NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
info@anscor.ph	819-0251	N/A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
11,363	Third Wednesday of April	12/31

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Narcisa M. Villaflor	nancievillaflor1029@gmail.com	819-0251	N/A

Contact Person's Address

7TH FLOOR PACIFIC STAR BLDG., MAKATI AVE., CORNER GIL PUYAT AVE. EXTENSION, MAKATI CITY

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

SECURITIES AND EXCHANGE COMMISSION

SEC FROM 17-Q

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

1. For the quarterly period ended March 31, 2015

2. Commission identification number: PW-2   3. BIR Tax Identification No. 000-103-216

A. SORIANO CORPORATION
4. Exact name of issuer as specified in its charter

Philippines
5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

7/F Pacific Star Bldg., Gil J. Puyat Ave. corner Makati Avenue, Makati City
7. Address of issuer's principal office   Postal Code

8190251
8. Issuer's telephone number, including area code

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

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

Title of each Class	Number of shares of common Stock outstanding and amount Of debt outstanding
Common	2,500,000,000

……………………………………………………………………………………………………
……………………………………………………………………………………………………

11. Are any or all of the securities listed on a Stock Exchange?

Yes [x] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange   Common

SECForm 17Q
May 14, 2015

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 there under or Sections 11 of the RSA and RSA Rule 11(a)-1 there under, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [x] No [ ]

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

Yes [ ] No. [x]

PART I – FINANCIAL INFORMATION

Item 1.Financial Statements.

Financial statements and, if applicable, Pro Forma Financial Statements meeting the requirements of SRC Rule 68, Form and content of Financial Statements, shall be furnished as specified therein.

Please see SEC FORM 17-Q - Table of Contents

Item 2. **Management's Discussion and Analysis of Financial Condition and** Results of Operations.

Furnish the information required by Part III, Paragraph (A)(2)(b) of "Annex "C".

Please see SEC FORM 17-Q - Table of Contents

PART II – OTHER INFORMATION

The issuer may, at its option, report under item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

SIGNATURES

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

Issuer: A. SORIANO CORPORATION

Signature and Title: (Sgd.) JOSHUA CASTRO
AVP- Asst. Corporate Secretary

Date: May 14, 2015

Principal Financial/Accounting Officer/Controller: (Sgd.) NARCISA M. VILLAFLOR
Signature and Title: VP - Comptroller

Date: May 14, 2015

SECForm17-Q
May 14, 2015

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PART I – FINANCIAL INFORMATION

A. SORIANO CORPORATION
CONSOLIDATED BALANCE SHEETS
(In Thousand Pesos)

	March 31 2015	December 31 2014
ASSETS		
Current Assets		
Cash and cash equivalents	**1,146,088**	1,401,034
Fair value through profit and loss (FVPL) investments	**528,778**	595,682
Receivables	**1,977,782**	1,692,829
Inventories	**854,526**	900,214
Available-for-sale (AFS) investments - current	**24,691**	24,691
Prepayments	**46,434**	78,044
Other current assets	**88,093**	85,110
Total Current Assets	**4,666,393**	4,777,604
Noncurrent Assets		
AFS investments - net of current portion	**9,725,606**	10,067,300
Investments and advances	**1,470,387**	1,541,991
Goodwill	**2,070,389**	2,069,330
Property and equipment	**2,349,049**	2,345,505
Investment properties	**260,570**	260,570
Retirement plan asset	**65,534**	65,534
Other noncurrent assets	**409,428**	191,624
Total Noncurrent Assets	**16,350,961**	16,541,853
TOTAL ASSETS	**21,017,354**	21,319,458

LIABILITIES AND EQUITY		
Current Liabilities		
Notes payable (Note 1)	**1,596,916**	1,529,462
Accounts payable and accrued expenses	**1,081,689**	1,014,496
Dividends payable	**209,139**	519,664
Customer’s deposits for property development	**494,673**	381,844
Income tax payable	**130,010**	66,199
Current portion of long-term debt	**330,062**	237,503
Total Current Liabilities	**3,842,489**	3,749,168

Note 1: P1.5 billion was subsequently paid last April 24, 2015.

	March 31 2015	December 31 2014
Noncurrent Liabilities		
Long-term debt – net of current portion	**1,786,767**	1,934,136
Deferred revenues	**26,824**	29,715
Deferred income tax liabilities – net	**287,104**	282,942
Retirement benefits payable	**9,281**	9,055
Other noncurrent liabilities	**90,997**	105,003
Total Noncurrent Liabilities	**2,200,973**	2,360,850
Total Liabilities	**6,043,462**	6,110,018
Equity Attributable to Equity Holdings of the Parent		
Capital stock – 1 par value	**2,500,000**	2,500,000
Additional paid-in capital	**1,605,614**	1,605,614
Cumulative translation adjustment	**23,050**	10,702
Equity reserve on acquisition of noncontrolling interest	**(26,357)**	(26,357)
Unrealized valuation gains on AFS investments	**2,098,209**	3,238,819
Remeasurement on retirement benefits	**41,543**	40,843
Retained Earnings		
Appropriated	**4,600,000**	4,600,000
Unappropriated	**5,937,363**	5,029,204
Cost of shares held by a subsidiary	**(2,163,649)**	(2,163,649)
	14,615,773	14,835,178
Noncontrolling interests	**358,119**	374,261
Total Equity	**14,973,892**	15,209,439
TOTAL LIABILITIES AND EQUITY	**21,017,354**	21,319,458

A. SORIANO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In Thousand Pesos Except Earnings Per Share)

	Periods Ended March 31	
	2015	2014
REVENUES		
Sales	**1,495,822**	-
Services	**650,052**	514,756
Dividend income	**57,489**	70,427
Interest income	**20,688**	18,159
Management fee	**15,956**	14,228
Equity in net earnings (losses) of associates	**(78,611)**	93,088
	2,161,396	710,657
INVESTMENT GAINS		
Gain on sale of AFS investments	**847,905**	986,551
Gain on increase in market values of FVPL investments	**2,081**	2,009
	849,986	988,560
	3,011,382	1,699,218
Cost of goods sold/services rendered	**(1,593,599)**	(335,784)
Operating expenses	**(388,579)**	(246,297)
Foreign exchange loss	**(3,252)**	(6,088)
Interest expense	**(30,230)**	(15,227)
Other income - net	**2,199**	9,812
	(2,013,460)	(593,583)
INCOME BEFORE INCOME TAX	**997,922**	1,105,634
PROVISION FOR INCOME TAX - net	**67,039**	7,205
NET INCOME	**930,883**	1,098,429
Attributable to:		
Equity holdings of the Parent	**908,158**	1,090,214
Minority interest	**22,725**	8,215
	930,883	1,098,429
EARNINGS PER SHARE - basic/diluted, for net income attributable to equity holdings of the Parent	**0.73**	0.87

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousand Pesos Except Earnings Per Share)

	Periods Ended March 31	
	2015	2014
NET INCOME FOR THE PERIOD	**930,883**	1,098,429
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized Valuation Gains (Losses) on AFS investments	**(241,150)**	388,381
Realized Gains on Sale of AFS investments, net of impairment losses	**(890,269)**	(1,024,603)
Cumulative Translation Adjustment	**12,347**	43,154
Unrealized Gain on Remeasurement of Retirement Benefits	**1,000**	2,302
Income Tax Effect	**(9,491)**	5,415
OTHER COMPREHENSIVE LOSS FOR THEPERIOD, NET OF TAX	**(1,127,563)**	(585,351)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	**(196,680)**	513,078

A. SORIANO CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(In thousand pesos)

	Attributable to Equity Holders of the Parent										
							Retained Earnings				
	Capital Stock	Additional Paid-in Capital	Equity Reserve on Acquisition of Minority Interest	Unrealized Valuation Gains on AFS Investments	Cumulative Actuarial Gains	Cumulative Translation Adjustment	Appropriated	Unappropriated	Cost of Shares Held by a Subsidiary	Noncontrolling Interest	Total
Balance at 12/31/2013	**2,500,000**	**1,605,614**	**(26,357)**	**3,675,942**	**35,720**	**(20,418)**	**3,000,000**	**4,898,587**	**(2,031,223)**	**370,039**	**14,007,905**
Comprehensive income	-	-	-	(630,116)	1,611	43,154	-	1,090,214	-	8,215	513,078
Sale of shares held by a subsidiary	-	-	-	-	-	-	-	-	(6,427)	-	(6,427)
Movement in noncontrolling interest	-	-	-	-	-	-	-	-	-	(835)	(835)
Balance at 03/31/2014	**2,500,000**	**1,605,614**	**(26,357)**	**3,045,826**	**37,331**	**22,736**	**3,000,000**	**5,988,801**	**(2,037,650)**	**377,419**	**14,513,720**
Balance at 12/31/2014	**2,500,000**	**1,605,614**	**(26,357)**	**3,238,819**	**40,843**	**10,702**	**4,600,000**	**5,029,204**	**(2,163,649)**	**374,261**	**15,209,439**
Comprehensive income	-	-	-	(1,140,610)	700	12,348	-	908,158	-	22,725	(196,680)
Movement in noncontrolling interest	-	-	-	-	-	-	-	-	-	(38,867)	(38,867)
Balance at 03/31/2015	**2,500,000**	**1,605,614**	**(26,357)**	**2,098,209**	**41,543**	**23,050**	**4,600,000**	**5,937,363**	**(2,163,649)**	**358,119**	**14,973,892**

A. SORIANO CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousand Pesos)

	Periods Ended March 31	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**997,922**	1,105,634
Adjustment for:		
Equity in net losses (earnings) of associates	**78,611**	(93,088)
Depreciation and amortization	**52,500**	31,283
Interest expense	**30,230**	15,227
Foreign exchange loss - net	**3,512**	7,644
Valuation allowances	**160**	147
Gain on sale of AFS investments	**(847,905)**	(986,551)
Interest income	**(20,688)**	(18,159)
Dividend income	**(57,489)**	(70,427)
Gain on increase in marketvalues of FVPL investments	**(2,081)**	(2,009)
Operating income (loss) before working capital changes	**234,772**	(10,299)
Decrease (increase) in:		
FVPL investments	**68,985**	58,318
Receivables	**(285,113)**	(124,194)
Inventories	**45,689**	5,362
Increase (decrease) in:		
Accounts payable and accrued expenses	**67,193**	41,562
Retirement benefits payable	**1,226**	(3,376)
Customer's deposit for property development	**112,828**	66,962
Net cash generated from operations	**245,580**	34,335
Dividend received	**57,489**	70,427
Interest received	**20,913**	18,676
Interest paid	**(30,230)**	(15,227)
Income taxes paid	**(5,646)**	(4,022)
Net cash flows from operating activities	**288,107**	104,189

	Periods Ended March 31	
	2015	2014
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of :		
AFS investments	**2,798,088**	2,889,232
Property and equipment	**874**	-
Addition to:		
AFS investments	**(2,731,923)**	(3,056,868)
Long-term investments	**(2,100)**	-
Property and equipment	**(56,918)**	(64,925)
Decrease (increase) in:		
Other assets	**(189,177)**	(124,318)
Other noncurrent liabilities	**(14,006)**	(3,178)
Advances to affiliates	**(1,487)**	278
Net cash flows used in investing activities	**(196,648)**	(359,778)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	**(58,229)**	(6,556)
Payment of:		
Notes payable	**67,454**	35,139
Dividends	**(310,525)**	(53,718)
Sale shares held by a subsidiary	**-**	(6,427)
Increase (decrease) in:		
Deferred revenue	**(2,891)**	610
Minority interest	**(38,867)**	(835)
Net cash flows used in financing activities	**(343,058)**	(31,788)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**(3,346)**	1,350
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(254,946)**	(286,026)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**1,401,034**	743,893
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,146,088**	457,866

A. SORIANO CORPORATION
PARENT COMPANY BALANCE SHEETS
(In Thousand Pesos)

	March 31 2015	December 31 2014
ASSETS		
Cash and Cash Equivalents	**242,633**	342,806
Fair Value through Profit and Loss (FVPL) Investments	**518,944**	585,980
Available for Sale (AFS) Investments	**9,281,321**	9,629,922
Receivables - net	**155,182**	134,743
Investments and Advances- net	**9,162,735**	7,743,783
Property and Equipment - net	**31,259**	32,974
Retirement Plan Asset	**62,506**	62,506
Other Assets	**1,746**	1,507
TOTAL ASSETS	**19,456,326**	18,534,221
LIABILITIES AND EQUITY		
Liabilities		
Notes Payable (Note 1)	**1,580,000**	1,500,000
Accounts Payable and Accrued Expenses	**267,051**	279,332
Dividends Payable	**209,139**	519,664
Long-term Debt	**2,015,820**	2,012,400
Deferred Income Tax Liabilities - net	**52,091**	45,341
Total Liabilities	**4,124,101**	4,356,736
Equity		
Capital Stock - 1 Par Value	**2,500,000**	2,500,000
Additional Paid-in Capital	**1,589,800**	1,589,800
Unrealized Valuation Gains on AFS Investments	**2,061,271**	3,202,171
Remeasurement on Retirement Benefits	**36,608**	36,608
Retained Earnings		
Appropriated	**4,600,000**	4,600,000
Unappropriated	**4,544,547**	2,248,906
Total Equity	**15,332,225**	14,177,485
TOTAL LIABILITIES AND EQUITY	**19,456,326**	18,534,221

Note 1: P1.5 billion was subsequently paid last April 24, 2015.

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF INCOME

(In Thousand Pesos Except Earnings Per Share)

	Periods Ended March 31	
	2015	2014
REVENUES		
Dividend income	**1,557,417**	90,427
Interest income	**19,493**	16,310
Management fees	**15,956**	14,228
	1,592,866	120,965
INVESTMENT GAINS		
Gain on sale of AFS investments	**847,905**	987,042
Gains on increase in market values of FVPL investments	**1,964**	1,840
	849,869	988,882
	2,442,735	1,109,847
Operating expenses	**(115,619)**	(86,575)
Foreign exchange loss	**(5,182)**	(6,206)
Interest expense	**(28,768)**	(13,300)
Others	**57**	63
	(149,511)	(106,018)
INCOME BEFORE INCOME TAX	**2,293,224**	1,003,828
BENEFIT FROM INCOME TAX - NET	**(2,417)**	(312)
NET INCOME	**2,295,641**	1,004,141
Earnings Per Share	**0.92**	0.40

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

(In Thousand Pesos)

	Periods Ended March 31	
	2015	2014
NET INCOME FOR THE PERIOD	**2,295,641**	1,004,141
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized Valuation Gains (Losses) on AFS investments	**(241,464)**	391,907
Realized Gains on Sale of AFS Investments, net of impairment losses	**(890,269)**	(1,025,094)
Income Tax Effect	**(9,167)**	2,094
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(1,140,900)**	(631,093)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,154,741**	373,047

A. SORIANO CORPORATION

PARENT STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(In Thousand Pesos)

	Capital Stock	Additional Paid-in Capital	Unrealized Valuation Gains on AFS Investments	Unrealized Actuarial Gain	Retained Earnings Appropriated	Retained Earnings Unappropriated	Total
Balance at 12/31/2013	**2,500,000**	**1,589,800**	**3,641,239**	**30,400**	**3,000,000**	**2,871,671**	**13,633,110**
Comprehensive income	-	-	(631,093)	-	-	1,004,141	373,047
Balance at 03/31/2014	**2,500,000**	**1,589,800**	**3,010,146**	**30,400**	**3,000,000**	**3,875,812**	**14,006,157**
Balance at 12/31/2014	**2,500,000**	**1,589,800**	**3,202,171**	**36,608**	**4,600,000**	**2,248,906**	**14,177,485**
Comprehensive income	-	-	(1,140,900)	-	-	2,295,641	1,154,741
Balance at 03/31/2015	**2,500,000**	**1,589,800**	**2,061,271**	**36,608**	**4,600,000**	**4,544,547**	**15,332,225**

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF CASH FLOWS

(In Thousand Pesos)

	Periods Ended March 31	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	**2,293,224**	1,003,828
Adjustment for:		
Interest expense	**28,768**	13,300
Net foreign exchange loss	**5,182**	6,206
Depreciation and amortization	**1,784**	1,707
Gain on sale of AFS investments	**(847,905)**	(987,042)
Dividend income	**(1,557,417)**	(90,427)
Interest income	**(19,493)**	(16,310)
Gain on increase in market values of FVPL investments	**(1,964)**	(1,840)
Operating loss before working capital changes	**(97,822)**	(70,576)
Increase in receivables	**(20,439)**	(131,510)
Increase in FVPL investments	**69,000**	58,442
Decrease in accounts payable and accrued expenses	**(12,281)**	(12,835)
Net cash used in operations	**(61,542)**	(156,479)
Dividend received	**57,417**	90,427
Interest received	**19,493**	16,310
Interest paid	**(28,546)**	(13,300)
Net cash flows used in operating activities	**(13,178)**	(63,043)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of AFS investments	**2,795,463**	2,878,948
Redemption of preferred shares	**62,300**	-
Additions to:		
AFS investments	**(2,730,912)**	(2,991,562)
Property and equipment	**(69)**	(26)
Increase in:		
Advances to affiliates	**18,748**	(57,278)
Other assets	**(239)**	(285)
Net cash flows from (used in) investing activities	**145,292**	(170,203)

	Periods Ended March 31	
	2015	2014
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	**80,000**	55,000
Payment of cash dividends	**(310,525)**	(53,718)
Net cash flows from (used in) financing activities	**(230,525)**	1,282
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**(1,762)**	1,523
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(100,173)**	(230,441)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**342,806**	387,823
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**242,633**	157,382

1. Segment Information

Information with regard to the Company's significant business segments are shown below (in thousand pesos):

	Before Eliminations							After Eliminations
	US-based** Nurse Staffing Co.	Wire *** Manufacturing	Resort Operation	Other Operations	. Holding Co (Parent)	Total	Eliminations	**Consolidated**
03/31/2015								
REVENUE	389,281	1,495,822	209,073	68,488	2,442,735	4,605,399	(1,594,017)	**3,011,382**
NET INCOME (LOSS)	40,216	124,998	40,294	8,368	2,295,641	2,509,516	(1,578,633)	**930,883**
TOTAL ASSETS	921,920	3,507,687	1,676,365	3,440,997	19,456,326	29,003,296	(7,985,942)	**21,017,354**
INVESTMENTS AND ADVANCES*	-	8,468	114,728	3,120,751	18,963,000	20,706,947	(10,196,915)	**12,010,031**
PROPERTY & EQUIPMENT	9,124	564,699	845,121	67,340	31,259	1,517,544	831,505	**2,349,049**
TOTAL LIABILITIES	120,604	1,977,808	971,313	3,663,937	4,124,101	10,857,762	(4,814,300)	**6,043,462**
DEPRECIATION AND AMORTIZATION	769	16,682	22,560	10,706	1,784	52,500	-	**52,500**

	Before Eliminations						After Eliminations
	US-based Nurse/PT Staffing Co.**	Resort Operation	Other Operations (Note 1)	Holding Co. (Parent)	Total	Eliminations	**Consolidated**
03/31/2014							
REVENUE	292,663	170,707	64,913	1,109,847	1,638,129	61,088	**1,699,218**
NET INCOME (LOSS)	175	15,305	5,653	1,004,141	1,025,274	73,155	**1,098,429**
TOTAL ASSETS	860,967	1,505,765	3,353,835	16,435,934	22,156,502	(4,219,661)	**17,936,841**
INVESTMENTS AND ADVANCES*	-	103,119	3,036,007	15,913,107	19,052,233	(4,327,604)	**14,724,629**
PROPERTY & EQUIPMENT	5,382	834,593	62,462	38,461	940,897	123,905	**1,064,802**
TOTAL LIABILITIES	129,422	696,722	3,526,282	2,429,777	6,782,203	(3,359,082)	**3,423,121**
DEPRECIATION AND AMORTIZATION	1,226	19,968	8,895	1,194	31,283	-	**31,283**

***	Inclusive of FVPL investments, AFS investments, advances & investments and investment properties.***

*****	Excluding IQHPC operations which were consolidated into Cirrus Global (IQMAN), the latter formed part of other operations.***

******	Line by line consolidation of income statement accounts of PDP Group was started effective January 1, 2015 when the Company purchased the 60% stake of General Cable in December 2014.***

Note 1 Other than Cirrus Global, Inc. (IQMAN) consolidated operations, also included are the operations of A. Soriano Air Corporation, Anscor International, Inc. and Anscor Property Holdings, Inc.

- The Company and its subsidiaries' operating businesses are organized and managed separately according to the nature of the products or services offered.
- Healthcare staffing segment engages in the contract and temporary staffing and permanent placement of nurses and allied healthcare professional (e.g. physical therapists) in the USA.
- Holding company segment pertains to the operation of the parent company with earnings from income of its financial and operating investment assets.
- Other operations include hangarage, real estate holding and management and manpower services.

2. Basis of Preparation and Changes in Accounting Policies and Disclosures

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for securities at fair value through profit or loss (FVPL) and available-for-sale (AFS) investments that have been measured at fair value. The consolidated financial statements are presented in Philippine pesos (Peso), which is the Group's functional and presentation currency. Amounts are presented to the nearest Peso unless otherwise stated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new and amended PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations based on IFRIC Interpretation which were adopted as of January 1, 2014.

- Investment Entities (Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and PAS 27, *Separate Financial Statements*)
  These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. The amendments must be applied retrospectively, subject to certain transition relief. These amendments have no impact to the Group, since none of the entities within the Group qualifies to be an investment entity under PFRS 10.

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)
  These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and are applied retrospectively. These amendments have no significant impact on the Group's consolidated financial statements.

- PAS 39, *Financial Instruments: Recognition and Measurement -Novation of Derivatives and* Continuation *of Hedge Accounting* (Amendments)
  These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group since the Group has no novation of derivatives.

- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)
  These amendments remove the unintended consequences of PFRS 13, *Fair Value Measurement*, on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. The application of these amendments has no material impact on the disclosure in the Group's financial statements.

- Philippine Interpretation IFRIC 21, *Levies* (IFRIC 21)
  IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Group as it has applied the recognition principles under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, consistent with the requirements of IFRIC 21 in prior years.

- Annual Improvements to PFRSs (2010-2012 cycle)
  In the 2010 – 2012 annual improvements cycle, seven amendments to six standards were issued, which included an amendment to PFRS 13, *Fair Value Measurement*. The amendment to PFRS 13 is effective immediately and it clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment has no impact on the Group's financial statements.

- Annual Improvements to PFRSs (2011-2013 cycle)
  In the 2011 – 2013 annual improvements cycle, four amendments to four standards were issued, which included an amendment to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards–First-time Adoption of PFRS*. The amendment to PFRS 1 is effective immediately. It clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment has no impact on the Group as it is not a first time PFRS adopter.

New Accounting Standards, Interpretations and Amendments to
Existing Standards Effective Subsequent to December 31, 2014

The Group will adopt the standards, amendments and interpretations enumerated below when these become effective. The Group continues to assess the impact of the following new and amended accounting standards and interpretations. Except as otherwise indicated, the Group does not expect the adoption of these new changes in PFRS to have a significant impact on the consolidated financial statements. The relevant disclosures will be included in the notes to the consolidated financial statements when these become effective.

- PFRS 9, *Financial Instruments – Classification and Measurement* (2010 version)
  PFRS 9 (2010 version) reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement*. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

  PFRS 9 (2010 version) is effective for annual periods beginning on or after January 1, 2015. This mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9 was adopted by the Philippine Financial Reporting Standards Council (FRSC). Such adoption, however, is still for approval by the Board of Accountancy (BOA).

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the IASB and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the consolidated financial statements of the Group.

  The following new standards and amendments issued by the IASB were already adopted by the FRSC but are still for approval by BOA.

Effective January 1, 2015

- PAS 19, *Employee Benefits – Defined Benefit Plans: Employee Contributions Amendments*
  PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after January 1, 2015. It is not expected that this amendment would be relevant to the Group since it has no defined benefit plans with contributions from employees or third parties.

Annual Improvements to PFRSs (2010-2012 cycle)
The Annual Improvements to PFRSs (2010-2012 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group's consolidated financial statements. They include:

- PFRS 2, *Share-based Payment – Definition of Vesting Condition*
  This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
  - a performance condition must contain a service condition
  - a performance target must be met while the counterparty is rendering service
  - a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
  - a performance condition may be a market or non-market condition
  - if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

- PFRS 3, *Business Combinations – Accounting for Contingent Consideration in a Business Combination*
  The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* (or PFRS 9, *Financial Instruments*, if early adopted). The Group shall consider this amendment for future business combinations.

- PFRS 8, *Operating Segments – Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
  The amendments are applied retrospectively and clarify that:
  - An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
  - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

- PAS 16, *Property, Plant and Equipment, and PAS 38, Intangible Assets – Revaluation Method – Proportionate Restatement of Accumulated Depreciation and Amortization*
  The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.

- PAS 24, *Related Party Disclosures – Key Management Personnel*
  The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual Improvements to PFRSs (2011-2013 cycle)
The Annual Improvements to PFRSs (2011-2013 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group's consolidated financial statements. They include:

- PFRS 3, *Business Combinations – Scope Exceptions for Joint Arrangements*
  The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:
  - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
  - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

- PFRS 13, *Fair Value Measurement – Portfolio Exception*
  The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39.

- PAS 40, *Investment Property*
  The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).

Effective January 1, 2016

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)
  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

- PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture – Bearer Plants* (Amendments)
  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.

- PAS 27, *Separate Financial Statements – Equity Method in Separate Financial Statements* (Amendments)
  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January

1, 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures* – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
  These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are effective from annual periods beginning on or after 1 January 2016.

- PFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations* (Amendments)
  The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

  The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group.

- PFRS 14, *Regulatory Deferral Accounts*
  PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Group is an existing PFRS preparer, this standard would not apply.

Annual Improvements to PFRSs (2012-2014 cycle)

The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the Group's consolidated financial statements. These include:

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations – Changes in Methods of Disposal*
  The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

- PFRS 7, *Financial Instruments:* Disclosures – *Servicing Contracts*
  PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- PFRS 7 - *Applicability of the* Amendments *to PFRS 7 to Condensed Interim Financial Statements*
  This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

- PAS 19, *Employee Benefits – regional market issue regarding discount rate*
  This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- PAS 34, *Interim Financial Reporting – disclosure of information 'elsewhere in the interim financial report'*
  The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective January 1, 2018

- PFRS 9, *Financial Instruments – Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version)*
  PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

  PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by BOA. The Group is currently assessing the impact of this standard.

- PFRS 9, *Financial Instruments* (2014 or final version)
  In July 2014, the final version of PFRS 9, *Financial Instruments*, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015. The Group is currently assessing the impact of this standard.

The following new standard issued by the IASB has not yet been adopted by the FRSC:

- IFRS 15,*Revenue from Contracts with Customers*
  IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

3. Summary of Significant Accounting and Financial Reporting Policies

<u>Basis of Consolidation</u>

The consolidated financial statements of the Group comprise the financial statements of the Company and the following wholly-owned and majority-owned subsidiaries as at December 31:

		Percentage of Ownership	
	Nature of Business	**2015**	2014
A. Soriano Air Corporation	Services/Rental	**100**	100
Pamalican Island Holdings, Inc.	Holding	**62**	62
Island Aviation, Inc.	Air Transport	**62**	62
Anscor Consolidated Corporation	Holding	**100**	100
Anscor International, Inc.	Holding	**100**	100
IQ Healthcare Investments Limited	Manpower Services	**100**	100
Cirrus Medical Staffing, Inc.	Manpower Services	**94**	94
Cirrus Holdings USA, LLC	Manpower Services	**94**	94
Cirrus Allied, LLC	Manpower Services	**94**	94
NurseTogether, LLC	Online CommunityManagement	**94**	94
Anscor Property Holdings, Inc.	Real Estate Holding	**100**	100
Akapulko Holdings, Inc.	Real Estate Holding	**100**	100
Goldenhall Corp.	Real Estate Holding	**100**	100
Lakeroad Corp.	Real Estate Holding	**100**	100
Mainroad Corp.	Real Estate Holding	**100**	100
Makatwiran Holdings, Inc.	Real Estate Holding	**100**	100
Makisig Holdings, Inc.	Real Estate Holding	**100**	100
Malikhain Holdings, Inc.	Real Estate Holding	**100**	100
Mountainridge Corp.	Real Estate Holding	**100**	100
Rollingview Corp.	Real Estate Holding	**100**	100
Summerside Corp.	Real Estate Holding	**100**	100
Timbercrest Corp.	Real Estate Holding	**100**	100

	Nature of Business	Percentage of Ownership 2015	2014
Phelps Dodge International Philippines, Inc.	Holding	100	–
Minuet Realty Corporation	Landholding	100	–
Phelps Dodge Philippines Energy Products Corporation	Wire Manufacturing	100	–
PD Energy International Corporation	Wire Manufacturing	100	–
Sutton Place Holdings, Inc.	Holding	100	100
Cirrus Global, Inc.)	Manpower Services	93	93
IQ Healthcare Professional Connection, LLC	Manpower Services	93	93
AFC Agribusiness Corporation)	Real Estate Holding	81	–
Seven Seas Resorts and Leisure, Inc.	Villa Project Development	62	62
Pamalican Resort, Inc.)	Resort Operations	62	62

Except for AI, IQHIL, Cirrus and its subsidiaries and IQHPC, the above companies are all based in the Philippines. The principal business location of AI and IQHIL is in the British Virgin Islands (BVI), while Cirrus and its subsidiaries and IQHPC are based in the United States of America (USA).

Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins from the date of acquisition, being the date on which control is transferred to the Group and continue to be consolidated until the date that such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Noncontrolling interests represent a portion of profit or loss and net assets of subsidiaries not held by the Group, directly or indirectly, and are presented separately in the consolidated statement of comprehensive income and within the equity section in the consolidated balance sheet and consolidated statement of changes in equity, separately from Company's equity.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the noncontrolling interests, even if this results in the noncontrollinginterests having a deficit balance. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

In 2008, Sutton acquired an additional 32% interest in CGI, increasing its ownership to 93%. The excess of the consideration over the book value of the interest acquired was taken to "Equity Reserve on Acquisition of Noncontrolling Interest" in the consolidated balance sheet.

<u>Investments in Associates</u>

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in associates are accounted for under the equity method of accounting in the consolidated financial statements and are initially recognized at cost. On acquisition of investment in an associate, any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as goodwill. Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment. After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in associates. At each reporting date, the Group determines whether there is objective evidence that the investment in associate is impaired. If these is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value.

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated statement of income, and its share of post-acquisition movements in the associates' equity reserves is recognized directly in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity.

Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the assets transferred. The reporting dates of the associates of the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances. The Group determines at the end of each reporting period whether there is any evidence that the investments in associates are impaired. If this is the case, the amount of impairment is calculated as the difference between the carrying amount of the investments and their recoverable amount.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in consolidated profit or loss.

The following are the Group's associates:

		Percentage of Ownership	
	Nature of Business	**2015**	2014
Vicinetum Holdings, Inc.	Holding	**32**	32
AGP International Holdings Ltd.***	Holding	**27**	27
NewCo., Inc. *	Real Estate	**–**	45
AFC Agribusiness Corporation *	Real Estate	**–**	45
Anscor-Casto Travel Corporation*	Travel Agency	**–**	44
Phelps Dodge International Philippines, Inc.**	Holding	**–**	40
Minuet Realty Corporation	Landholding Corporation	**–**	60
Phelps Dodge Philippines Energy Products**	Wire Manufacturing	**–**	40
PD Energy International Corporation	Wire Manufacturing	**–**	40

* *Sold in 2014*

** *Became subsidiaries as of December 31, 2014*

*** *Its associate is engaged in modular steel fabrication.*

On June 28, 2013, AI converted its Convertible Bridge Notes from AGPI to Series B voting preferred shares. On June 29, 2013, AI signed a definitive agreement with AGPI for the subscription to series C voting preferred shares. The subscription increases its holdings to 27%, making AGPI an associate of the Group.

Except for AGPI, the above companies are all based in the Philippines. The principal business location of AGPI is in the British Virgin Islands.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any noncontrolling interests in the acquiree. For each business combination, the Group elects whether to measure the noncontrolling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.Acquisition-related costs are expensed as incurred and included in administrative expenses.

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

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

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS 39 is measured at fair value with changes in fair value recognized either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of PAS 39, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for noncontrolling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit or a group of cash-generating units and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognized in the consolidated statement of income.

Asset Acquisitions

If the assets acquired and liabilities assumed in an acquisition transaction do not constitute a business, the transaction is accounted for as an asset acquisition. The Group identifies and recognizes the individual identifiable assets acquired and liabilities assumed. The acquisition cost is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill. Where the Group acquires a controlling interest in an entity that is not a business, but obtains less than 100% of the entity, after it has allocated the cost to the individual assets acquired, it notionally grosses up those assets and recognizes the difference as non-controlling interests.

Foreign Currency Translation

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in Peso based on the exchange rate recorded at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing exchange rate at the end of reporting period. All differences are taken to the consolidated statement of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the closing exchange rates at the date when the fair value was determined.Foreign exchange gains and losses relating to AFS equity instruments are presented under other comprehensive income.

Financial statements of consolidated foreign subsidiaries which are considered foreign entities are translated into the presentation currency of the Group (Peso) at the closing exchange rate at end of reporting period and their statements of income are translated using the monthly weighted average exchange rates for the year. The exchange differences arising from the translation are taken directly to a separate component of equity (under cumulative translation adjustment). On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the consolidated statement of income.

Fair Value Measurement

The Group measures financial assets (such as FVPL and AFS investments) at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortized cost and of investment properties are disclosed.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted AFS financial assets, and for non-recurring fair value measurement.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial Instruments

Date of recognition

The Group recognizes a financial asset or a financial liability in the consolidated balance sheet when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date. Derivatives are recognized on trade date basis.

Initial recognition of financial instruments

All financial assets are initially recognized at fair value. Except for securities at FVPL, the initial measurement of financial assets includes transaction costs. The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, AFS investments, and loans and receivables. Financial liabilities are classified as financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired and whether they are in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Classification of financial instruments

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

As of March 31, 2015 and December 31, 2014, the Group has the following categories of financial assets and financial liabilities:

(a) Financial assets and financial liabilities at FVPL

This category includes financial assets and financial liabilities held for trading and financial assets and financial liabilities designated upon initial recognition as at FVPL. Financial assets and financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

Financial assets or financial liabilities classified in this category may be designated by management on initial recognition when the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Derivatives recorded at FVPL

The Group enters into derivative contracts such as currency forwards. These derivative financial instruments are initially recorded at fair value and are subsequently remeasured at fair value at each reporting date. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as accounting hedges) are taken directly to the consolidated statement of income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. There are no outstanding freestanding derivative contracts as of March 31, 2015 and December 31, 2014.

The Group has certain derivatives that are embedded in host financial contracts, such as structured notes and debt investments and conversion. These embedded derivatives include calls and puts in debt investments and interest rate and conversion options among others.

An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met: (a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and (c) the hybrid or combined instrument is not recognized at FVPL.

Embedded derivatives are measured at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Financial assets and financial liabilities at FVPL are recorded in the consolidated balance sheet at fair value. Changes in fair value are recorded in “Gain (loss) on increase (decrease) in market values of FVPL investments”. Interest earned or incurred is recorded in interest income or expense, respectively, while dividend income is recorded as such according to the terms of the contract, or when the right of payment has been established.

As of March 31, 2015 and December 31, 2014, the Group has designated as FVPL all investments in bonds that have callable and other features, managed/hedged funds, and derivatives. No financial liability at FVPL is outstanding as of March 31, 2015 and December 31, 2014.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not in an active market. They are not entered into with the intention of immediate or short-term resale. After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included in the interest income in the consolidated statement of income. The losses arising from impairment of such loans and receivables are recognized as “Recoveries (valuation allowances) - net” account under “Other income (charges) - net” in the consolidated statement of income.

Included under loans and receivables are cash in banks, short-term investments, trade receivables, receivables from villa owners, notes receivable, interest receivable, advances to employees and other receivables.

(b) AFS investments

AFS investments are those which are designated as such or do not qualify to be classified as FVPL, HTM or loans and receivables. They are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions. They include equity investments, money market papers, investments in managed funds and other debt instruments.

After initial measurement, AFS investments are subsequently measured at fair value. However, AFS instruments in unquoted equity shares whose fair values cannot be reliably measured are carried at cost, less any impairment loss. The effective yield component of AFS debt securities, as well as the impact of restatement on foreign currency-denominated AFS debt securities, is reported in the consolidated statement of income. The unrealized gains and losses arising from the fair valuation of AFS investments and the impact of restatement on foreign currency-denominated AFS equity securities are reported as part of other comprehensive income.

When the security is disposed of, the cumulative gain or loss previously recognized under other comprehensive income is transferred to profit or loss as “Gain on sale of AFS investments”. Where the Group holds more than one investment in the same security, cost of the disposed investment is determined on a weighted average cost basis. Interest earned on holding AFS investments are reported as interest income using the effective interest rate. Dividends earned on holding AFS investments are recognized as such in the consolidated statement of income when the right of payment has been established.

The Group classifies bonds held as AFS investments as current assets when the investments are expected to mature within twelve months after the reporting period.

As of March 31, 2015 and December 31, 2014, the Group’s AFS investments include investment in equity securities and bond and convertible notes.

(c) Other financial liabilities

All loans and borrowings are initially recognized at the fair value of the consideration received, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated statement of income when the liabilities are derecognized as well as through the amortization process.

Borrowings are classified as current liabilities unless these are expected to be settled within 12 months after the reporting date or the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

As of March 31, 2015 and December 31, 2014, included in other financial liabilities are the Group’s notes payable, accounts payable and accrued expenses, long-term debt and dividends payable.

As of March 31, 2015 and December 31, 2014, there were no financial instruments classified as HTM.

Derecognition of Financial Assets and Financial Liabilities

Financial assets

A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized or removed from the consolidated balance sheet where:

- the contractual rights to receive cash flows from the asset have expired; or
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Financial liabilities

A financial liability is removed from the consolidated balance sheet when the obligation under the liability is discharged or cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification will result into the removal of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Impairment of Financial Assets

The Group assesses at each end of reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

Assets carried at amortized cost

For loans and receivables carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

For individually significant financial assets, if there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as industry, collateral type, past-due status and term. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with changes in related observable data from period to period (such changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the Group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate, adjusted for the original credit risk premium. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable. The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to the consolidated statement of income. Interest income, if any, continues to be recognized based on the original effective interest rate of the asset. Loans, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. If a future write-off is later recovered, any amounts formerly charged are credited to “Recoveries (valuation allowances) - net” account under “Other income (charges) - net” in the consolidated statement of income.

AFS investments

In case of equity investments classified as AFS, objective evidence of impairment would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statement of income - is removed from equity and recognized in the consolidated statement of income. The losses arising from impairment of such investments are recognized as “Recoveries (valuation allowances) - net” account under “Other income (charges) - net” in the consolidated statement of income. Impairment losses on equity investments are not reversed through the consolidated statement of income. Increases in fair value after impairment are recognized in the consolidated statement of comprehensive income.

In the case of debt instruments classified as AFS investments, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recorded as part of “Interest income” in the consolidated statement of income. If, in the subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of income, the impairment loss is reversed through the consolidated statement of income.

Day 1 Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a “Day 1” difference) in the consolidated statement of income unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is recognized in the consolidated statement of income only when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the “Day 1” difference.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the

asset and settle the liability simultaneously. This is not generally the case with master netting agreements and the related assets and liabilities are presented gross in the consolidated balance sheet.

Revenue and Cost Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received excluding discounts, rebates, and other sales taxes or duties.

The following specific recognition criteria must be met before revenue or cost is recognized:

Sale of goods

Sale of goods, including villa lots, is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Revenue on villa development project

Revenue on Villa Development Project of a subsidiary is recognized under the completed contract method. Under this method, revenue is recognized only when the villa clusters have been constructed, turned over to, and accepted by the buyer.

Rendering of services

Management fees, air transport services, and other aviation-related activities are recognized when the services have been performed.

Revenue on nurse placements is recognized upon the nurses' arrival and employment in the U.S. hospitals.

All deposits on contracts with U.S. hospitals are recorded under "Deferred revenues" until the contracted nurses' arrival and employment in the U.S. hospitals.

Revenue from temporary staffing is recognized when services are rendered.

Revenue on permanent placements is recognized when the candidate starts with the contracting facility. The Company does not, in the ordinary course of business, give refunds. If a candidate leaves a permanent placement within a relatively short period of time, it is customary for the Company to provide a replacement at no additional cost to the hospital.

Revenue from contractual services consists of jobs filled by subcontractors. The Company contracts with other staffing companies to provide the travelers to fill the jobs for the Company. These staffing companies are called subcontractors. Subcontractors are paid based on agreed terms at a percentage of the invoice.

Revenue from rooms is recognized based on actual occupancy. Other ancillary services are recognized when the related services are rendered and/or facilities/amenities are used.

Interest
Interest income from bank deposits and investments in bonds are recognized as interest accrues based on the effective interest rate method.

Dividends
Dividend income is recognized when the shareholders' right to receive the payment is established.

Rental
Rental income is accounted for on a straight-line basis over the lease term.

<u>Costs and Expenses</u>
Costs and expenses are recognized in profit or loss when there is a decrease in future economic benefit related to a decrease in an asset, or an increase of a liability, that can be measured reliably. Costs and expenses include the cost of administering the business, and are expensed as incurred.

Construction costs
Construction costs are recognized by reference to the stage of completion of the construction activity as of reporting date. Since the Group subcontracted the work to third parties, the construction costs equal the construction revenue (this applies to AG&P but for SSRLI its completed contracts method).

Cost of goods sold
The cost of goods sold is recognized as expense when the related goods are sold using the average costing method.

The cost of real estate sold includes the acquisition cost of the land and total development costs upon completion. Cost of lots sold is determined based on average method while cost of villa is accounted for using specific identification.

Costs of services rendered
All direct nurse costs incurred in deployment of nurses are deferred and included in “Other noncurrent assets” in the consolidated balance sheets, until the nurses’ arrival and employment in the U.S. hospitals. Upon the nurses’ arrival and employment in the U.S. hospitals, deferred costs are reversed to “Costs of services rendered”.

Cost and expenses related to room services are charged to operations when incurred.

Selling, general and administrative expenses
All selling and general and administrative expenses are expensed as incurred.

Other Comprehensive Income
Other comprehensive income comprises of items of income and expense that are not recognized in consolidated profit or loss for the year in accordance with PFRS. Other comprehensive income of the Group pertains to gains and losses on remeasuring AFS investments, exchange differences on translating foreign operations and remeasurements comprising actuarial gains and losses on retirement plan assets and liabilities. In computing for the earnings available for dividend declaration and earnings per share, other comprehensive income is not considered.

Cash and Cash Equivalents
Cash includes cash on hand and with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Restricted cash funds are recorded as other noncurrent assets unless the restriction is expected to be released at least 12 months after the reporting period.

Inventories
Inventories are valued at the lower of cost and net realizable value (NRV). Cost of aircraft spare parts and supplies is determined at purchase price using the first-in, first-out method while NRV is the estimated current replacement cost of such spare parts and supplies.

Cost of food and beverage inventories and operating supplies is determined using the moving average method. NRV of food and beverage inventories is the estimated selling price in the ordinary course of business, less the estimated cost of preparation and the estimated cost necessary to make the sale. NRV of operating supplies is the estimated current replacement cost.

Residential units held for sale include those costs incurred for the development and improvement of the properties. Its NRV is based on the available net selling price of similar residential units sold during the year.

Finished goods and work in process is determined at standard cost adjusted to actual cost, which includes direct materials, direct labor and applicable allocation of fixed and variable costs, determined using weighted average method. Raw materials, other materials, reels inventory and spare parts and supplies are determined at purchase price using weighted average method.

Prepayments

Prepayments include advance payments of various goods and services that are yet to be delivered and from which future economic benefits are expected to flow to the Group within the normal operating cycle or, within 12 months from the reporting date.

They are initially measured at the amount paid in advance by the Group for the purchase of goods and services and are subsequently decreased by the amount of expense incurred.

Property and Equipment

Depreciable properties, including buildings and improvements, leasehold improvements, machinery and other equipment, flight and ground equipment, furniture, fixtures and office equipment, and transportation equipment are stated at cost less accumulated depreciation and amortization, and any impairment in value.Land is stated at cost less any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance, are normally charged to income in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Property and equipment are written-off when either these are disposed of or when these are permanently withdrawn from use and there is no more future economic benefit expected from its use or disposal.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment in value are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Depreciation is computed on a straight-line method over the following estimated useful lives of the properties, except for aircraft engine which is computed based on flying hours.

Category	Number of Years
Buildings and improvements	10 - 30
Land improvements	25
Leasehold improvements*	5 - 20
Flight and ground equipment	5 - 25
Furniture, fixtures and office equipment	3 - 5
Transportation equipment	3 - 5

** or lease term, whichever is shorter*

The useful lives, depreciation and amortization method, and residual values are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the use of property and equipment.

Construction in progress (CIP) is stated at cost. This includes cost of construction and other direct costs. CIP is not depreciated until such time the relevant assets are completed and put into operational use.

<u>Property Development in Progress</u>

Property development in progress includes the acquisition costs of raw lots and development costs incurred.

Property development in progress is carried at the lower of cost incurred and net realizable value. Net realizable value is the selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

<u>Investment Properties</u>

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, the Group's investment properties are stated at cost, less accumulated depreciation and any accumulated impairment losses. Land is subsequently carried at cost less any impairment in value.

Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred.

Depreciation is calculated on a straight-line basis using the remaining useful lives from the time of acquisition of the investment properties but not to exceed:

Category	lumber of Years
Land improvements	25
Buildings	20 - 30
Condominium units	20

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Investment properties are written-off when either these are disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of the investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Impairment of Nonfinancial Assets

At each reporting date, the Group assesses whether there is any indication that its nonfinancial assets (namely, property and equipment and investment properties) may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

An impairment loss is charged to operations in the year in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Goodwill

Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statement of income.

Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill as of December 31 of each year.

Customer's Deposit for Property Development

Customer's deposit for property development is recorded at cost. The deposit is an advance payment by a villa buyer which is required to start and complete the villa development. Upon sale, the deposit will be applied against the total selling price of the villa.

Other Noncurrent Assets and Other Noncurrent Liabilities

Other noncurrent assets represent restricted cash funds for future acquisition of specific property and equipment and for future villa operating requirements. A corresponding liability is recognized for these funds under other noncurrent liabilities.

Capital Stock

Capital stock represents the total par value of the shares issued.

Additional Paid-in Capital
Additional paid-in capital pertains to the amount paid in excess of the par value of the shares issued.

Retained Earnings
Retained earnings represent the cumulative balance of net income or loss, net of any dividend declared.

Unappropriated retained earnings represent that portion which is free and can be declared as dividends to stockholders, after adjustments for any unrealized items, which are considered not available for dividend declaration.

Appropriated retained earnings represent that portion which has been restricted and therefore is not available for any dividend declaration.

Cost of Shares Held by a Subsidiary
The Company's shares which are acquired and held by a subsidiary (treasury shares) are deducted from equity and accounted for at weighted average cost. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Company's shares. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital.

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. There is a change in contractual terms, other than a renewal or extension of the arrangement;
b. A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
c. There is a change in the determination of whether fulfillment is dependent on a specified asset; or
d. There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios a, c or d above, and at the date of renewal or extension period for scenario b.

The Group as Lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term.

The Group as Lessor
Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

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

<u>Pension Benefits</u>
The Group has a non-contributory defined benefit retirement plan.
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

<u>Provisions and Contingencies</u>
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Income Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amountexpected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that have been enacted or substantively enacted as of end of the reporting period.

Deferred income tax

Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred income tax assets are recognized for deductible temporary differences, carry forward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax, and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences and carry forward of unused tax credits from excess MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

Deferred income tax liabilities are not provided on taxable temporary differences associated with investments in domestic subsidiaries. With respect to investments in foreign subsidiaries, deferred income tax liabilities are recognized except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each end of reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are re-assessed at each end of reporting period and are recognized to the extent that it has become probable that sufficient future taxable income will allow the deferred income tax assets to be recovered.

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

Current income tax and deferred income tax relating to items recognized directly in equity are also recognized in equity and not in the consolidated statement of income.

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

Earnings Per Share

Basic earnings per share (EPS) is computed by dividing net income for the year by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any. The Company does not have potentially dilutive common shares as of March 31, 2015 and December 31, 2014

Dividends on Common Shares

Dividends on common shares are recognized as a liability and deducted from equity when approved by the respective shareholders of the Company and subsidiaries. Dividends for the year that are approved after the end of reporting period are dealt with as an event after the end of reporting period.

Events After the Reporting Period

Post year-end events that provide additional information about the Group's position at the end of reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires the Group to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, other comprehensive income (loss) and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments, estimates and assumptions 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.

Judgments

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

Determination of functional currency

The Company's functional currency was determined to be the Peso. It is the currency of the primary economic environment in which the Company operates.

Classification of financial instruments

The Group classifies a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definition of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated balance sheets (see Note 28).

Operating lease commitments - the Group as Lessee

The Group has entered into leases of office and commercial spaces. The Group has determined that all significant risks and rewards of ownership of these spaces remain with the lessors.

Operating lease commitments - the Group as Lessor

The Group has entered into a commercial property lease on its investment property. The Group has determined that it retains all the significant risks and rewards of ownership of this property and so accounts for it as an operating lease.

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

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation and uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment losses on loans and receivables
The Group reviews its loans and receivables at each reporting date to assess whether an impairment loss should be recorded in the consolidated statement of income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

For the advances to related parties, the Group uses judgment, based on the best available facts and circumstances, including but not limited to, assessment of the related parties' operating activities (active or dormant), business viability and overall capacity to pay, in providing reserve allowance against recorded receivable amounts. For the receivables, the Group evaluates specific accounts where the Group has information that certain customers or third parties are unable to meet their financial obligations. Facts, such as the Group's length of relationship with the customers or other parties and their current credit status, are considered to ascertain the amount of reserves that will be recognized.

Valuation of unquoted equity investments
Valuation of unquoted equity investments is normally based on one of the following:
- recent arm's-length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for terms with similar terms and risk characteristics; or,
- other valuation models.

However, if the range of reasonable fair value measurements is significant and the probabilities of the various estimates cannot be reasonably assessed, the Company measures the investment at cost.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. The Group performs periodic reassessment by reference to prices from observable current market transactions in the same instrument or from other available observable market data.

Impairment of AFS equity investments

The Group recognizes impairment losses on AFS equity investments when there has been a significant or prolonged decline in the fair value of such investments below its cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment. In determining whether the decline in value is significant, the Group considers historical volatility of share price (i.e., the higher the historical volatility, the greater the decline in fair value before it is likely to be regarded as significant) and the period of time over which the share price has been depressed (i.e., a sudden decline is less significant than a sustained fall of the same magnitude over a longer period).

Impairment of AFS debt investments

For AFS debt investments, the Company assesses the counterparty’s ability to comply with the contractual obligations to pay out principal and interest. Further, the Company assesses whether the market prices of these bonds indicate objective evidence of impairment.

Estimation of allowance for inventory and impairment losses

The Group estimates the allowance for inventory obsolescence and impairment losses related to inventories based on specifically identified inventory items. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for inventory and impairment losses would increase recorded expenses and decrease current assets.

Estimation of useful lives of the Group’s property and equipment

The Group estimates the useful lives of property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the assets. In addition, the estimation of the useful lives of these assets is based on collective assessment of internal technical evaluation and experience with similar assets.The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Investments carried at equity method

Investments carried at equity method are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group’s impairment test on investments carried at equity is based on value in use calculations that use a discounted cash flow model. The cash flows are derived from the budget for the next five years as well as the terminal value at the end of five years. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Impairment of non-financial assets

(a) Property and equipment and investment properties

The Group assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

There is no impairment loss on property and equipment and investment properties as of and for each of the three years in the period ended March 31, 2015.

(b) Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the "value-in-use" of the cash-generating units to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Considering the U.S. crisis and the unemployment rate, the Group recognized an impairment provision of ₱100.0 million since December 31, 2009 on its investment in Cirrus.

Recognition of deferred income tax assets

The Group reviews the carrying amounts of the deferred income tax assets at each end of reporting period and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. However, there is no assurance that the Group will utilize all or part of the deferred income tax assets.

Determination of pension and other retirement benefits
The cost of defined benefit pension plans as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

Provisions and contingencies
Judgment is exercised by management to distinguish between provisions and contingencies.

Determination of absence of significant influence over Enderun
The Company determined that it has no significant influence over Enderun. Management assessed that it does not exercise significant influence over the financial and operating policy decisions of the investee. Accordingly, Enderun is considered an AFS investment.

Determining whether an acquisition represents a business combination or an asset purchase
Determining whether the acquisition meets the definition of a business combination requires judgment to be applied on a case by case basis. The Company acquired AAC, a subsidiary. At the time of acquisition, the Company considers whether the acquisition represents an acquisition represents an acquisition of a business or an asset acquisition. At acquisition date, the subsidiary owns a parcel of land which is idle and as such, the acquisition is accounted for as an asset acquisition.

Purchase price allocation in business combinations and goodwill
The Company accounts for the acquired businesses using the acquisition method which require extensive use of accounting judgments and estimates to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities and contingent liabilities, if any, at the acquisition date. Any difference in the purchase price and the fair values of the net assets acquired is recorded as either goodwill in the consolidated statement of financial position or gain on bargain purchase in profit or loss. Thus, the numerous judgments made in estimating the fair value to be assigned to the acquiree's assets and liabilities can materially affect the Company's financial position and performance.

The Company's acquisitions of certain subsidiaries have resulted in recognition of goodwill. In 2014, the acquisition of PDIPI and its subsidiary, PDP Energy, has resulted in recognition of goodwill which amounted to ₱1,452.5 million based on provisional purchase price allocation.

5. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise cash and cash equivalents, receivables, investments in debt instruments, quoted and unquoted equity securities, investments in mutual and hedge funds, and short-term and long-term bank loans. The Group's other financial instruments include accounts payable and dividends payable and amounts due to affiliates, which arose directly from operations.

The Company's investment objectives consist mainly of:

a) maintaining a bond portfolio that earns adequate cash yields and,
b) maintaining a stable equity portfolio that generates capital gains through a combination of longterm strategic investments and short-term to medium-term hold type investment.

The main risks arising from the use of these financial instruments are credit risk, liquidity risk, interest rate risk, equity price risk, foreign currency risk, and copper price risk. These risks are monitored by the Company's Investment Committee (the Committee).

The Committee evaluates the performance of all investments and reviews fund allocation to determine the future strategy of the fund. The Committee is formed by the Company's Chairman, Vice Chairman, Chief Finance Officer, and an independent consultant. These meetings occur at least every quarter.

The BOD reviews and approves the Company's risk management policies. The Company's policies for managing each of these risks are summarized below.

Credit risk
The Group is exposed to credit risk primarily because of its investing and operating activities. Credit risk losses may occur as a result of either an individual, counterparty or issuer being unable to or unwilling to honor its contractual obligations. The Group is exposed to credit risk arising from default of the counterparties (i.e., foreign and local currency denominated debt instruments and receivables) to its financial assets. The Group does not have a counterparty that accounts for more than 10% of the consolidated revenue.

Credit risk management

In managing credit risk on these investments, capital preservation is paramount. The Group transacts only with recognized and creditworthy counterparties. Investments in bonds are invested in highly recommended, creditworthy debt instruments that provides satisfactory interest yield.

Credit quality per class of financial assets

For the Group's financial assets, credit quality is monitored and managed using internal credit ratings. Internal risk ratings are derived in accordance with the Group's rating policy. The Group evaluates credit quality on the basis of the credit strength of the security and/or counterparty/ issuer. High grade financial assets reflect the investment grade quality of the investments and/or counterparty; realizability is thus assured. Standard grade assets are considered moderately realizable.

Liquidity risk

Liquidity risk is defined as the risk that the Group may not be able to settle or meet its obligations as they fall due. Aside from yielding good returns, the Group ensures investments have ample liquidity to finance operations and capital requirements. Short-term bank loans are secured to fill in temporary mismatch of funds for new investments.

Where applicable, long-term debt or equity are used for financing when the business requirement calls for it to ensure adequate liquidity in the subsidiaries and affiliates' operation.

The Group's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when they are due. This is done by primarily investing in highly liquid investments.

The Group's total financial liabilities due to be settled within one year include notes payable that management considers as working capital. Accounts payable and accrued expenses and dividends payable are expected to be settled using cash to be generated from operations and drawing from existing lines of credits or liquidity reserves.

Market risks

Market risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It is the risk coming from adverse movements in factors that affect the market value of financial instruments of the Group. The Group is exposed primarily to the financial risks of changes in interest rates, equity price risk, price risk of mutual funds, and foreign currency risk.

Investments exposed to market risk are foreign and local currency denominated quoted debt instruments, foreign and local currency denominated equity instruments and mutual fund/hedge fund investments.

There has been no change to the Group's manner in managing and measuring the risk.

a. Interest rate risks

   Cash flow interest rate risk

   Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Fair value interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group accounts for its quoted debt instruments at fair value.Changes in benchmark interest rate will cause changes in the fair value of quoted debt instruments.

b. Equity price risk

   Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of the equity indices and the values of individual stock. The equity price risk exposure arises from the Group's investment in stock listed in the Philippine Stock Exchange (PSE).

   The sensitivity analysis assumes that the stock's standard deviation on its historical returns for the past one year provides the basis for the range of reasonably possible changes in prices of the stock investments. In establishing the relative range of the stock investment returns, the Group also assumes a 99% confidence level.

c. Price risk of mutual funds

   The Group is exposed to the risk of changes in the fund's net asset value (NAV) due to its market risk exposures.

d. Foreign currency risks

   Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rate. The Group's exposure arises primarily from investments in foreign currency denominated debt investments and equity securities.

   The Company and a subsidiary's foreign exchange risk arises primarily from investments in foreign currency denominated debt and equity securities. To minimize income volatility due to exchange rate movements, liquid investments are held in a basket of currencies, including Philippine peso and other major currencies such as U.S. dollar, Euro and Japanese Yen. This also enables the Company and a subsidiary to access investment opportunities in those currencies. The Company occasionally engages in foreign currency forward contracts as a defensive measure against foreign currency volatility.

On borrowings, it is the Company's group-wide policy for its subsidiaries and associates where it has significant influence to minimize any foreign exchange risks. Thus, all borrowings whether short-term or long-term, in general, should be in Philippine peso. Any foreign currency borrowings may be engaged only if matched by the entities' corresponding currency revenue flows or by a foreign currency asset. As such, PRI, SSRLI and CGI can borrow in U.S. dollar as their revenues are dollar-based. It is also the policy of the Group to minimize any foreign exchange exposure in its management of payables. Any substantial exposure is covered by foreign exchange contracts, if necessary.

e. Copper price risk

The PDP Group uses copper rods in the manufacturing of its products. Copper rods component represents a significant portion of the cost of each unit produced.

Copper rods are priced based on the London Metal Exchange prices and are affected by the volatility in the price of metal in the world market.

The PDP Group's exposure to price risk on copper rod purchases is managed through back-to-back purchase of rods versus sales orders, average pricing on the firm orders like automobile wire products with long-term contracts, and obtaining orders from contractors with a fixed price or locked-in contracts with a specified period.

Capital Management

Due to the diversity of the operations of each company in the Group, capital risk management processes in place are specific to each company. Below are the capital risk management policies of the Company and its more significant subsidiaries and associate:

a. The primary objective of the Group's capital management is to ensure an adequate return to its shareholders and to maximize its value to its shareholders. In pursuance of this goal, the Group establishes an optimum risk return investment objectives through a sound diversified investment portfolio and in ensuring a fair credit rating, the Group establishes prudent financial policies through appropriate capitalization ratios in its investments and maintain reasonable liquidity.

   The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the consolidated balance sheet.

   No changes were made in the objectives, policies or process for the period ended March 31, 2015 and December 31, 2014.

b. Cirrus' and CGI's capital management objectives are:

- To ensure its ability to continue as a going concern; and
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

CGI monitors capital on the basis of the carrying amount of equity as presented on the face of its balance sheet.

CGI sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. It manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying business.

6. Financial Instruments

Fair Values of Financial Assets and Liabilities

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments:

(In thousand pesos)	**March 31, 2105**		**December 31, 2014**	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
FVPL investments:				
Bonds	**₱496,914**	**₱496,914**	₱560,890	₱560,890
Funds and equities	**5,674**	**5,674**	8,622	8,622
Others	**26,190**	**26,190**	26,170	26,170
	528,778	**528,778**	595,682	595,682
AFS investments:				
Bonds and convertible note	**1,152,345**	**1,152,345**	1,174,458	1,174,458
Quoted equity shares	**7,209,272**	**7,209,272**	7,542,719	7,542,719
Funds and equities	**277,773**	**277,773**	311,119	311,119
Proprietary shares	**171,051**	**171,051**	171,051	171,051
Unquoted shares	**703,437**	**703,437**	703,437	703,437
	9,513,878	**9,513,878**	9,902,785	9,902,785
	₱10,042,656	**₱10,042,656**	₱10,498,467	₱10,498,467

The carrying amounts of cash and cash equivalents, receivables, notes payable, dividends payable and accounts payable and accrued expenses approximate their fair values due to the short-term maturity of these financial instruments. As of March 31, 2015 and December 31, 2014, AFS investments amounting to ₱236.4 million and ₱189.2 million were carried at cost since these are investments in unquoted equity shares and the fair values cannot be measured reliably.

The carrying values of long-term debt, which have floating rates with quarterly repricing, approximate their fair values.

The following methods and assumptions were used to estimate the fair values:

- FVPL investments in bonds, funds and equities and others are derived from quoted market prices in active markets.
- AFS investments in bonds, quoted equity shares and funds and equities and proprietary shares are derived from quoted market prices in active markets.
- AFS investments in unquoted equity shares are based on the discounted cash flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, and growth rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

The following table provides the Group's fair value measurement hierarchy of its assets:.

As of March 31, 2015:

		Fair value measurement using		
	Total	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
FVPL investments:				
Bonds	**₱496,914**	**₱496,914**	**₱–**	**₱–**
Funds and equities	**5,674**	**5,674**	**–**	**–**
Others	**26,190**	**26,190**	**–**	**–**
	528,778	**528,778**	**–**	**–**
AFS investments:				
Bonds	**1,152,345**	**1,152,345**	**–**	**–**
Quoted equity shares	**7,209,272**	**7,209,272**	**–**	**–**
Funds and equities	**277,773**	**277,773**	**–**	**–**
Proprietary shares	**171,051**	**171,051**	**–**	**–**
Unquoted shares	**703,437**	**-**	**–**	**703,437**
	9,513,878	**8,810,441**	**–**	**703,437**
	₱10,042,656	**₱9,339,219**	**₱–**	**₱703,437**

As of December 31, 2014:

	Total	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable Inputs (Level 3)
FVPL investments:				
Bonds	₱560,890	₱560,890	₱–	₱–
Funds and equities	8,622	8,622	–	–
Others	26,170	26,170	–	–
	595,682	595,682	–	–
AFS investments:				
Bonds	1,174,458	1,174,458	–	–
Quoted equity shares	7,542,719	7,542,719	–	–
Funds and equities	311,119	311,119	–	–
Proprietary shares	171,051	171,051	–	–
Unquoted shares	703,437	–	–	703,437
	9,902,785	9,199,348	–	703,437
	₱10,498,467	₱9,795,030	₱–	₱703,437

Description of significant unobservable inputs to valuation of financial instruments classified under Level 3 (in millions):

	Valuation technique	**Significant unobservable inputs**	**Range**	**Sensitivity of input to fair value**
Enderun	DCF Model	Student growth rate of 5%	5% to 15%	5%: fair value of ₱248 15%:fair value of ₱279
		Tuition fee increase by 5%	0% to 5%	0%: fair value of ₱286 5% fair value of ₱257
		Cost of capital of 11%	8% to 12%	8%: fair value of ₱290 12%: fair value of ₱282
KSA	DCF Model	Dividend payout is 40 million	-5% to 10%	-5% fair value of ₱402 10% fair value of ₱446
		Liquidity discount of 20%	10% to 30%	10%: fair value of ₱425 30% fair value of ₱409
		Cost of capital of 11%	10% to 12%	10%: fair value of ₱447 12% fair value of ₱389

An increase in the percentage of EBITDA over revenue would increase the fair value of the investment in Enderun.

An increase in the expected lease income of KSA would increase the dividend payout, which wouldlead to an increase in the fair value of the investment in KSA.

Reconciliation of fair value measurement of AFS assets in unquoted equity shares (in millions):

	Enderun	KSA	Total
As at 1 January 2014	₱286	₱389	₱675
Re–measurement recognized in OCI	–	28	28
Realized gains (losses) in profit or loss	–	–	–
Unrealized gains (losses) in profit or loss	–	–	–
Purchases	–	–	–
Reclassified in discontinued operations	–	–	–
Transfer into/out of Level 3	–	–	–
Sales	–	–	–
As at 31 December 2014	286	417	703
Re–measurement recognized in OCI	–	–	–
Realized gains (losses) in profit or loss	–	–	–
Unrealized gains (losses) in profit or loss	–	–	–
Purchases	–	–	–
Reclassified in discontinued operations	–	–	–
Transfer into/out of Level 3	–	–	–
Sales	–	–	–
As at 31 March 2015	**₱286**	**₱417**	**₱703**

For the periods ended March 31, 2015 and December 31, 2014, there were no transfers from Level 1, Level 2 and Level 3 fair value measurements.

7. Financial Condition

There was no significant change in the Company's Balance Sheet as of March 31, 2015 versus December 31, 2014.

Cash and Cash Equivalents

The decrease in cash and cash equivalents can be attributed to net cash flows used in investing and financingactivitiesamountingto P539.7million offset by cash generated from operating activities.

(Please see attached consolidated cash flow statements for detailed analysis of cash movements on pages 6 and 7).

Fair Value ThroughProfit and Loss (FVPL) Investments

The decrease in the account can be attributed to the net disposal for the period of about P69.0 million. The market value of foreign denominated investment in bonds, stocks and funds increased by P2.1 million vs. December 31, 2014values.

Receivables
The increase in receivables was mainly due to improved revenues of the resort, the US-based staffing business and the wire manufacturing business.

Inventories
The decrease is traced to inventories sold by the wire manufacturing subsidiaries and the spare parts and supplies utilized for three months by the aviation and resort subsidiaries.

Prepayments
Decrease in this account can be attributed mainly to expended prepaid expenses related to manufacturing and resort operations.

Available for Sale (AFS) Investments – net of current portion
Net decrease in this amount amounted to P341.7 million. There was a decrease in market value of AFS investments of about P1.1 billion, offset by net addition to AFS investments of P739.4 million for three months of 2015.

Investments and Advances
The decrease in investments and advances was mainly due to equityin net losses of associates for the period amounting to P78.6 million.Unrealized foreign exchange gain related to foreign equity investment amounted to P3.4 million.

Goodwill
The goodwill from US-based staffing business increased by P1.1 million due to foreign exchange gain from the translation of net assets of the medical staffing company.

Property, Plant and Equipment - net
Depreciation charged to operations amounted to P52.5 million while additions to propertyand equipment amounted to P56.9 million, mainly attributable to capital expenditures of the manufacturing, resort and aviation subsidiaries.

Other Noncurrent Assets
Change in the account balance can be attributed to the increase in property development cost incurred by the resort.

Notes Payable
The increase in the balance was mainly due to short-term loan availed by the Parent company.

Accounts Payable and Accrued Expenses

The increase was mainly attributable to the recorded liabilities for ongoing projects of the resort subsidiary. Also, included are liabilities from the suppliers of the wire manufacturing subsidiary.

Dividends Payable

Movement in the account was mainly attributable to dividend checks issued and paid last January 7, 2015.

Customer's Deposits for Property Development

The increase in the account was due to additional deposits made by a villa buyer.

Income Tax Payable

Movement in the account was attributable to higher tax provision of the Group for the three quarters of 2015.

Long-term Debt (current and noncurrent)

The decrease in the account can be attributed to current portion of debt paid by the resort subsidiary

Other noncurrent liabilities

Movement in the account was mainly due to the use of deposit of villa owners for back of house facilities improvement.

Cumulative Translation Adjustment

This account includes translation adjustments of Anscor International, Inc., Cirrus Medical Staffing, Inc. and Cirrus Global, Inc.'s subsidiary IQHPC.

Unrealized valuation gains on AFS investments (equity portion)

When the AFS assets are sold, the gain was realized and reflected in the consolidated statements of income and removed from the unrealized valuation gains.

Noncontrolling interests (equity portion)

The decrease in minority interest was mainly due to redemption of preferred shares by the resort offset by the share of minority shareholders on income of the resort, medical staffing business and aviation subsidiaries for the period ended March 31, 2015.

Others

There were no commitments for major capital expenditures in 2015.

8. Results of Operation

Management is not aware of any known trends, events or uncertainties except for political and market uncertainties that may have material impact on the Company's recurring revenues and profits.

The following are the key performance indicators for the Parent Company (In thousand pesos except earnings per share and market price per share):

	Periods ended March 31	
	2015	*2014*
Revenues (excluding investment gains or losses)	***1,552,866***	*120,965*
Investment Gains	***849,869***	*988,882*
Net Income	***2,295,641***	*1,004,141*
Earnings Per Share	***0.92***	*0.40*
Market Price Per Share (PSE)	***7.15***	*6.75*

The discussions below were based on the consolidated results of the Company and its subsidiaries.

Revenues

This year's consolidated gross revenues of P3.0billion was 77.2% higher than last year's revenue of P1.7 billion. This was mainly due to inclusion PDP's P1.5 billion revenues for the period January 1 to March 31, 2015. This increase in revenues was partially offset by equity in net losses of associates of P78.6 million.

Cost of Goods Sold/Services Rendered

Increase in cost of services rendered was mainly attributable tohigher cost of services of nurse staffing business, resort operation andconsolidation of PDP cost of goods for the period January 1 to March 31, 2015.

Operating Expenses

Operating expenses increased as a result of consolidation of PDP operating expenses for the period January 1 to March 31, 2015.

Foreign Exchange Loss

Due to the appreciation of dollar and euro vis-à-vis peso, the parent company reported higher foreign exchange loss on its dollar denominated loan partially offset by foreign exchange gain on its foreign currency denominated investment in financial assets.

Interest Expense

The Group reported higher charges mainly due to the parent company's long-term and short term loan.

Provision for Income Tax - net

The current provision for income tax of the group increased due to consolidation of PDP's income tax expense for the period January 1 to March 31, 2015.

Noncontrolling Interests (statements of income)

Increase in minority interest was mainly due to share of minority shareholders in net income of resort, aviation subsidiary and Cirrus Global, Inc. for the period ended March 31, 2015.

9. Cash Flows

Management has no knowledge of known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity.

10. Financial information

- There is neither a change in composition of the registrant, no business combination nor any restructuring.
- There are no seasonality or cyclicality trends in the business that would have material effect on the Company's result of operations and financial condition.
- There are no significant elements of income or loss that did not arise from the issuer's continuing operations.

In the interim period:

- No issuance or repayment of equity securities.
- The parent company has not repurchased its equity securities except for its 100%-owned subsidiary, Anscor Consolidated Corporation (Anscorcon) which todate owns 1,257,900,646 shares of Anscor.There was no additional purchase of Anscor shares during the first three months of 2015.
- No contingent assets or liabilities since the last annual balance sheet date.
- No material contingencies and any event or transactions that are material to the understanding of the operating results of the current interim period.

- No events that will trigger direct or contingent financial obligations that is material to the company, including any default or acceleration of an obligation.
- No material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the company with unconsolidated entities of other persons created during the reporting period.
- There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim.

11.Subsidiaries and Affiliates

Phelps Dodge Philippines (PDP)

The following are the key performance data for Phelps Dodge Philippines (In thousand pesos except volume):

	Periods Ended March 31	
	2015	*2014*
Volume sold (MT)		
Domestic	**2,869**	3,130
Export	**208**	227
Total	**3,302**	3,287
Revenue	**1,495,822**	1,549,093
Gross Income	**273,545**	237,304
Net Income	**124,998**	105,265

Volume sold were almost the same as last year, however, revenue slightly went down by 3.4% with corresponding increase in revenue.

PDP Energy's marginal income improved in 2015.

PDP recorded a net income of P125.0 million for 3 months of2015 higher than the P105.3 million profit recorded last year.

Seven Seas' AmanpuloResort ended up with an occupancy rate of 60.9% forthe first quarterof 2015, considerably better than the 2014 average occupancy rate of 49.2%. Average room rate was US$1,189, a bit lower than last year's average room rate of US$1,246. Total hotel revenues amounted to P209.0 million, up by P39.0 million from last year's revenues of P170.0 million. Gross operating profit (GOP) of P95.7 million increased versus 2014's GOP mainly due to improved revenues.

Seven Seas reported a net income of P40.3million for the first threemonths of 2015.

The Resort embarked on special capital expenditures to improve its existing facilities.

Cirrus Group

Cirrus Medical Staffing, Inc.reported consolidated net income of $905,000 for year to date March 2015 vs a break-even first quarter in 2014. All divisions saw healthy sales growth. Sales in Travel Nursing grew 43% and Travel Therapy increased by 23% versus the same period in 2014. The increase in working headcount and focus on quality placements, at higher bill rates, and consistent work hours drove margin improvement. Sales growth, increased production and strong gross margin, coupled with lower selling, general and administrative expense, versus first quarter 2014, propelled the company's net income in 2015.

Nurse Together, LLC launched a new version of the website under a new platform in the first quarter of 2015. Revenues grew 15% versus the same period in 2014.

After a lengthy period of rigorous cost reduction, Cirrus has brought SG&A expenses down to an acceptable level. The focus now is growth, maximizing operating efficiencies and satisfying its customers growing need for a consistent supply of high quality healthcare professionals.

12. Financial Indicators

Significant financial indicators of the Group are the following:

	03/10/2015	03/31/2014
1. Book Value Per Share (Note 1)	**11.77**	11.22
2. Current Ratio (Note 2)	**1.21**	1.62
3. Interest Rate Coverage Ratio (Note 3)	**34.01**	73.61
4. Debt to Equity Ratio (Note 4)	**0.41**	0.24
5. Asset to Equity Ratio (Note 5)	**1.44**	1.27
6. Profit Ratio (Net Income Attributable to Equity Holdings of the Parent/Total Revenues)	**30.2%**	64.2%
7. Return on Equity (Net Income/Equity Attributable to Equity Holdings of the Parent)	**6.2%**	7.7%

Note 1 – Equity Attributable to Equity Holdings of the Parent/Outstanding Shares
Note 2 – Current Assets/Current Liabilities
Note 3 – EBIT (earnings before interest and taxes)/ total interest expense
Note 4 – Total Liabilities/Equity Attributable to Equity Holdings of the Parent
Note 5 – Total Assets/Equity Attributable to Equity Holdings of the Parent

The key financial indicators of our major subsidiaries are the following:

PDP Energy and PDIPI

In Million Pesos except sales volume

	03/31/2015	03/31/2014
1. Volume	**3,302**	3,287
2. Net Sales	**1,495,822**	1,549,093
3. Gross income	**273,545**	237,304
4. Net income	**124,998**	105,265

Cirrus Group

1. Submission to lock ratio (operating statistic to evaluate recruitment)
2. Nurse/therapist retention ratio (Operating statistic to evaluate retention of nurse and therapist in the pool for staffing business).

In Thousand Pesos

	03/31/2015	03/31/2014
3. Service income	**389,281**	292,663
4. Cost of services rendered	**305,401**	242,672
5. Income before interest, taxes, depreciation and amortization	**40,216**	1,614

Seven Seas Group

In Thousand Pesos

	03/31/2015	03/31/2014
1. Occupancy rate	**60.9%**	49.2%
2. Hotel revenue	**208,980**	170,707
3. Gross operating profit (GOP)	**95,657**	51,723
4. GOP ratio	**45.8%**	30.4%
5. Net income	**40,294**	15,305

Occupancy rate is based on actual room nights sold over available room nights on a 3-month period. Hotel revenues include rooms, food and beverage and other ancillary services. GOP is total revenues less direct costs and GOP ratio is GOP over total hotel revenues.

COVER SHEET
for
SEC FORM 17- Q

SEC Registration Number

				P	W	2				

COMPANY NAME

A SORIANO CORPORATION AND
SUBSIDIARIES

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

7th Floor, Pacific Star Building,
Makati Avenue corner Gil Puyat
Avenue Extension, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q	SEC	NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
info@anscor.ph	**819-0251**	**N/A**

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
11,316	**Third Wednesday of April**	**12/31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Narcisa M. Villaflor	**nancievillaflor1029@gmail.com**	**819-0251**	**N/A**

CONTACT PERSON's ADDRESS

7^{TH} FLOOR PACIFIC STAR BLDG., MAKATI AVE., CORNER GIL PUYAT AVE. EXTENSION, MAKATI CITY

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FROM 17-Q

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

1. For the quarterly period ended June 30, 2015

2. Commission identification number: PW-2   3. BIR Tax Identification No. 000-103-216

   A. SORIANO CORPORATION
4. Exact name of issuer as specified in its charter

   Philippines
5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

   7/F Pacific Star Bldg., Gil J. Puyat Ave. corner Makati Avenue, Makati City
7. Address of issuer's principal office   Postal Code

   8190251
8. Issuer's telephone number, including area code

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

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

Title of each Class	Number of shares of common Stock outstanding and amount Of debt outstanding
Common	2,500,000,000

………
………

11. Are any or all of the securities listed on a Stock Exchange?

Yes [x] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange	Common

SECForm 17Q
August 14, 2015

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 there under or Sections 11 of the RSA and RSA Rule 11(a)-1 there under, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [x] No [ ]

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

Yes [ ] No. [x]

PART I – FINANCIAL INFORMATION

Item 1.Financial Statements.

Financial statements and, if applicable, Pro Forma Financial Statements meeting the requirements of SRC Rule 68, Form and content of Financial Statements, shall be furnished as specified therein.

Please see SEC FORM 17-Q - Table of Contents

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Furnish the information required by Part III, Paragraph (A)(2)(b) of "Annex "C".

Please see SEC FORM 17-Q - Table of Contents

PART II – OTHER INFORMATION

The issuer may, at its option, report under item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

SIGNATURES

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

Issuer: A. SORIANO CORPORATION

Signature and Title: (Sgd.) JOSHUA CASTRO
AVP- Asst. Corporate Secretary

Date: August 14, 2015

Principal Financial/Accounting Officer/Controller: (Sgd.) NARCISA M. VILLAFLOR
Signature and Title VP - Comptroller

Date: August 14, 2015

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August 14, 2015

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PART I – FINANCIAL INFORMATION

A. SORIANO CORPORATION
CONSOLIDATED BALANCE SHEETS
(In Thousand Pesos)

	June 30 2015	December 31 2014
ASSETS		
Current Assets		
Cash and cash equivalents	**1,262,880**	1,401,034
Fair value through profit and loss (FVPL) investments	**501,521**	595,682
Receivables	**2,037,385**	1,692,829
Inventories	**753,374**	900,214
Available-for-sale (AFS) investments - current	**66,288**	24,691
Prepayments	**46,881**	78,044
Other current assets	**87,063**	85,110
Total Current Assets	**4,755,392**	4,777,604
Noncurrent Assets		
AFS investments - net of current portion	**9,495,463**	10,067,300
Investments and advances	**1,354,663**	1,541,991
Goodwill	**2,076,019**	2,069,330
Property and equipment	**2,368,990**	2,345,505
Investment properties	**260,570**	260,570
Retirement plan asset	**65,534**	65,534
Other noncurrent assets	**477,377**	191,624
Total Noncurrent Assets	**16,098,615**	16,541,853
TOTAL ASSETS	**20,854,007**	21,319,458
LIABILITIES AND EQUITY		
Current Liabilities		
Notes payable	**202,951**	1,529,462
Accounts payable and accrued expenses	**978,349**	1,014,496
Dividends payable	**209,139**	519,664
Customer's deposits for property development	**619,056**	381,844
Income tax payable	**111,967**	66,199
Current portion of long-term debt	**598,893**	237,503
Total Current Liabilities	**2,720,355**	3,749,168

	June 30 2015	December 31 2014
Noncurrent Liabilities		
Long-term debt - net of current portion	**2,730,241**	1,934,136
Deferred revenues	**26,684**	29,715
Deferred income tax liabilities - net	**287,000**	282,942
Retirement benefits payable	**8,355**	9,055
Other noncurrent liabilities	**131,643**	105,003
Total Noncurrent Liabilities	**3,183,922**	2,360,850
Total Liabilities	**5,904,278**	6,110,018
Equity Attributable to Equity Holdings of the Parent		
Capital stock - 1 par value	**2,500,000**	2,500,000
Additional paid-in capital	**1,605,614**	1,605,614
Cumulative translation adjustment	**55,169**	10,702
Equity reserve on acquisition of noncontrolling interest	**(26,357)**	(26,357)
Unrealized valuation gains on AFS investments	**1,693,703**	3,238,819
Remeasurement on retirement benefits	**41,652**	40,843
Retained Earnings		
Appropriated	**4,600,000**	4,600,000
Unappropriated	**6,270,760**	5,029,204
Cost of shares held by a subsidiary (1,259,000,646 shares in 2015 and 1,257,900,646 in 2014)	**(2,171,477)**	(2,163,649)
	14,569,063	14,835,178
Noncontrolling interests	**380,666**	374,261
Total Equity	**14,949,729**	15,209,439
TOTAL LIABILITIES AND EQUITY	**20,854,007**	21,319,458

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In Thousand Pesos Except Earnings Per Share)

	Periods Ended June 30		Quarters Ended June 30	
	2015	2014	**2015**	2014
REVENUES				
Sales (Note 1)	**3,118,613**	-	**1,622,790**	-
Services	**1,267,815**	973,762	**617,763**	459,006
Dividend income	**163,111**	174,912	**105,622**	104,484
Interest income	**42,427**	37,197	**21,739**	19,039
Management fee	**36,444**	31,040	**20,488**	16,812
Equity in net earnings (losses) of associates (Note 1)	**(211,028)**	165,543	**(132,417)**	72,456
	4,417,381	1,382,454	**2,255,985**	671,796
INVESTMENT GAINS				
Gain on sale of AFS investments	**1,046,977**	1,139,962	**199,071**	153,411
Gain on increase in market values of FVPL investments	**4,762**	5,715	**2,681**	3,705
Gain on sale of long-term investment	**-**	9,482	**-**	9,482
	1,051,738	1,155,159	**201,752**	166,599
	5,469,119	2,537,613	**2,457,738**	838,395
Cost of goods sold/services rendered (Note 1)	**(3,253,437)**	(665,906)	**(1,659,838)**	(330,122)
Operating expenses (Note 1)	**(701,976)**	(431,151)	**(313,397)**	(184,854)
Interest expense	**(59,893)**	(24,369)	**(29,664)**	(9,142)
Foreign exchange gain (loss)	**(8,287)**	7,673	**(5,035)**	13,761
Valuation allowances - net	**(350)**	(294)	**(191)**	(147)
Other income (charges) - net	**115,417**	4,164	**113,057**	(5,795)
	(3,908,526)	(1,109,883)	**(1,895,067)**	(516,300)
INCOME BEFORE INCOME TAX	**1,560,593**	1,427,729	**562,671**	322,095
PROVISION FOR INCOME TAX - net	**149,611**	14,800	**82,572**	7,595
NET INCOME	**1,410,982**	1,412,929	**480,099**	314,500

Note 1: 2014 sales, cost of goods sold and operating expenses of Phelps Dodge (PDP) were not yet included in the line by line consolidation since Anscor's 100% ownership of PDP happened in end December 2014. Share of Anscor in the net income of PDP was part of equity in net earnings in 2014 figures.

	Periods Ended June 30		Quarters Ended June 30	
	2015	2014	**2015**	2014
Attributable to:				
Equity holdings of the parent	**1,365,763**	1,412,423	**457,605**	322,209
Minority interest	**45,219**	506	**22,494**	(7,709)
	1,410,982	1,412,929	**480,099**	314,500
EARNINGS PER SHARE - basic/diluted, for net income attributable to equity holdings of the Parent	**1.10**	1.12	**0.37**	0.26

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousand Pesos Except Earnings Per Share)

	Periods Ended June 30		Quarters Ended June 30	
	2015	2014	**2015**	2014
NET INCOME FOR THE PERIOD	**1,410,982**	1,412,929	**480,099**	314,500
OTHER COMPREHENSIVE INCOME (LOSS)				
Realized gains on sale of AFS investments, net of impairment losses	**(993,221)**	(1,101,911)	**(102,952)**	(77,307)
Unrealized valuation gain (loss) on AFS investments	**(543,448)**	738,008	**(302,298)**	349,627
Unrealized gain on remeasurement of retirement benefits	**1,155**	2,302	**155**	-
Cumulative translation adjustment	**44,467**	(45,114)	**32,120**	(88,268)
Income tax effect	**(8,794)**	(1,112)	**697**	(6,527)
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD, NET OF TAX	**(1,499,842)**	(407,828)	**(372,279)**	177,524
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	**(88,859)**	1,005,101	**107,821**	492,024

A. SORIANO CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(In thousand pesos)

	Attributable to Equity Holders of the Parent										
							Retained Earnings				
	Capital Stock	Additional Paid-in Capital	Equity Reserve on Acquisition of Minority Interest	Unrealized Valuation Gains on AFS Investments	Cumulative Actuarial Gains	Cumulative Translation Adjustment	Appropriated	Unappropriated	Cost of Shares Held by a Subsidiary	Noncontrolling Interest	Total
Balance at 12/31/2013	**2,500,000**	**1,605,614**	**(26,357)**	**3,675,942**	**35,720**	**(20,418)**	**3,000,000**	**4,898,587**	**(2,031,223)**	**370,039**	**14,007,905**
Comprehensive income	-	-	-	(364,324)	1,611	(45,114)	-	1,412,423	-	506	1,005,101
Purchase of shares held by a subsidiary	-	-	-	-	-	-	-	-	(14,395)	-	(14,395)
Movement in noncontrolling interest	-	-	-	-	-	-	-	-	-	(768)	(768)
Balance at 06/30/2014	**2,500,000**	**1,605,614**	**(26,357)**	**3,311618**	**37,331**	**(65,532)**	**3,000,000**	**6,311,010**	**(2,045,618)**	**369,777**	**14,997,843**
Balance at 12/31/2014	**2,500,000**	**1,605,614**	**(26,357)**	**3,238,819**	**40,843**	**10,702**	**4,600,000**	**5,029,204**	**(2,163,649)**	**374,261**	**15,209,439**
Comprehensive income	-	-	-	(1,545,117)	808	44,467	-	1,365,763	-	45,219	(88,859)
Cash dividends – net	-	-	-	-	-	-	-	(124,208)	-	-	(124,208)
Purchase of shares held by a subsidiary	-	-	-	-	-	-	-	-	(7,828)	-	(7,828)
Movement in noncontrolling interest	-	-	-	-	-	-	-	-	-	(38,867)	(38,867)
Balance at 06/30/2015	**2,500,000**	**1,605,614**	**(26,357)**	**1,693,703**	**41,652**	**55,169**	**4,600,000**	**6,270,760**	**(2,171,477)**	**380,666**	**14,949,729**

A. SORIANO CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousand Pesos)

	Periods Ended June 30		Quarters Ended June 30	
	2015	2014	**2015**	2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	**1,560,593**	1,427,729	**562,671**	322,095
Adjustment for:				
Equity in net earnings (losses) of associates	**211,028**	(165,543)	**132,417**	(72,456)
Depreciation and amortization	**100,589**	61,984	**48,089**	30,701
Interest expense	**59,893**	24,369	**29,664**	9,142
Foreign exchange loss (gain) - net	**25,342**	(9,301)	**21,830**	(16,945)
Valuation allowances	**350**	294	**191**	147
Gain on sale of AFS investments	**(1,046,977)**	(1,139,962)	**(199,071)**	(153,411)
Dividend income	**(163,111)**	(174,912)	**(105,622)**	(104,484)
Interest income	**(42,427)**	(37,197)	**(21,739)**	(19,039)
Gain on increase in market values of FVPL investments	**(4,762)**	(5,715)	**(2,681)**	(3,705)
Gain from sale of long-term investments	**-**	(9,482)	**-**	(9,482)
Operating income (loss) before working capital changes	**700,520**	(27,736)	**465,748**	(17,437)
Decrease (increase) in:				
FVPL investments	**98,923**	160,183	**29,938**	101,865
Receivables	**(344,906)**	(34,300)	**(59,793)**	89,894
Inventories	**146,840**	7,784	**101,152**	2,423
Increase (decrease) in:				
Accounts payable and accrued expenses	**(36,148)**	3,234	**(103,341)**	(38,328)
Retirement benefits payable	**454**	(3,695)	**(772)**	(319)
Customer's deposit for property development	**237,211**	66,962	**124,383**	-
Net cash generated from operations	**802,895**	172,432	**557,315**	138,097
Dividend received	**163,111**	174,912	**105,622**	104,484
Interest received	**42,806**	39,184	**21,893**	20,508
Interest paid	**(59,893)**	(24,369)	**(29,664)**	(9,142)
Income taxes paid	**(105,667)**	(8,326)	**(100,021)**	(4,304)
Net cash flows from operating activities	**843,252**	353,832	**555,145**	249,643

	Periods Ended June 30		Quarters Ended June 30	
	2015	2014	**2015**	2014
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale of :				
AFS investments	**3,365,976**	3,759,235	**567,888**	870,003
Long-term investments		9,482		9,482
Property and equipment	**874**	-	**-**	-
Addition to:				
AFS investments	**(3,307,904)**	(3,961,031)	**(575,981)**	(904,163)
Long-term investments	**(2,100)**	-	**-**	-
Property and equipment	**(124,948)**	(164,678)	**(68,030)**	(99,752)
Decrease (increase) in:				
Other assets	**(256,543)**	(96,839)	**(67,366)**	27,478
Other noncurrent liabilities	**26,640**	(6,022)	**40,646**	(2,843)
Advances to affiliates	**-**	(10,402)	**1,487**	(10,681)
Net cash flows used in investing activities	**(298,004)**	(470,254)	**(101,355)**	(110,476)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from long-term debt	**1,135,896**	29,471	**1,194,125**	36,027
Payment of:				
Notes payable	**(1,326,511)**	(61,408)	**(1,393,964)**	(96,547)
Dividends	**(434,733)**	(53,718)	**(124,208)**	-
Purchase of shares held by a subsidiary	**(7,828)**	(14,395)	**(7,828)**	(7,968)
Increase (decrease) in:				
Deferred revenue	**(3,031)**	(1,350)	**(140)**	(1,960)
Minority interest	**(38,815)**	(768)	**53**	68
Net cash flows used in financing activities	**(675,021)**	(102,168)	**(331,963)**	(70,381)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**(8,380)**	(18,795)	**(5,035)**	(20,145)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(138,153)**	(237,385)	**116,793**	48,641
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**1,401,034**	743,893	**1,146,088**	457,866
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,262,880**	506,508	**1,262,880**	506,508

A. SORIANO CORPORATION

PARENT COMPANY BALANCE SHEETS

(In Thousand Pesos)

	June 30	December 31
	2015	2014
ASSETS		
Cash and Cash Equivalents	**279,923**	342,806
Fair Value through Profit and Loss (FVPL) Investments	**491,536**	585,980
Available for Sale (AFS) Investments	**9,058,010**	9,629,922
Receivables - net	**140,664**	134,743
Investments and Advances- net	**7,637,371**	7,743,783
Property and Equipment - net	**29,507**	32,974
Retirement Plan Asset	**62,506**	62,506
Other Assets	**1,207**	1,507
TOTAL ASSETS	**17,700,723**	18,534,221
LIABILITIES AND EQUITY		
Liabilities		
Notes Payable	**-**	1,500,000
Accounts Payable and Accrued Expenses	**203,461**	279,332
Dividends Payable	**209,139**	519,664
Long-term Debt	**2,034,000**	2,012,400
Deferred Income Tax Liabilities - net	**54,520**	45,341
Total Liabilities	**2,501,120**	4,356,736
Equity		
Capital Stock - 1 Par Value	**2,500,000**	2,500,000
Additional Paid-in Capital	**1,589,800**	1,589,800
Unrealized Valuation Gains on AFS Investments	**1,656,859**	3,202,171
Remeasurement on Retirement Benefits	**36,608**	36,608
Retained Earnings		
Appropriated	**4,600,000**	4,600,000
Unappropriated	**4,816,336**	2,248,906
Total Equity	**15,199,603**	14,177,485
TOTAL LIABILITIES AND EQUITY	**17,700,723**	18,534,221

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF INCOME

(In Thousand Pesos Except Earnings Per Share)

	Periods Ended June 30		Quarters Ended June 30	
	2015	2014	**2015**	2014
REVENUES				
Dividend income (Note 1)	**1,895,892**	194,776	**338,476**	104,349
Interest income	**39,152**	33,890	**19,659**	17,580
Management fees	**36,444**	31,040	**20,488**	16,812
	1,971,488	259,706	**378,623**	138,741
INVESTMENT GAINS				
Gain on sale of AFS investments	**1,047,224**	1,140,355	**199,319**	153,313
Gains on increase in market values of FVPL investments	**4,578**	5,232	**2,613**	3,393
Gain on sale of long-term investment	**-**	9,482	**-**	9,482
	1,051,802	1,155,070	**201,932**	166,188
	3,023,290	1,414,775	**580,555**	304,929
Operating expenses	**(151,332)**	(132,479)	**(35,713)**	(45,904)
Interest expense	**(47,029)**	(26,812)	**(18,261)**	(13,512)
Foreign exchange gain (loss)	**(9,344)**	8,285	**(4,162)**	14,491
Others	**441**	139	**384**	76
	(207,264)	(150,867)	**(57,752)**	(44,849)
INCOME BEFORE INCOME TAX	**2,816,026**	1,263,908	**522,802**	260,080
PROVISION FOR (BENEFIT FROM) INCOME TAX - NET	**(1,405)**	5,260	**1,013**	5,572
NET INCOME	**2,817,430**	1,258,649	**521,789**	254,508
Earnings Per Share	**1.13**	0.50	**0.21**	0.10

Note 1: Included in 2015 dividend is a one-time special cash dividend amounting to P1.5 billion that was paid to Anscor by PDP.

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME
(In Thousand Pesos)

	Periods Ended June 30		Quarters Ended June 30	
	2015	2014	**2015**	2014
NET INCOME FOR THE PERIOD	**2,817,430**	1,258,649	**521,789**	254,508
OTHER COMPREHENSIVE INCOME (LOSS)				
Realized gains on sale of AFS investments, net of impairment losses	**(993,469)**	(1,102,303)	**(103,199)**	(77,209)
Unrealized valuation gain (loss) on AFS investments	**(540,841)**	741,530	**(299,377)**	349,623
Income tax effect	**(11,003)**	(4,759)	**(1,836)**	(6,853)
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD, NET OF TAX	**(1,545,312)**	(365,532)	**(404,412)**	265,561
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,272,118**	893,117	**117,378**	520,070

A. SORIANO CORPORATION
PARENT STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(In Thousand Pesos)

	Capital Stock	Additional Paid-in Capital	Unrealized Valuation Gains on AFS Investments	Unrealized Actuarial Gain	Retained Earnings Appropriated	Retained Earnings Unappropriated	Total
Balance at 12/31/2013	**2,500,000**	**1,589,800**	**3,641,239**	**30,400**	**3,000,000**	**2,871,671**	**13,633,110**
Comprehensive income	-	-	(365,532)	-	-	1,258,649	893,117
Balance at 06/30/2014	**2,500,000**	**1,589,800**	**3,275,708**	**30,400**	**3,000,000**	**4,130,320**	**14,526,227**
Balance at 12/31/2014	**2,500,000**	**1,589,800**	**3,202,171**	**36,608**	**4,600,000**	**2,248,906**	**14,177,485**
Comprehensive income	-	-	(1,545,312)	-	-	2,817,430	1,272,118
Cash dividends	-	-	-	-	-	(250,000)	(250,000)
Balance at 06/30/2015	**2,500,000**	**1,589,800**	**1,656,859**	**36,608**	**4,600,000**	**4,816,336**	**15,199,603**

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF CASH FLOWS

(In Thousand Pesos)

	Periods Ended June 30		Quarters Ended June 30	
	2015	2014	2014	**2015**
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax	**2,816,026**	1,263,908	**522,802**	260,080
Adjustment for:				
Interest expense	**47,029**	26,812	**18,261**	13,512
Net foreign exchange loss (gain)	**9,344**	(8,285)	**4,162**	(14,491)
Depreciation and amortization	**3,573**	2,956	**1,789**	3,228
Dividend income	**(1,895,892)**	(194,776)	**(338,476)**	(104,349)
Gain on sale of AFS investments	**(1,047,224)**	(1,140,355)	**(199,319)**	(153,313)
Gain on sale of long-term investments	**-**	(9,482)	**-**	(9,482)
Interest income	**(39,152)**	(33,890)	**(19,659)**	(17,580)
Gain on increase in market values of FVPL investments	**(4,578)**	(5,232)	**(2,613)**	(3,393)
Operating loss before working capital changes	**(110,874)**	(98,344)	**(13,052)**	(25,788)
Decrease(increase) in receivables	**(5,921)**	(52,138)	**14,518**	79,372
Decrease in FVPL investments	**99,021**	160,057	**30,021**	101,615
Decrease in accounts payable and accrued expenses	**(75,871)**	(19,765)	**(63,590)**	(6,930)
Net cash generated (used in) operations	**(93,644)**	(10,190)	**(32,103)**	148,269
Dividend received	**1,895,892**	194,776	**1,838,476**	104,349
Interest received	**39,152**	35,869	**19,659**	17,580
Interest paid	**(46,653)**	(26,812)	**(18,107)**	(13,512)
Income tax paid	**(420)**	-	**(420)**	-
Net cash flows from operating activities	**1,794,327**	193,643	**1,807,506**	256,686
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale of :				
AFS investments	**3,363,351**	3,746,591	**567,888**	867,643
Long-term investments	**-**	9,482	**-**	9,482
Redemption of preferred shares	**62,300**	-	**-**	-
Additions to:				
AFS investments	**(3,278,900)**	(3,875,696)	**(547,988)**	(884,134)
Property and equipment	**(106)**	(158)	**(37)**	(131)

	Periods Ended June 30		Quarters Ended June 30	
	2015	2014	2014	**2015**
Increase in:				
Advances to affiliates	**44,113**	(70,225)	**25,364**	(12,947)
Other assets	**300**	(248)	**539**	37
Net cash flows from (used in) investing activities	**191,058**	(190,255)	**45,766**	(20,052)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from notes payable	**(1,500,000)**	-	**(1,580,000)**	(55,000)
Payment of cash dividends	**(560,525)**	(53,718)	**(250,000)**	-
Increase in due to affiliates	**-**	-	**-**	-
Net cash flows used in financing activities	**(2,060,525)**	(53,718)	**(1,830,000)**	(55,000)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**12,256**	(19,809)	**14,018**	(21,332)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(62,884)**	(70,138)	**37,289**	160,302
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**342,806**	387,823	**242,633**	157,382
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**279,923**	317,684	**279,923**	317,684

Additional Notes to Consolidated Financial Statements

1. Segment Information

Information with regard to the Company's significant business segments are shown below (in thousand pesos):

	Before Eliminations							After Eliminations
	US-based** Nurse Staffing Co.	Wire *** Manufacturing	Resort Operation	Other Operations	. Holding Co (Parent)	Total	Eliminations	**Consolidated**
06/30/2015								
REVENUE	813,407	3,118,613	359,752	254,641	3,023,290	7,569,702	(2,100,583)	**5,469,119**
NET INCOME	88,818	293,321	81,936	199,130	2,817,430	3,480,635	(2,069,652)	**1,410,982**
TOTAL ASSETS	972,123	3,463,108	1,823,741	3,494,159	17,700,723	27,453,854	(6,599,847)	**20,854,007**
INVESTMENTS AND ADVANCES*	-	8,468	112,560	3,172,676	17,186,916	20,480,620	(8,802,117)	**11,678,504**
PROPERTY & EQUIPMENT	3,956	577,334	841,153	85,535	29,507	1,537,485	831,505	**2,368,990**
TOTAL LIABILITIES	114,377	1,872,007	1,077,045	3,537,764	2,501,120	9,102,313	(3,198,035)	**5,904,278**
DEPRECIATION AND AMORTIZATION	2,661	33,810	44,939	15,606	3,573	100,589	-	**100,589**

	Before Eliminations						After Eliminations
	US-based Nurse/PT Staffing Co.**	Resort Operation	Other Operations (Note 1)	Holding Co. (Parent)	Total	Eliminations	**Consolidated**
06/30/2014							
REVENUE	595,820	280,751	114,964	1,414,775	2,406,311	131,302	**2,537,613**
NET INCOME (LOSS)	13,449	(7,485)	2,706	1,258,649	1,267,318	145,611	**1,412,929**
TOTAL ASSETS	854,608	1,438,014	3,269,820	16,851,359	22,413,801	(4,141,579)	**18,272,222**
INVESTMENTS AND ADVANCES	0	94,302	2,979,853	16,249,269	19,323,424	(4,244,216)	**15,079,207**
PROPERTY & EQUIPMENT	4,707	892,499	75,913	36,830	1,009,949	123,905	**1,133,854**
TOTAL LIABILITIES	129,769	651,762	3,435,323	2,325,133	6,541,987	(3,267,607)	**3,274,379**
DEPRECIATION AND AMORTIZATION	1,908	39,702	17,418	2,956	61,984	-	**61,984**

* ***Inclusive of FVPL investments, AFS investments, advances & investments and investment properties.***

** ***Excluding IQHPC operations which were consolidated into Cirrus Global (IQMAN), the latter formed part of other operations.***

*** ***Line by line consolidation of income statement accounts of PDP Group was started effective January 1, 2015 when the Company purchased the 60% stake of General Cable in December 2014.***

Note 1 Other than Cirrus Global, Inc. (IQMAN) consolidated operations, also included are the operations of A. Soriano Air Corporation, Anscor International, Inc. and Anscor Property Holdings, Inc.

- The Company and its subsidiaries' operating businesses are organized and managed separately according to the nature of the products or services offered.
- Healthcare staffing segment engages in the contract and temporary staffing and permanent placement of nurses and allied healthcare professional (e.g. physical therapists) in the USA.
- Holding company segment pertains to the operation of the parent company with earnings from income of its financial and operating investment assets.
- Other operations include hangarage, real estate holding and management and manpower services.

2. Basis of Preparation and Changes in Accounting Policies and Disclosures

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for securities at fair value through profit or loss (FVPL) and available-for-sale (AFS) investments that have been measured at fair value. The consolidated financial statements are presented in Philippine pesos (Peso), which is the Group's functional and presentation currency. Amounts are presented to the nearest Peso unless otherwise stated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new and amended PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations based on IFRIC Interpretation which were adopted as of January 1, 2014.

- Investment Entities (Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and PAS 27, *Separate Financial Statements*)
  These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. The amendments must be applied retrospectively, subject to certain transition relief. These amendments have no impact to the Group, since none of the entities within the Group qualifies to be an investment entity under PFRS 10.

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)
  These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and are applied retrospectively. These amendments have no significant impact on the Group's consolidated financial statements.

- PAS 39, *Financial Instruments: Recognition and Measurement -Novation of Derivatives and* Continuation *of Hedge Accounting* (Amendments)
  These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group since the Group has no novation of derivatives.

- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)
  These amendments remove the unintended consequences of PFRS 13, *Fair Value Measurement*, on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. The application of these amendments has no material impact on the disclosure in the Group's financial statements.

- Philippine Interpretation IFRIC 21, *Levies* (IFRIC 21)
  IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Group as it has applied the recognition principles under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, consistent with the requirements of IFRIC 21 in prior years.

- Annual Improvements to PFRSs (2010-2012 cycle)
  In the 2010 – 2012 annual improvements cycle, seven amendments to six standards were issued, which included an amendment to PFRS 13, *Fair Value Measurement*. The amendment to PFRS 13 is effective immediately and it clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment has no impact on the Group's financial statements.

- Annual Improvements to PFRSs (2011-2013 cycle)
  In the 2011 – 2013 annual improvements cycle, four amendments to four standards were issued, which included an amendment to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards–First-time Adoption of PFRS*. The amendment to PFRS 1 is effective immediately. It clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment has no impact on the Group as it is not a first time PFRS adopter.

New Accounting Standards, Interpretations and Amendments to
<u>Existing Standards Effective Subsequent to December 31, 2014</u>
The Group will adopt the standards, amendments and interpretations enumerated below when these become effective. The Group continues to assess the impact of the following new and amended accounting standards and interpretations. Except as otherwise indicated, the Group does not expect the adoption of these new changes in PFRS to have a significant impact on the consolidated financial statements. The relevant disclosures will be included in the notes to the consolidated financial statements when these become effective.

- PFRS 9, *Financial Instruments – Classification and Measurement* (2010 version)
  PFRS 9 (2010 version) reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement*. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

  PFRS 9 (2010 version) is effective for annual periods beginning on or after January 1, 2015. This mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9 was adopted by the Philippine Financial Reporting Standards Council (FRSC). Such adoption, however, is still for approval by the Board of Accountancy (BOA).

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the IASB and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the consolidated financial statements of the Group.

  The following new standards and amendments issued by the IASB were already adopted by the FRSC but are still for approval by BOA.

Effective January 1, 2015

- PAS 19, *Employee Benefits – Defined Benefit Plans: Employee Contributions Amendments*
  PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after January 1, 2015. It is not expected that this amendment would be relevant to the Group since it has no defined benefit plans with contributions from employees or third parties.

Annual Improvements to PFRSs (2010-2012 cycle)
The Annual Improvements to PFRSs (2010-2012 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group's consolidated financial statements. They include:

- PFRS 2, *Share-based Payment – Definition of Vesting Condition*
  This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
  - a performance condition must contain a service condition
  - a performance target must be met while the counterparty is rendering service
  - a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
  - a performance condition may be a market or non-market condition
  - if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

- PFRS 3, *Business Combinations – Accounting for Contingent Consideration in a Business Combination*
  The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* (or PFRS 9, *Financial Instruments*, if early adopted). The Group shall consider this amendment for future business combinations.

- PFRS 8, *Operating Segments – Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
  The amendments are applied retrospectively and clarify that:
  - An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
  - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

- PAS 16, *Property, Plant and Equipment, and PAS 38, Intangible Assets – Revaluation Method – Proportionate Restatement of Accumulated Depreciation and Amortization*
  The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.

- PAS 24, *Related Party Disclosures – Key Management Personnel*
  The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual Improvements to PFRSs (2011-2013 cycle)
The Annual Improvements to PFRSs (2011-2013 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group's consolidated financial statements. They include:

- PFRS 3, *Business Combinations – Scope Exceptions for Joint Arrangements*
  The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:
  - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
  - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

- PFRS 13, *Fair Value Measurement – Portfolio Exception*
  The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39.

- PAS 40, *Investment Property*
  The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).

Effective January 1, 2016

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)
  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

- PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture – Bearer Plants* (Amendments)
  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.

- PAS 27, *Separate Financial Statements – Equity Method in Separate Financial Statements* (Amendments)
  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January

1, 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures* – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
  These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are effective from annual periods beginning on or after 1 January 2016.

- PFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations* (Amendments)
  The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

  The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group.

- PFRS 14, *Regulatory Deferral Accounts*
  PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Group is an existing PFRS preparer, this standard would not apply.

Annual Improvements to PFRSs (2012-2014 cycle)

The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the Group's consolidated financial statements. These include:

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations – Changes in Methods of Disposal*
  The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

- PFRS 7, *Financial Instruments:* Disclosures – *Servicing Contracts*
  PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- PFRS 7 - *Applicability of the* Amendments *to PFRS 7 to Condensed Interim Financial Statements*
  This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

- PAS 19, *Employee Benefits – regional market issue regarding discount rate*
  This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- PAS 34, *Interim Financial Reporting – disclosure of information 'elsewhere in the interim financial report'*
  The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective January 1, 2018

- PFRS 9, *Financial Instruments – Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version)*
  PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

  PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by BOA. The Group is currently assessing the impact of this standard.

- PFRS 9, *Financial Instruments* (2014 or final version)
  In July 2014, the final version of PFRS 9, *Financial Instruments*, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015. The Group is currently assessing the impact of this standard.

The following new standard issued by the IASB has not yet been adopted by the FRSC:

- IFRS 15,*Revenue from Contracts with Customers*
  IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

3. Summary of Significant Accounting and Financial Reporting Policies

<u>Basis of Consolidation</u>

The consolidated financial statements of the Group comprise the financial statements of the Company and the following wholly-owned and majority-owned subsidiaries as at June 30, 2015 and December 31, 2014:

		Percentage of Ownership	
	Nature of Business	**2015**	2014
A. Soriano Air Corporation	Services/Rental	**100**	100
Pamalican Island Holdings, Inc.	Holding	**62**	62
Island Aviation, Inc.	Air Transport	**62**	62
Anscor Consolidated Corporation	Holding	**100**	100
Anscor International, Inc. (AI)	Holding	**100**	100
IQ Healthcare Investments Limited (IQHIL)	Manpower Services	**100**	100
Cirrus Medical Staffing, Inc.	Manpower Services	**94**	94
Cirrus Holdings USA, LLC	Manpower Services	**94**	94
Cirrus Allied, LLC	Manpower Services	**94**	94
NurseTogether, LLC	Online Community Management	**94**	94
Anscor Property Holdings, Inc.	Real Estate Holding	**100**	100
Akapulko Holdings, Inc.	Real Estate Holding	**100**	100
Goldenhall Corp.	Real Estate Holding	**100**	100
Lakeroad Corp.	Real Estate Holding	**100**	100
Mainroad Corp.	Real Estate Holding	**100**	100
Makatwiran Holdings, Inc.	Real Estate Holding	**100**	100
Makisig Holdings, Inc.	Real Estate Holding	**100**	100
Malikhain Holdings, Inc.	Real Estate Holding	**100**	100
Mountainridge Corp.	Real Estate Holding	**100**	100
Rollingview Corp.	Real Estate Holding	**100**	100
Summerside Corp.	Real Estate Holding	**100**	100
Timbercrest Corp.	Real Estate Holding	**100**	100

		Percentage of Ownership	
	Nature of Business	**2015**	2014
Phelps Dodge International Philippines, Inc.	Holding	100	–
Minuet Realty Corporation	Landholding	100	–
Phelps Dodge Philippines Energy Products Corporation	Wire Manufacturing	100	–
PD Energy International Corporation	Wire Manufacturing	100	–
Sutton Place Holdings, Inc.	Holding	100	100
Cirrus Global, Inc.	Manpower Services	93	93
IQ Healthcare Professional Connection, LLC (IQHPC)	Manpower Services	93	93
AFC Agribusiness Corporation	Real Estate Holding	81	–
Seven Seas Resorts and Leisure, Inc.	Villa Project Development	62	62
Pamalican Resort, Inc.	Resort Operations	62	62

Except for AI, IQHIL, Cirrus and its subsidiaries and IQHPC, the above companies are all based in the Philippines. The principal business location of AI and IQHIL is in the British Virgin Islands (BVI), while Cirrus and its subsidiaries and IQHPC are based in the United States of America (USA).

Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins from the date of acquisition, being the date on which control is transferred to the Group and continue to be consolidated until the date that such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Noncontrolling interests represent a portion of profit or loss and net assets of subsidiaries not held by the Group, directly or indirectly, and are presented separately in the consolidated statement of comprehensive income and within the equity section in the consolidated balance sheet and consolidated statement of changes in equity, separately from Company's equity.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

In 2008, Sutton acquired an additional 32% interest in CGI, increasing its ownership to 93%. The excess of the consideration over the book value of the interest acquired was taken to "Equity Reserve on Acquisition of Noncontrolling Interest" in the consolidated balance sheet.

<u>Investments in Associates</u>

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in associates are accounted for under the equity method of accounting in the consolidated financial statements and are initially recognized at cost. On acquisition of investment in an associate, any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as goodwill. Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment. After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in associates. At each reporting date, the Group determines whether there is objective evidence that the investment in associate is impaired. If these are such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value.

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated statement of income, and its share of post-acquisition movements in the associates' equity reserves is recognized directly in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity.

Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the assets transferred. The reporting dates of the associates of the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances. The Group determines at the end of each reporting period whether there is any evidence that the investments in associates are impaired. If this is the case, the amount of impairment is calculated as the difference between the carrying amount of the investments and their recoverable amount.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in consolidated profit or loss.

The following are the Group's associates:

		Percentage of Ownership	
	Nature of Business	**2015**	2014
Vicinetum Holdings, Inc.	Holding	**32**	32
AGP International Holdings Ltd. (AGPI) ***	Holding	**27**	27
NewCo., Inc. *	Real Estate	**–**	45
AFC Agribusiness Corporation **	Real Estate	**–**	45
Anscor-Casto Travel Corporation*	Travel Agency	**–**	44
Phelps Dodge International Philippines, Inc.**	Holding	**–**	40
Minuet Realty Corporation	Landholding Corporation	**–**	60
Phelps Dodge Philippines Energy Products**	Wire Manufacturing	**–**	40
PD Energy International Corporation	Wire Manufacturing	**–**	40

* *Sold in 2014*

** *Became subsidiaries as of December 31, 2014*

*** *Its associate is engaged in modular steel fabrication.*

On June 28, 2013, AI converted its Convertible Bridge Notes from AGPI to Series B voting preferred shares. On June 29, 2013, AI signed a definitive agreement with AGPI for the subscription to series C voting preferred shares. The subscription increases its holdings to 27%, making AGPI an associate of the Group.

Except for AGPI, the above companies are all based in the Philippines. The principal business location of AGPI is in the British Virgin Islands.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any noncontrolling interests in the acquiree. For each business combination, the Group elects whether to measure the noncontrolling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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

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

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS 39 is measured at fair value with changes in fair value recognized either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of PAS 39, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for noncontrolling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit or a group of cash-generating units and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognized in the consolidated statement of income.

Asset Acquisitions

If the assets acquired and liabilities assumed in an acquisition transaction do not constitute a business, the transaction is accounted for as an asset acquisition. The Group identifies and recognizes the individual identifiable assets acquired and liabilities assumed. The acquisition cost is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill. Where the Group acquires a controlling interest in an entity that is not a business, but obtains less than 100% of the entity, after it has allocated the cost to the individual assets acquired, it notionally grosses up those assets and recognizes the difference as non-controlling interests.

Foreign Currency Translation

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in Peso based on the exchange rate recorded at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing exchange rate at the end of reporting period. All differences are taken to the consolidated statement of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the closing exchange rates at the date when the fair value was determined. Foreign exchange gains and losses relating to AFS equity instruments are presented under other comprehensive income.

Financial statements of consolidated foreign subsidiaries which are considered foreign entities are translated into the presentation currency of the Group (Peso) at the closing exchange rate at end of reporting period and their statements of income are translated using the monthly weighted average exchange rates for the year. The exchange differences arising from the translation are taken directly to a separate component of equity (under cumulative translation adjustment). On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the consolidated statement of income.

Fair Value Measurement

The Group measures financial assets (such as FVPL and AFS investments) at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortized cost and of investment properties are disclosed.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted AFS financial assets, and for non-recurring fair value measurement.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial Instruments

Date of recognition

The Group recognizes a financial asset or a financial liability in the consolidated balance sheet when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date. Derivatives are recognized on trade date basis.

Initial recognition of financial instruments

All financial assets are initially recognized at fair value. Except for securities at FVPL, the initial measurement of financial assets includes transaction costs. The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, AFS investments, and loans and receivables. Financial liabilities are classified as financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired and whether they are in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Classification of financial instruments

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

As of June 30, 2015 and December 31, 2014, the Group has the following categories of financial assets and financial liabilities:

(a) Financial assets and financial liabilities at FVPL

This category includes financial assets and financial liabilities held for trading and financial assets and financial liabilities designated upon initial recognition as at FVPL. Financial assets and financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

Financial assets or financial liabilities classified in this category may be designated by management on initial recognition when the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Derivatives recorded at FVPL

The Group enters into derivative contracts such as currency forwards. These derivative financial instruments are initially recorded at fair value and are subsequently remeasured at fair value at each reporting date. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as accounting hedges) are taken directly to the consolidated statement of income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. There are no outstanding freestanding derivative contracts as of June 30, 2015 and December 31, 2014.

The Group has certain derivatives that are embedded in host financial contracts, such as structured notes and debt investments and conversion. These embedded derivatives include calls and puts in debt investments and interest rate and conversion options among others.

An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met: (a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and (c) the hybrid or combined instrument is not recognized at FVPL.

Embedded derivatives are measured at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Financial assets and financial liabilities at FVPL are recorded in the consolidated balance sheet at fair value. Changes in fair value are recorded in "Gain (loss) on increase (decrease) in market values of FVPL investments". Interest earned or incurred is recorded in interest income or expense, respectively, while dividend income is recorded as such according to the terms of the contract, or when the right of payment has been established.

As of June 30, 2015 and December 31, 2014, the Group has designated as FVPL all investments in bonds that have callable and other features, managed/hedged funds, and derivatives. No financial liability at FVPL is outstanding as of June 30, 2015 and December 31, 2014.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not in an active market. They are not entered into with the intention of immediate or short-term resale. After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included in the interest income in the consolidated statement of income. The losses arising from impairment of such loans and receivables are recognized as "Recoveries (valuation allowances) - net" account under "Other income (charges) - net" in the consolidated statement of income.

Included under loans and receivables are cash in banks, short-term investments, trade receivables, receivables from villa owners, notes receivable, interest receivable, advances to employees and other receivables.

(b) AFS investments

AFS investments are those which are designated as such or do not qualify to be classified as FVPL, HTM or loans and receivables. They are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions. They include equity investments, money market papers, investments in managed funds and other debt instruments.

After initial measurement, AFS investments are subsequently measured at fair value. However, AFS instruments in unquoted equity shares whose fair values cannot be reliably measured are carried at cost, less any impairment loss. The effective yield component of AFS debt securities, as well as the impact of restatement on foreign currency-denominated AFS debt securities, is reported in the consolidated statement of income. The unrealized gains and losses arising from the fair valuation of AFS investments and the impact of restatement on foreign currency-denominated AFS equity securities are reported as part of other comprehensive income.

When the security is disposed of, the cumulative gain or loss previously recognized under other comprehensive income is transferred to profit or loss as “Gain on sale of AFS investments”. Where the Group holds more than one investment in the same security, cost of the disposed investment is determined on a weighted average cost basis. Interest earned on holding AFS investments are reported as interest income using the effective interest rate. Dividends earned on holding AFS investments are recognized as such in the consolidated statement of income when the right of payment has been established.

The Group classifies bonds held as AFS investments as current assets when the investments are expected to mature within twelve months after the reporting period.

As of June 30, 2015 and December 31, 2014, the Group’s AFS investments include investment in equity securities and bond and convertible notes.

(c) Other financial liabilities

All loans and borrowings are initially recognized at the fair value of the consideration received, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated statement of income when the liabilities are derecognized as well as through the amortization process.

Borrowings are classified as current liabilities unless these are expected to be settled within 12 months after the reporting date or the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

As of June 30, 2015 and December 31, 2014, included in other financial liabilities are the Group’s notes payable, accounts payable and accrued expenses, long-term debt and dividends payable.

As of June 30, 2015 and December 31, 2014, there were no financial instruments classified as HTM.

Derecognition of Financial Assets and Financial Liabilities

Financial assets

A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized or removed from the consolidated balance sheet where:

- the contractual rights to receive cash flows from the asset have expired; or
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Financial liabilities

A financial liability is removed from the consolidated balance sheet when the obligation under the liability is discharged or cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification will result into the removal of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Impairment of Financial Assets

The Group assesses at each end of reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

Assets carried at amortized cost

For loans and receivables carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

For individually significant financial assets, if there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as industry, collateral type, past-due status and term. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with changes in related observable data from period to period (such changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the Group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate, adjusted for the original credit risk premium. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable. The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to the consolidated statement of income. Interest income, if any, continues to be recognized based on the original effective interest rate of the asset. Loans, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. If a future write-off is later recovered, any amounts formerly charged are credited to “Recoveries (valuation allowances) - net” account under “Other income (charges) - net” in the consolidated statement of income.

AFS investments

In case of equity investments classified as AFS, objective evidence of impairment would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statement of income - is removed from equity and recognized in the consolidated statement of income. The losses arising from impairment of such investments are recognized as “Recoveries (valuation allowances) - net” account under “Other income (charges) - net” in the consolidated statement of income. Impairment losses on equity investments are not reversed through the consolidated statement of income. Increases in fair value after impairment are recognized in the consolidated statement of comprehensive income.

In the case of debt instruments classified as AFS investments, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recorded as part of “Interest income” in the consolidated statement of income. If, in the subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of income, the impairment loss is reversed through the consolidated statement of income.

Day 1 Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a “Day 1” difference) in the consolidated statement of income unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is recognized in the consolidated statement of income only when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the “Day 1” difference.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the

asset and settle the liability simultaneously. This is not generally the case with master netting agreements and the related assets and liabilities are presented gross in the consolidated balance sheet.

Revenue and Cost Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received excluding discounts, rebates, and other sales taxes or duties.

The following specific recognition criteria must be met before revenue or cost is recognized:

Sale of goods

Sale of goods, including villa lots, is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Revenue on villa development project

Revenue on Villa Development Project of a subsidiary is recognized under the completed contract method. Under this method, revenue is recognized only when the villa clusters have been constructed, turned over to, and accepted by the buyer.

Rendering of services

Management fees, air transport services, and other aviation-related activities are recognized when the services have been performed.

Revenue on nurse placements is recognized upon the nurses' arrival and employment in the U.S. hospitals.

All deposits on contracts with U.S. hospitals are recorded under "Deferred revenues" until the contracted nurses' arrival and employment in the U.S. hospitals.

Revenue from temporary staffing is recognized when services are rendered.

Revenue on permanent placements is recognized when the candidate starts with the contracting facility. The Company does not, in the ordinary course of business, give refunds. If a candidate leaves a permanent placement within a relatively short period of time, it is customary for the Company to provide a replacement at no additional cost to the hospital.

Revenue from contractual services consists of jobs filled by subcontractors. The Company contracts with other staffing companies to provide the travelers to fill the jobs for the Company. These staffing companies are called subcontractors. Subcontractors are paid based on agreed terms at a percentage of the invoice.

Revenue from rooms is recognized based on actual occupancy. Other ancillary services are recognized when the related services are rendered and/or facilities/amenities are used.

Interest
Interest income from bank deposits and investments in bonds are recognized as interest accrues based on the effective interest rate method.

Dividends
Dividend income is recognized when the shareholders' right to receive the payment is established.

Rental
Rental income is accounted for on a straight-line basis over the lease term.

<u>Costs and Expenses</u>
Costs and expenses are recognized in profit or loss when there is a decrease in future economic benefit related to a decrease in an asset, or an increase of a liability, that can be measured reliably. Costs and expenses include the cost of administering the business, and are expensed as incurred.

Construction costs
Construction costs are recognized by reference to the stage of completion of the construction activity as of reporting date. Since the Group subcontracted the work to third parties, the construction costs equal the construction revenue (this applies to AG&P but for SSRLI its completed contracts method).

Cost of goods sold
The cost of goods sold is recognized as expense when the related goods are sold using the average costing method.

The cost of real estate sold includes the acquisition cost of the land and total development costs upon completion. Cost of lots sold is determined based on average method while cost of villa is accounted for using specific identification.

Costs of services rendered
All direct nurse costs incurred in deployment of nurses are deferred and included in "Other noncurrent assets" in the consolidated balance sheets, until the nurses' arrival and employment in the U.S. hospitals. Upon the nurses' arrival and employment in the U.S. hospitals, deferred costs are reversed to "Costs of services rendered".

Cost and expenses related to room services are charged to operations when incurred.

Selling, general and administrative expenses
All selling and general and administrative expenses are expensed as incurred.

<u>Other Comprehensive Income</u>
Other comprehensive income comprises of items of income and expense that are not recognized in consolidated profit or loss for the year in accordance with PFRS. Other comprehensive income of the Group pertains to gains and losses on remeasuring AFS investments, exchange differences on translating foreign operations and remeasurements comprising actuarial gains and losses on retirement plan assets and liabilities. In computing for the earnings available for dividend declaration and earnings per share, other comprehensive income is not considered.

<u>Cash and Cash Equivalents</u>
Cash includes cash on hand and with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Restricted cash funds are recorded as other noncurrent assets unless the restriction is expected to be released at least 12 months after the reporting period.

<u>Inventories</u>
Inventories are valued at the lower of cost and net realizable value (NRV). Cost of aircraft spare parts and supplies is determined at purchase price using the first-in, first-out method while NRV is the estimated current replacement cost of such spare parts and supplies.

Cost of food and beverage inventories and operating supplies is determined using the moving average method. NRV of food and beverage inventories is the estimated selling price in the ordinary course of business, less the estimated cost of preparation and the estimated cost necessary to make the sale. NRV of operating supplies is the estimated current replacement cost.

Residential units held for sale include those costs incurred for the development and improvement of the properties. Its NRV is based on the available net selling price of similar residential units sold during the year.

Finished goods and work in process is determined at standard cost adjusted to actual cost, which includes direct materials, direct labor and applicable allocation of fixed and variable costs, determined using weighted average method. Raw materials, other materials, reels inventory and spare parts and supplies are determined at purchase price using weighted average method.

Prepayments

Prepayments include advance payments of various goods and services that are yet to be delivered and from which future economic benefits are expected to flow to the Group within the normal operating cycle or, within 12 months from the reporting date.

They are initially measured at the amount paid in advance by the Group for the purchase of goods and services and are subsequently decreased by the amount of expense incurred.

Property and Equipment

Depreciable properties, including buildings and improvements, leasehold improvements, machinery and other equipment, flight and ground equipment, furniture, fixtures and office equipment, and transportation equipment are stated at cost less accumulated depreciation and amortization, and any impairment in value. Land is stated at cost less any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance, are normally charged to income in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Property and equipment are written-off when either these are disposed of or when these are permanently withdrawn from use and there is no more future economic benefit expected from its use or disposal.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment in value are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Depreciation is computed on a straight-line method over the following estimated useful lives of the properties, except for aircraft engine which is computed based on flying hours.

Category	Number of Years
Buildings and improvements	10 - 30
Land improvements	25
Leasehold improvements*	5 - 20
Flight and ground equipment	5 - 25
Furniture, fixtures and office equipment	3 - 5
Transportation equipment	3 - 5

** or lease term, whichever is shorter*

The useful lives, depreciation and amortization method, and residual values are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the use of property and equipment.

Construction in progress (CIP) is stated at cost. This includes cost of construction and other direct costs. CIP is not depreciated until such time the relevant assets are completed and put into operational use.

<u>Property Development in Progress</u>
Property development in progress includes the acquisition costs of raw lots and development costs incurred.

Property development in progress is carried at the lower of cost incurred and net realizable value. Net realizable value is the selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

<u>Investment Properties</u>
Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, the Group's investment properties are stated at cost, less accumulated depreciation and any accumulated impairment losses. Land is subsequently carried at cost less any impairment in value.

Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred.

Depreciation is calculated on a straight-line basis using the remaining useful lives from the time of acquisition of the investment properties but not to exceed:

Category	Number of Years
Land improvements	25
Buildings	20 - 30
Condominium units	20

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Investment properties are written-off when either these are disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of the investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Impairment of Nonfinancial Assets

At each reporting date, the Group assesses whether there is any indication that its nonfinancial assets (namely, property and equipment and investment properties) may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

An impairment loss is charged to operations in the year in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Goodwill

Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statement of income.

Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill as of December 31 of each year.

Customer's Deposit for Property Development

Customer's deposit for property development is recorded at cost. The deposit is an advance payment by a villa buyer which is required to start and complete the villa development. Upon sale, the deposit will be applied against the total selling price of the villa.

Other Noncurrent Assets and Other Noncurrent Liabilities

Other noncurrent assets represent restricted cash funds for future acquisition of specific property and equipment and for future villa operating requirements. A corresponding liability is recognized for these funds under other noncurrent liabilities.

Capital Stock

Capital stock represents the total par value of the shares issued.

Additional Paid-in Capital
Additional paid-in capital pertains to the amount paid in excess of the par value of the shares issued.

Retained Earnings
Retained earnings represent the cumulative balance of net income or loss, net of any dividend declared.

Unappropriated retained earnings represent that portion which is free and can be declared as dividends to stockholders, after adjustments for any unrealized items, which are considered not available for dividend declaration.

Appropriated retained earnings represent that portion which has been restricted and therefore is not available for any dividend declaration.

Cost of Shares Held by a Subsidiary
The Company's shares which are acquired and held by a subsidiary (treasury shares) are deducted from equity and accounted for at weighted average cost. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Company's shares. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital.

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. There is a change in contractual terms, other than a renewal or extension of the arrangement;
b. A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
c. There is a change in the determination of whether fulfillment is dependent on a specified asset; or
d. There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios a, c or d above, and at the date of renewal or extension period for scenario b.

The Group as Lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term.

The Group as Lessor
Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

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

<u>Pension Benefits</u>
The Group has a non-contributory defined benefit retirement plan.
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Provisions and Contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Income Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that have been enacted or substantively enacted as of end of the reporting period.

Deferred income tax

Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred income tax assets are recognized for deductible temporary differences, carry forward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax, and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences and carry forward of unused tax credits from excess MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

Deferred income tax liabilities are not provided on taxable temporary differences associated with investments in domestic subsidiaries. With respect to investments in foreign subsidiaries, deferred income tax liabilities are recognized except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each end of reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are re-assessed at each end of reporting period and are recognized to the extent that it has become probable that sufficient future taxable income will allow the deferred income tax assets to be recovered.

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

Current income tax and deferred income tax relating to items recognized directly in equity are also recognized in equity and not in the consolidated statement of income.

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

Earnings Per Share

Basic earnings per share (EPS) is computed by dividing net income for the year by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any. The Company does not have potentially dilutive common shares as of June 30, 2015 and December 31, 2014

Dividends on Common Shares

Dividends on common shares are recognized as a liability and deducted from equity when approved by the respective shareholders of the Company and subsidiaries. Dividends for the year that are approved after the end of reporting period are dealt with as an event after the end of reporting period.

Events After the Reporting Period

Post year-end events that provide additional information about the Group's position at the end of reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires the Group to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, other comprehensive income (loss) and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments, estimates and assumptions 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.

Judgments

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

Determination of functional currency

The Company's functional currency was determined to be the Peso. It is the currency of the primary economic environment in which the Company operates.

Classification of financial instruments

The Group classifies a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definition of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated balance sheets (see Note 28).

Operating lease commitments - the Group as Lessee

The Group has entered into leases of office and commercial spaces. The Group has determined that all significant risks and rewards of ownership of these spaces remain with the lessors.

Operating lease commitments - the Group as Lessor

The Group has entered into a commercial property lease on its investment property. The Group has determined that it retains all the significant risks and rewards of ownership of this property and so accounts for it as an operating lease.

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

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation and uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment losses on loans and receivables
The Group reviews its loans and receivables at each reporting date to assess whether an impairment loss should be recorded in the consolidated statement of income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

For the advances to related parties, the Group uses judgment, based on the best available facts and circumstances, including but not limited to, assessment of the related parties' operating activities (active or dormant), business viability and overall capacity to pay, in providing reserve allowance against recorded receivable amounts. For the receivables, the Group evaluates specific accounts where the Group has information that certain customers or third parties are unable to meet their financial obligations. Facts, such as the Group's length of relationship with the customers or other parties and their current credit status, are considered to ascertain the amount of reserves that will be recognized.

Valuation of unquoted equity investments
Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's-length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for terms with similar terms and risk characteristics; or,
- other valuation models.

However, if the range of reasonable fair value measurements is significant and the probabilities of the various estimates cannot be reasonably assessed, the Company measures the investment at cost.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. The Group performs periodic reassessment by reference to prices from observable current market transactions in the same instrument or from other available observable market data.

Impairment of AFS equity investments

The Group recognizes impairment losses on AFS equity investments when there has been a significant or prolonged decline in the fair value of such investments below its cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment. In determining whether the decline in value is significant, the Group considers historical volatility of share price (i.e., the higher the historical volatility, the greater the decline in fair value before it is likely to be regarded as significant) and the period of time over which the share price has been depressed (i.e., a sudden decline is less significant than a sustained fall of the same magnitude over a longer period).

Impairment of AFS debt investments

For AFS debt investments, the Company assesses the counterparty’s ability to comply with the contractual obligations to pay out principal and interest. Further, the Company assesses whether the market prices of these bonds indicate objective evidence of impairment.

Estimation of allowance for inventory and impairment losses

The Group estimates the allowance for inventory obsolescence and impairment losses related to inventories based on specifically identified inventory items. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for inventory and impairment losses would increase recorded expenses and decrease current assets.

Estimation of useful lives of the Group’s property and equipment

The Group estimates the useful lives of property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the assets. In addition, the estimation of the useful lives of these assets is based on collective assessment of internal technical evaluation and experience with similar assets. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Investments carried at equity method

Investments carried at equity method are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group’s impairment test on investments carried at equity is based on value in use calculations that use a discounted cash flow model. The cash flows are derived from the budget for the next five years as well as the terminal value at the end of five years. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Impairment of non-financial assets

(a) Property and equipment and investment properties

The Group assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

There is no impairment loss on property and equipment and investment properties as of and for each of the three years in the period ended June 30, 2015.

(b) Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the “value-in-use” of the cash-generating units to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Considering the U.S. crisis and the unemployment rate, the Group recognized an impairment provision of ₱100.0 million since December 31, 2009 on its investment in Cirrus.

Recognition of deferred income tax assets

The Group reviews the carrying amounts of the deferred income tax assets at each end of reporting period and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. However, there is no assurance that the Group will utilize all or part of the deferred income tax assets.

Determination of pension and other retirement benefits
The cost of defined benefit pension plans as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

Provisions and contingencies
Judgment is exercised by management to distinguish between provisions and contingencies.

Determination of absence of significant influence over Enderun
The Company determined that it has no significant influence over Enderun. Management assessed that it does not exercise significant influence over the financial and operating policy decisions of the investee. Accordingly, Enderun is considered an AFS investment.

Determining whether an acquisition represents a business combination or an asset purchase
Determining whether the acquisition meets the definition of a business combination requires judgment to be applied on a case by case basis. The Company acquired AAC, a subsidiary. At the time of acquisition, the Company considers whether the acquisition represents an acquisition represents an acquisition of a business or an asset acquisition. At acquisition date, the subsidiary owns a parcel of land which is idle and as such, the acquisition is accounted for as an asset acquisition.

Purchase price allocation in business combinations and goodwill
The Company accounts for the acquired businesses using the acquisition method which require extensive use of accounting judgments and estimates to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities and contingent liabilities, if any, at the acquisition date. Any difference in the purchase price and the fair values of the net assets acquired is recorded as either goodwill in the consolidated statement of financial position or gain on bargain purchase in profit or loss. Thus, the numerous

judgments made in estimating the fair value to be assigned to the acquiree's assets and liabilities can materially affect the Company's financial position and performance.
The Company's acquisitions of certain subsidiaries have resulted in recognition of goodwill. In 2014, the acquisition of PDIPI and its subsidiary, PDP Energy, has resulted in recognition of goodwill which amounted to ₱1,452.5 million based on provisional purchase price allocation.

5. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise cash and cash equivalents, receivables, investments in debt instruments, quoted and unquoted equity securities, investments in mutual and hedge funds, and short-term and long-term bank loans. The Group's other financial instruments include accounts payable and dividends payable and amounts due to affiliates, which arose directly from operations.

The Company's investment objectives consist mainly of:

a) maintaining a bond portfolio that earns adequate cash yields and,
b) maintaining a stable equity portfolio that generates capital gains through a combination of long term strategic investments and short-term to medium-term hold type investment.

The main risks arising from the use of these financial instruments are credit risk, liquidity risk, interest rate risk, equity price risk, foreign currency risk, and copper price risk. These risks are monitored by the Company's Investment Committee (the Committee).

The Committee evaluates the performance of all investments and reviews fund allocation to determine the future strategy of the fund. The Committee is formed by the Company's Chairman, Vice Chairman, Chief Finance Officer, and an independent consultant. These meetings occur at least every quarter.

The BOD reviews and approves the Company's risk management policies. The Company's policies for managing each of these risks are summarized below.

Credit risk
The Group is exposed to credit risk primarily because of its investing and operating activities. Credit risk losses may occur as a result of either an individual, counterparty or issuer being unable to or unwilling to honor its contractual obligations. The Group is exposed to credit risk arising from default of the counterparties (i.e., foreign and local currency denominated debt instruments and receivables) to its financial assets. The Group does not have a counterparty that accounts for more than 10% of the consolidated revenue.

Credit risk management

In managing credit risk on these investments, capital preservation is paramount. The Group transacts only with recognized and creditworthy counterparties. Investments in bonds are invested in highly recommended, creditworthy debt instruments that provides satisfactory interest yield.

Credit quality per class of financial assets

For the Group's financial assets, credit quality is monitored and managed using internal credit ratings. Internal risk ratings are derived in accordance with the Group's rating policy. The Group evaluates credit quality on the basis of the credit strength of the security and/or counterparty/ issuer. High grade financial assets reflect the investment grade quality of the investments and/or counterparty; realizability is thus assured. Standard grade assets are considered moderately realizable.

Liquidity risk

Liquidity risk is defined as the risk that the Group may not be able to settle or meet its obligations as they fall due. Aside from yielding good returns, the Group ensures investments have ample liquidity to finance operations and capital requirements. Short-term bank loans are secured to fill in temporary mismatch of funds for new investments.

Where applicable, long-term debt or equity are used for financing when the business requirement calls for it to ensure adequate liquidity in the subsidiaries and affiliates' operation.

The Group's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when they are due. This is done by primarily investing in highly liquid investments.

The Group's total financial liabilities due to be settled within one year include notes payable that management considers as working capital. Accounts payable and accrued expenses and dividends payable are expected to be settled using cash to be generated from operations and drawing from existing lines of credits or liquidity reserves.

Market risks

Market risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It is the risk coming from adverse movements in factors that affect the market value of financial instruments of the Group. The Group is exposed primarily to the financial risks of changes in interest rates, equity price risk, price risk of mutual funds, and foreign currency risk.

Investments exposed to market risk are foreign and local currency denominated quoted debt instruments, foreign and local currency denominated equity instruments and mutual fund/hedge fund investments.

There has been no change to the Group's manner in managing and measuring the risk.

a. Interest rate risks

   Cash flow interest rate risk

   Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Fair value interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group accounts for its quoted debt instruments at fair value.Changes in benchmark interest rate will cause changes in the fair value of quoted debt instruments.

b. Equity price risk

   Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of the equity indices and the values of individual stock. The equity price risk exposure arises from the Group's investment in stock listed in the Philippine Stock Exchange (PSE).

   The sensitivity analysis assumes that the stock's standard deviation on its historical returns for the past one year provides the basis for the range of reasonably possible changes in prices of the stock investments. In establishing the relative range of the stock investment returns, the Group also assumes a 99% confidence level.

c. Price risk of mutual funds

   The Group is exposed to the risk of changes in the fund's net asset value (NAV) due to its market risk exposures.

d. Foreign currency risks

   Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rate. The Group's exposure arises primarily from investments in foreign currency denominated debt investments and equity securities.

   The Company and a subsidiary's foreign exchange risk arises primarily from investments in foreign currency denominated debt and equity securities. To minimize income volatility due to exchange rate movements, liquid investments are held in a basket of currencies, including Philippine peso and other major currencies such as U.S. dollar, Euro and Japanese Yen. This also enables the Company and a subsidiary to access investment opportunities in those currencies. The Company occasionally engages in foreign currency forward contracts as a defensive measure against foreign currency volatility.

On borrowings, it is the Company's group-wide policy for its subsidiaries and associates where it has significant influence to minimize any foreign exchange risks. Thus, all borrowings whether short-term or long-term, in general, should be in Philippine peso. Any foreign currency borrowings may be engaged only if matched by the entities' corresponding currency revenue flows or by a foreign currency asset. As such, PRI, SSRLI and CGI can borrow in U.S. dollar as their revenues are dollar-based. It is also the policy of the Group to minimize any foreign exchange exposure in its management of payables. Any substantial exposure is covered by foreign exchange contracts, if necessary.

e. Copper price risk

The PDP Group uses copper rods in the manufacturing of its products. Copper rods component represents a significant portion of the cost of each unit produced.

Copper rods are priced based on the London Metal Exchange prices and are affected by the volatility in the price of metal in the world market.

The PDP Group's exposure to price risk on copper rod purchases is managed through back-to-back purchase of rods versus sales orders, average pricing on the firm orders like automobile wire products with long-term contracts, and obtaining orders from contractors with a fixed price or locked-in contracts with a specified period.

Capital Management

Due to the diversity of the operations of each company in the Group, capital risk management processes in place are specific to each company. Below are the capital risk management policies of the Company and its more significant subsidiaries and associate:

a. The primary objective of the Group's capital management is to ensure an adequate return to its shareholders and to maximize its value to its shareholders. In pursuance of this goal, the Group establishes an optimum risk return investment objectives through a sound diversified investment portfolio and in ensuring a fair credit rating, the Group establishes prudent financial policies through appropriate capitalization ratios in its investments and maintain reasonable liquidity.

   The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the consolidated balance sheet.

   No changes were made in the objectives, policies or process for the period ended June 30, 2015 and December 31, 2014.

b. Cirrus' and CGI's capital management objectives are:
   - To ensure its ability to continue as a going concern; and
   - To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

   CGI monitors capital on the basis of the carrying amount of equity as presented on the face of its balance sheet.

   CGI sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. It manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying business.

6. Financial Instruments

Fair Values of Financial Assets and Liabilities

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments:

(In thousand pesos)	**June 30, 2105**		**December 31, 2014**	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
FVPL investments:				
Bonds	**₱477,135**	**₱477,135**	₱560,890	₱560,890
Funds and equities	**3,370**	**3,370**	8,622	8,622
Others	**21,016**	**21,016**	26,170	26,170
	501,521	**501,521**	595,682	595,682
AFS investments:				
Bonds and convertible note	**1,172,881**	**1,172,881**	1,174,458	1,174,458
Quoted equity shares	**6,931,901**	**6,931,901**	7,542,719	7,542,719
Funds and equities	**313,696**	**313,696**	311,119	311,119
Proprietary shares	**171,051**	**171,051**	171,051	171,051
Unquoted shares	**703,437**	**703,437**	703,437	703,437
	9,292,966	**9,292,966**	9,902,785	9,902,785
	₱9,794,487	**₱9,794,487**	₱10,498,467	₱10,498,467

The carrying amounts of cash and cash equivalents, receivables, notes payable, dividends payable and accounts payable and accrued expenses approximate their fair values due to the short-term maturity of these financial instruments. As of June 30, 2015 and December 31, 2014, AFS investments amounting to ₱268.8 million and ₱189.2 million were carried at cost since these are investments in unquoted equity shares and the fair values cannot be measured reliably.

The carrying values of long-term debt, which have floating rates with quarterly repricing, approximate their fair values.

The following methods and assumptions were used to estimate the fair values:

- FVPL investments in bonds, funds and equities and others are derived from quoted market prices in active markets.
- AFS investments in bonds, quoted equity shares and funds and equities and proprietary shares are derived from quoted market prices in active markets.
- AFS investments in unquoted equity shares are based on the discounted cash flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, and growth rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

The following table provides the Group's fair value measurement hierarchy of its assets:.

As of June 30, 2015:

		Fair value measurement using		
	Total	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
FVPL investments:				
Bonds	**₱477,135**	**₱477,135**	**₱–**	**₱–**
Funds and equities	**3,370**	**3,370**	**–**	**–**
Others	**21,016**	**21,016**	**–**	**–**
	501,521	**501,521**	**–**	**–**
AFS investments:				
Bonds	**1,172,881**	**1,172,881**	**–**	**–**
Quoted equity shares	**6,931,901**	**6,931,901**	**–**	**–**
Funds and equities	**313,696**	**313,696**	**–**	**–**
Proprietary shares	**171,051**	**171,051**	**–**	**–**
Unquoted shares	**703,437**	**-**	**–**	**703,437**
	9,292,966	**8,589,529**	**–**	**703,437**
	₱9,794,487	**₱9,091,050**	**₱–**	**₱703,437**

As of December 31, 2014:

		Fair value measurement using		
	Total	Quoted prices in active Markets (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable Inputs (Level 3)
FVPL investments:				
Bonds	₱560,890	₱560,890	₱–	₱–
Funds and equities	8,622	8,622	–	–
Others	26,170	26,170	–	–
	595,682	595,682	–	–
AFS investments:				
Bonds	1,174,458	1,174,458	–	–
Quoted equity shares	7,542,719	7,542,719	–	–
Funds and equities	311,119	311,119	–	–
Proprietary shares	171,051	171,051	–	–
Unquoted shares	703,437	–	–	703,437
	9,902,785	9,199,348	–	703,437
	₱10,498,467	₱9,795,030	₱–	₱703,437

Description of significant unobservable inputs to valuation of financial instruments classified under Level 3 (in millions):

	Valuation technique	Significant unobservable inputs	Range	Sensitivity of input to fair value
Enderun	DCF Model	Student growth rate of 5%	5% to 15%	5%: fair value of ₱248 15%:fair value of ₱279
		Tuition fee increase by 5%	0% to 5%	0%: fair value of ₱286 5% fair value of ₱257
		Cost of capital of 11%	8% to 12%	8%: fair value of ₱290 12%: fair value of ₱282
KSA	DCF Model	Dividend payout is 40 million	-5% to 10%	-5% fair value of ₱402 10% fair value of ₱446
		Liquidity discount of 20%	10% to 30%	10%: fair value of ₱425 30% fair value of ₱409
		Cost of capital of 11%	10% to 12%	10%: fair value of ₱447 12% fair value of ₱389

An increase in the percentage of EBITDA over revenue would increase the fair value of the investment in Enderun.

An increase in the expected lease income of KSA would increase the dividend payout, which would lead to an increase in the fair value of the investment in KSA.

Reconciliation of fair value measurement of AFS assets in unquoted equity shares (in millions):

	Enderun	KSA	Total
As at 1 January 2014	₱286	₱389	₱675
Re–measurement recognized in OCI	–	28	28
Realized gains (losses) in profit or loss	–	–	–
Unrealized gains (losses) in profit or loss	–	–	–
Purchases	–	–	–
Reclassified in discontinued operations	–	–	–
Transfer into/out of Level 3	–	–	–
Sales	–	–	–
As at 31 December 2014	286	417	703
Re–measurement recognized in OCI	–	–	–
Realized gains (losses) in profit or loss	–	–	–
Unrealized gains (losses) in profit or loss	–	–	–
Purchases	–	–	–
Reclassified in discontinued operations	–	–	–
Transfer into/out of Level 3	–	–	–
Sales	–	–	–
As at 30 June 2015	**₱286**	**₱417**	**₱703**

For the periods ended June 30, 2015 and December 31, 2014, there were no transfers from Level 1, Level 2 and Level 3 fair value measurements.

7. Financial Condition

There was no significant change in the Company's Balance Sheet as of June 30, 2015 versus December 31, 2014.

Cash and Cash Equivalents

The decrease in cash and cash equivalents can be attributed to net cash flows used in investing and financing activities amounting to P973.0 million offset by cash generated from operating activities.

(Please see attached consolidated cash flow statements for detailed analysis of cash movements on pages 6 and 7).

Fair Value Through Profit and Loss (FVPL) Investments

The decrease in the account can be attributed to the net disposal for the period of about P98.9 million. The market value of foreign denominated investment in bonds, stocks and funds increased by P4.8 million vs. December 31, 2014 values.

Receivables
The increase in receivables was mainly due to improved revenues of the resort, the US-based staffing business and the wire manufacturing business.

Inventories
The decrease is traced to inventories sold by the wire manufacturing subsidiaries and the spare parts and supplies utilized for six months by the aviation and resort subsidiaries.

Prepayments
Decrease in this account can be attributed mainly to expended prepaid expenses related to manufacturing, resort and aviation operations.

Available for Sale (AFS) Investments
Net decrease in this amount amounted to P530.2 million. There was a decrease in market value of AFS investments of about P1.5 billion, offset by net addition to AFS investments of P935.1 million for six months of 2015.

Investments and Advances
The decrease in investments and advances was mainly due to equity in net losses of associates for the period amounting to P211.0 million, offset by unrealized foreign exchange gain related to foreign equity investment amounted to P21.6 million.

Goodwill
The goodwill from US-based staffing business increased by P6.7 million due to foreign exchange gain from the translation of net assets of the medical staffing company.

Property, Plant and Equipment - net
Depreciation charged to operations amounted to P100.6 million while additions to property and equipment amounted to P124.9 million, mainly attributable to capital expenditures of the manufacturing and resort subsidiaries.

Other Noncurrent Assets
Change in the account balance can be attributed to the increase in project costs for villa development of Seven Seas.

Notes Payable
The decrease in the balance was mainly due to payment of P1.5 billion short-term loan of the Parent company out of cash dividend paid by PDP.

Dividends Payable

Movement in the account was mainly attributable to dividend accrued as of December 31, 2014 but paid last January 7, 2015, plus unclaimed dividend checks for stockholders with problematic addresses.

Customer's Deposits for Property Development

The increase in the account was due to additional deposits made by villa buyers.

Income Tax Payable

Movement in the account was attributable to higher tax provision of the Group mainly the resort subsidiary and PDP for the two quarters of 2015.

Long-term Debt (current and noncurrent)

The increase in the account can be attributed to P1.2 billion loan availed by PDP, offset by current portion of debt paid by the resort subsidiary.

Other noncurrent liabilities

Movement in the account was mainly due to the use of deposit of villa owners for back of house facilities improvement of the resort subsidiary.

Cumulative Translation Adjustment

This account includes translation adjustments of Anscor International, Inc., Cirrus Medical Staffing, Inc. and Cirrus Global, Inc.'s subsidiary IQHPC.

Unrealized valuation gains on AFS investments (equity portion)

AFS assets (mainly traded shares) were sold, the gain was realized and reflected in the consolidated statements of income and removed from the unrealized valuation gains reflected in the balance sheet.

Others

There were no commitments for major capital expenditures in 2015.

8. Results of Operation

Management is not aware of any known trends, events or uncertainties except for political and market uncertainties that may have material impact on the Company's recurring revenues and profits.

The following are the key performance indicators for the Parent Company (In thousand pesos except earnings per share and market price per share):

	Periods ended June 30	
	2015	*2014*
Revenues (excluding investment gain)	***1,971,488***	*259,706*
Investment Gains	***1,051,802***	*1,155,070*
Net Income	***2,817,430***	*1,258,649*
Earnings Per Share	***1.13***	*0.50*
Market Price Per Share (PSE)	***6.90***	*7.25*

The discussions below were based on the consolidated results of the Company and its subsidiaries.

Revenues

This year's consolidated gross revenues of P5.5 billion was 115.5% higher than last year's revenue of P2.5 billion. This was mainly due to inclusion PDP's P3.1 billion revenues for the period January 1 to June 30, 2015. This increase in revenues was partially offset by equity in net losses of associates amounting to P211.0 million.

Cost of Goods Sold/Services Rendered

Increase in cost of services rendered was mainly attributable to higher cost of services of nurse staffing business, resort operation and consolidation of PDP cost of goods sold for the period January 1 to June 30, 2015.

Operating Expenses

Operating expenses increased as a result of consolidation of PDP operating expenses for the period January 1 to June 30, 2015.

Foreign Exchange Loss

Due to the appreciation of dollar vis-à-vis peso, the parent company reported higher foreign exchange loss on its dollar denominated loan partially offset by foreign exchange gain on its foreign currency denominated investment in financial assets.

Interest Expense

The Group reported higher charges mainly due to the parent company's long-term and short term loan.

Provision for Income Tax - net

The current provision for income tax of the group increased due to consolidation of PDP's income tax expense for the period January 1 to June 30, 2015.

Noncontrolling Interests (statements of income)

Increase in minority interest was mainly due to share of minority shareholders in net income of resort, aviation subsidiary, Cirrus Medical Staffing, Inc. and Cirrus Global, Inc. for the period ended June 30, 2015.

9. Cash Flows

Management has no knowledge of known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity.

10. Financial information

- There is neither a change in composition of the registrant, no business combination nor any restructuring.
- There are no seasonality or cyclicality trends in the business that would have material effect on the Company's result of operations and financial condition.
- There are no significant elements of income or loss that did not arise from the issuer's continuing operations.

In the interim period:

- No issuance or repayment of equity securities.
- The parent company has not repurchased its equity securities except for its 100%-owned subsidiary, Anscor Consolidated Corporation (Anscorcon) which todate owns 1,259,000,646 shares of Anscor. During the first semester of 2015, Anscorcon purchased 1.1 million Anscor shares amounting P7.8 million.
- No contingent assets or liabilities since the last annual balance sheet date.
- No material contingencies and any event or transactions that are material to the understanding of the operating results of the current interim period.

- No events that will trigger direct or contingent financial obligations that is material to the company, including any default or acceleration of an obligation.
- No material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the company with unconsolidated entities of other persons created during the reporting period.
- There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim.

11. Subsidiaries and Affiliates

Phelps Dodge Philippines (PDP)

The following are the key performance data for Phelps Dodge Philippines (In thousand pesos except volume):

	Periods Ended June 30	
	2015	*2014*
Volume sold (MT)		
Domestic	**6,954**	6,649
Export	**10**	157
Total	**6,964**	6,806
Net Sales	**3,118,613**	3,233,793
Gross Income	**625,520**	508,819
Net Income	**293,321**	230,274

Volume sold slightly went up by 2.3%, with reduced metal and other production costs, the PDP Energy's gross margin increased by 22.9% in 2015.

PDP recorded a net income of P293.3 million for 6 months of 2015 higher than the P230.3 million profit recorded last year due to lower production and operating costs.

Seven Seas' Amanpulo Resort ended up with an occupancy rate of 54.35% for the first semester of 2015, considerably better than the 2014 average occupancy rate of 40.69%. Average room rate was US$1,254, a bit higher from last year's average room. Total hotel revenues amounted to P359.6 million, up by P78.9 million from last year's revenues of P280.8 million. Gross operating profit (GOP) of P135.9 million increased versus 2014's GOP mainly due to improved revenues.

Seven Seas reported a net income of P81.9 million for the first six months of 2015.

The Resort embarked on special capital expenditures to improve its existing facilities.

Cirrus Group

The Affordable Care Act's Individual Mandate generated about 15 million of newly insured individuals between 2014 to 2015 open enrollment. The legislation, increased life expectancy and volume of baby boomers along with the forecasted shortage in nursing due to retirement are strong indicators that the healthcare sector is expected to see demand growth and heavy reliance on efficient and effective staffing solutions. Cirrus is taking this opportunity to maximize its operational efficiencies and grow so it can be recognized as one of the consistent suppliers of high quality healthcare professionals to various types of clientele.

For year to date June 2015, ***Cirrus Medical Staffing, Inc***. reported a consolidated net income of $2.0 million, a significant improvement from 2014's $302 thousand net income. All divisions saw healthy sales growth. Sales in Travel Nursing grew 49% and Travel Therapy increased by 25% versus the same period in 2014. The increase in working headcount and focus on quality placements, at higher bill rates, and consistent work hours drove margin improvement. Sales growth, increased production and strong gross margin, coupled with lower selling, general & administrative expenses versus year to date June 2014, continue to propel the company's net income in 2015.

Nurse Together, LLC launched a new version of the website under a new platform in first quarter of 2015. Year to date June 2015 revenues grew by 11% versus the same period in 2014.

12. Financial Indicators

Significant financial indicators of the Group are the following:

	06/30/2015	06/30/2014
1. Book Value Per Share (Note 1)	**11.74**	11.62
2. Current Ratio (Note 2)	**1.75**	1.66
3. Interest Rate Coverage Ratio (Note 3)	**27.06**	59.59
4. Debt to Equity Ratio (Note 4)	**0.41**	0.22
5. Asset to Equity Ratio (Note 5)	**1.43**	1.25
6. Profit Ratio (Net Income Attributable to Equity Holdings of the Parent/Total Revenues)	**25.0%**	55.7%
7. Return on Equity (Net Income/Equity Attributable to Equity Holdings of the Parent)	**9.4%**	9.7%

Note 1 – Equity Attributable to Equity Holdings of the Parent/Outstanding Shares
Note 2 – Current Assets/Current Liabilities
Note 3 – EBIT (earnings before interest and taxes)/ total interest expense
Note 4 – Total Liabilities/Equity Attributable to Equity Holdings of the Parent
Note 5 – Total Assets/Equity Attributable to Equity Holdings of the Parent

The key financial indicators of our major subsidiaries are the following:

PDP Energy and PDIPI

In Million Pesos except sales volume

	06/30/2015	06/30/2014
1. Volume	**6,964**	6,806
2. Net Sales	**3,118,612**	3,233,793
3. Gross income	**625,520**	508,819
4. Net income	**293,321**	230,274

Cirrus Group

1. Submission to lock ratio (operating statistic to evaluate recruitment)
2. Nurse/therapist retention ratio (Operating statistic to evaluate retention of nurse and therapist in the pool for staffing business).

In Thousand Pesos

	06/30/2015	06/30/2014
3. Service income	**813,407**	595,820
4. Cost of services rendered	**639,381**	456,140
5. Income before interest, taxes, depreciation and amortization	**91,806**	16,082

Seven Seas Group

In Thousand Pesos

	06/30/2015	06/30/2014
1. Occupancy rate	**54.35%**	40.69%
2. Hotel revenue	**359,752**	280,751
3. Gross operating profit (GOP)	**135,904**	61,312
4. GOP ratio	**37.8%**	21.9%
5. Net income	**81,936**	(7,485)

Occupancy rate is based on actual room nights sold over available room nights on a 6-month period. Hotel revenues include rooms, food and beverage, villa management fees and other ancillary services. GOP is total revenues less direct costs and GOP ratio is GOP over total hotel revenues.

COVER SHEET
for
SEC FORM 17- Q

SEC Registration Number

P W 2

COMPANY NAME

A S O R I A N O C O R P O R A T I O N A N D
S U B S I D I A R I E S

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

7th Floor, Pacific Star Building, Makati Avenue corner Gil Puyat Avenue Extension, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q	SEC	NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
info@anscor.ph	**819-0251**	**N/A**

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
11,316	**Third Wednesday of April**	**12/31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Narcisa M. Villaflor	**nancievillaflor1029@gmail.com**	**819-0251**	**N/A**

CONTACT PERSON's ADDRESS

7TH FLOOR PACIFIC STAR BLDG., MAKATI AVE., CORNER GIL PUYAT AVE. EXTENSION, MAKATI CITY

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FROM 17-Q

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

1. For the quarterly period ended September 30, 2015

2. Commission identification number: PW-2   3. BIR Tax Identification No. 000-103-216

A. SORIANO CORPORATION

4. Exact name of issuer as specified in its charter

Philippines

5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

7/F Pacific Star Bldg., Gil J. Puyat Ave.   corner Makati Avenue, Makati City

7. Address of issuer's principal office   Postal Code

8190251

8. Issuer's telephone number, including area code

N/A

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

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

Title of each Class	Number of shares of common Stock outstanding and amount Of debt outstanding
Common	2,500,000,000

……………………………………………………………………………………………………

……………………………………………………………………………………………………

11. Are any or all of the securities listed on a Stock Exchange?

Yes [x] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange   Common

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 there under or Sections 11 of the RSA and RSA Rule 11(a)-1 there under, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [x] No [ ]

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

Yes [ ] No. [x]

PART I – FINANCIAL INFORMATION

Item 1.Financial Statements.

Financial statements and, if applicable, Pro Forma Financial Statements meeting the requirements of SRC Rule 68, Form and content of Financial Statements, shall be furnished as specified therein.

Please see SEC FORM 17-Q - Table of Contents

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Furnish the information required by Part III, Paragraph (A)(2)(b) of "Annex "C".

Please see SEC FORM 17-Q - Table of Contents

PART II – OTHER INFORMATION

The issuer may, at its option, report under item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

SIGNATURES

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

Issuer: A. SORIANO CORPORATION

Signature and Title: (Sgd.) JOSHUA CASTRO
AVP- Asst. Corporate Secretary

Date: November 16, 2015

Principal Financial/Accounting Officer/Controller: (Sgd.) NARCISA M. VILLAFLOR
Signature and Title VP - Comptroller

Date: November 16, 2015

SECForm17-Q
November 16, 2015

SEC FORM 17 – Q
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PART I – FINANCIAL INFORMATION

A. SORIANO CORPORATION

CONSOLIDATED BALANCE SHEETS

(In Thousand Pesos)

	September 30 2015	December 31 2014
ASSETS		
Current Assets		
Cash and cash equivalents	**1,483,945**	1,401,034
Fair value through profit and loss (FVPL) investments	**365,144**	595,682
Receivables	**1,994,495**	1,692,829
Inventories	**743,945**	900,214
Available-for-sale (AFS) investments - current	**66,288**	24,691
Prepayments	**90,213**	78,044
Other current assets	**89,702**	85,110
Total Current Assets	**4,833,730**	4,777,604
Noncurrent Assets		
AFS investments - net of current portion	**7,998,455**	10,067,300
Investments and advances	**1,329,333**	1,541,991
Goodwill	**2,100,075**	2,069,330
Property and equipment	**2,349,004**	2,345,505
Investment properties	**260,570**	260,570
Retirement plan asset	**65,534**	65,534
Other noncurrent assets	**479,489**	191,624
Total Noncurrent Assets	**14,582,460**	16,541,853
TOTAL ASSETS	**19,416,191**	21,319,458

LIABILITIES AND EQUITY		
Current Liabilities		
Notes payable	**100,000**	1,529,462
Accounts payable and accrued expenses	**886,622**	1,014,496
Dividends payable	**209,139**	519,664
Customer's deposits for property development	**782,251**	381,844
Income tax payable	**115,200**	66,199
Current portion of long-term debt	**612,530**	237,503
Total Current Liabilities	**2,705,743**	3,749,168

	September 30 2015	December 31 2014
Noncurrent Liabilities		
Long-term debt - net of current portion	**2,638,670**	1,934,136
Deferred revenues	**27,020**	29,715
Deferred income tax liabilities - net	**269,688**	282,942
Retirement benefits payable	**4,751**	9,055
Other noncurrent liabilities	**145,979**	105,003
Total Noncurrent Liabilities	**3,086,108**	2,360,850
Total Liabilities	**5,791,851**	6,110,018
Equity Attributable to Equity Holdings of the Parent		
Capital stock - 1 par value	**2,500,000**	2,500,000
Additional paid-in capital	**1,605,614**	1,605,614
Cumulative translation adjustment	**179,394**	10,702
Equity reserve on acquisition of noncontrolling interest	**(26,357)**	(26,357)
Unrealized valuation gains on AFS investments	**330,053**	3,238,819
Remeasurement on retirement benefits	**41,652**	40,843
Retained Earnings		
Appropriated	**4,600,000**	4,600,000
Unappropriated	**6,242,638**	5,029,204
Cost of shares held by a subsidiary (1,266,300,646 shares in 2015 and 1,257,900,646 in 2014)	**(2,219,505)**	(2,163,649)
	13,253,488	14,835,178
Noncontrolling interests	**370,852**	374,261
Total Equity	**13,624,340**	15,209,439
TOTAL LIABILITIES AND EQUITY	**19,416,191**	21,319,458

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In Thousand Pesos Except Earnings Per Share)

	Periods Ended September 30		Quarters Ended September 30	
	2015	2014	**2015**	2014
REVENUES				
Sales (Note 1)	**4,638,094**	-	**1,519,482**	-
Services	**1,920,555**	1,392,478	**652,740**	418,716
Dividend income	**175,522**	186,195	**12,411**	11,283
Interest income	**62,795**	60,740	**20,369**	23,543
Management fee	**60,618**	51,710	**24,174**	20,670
Equity in net earnings (losses) of associates (Note 1)	**(316,542)**	182,703	**(105,514)**	17,160
	6,541,042	1,873,826	**2,123,661**	491,372
INVESTMENT GAINS				
Gain on sale of AFS investments	**983,426**	1,192,751	**(63,550)**	52,788
Gain (loss) on increase (decrease) in market values of FVPL investments	**(18,813)**	11,723	**(23,575)**	6,009
Gain on sale of long-term investment	**-**	9,471	**-**	-
	964,613	1,213,945	**(87,125)**	58,797
	7,505,656	3,087,771	**2,036,536**	550,169
Cost of goods sold/ services rendered (Note 1)	**(4,923,953)**	(987,903)	**(1,670,517)**	(321,997)
Operating expenses (Note 1)	**(1,006,903)**	(590,142)	**(304,927)**	(158,991)
Interest expense	**(96,986)**	(45,925)	**(37,093)**	(21,556)
Foreign exchange loss	**(24,445)**	(6,208)	**(16,158)**	(13,881)
Recovery (valuation) allowances - net	**(511)**	24,100	**(161)**	24,394
Other income (charges) - net	**120,313**	56,031	**4,896**	51,855
	(5,932,486)	(1,550,046)	**(2,023,960)**	(440,174)
INCOME BEFORE INCOME TAX	**1,573,170**	1,537,725	**12,576**	109,995
PROVISION FOR INCOME TAX - net	**200,055**	33,663	**50,444**	18,862
NET INCOME (LOSS)	**1,373,115**	1,504,062	**(37,867)**	91,133

Note 1: 2014 sales, cost of goods sold and operating expenses of Phelps Dodge (PDP) were not yet included in the line by line consolidation since Anscor's 100% ownership of PDP happened in end December 2014. Share of Anscor in the net income of PDP was part of equity in net earnings in 2014 figures.

	Periods Ended September 30		Quarters Ended September 30	
	2015	2014	**2015**	2014
Attributable to:				
Equity holdings of the parent	**1,337,641**	1,508,057	**(28,122)**	95,634
Minority interest	**35,474**	(3,995)	**(9,745)**	(4,501)
	1,373,115	1,504,062	**(37,867)**	91,133
EARNINGS (LOSSES) PER SHARE - basic/diluted, for net income (loss) attributable to equity holdings of the Parent	**1.08**	1.21	**(0.02)**	0.08

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousand Pesos)

	Periods Ended September 30		Quarters Ended September 30	
	2015	2014	**2015**	2014
NET INCOME (LOSS) FOR THE PERIOD	**1,373,115**	1,504,062	**(37,867)**	91,133
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized valuation gain (loss) on AFS investments	**(1,980,111)**	1,082,674	**(1,439,793)**	344,666
Realized loss (gains) on sale of AFS investments, net of impairment losses	**(929,671)**	(1,154,699)	**63,550**	(52,788)
Cumulative translation adjustment	**168,692**	41,875	**124,225**	86,990
Unrealized gain on remeasurement of retirement benefits	**1,155**	2,302	**-**	-
Income Tax Effect	**669**	4,549	**15,722**	5,661
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD, NET OF TAX	**(2,739,267)**	(23,299)	**(1,236,295)**	384,529
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	**(1,366,152)**	1,480,763	**(1,274,163)**	475,662

A. SORIANO CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(In thousand pesos)

	Attributable to Equity Holders of the Parent										
							Retained Earnings				
	Capital Stock	Additional Paid-in Capital	Equity Reserve on Acquisition of Minority Interest	Unrealized Valuation Gains on AFS Investments	Cumulative Actuarial Gains	Cumulative Translation Adjustment	Appropriated	Unappropriated	Cost of Shares Held by a Subsidiary	Noncontrolling Interest	Total
Balance at 12/31/2013	**2,500,000**	**1,605,614**	**(26,357)**	**3,675,942**	**35,720**	**(20,418)**	**3,000,000**	**4,898,587**	**(2,031,223)**	**370,039**	**14,007,905**
Comprehensive income (loss)	-	-	-	(66,786)	1,611	(41,875)	-	1,508,057	-	(3,995)	1,480,763
Purchase of shares held by a subsidiary	-	-	-	-	-	-	-	-	(132,426)	-	(132,426)
Movement in noncontrolling interest	-	-	-	-	-	-	-	-	-	9,266	9,266
Balance at 09/30/2014	**2,500,000**	**1,605,614**	**(26,357)**	**3,609,156**	**37,331**	**(21,458)**	**3,000,000**	**6,406,644**	**(2,163,649)**	**375,310**	**15,365,508**
Balance at 12/31/2014	**2,500,000**	**1,605,614**	**(26,357)**	**3,238,819**	**40,843**	**10,702**	**4,600,000**	**5,029,204**	**(2,163,649)**	**374,261**	**15,209,439**
Comprehensive income (loss)	-	-	-	(2,908,767)	808	168,692	-	1,337,641	-	35,474	(1,366,152)
Cash dividends – net	-	-	-	-	-	-	-	(124,208)	-	-	(124,208)
Purchase of shares held by a subsidiary	-	-	-	-	-	-	-	-	(55,857)	-	(55,857)
Movement in noncontrolling interest	-	-	-	-	-	-	-	-	-	(38,867)	(38,867)
Balance at 09/30/2015	**2,500,000**	**1,605,614**	**(26,357)**	**330,053**	**41,652**	**179,394**	**4,600,000**	**6,242,638**	**(2,219,505)**	**370,852**	**13,624,340**

A. SORIANO CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousand Pesos)

	Periods Ended September 30		Quarters Ended September 30	
	2015	2014	**2015**	2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	**1,573,170**	1,537,725	**12,576**	109,996
Adjustment for:				
Equity in net losses (earnings) of associates	**316,542**	(182,703)	**105,514**	(17,160)
Depreciation and amortization	**156,624**	89,791	**56,035**	27,807
Interest expense	**96,986**	45,925	**37,093**	21,556
Foreign exchange loss - net	**27,258**	8,141	**1,916**	17,441
Loss (gain) on decrease (increase) in market values of FVPL investments	**18,813**	(11,723)	**23,575**	(6,009)
Valuation allowances (recoveries)- net	**511**	(24,100)	**161**	(24,394)
Loss (gain) on sale of AFS investments	**(983,426)**	(1,192,751)	**63,550**	(52,788)
Dividend income	**(175,522)**	(186,195)	**(12,411)**	(11,283)
Gain from sale of long-term investments	**-**	(9,471)	**-**	-
Interest income	**(62,795)**	(60,740)	**(20,369)**	(23,543)
Operating income before working capital changes	**968,160**	13,898	**267,640**	41,623
Decrease (increase) in:				
FVPL investments	**211,725**	152,832	**112,802**	(7,351)
Receivables	**(302,177)**	(139,421)	**42,729**	(105,121)
Inventories	**156,270**	7,859	**9,429**	75
Increase (decrease) in:				
Accounts payable and accrued expenses	**(127,874)**	(20,877)	**(91,726)**	(24,111)
Retirement benefits payable	**(3,149)**	(2,865)	**(3,603)**	830
Customer's deposit for property development	**400,407**	224,986	**163,196**	158,024
Net cash generated from operations	**1,303,362**	236,412	**500,467**	63,969
Dividend received	**175,522**	281,395	**12,411**	106,483
Interest received	**63,308**	63,126	**20,501**	23,942
Interest paid	**(96,986)**	(45,925)	**(37,093)**	(21,556)
Income taxes paid	**(159,350)**	(14,263)	**(53,683)**	(5,937)
Net cash flows from operating activities	**1,285,855**	520,745	**442,603**	166,902

	Periods Ended September 30		Quarters Ended September 30	
	2015	2014	**2015**	2014
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale of :				
AFS investments	**4,275,318**	4,333,196	**909,342**	573,961
Long-term investments	-	9,471	**-**	-
Property and equipment	**874**	-	**-**	-
Addition to:				
AFS investments	**(4,143,288)**	(4,633,743)	**(835,384)**	(672,712)
Long-term investments	**(2,100)**	-	**-**	**-**
Property and equipment	**(160,997)**	(310,157)	**(36,049)**	(145,479)
Investment properties	**-**	(53,389)	**-**	(53,389)
Decrease (increase) in:				
Other assets	**(304,625)**	24,918	**(48,082)**	121,758
Other noncurrent liabilities	**40,977**	975	**14,336**	6,996
Advances to affiliates	**(2,514)**	27,449	**(2,514)**	37,851
Net cash flows from (used in) investing activities	**(296,355)**	(601,280)	**1,649**	(131,015)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net proceeds from long-term debt	**980,440**	24,383	**(155,456)**	(5,088)
Payment of:				
Notes payable	**(1,429,462)**	(69,267)	**(102,951)**	(7,860)
Dividends	**(434,733)**	(54,300)	**-**	(582)
Sale shares held by a subsidiary	**(55,857)**	(132,426)	**(48,028)**	(118,031)
Increase (decrease) in:				
Deferred revenue	**(2,695)**	(84)	**336**	1,267
Minority interest	**(38,883)**	9,266	**(69)**	10,033
Net cash flows used in financing activities	**(981,190)**	(222,428)	**(306,169)**	(120,260)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**74,601**	17,986	**82,981**	36,781
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**82,911**	(284,978)	**221,064**	(47,593)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**1,401,034**	743,893	**1,262,880**	506,508
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,483,945**	458,915	**1,483,945**	458,915

A. SORIANO CORPORATION

PARENT COMPANY BALANCE SHEETS

(In Thousand Pesos)

	September 30 2015	December 31 2014
ASSETS		
Cash and Cash Equivalents	**241,587**	342,806
Fair Value through Profit and Loss (FVPL) Investments	**354,829**	585,980
Available for Sale (AFS) Investments	**7,520,734**	9,629,922
Receivables - net	**145,946**	134,743
Investments and Advances- net	**7,716,307**	7,743,783
Property and Equipment - net	**30,992**	32,974
Retirement Plan Asset	**62,506**	62,506
Other Assets	**1,314**	1,507
TOTAL ASSETS	**16,074,213**	18,534,221
LIABILITIES AND EQUITY		
Liabilities		
Notes Payable	**-**	1,500,000
Accounts Payable and Accrued Expenses	**78,261**	279,332
Dividends Payable	**209,139**	519,664
Long-term Debt	**2,006,087**	2,012,400
Deferred Income Tax Liabilities - net	**36,230**	45,341
Total Liabilities	**2,329,717**	4,356,736
Equity		
Capital Stock - 1 Par Value	**2,500,000**	2,500,000
Additional Paid-in Capital	**1,589,800**	1,589,800
Unrealized Valuation Gains on AFS Investments	**293,360**	3,202,171
Remeasurement on Retirement Benefits	**36,608**	36,608
Retained Earnings		
Appropriated	**4,600,000**	4,600,000
Unappropriated	**4,724,728**	2,248,906
Total Equity	**13,744,496**	14,177,485
TOTAL LIABILITIES AND EQUITY	**16,074,213**	18,534,221

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF INCOME

(In Thousand Pesos Except Earnings Per Share)

	Periods Ended September 30		Quarters Ended September 30	
	2015	2014	**2015**	2014
REVENUES				
Dividend income (Note 1)	**1,908,302**	301,223	**12,410**	106,447
Management fees	**58,773**	51,710	**22,329**	20,670
Interest income	**57,357**	55,651	**18,205**	21,761
	2,024,432	408,584	**52,944**	148,878
INVESTMENT GAINS				
Gain (loss) on sale of AFS investments	**984,916**	1,193,441	**(62,308)**	53,086
Gain on sale of long-term investment	**-**	9,471	**-**	-
Gain (loss) on increase (decrease) in market values of FVPL investments	**(18,973)**	11,184	**(23,551)**	5,951
	965,943	1,214,096	**(85,859)**	59,038
	2,990,375	1,622,680	**(32,915)**	207,916
Operating expenses	**(180,164)**	(164,164)	**(28,832)**	(31,685)
Interest expense	**(60,946)**	(40,356)	**(13,917)**	(13,544)
Foreign exchange loss	**(31,152)**	(6,358)	**(21,808)**	(14,643)
Other income (expenses) –net	**513**	24,756	**72**	24,606
	(271,749)	(186,122)	**(64,485)**	(35,266)
INCOME (LOSS) BEFORE INCOME TAX	**2,718,626**	1,436,558	**(97,400)**	172,650
PROVISION (BENEFIT FROM) INCOME TAX - NET	**(7,197)**	5,420	**(5,792)**	161
NET INCOME (LOSS)	**2,725,823**	1,431,137	**(91,608)**	172,489

Note 1: Included in 2015 dividend is a one-time special cash dividend amounting to P1.5 billion that was paid to Anscor by PDP.

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

(In Thousand Pesos)

	Periods Ended September 30		Quarters Ended September 30	
	2015	2014	**2015**	2014
NET INCOME (LOSS) FOR THE PERIOD	**2,725,823**	1,431,137	**(91,608)**	172,489
OTHER COMPREHENSIVE INCOME (LOSS)				
Realized gain (loss) on sale of AFS investments, net of impairment losses	**(1,978,465)**	1,082,117	**(1,437,624)**	340,587
Unrealized valuation gain (loss) on AFS investments	**(931,161)**	(1,155,390)	**62,308**	(53,086)
Income tax effect	**814**	(706)	**11,818**	4,053
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD, NET OF TAX	**(2,908,811)**	(73,978)	**(1,363,499)**	291,553
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	**(182,989)**	1,357,159	**(1,455,107)**	464,042

A. SORIANO CORPORATION

PARENT STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(In Thousand Pesos)

	Capital Stock	Additional Paid-in Capital	Unrealized Valuation Gains on AFS Investments	Unrealized Actuarial Gain	Retained Earnings Appropriated	Retained Earnings Unappropriated	Total
Balance at 12/31/2013	**2,500,000**	**1,589,800**	**3,641,239**	**30,400**	**3,000,000**	**2,871,671**	**13,633,110**
Comprehensive income (loss)	-	-	(73,978)	-	-	1,431,137	1,357,159
Balance at 09/30/2014	**2,500,000**	**1,589,800**	**3,567,261**	**30,400**	**3,000,000**	**4,302,808**	**14,990,269**
Balance at 12/31/2014	**2,500,000**	**1,589,800**	**3,202,171**	**36,608**	**4,600,000**	**2,248,906**	**14,177,485**
Comprehensive income (loss)	-	-	(2,908,811)	-	-	2,725,823	(182,989)
Cash dividends	-	-	-	-	-	(250,000)	(250,000)
Balance at 09/30/2015	**2,500,000**	**1,589,800**	**293,360**	**36,608**	**4,600,000**	**4,724,728**	**13,744,496**

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF CASH FLOWS

(In Thousand Pesos)

	Periods Ended September 30		Quarters Ended September 30	
	2015	2014	**2015**	2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before tax	**2,718,626**	1,436,558	**(97,400)**	172,649
Adjustment for:				
Interest expense	**60,946**	40,356	**13,917**	13,544
Net foreign exchange loss	**31,152**	6,358	**21,808**	14,643
Loss (gain) on decrease (increase) in market values of FVPL investments	**18,973**	(11,184)	**23,551**	(5,951)
Depreciation and amortization	**5,083**	7,702	**1,510**	2,767
Dividend income	**(1,908,302)**	(301,223)	**(12,410)**	(106,447)
Loss (gain) on sale of AFS investments	**(984,916)**	(1,193,441)	**62,308**	(53,086)
Interest income	**(57,357)**	(55,651)	**(18,205)**	(21,761)
Gain on sale of long-term investments	**-**	(9,471)	**-**	-
Operating income (loss) before working capital changes	**(115,795)**	(79,996)	**(4,921)**	16,357
Decrease (increase):				
Receivables	**(11,203)**	(134,913)	**(5,282)**	(82,775)
FVPL investments	**212,178**	152,949	**113,156**	(7,108)
Decrease in accounts payable and accrued expenses	**(201,070)**	(30,460)	**(125,199)**	(10,695)
Net cash used in operations	**(115,890)**	(92,420)	**(22,246)**	(84,221)
Dividend received	**1,908,302**	301,223	**12,410**	106,447
Interest received	**57,357**	55,651	**18,205**	21,761
Interest paid	**(60,438)**	(40,356)	**(13,784)**	(13,544)
Income tax paid	**(1,100)**	(160)	**(680)**	(160)
Net cash flows from (used in) operating activities	**1,788,232**	223,938	**(6,096)**	30,283

	Periods Ended September 30		Quarters Ended September 30	
	2015	2014	**2015**	2014
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale of :				
AFS investments	**4,265,172**	4,308,830	**901,821**	562,240
Long-term investments	**-**	9,471	**-**	-
Redemption of preferred shares	**62,300**	-	**-**	-
Additions to:				
AFS investments	**(4,081,202)**	(4,535,801)	**(802,303)**	(660,104)
Long-term investments	**-**	(43,424)	**-**	(43,424)
Property and equipment	**(3,101)**	(370)	**(2,995)**	(212)
Decrease in advances to affiliates	**(34,824)**	(185,888)	**(78,936)**	(115,663)
Decrease (increase) in other assets	**194**	(533)	**(106)**	(284)
Net cash flows from (used in) investing activities	**208,539**	(447,714)	**17,481**	(257,448)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of:				
Long-term debt	**(105,435)**	-	**(105,435)**	-
Notes payable	**(1,500,000)**	-	**-**	-
Cash dividends	**(560,525)**	(54,300)	**-**	(582)
Net cash flows used in financing activities	**(2,165,960)**	(54,300)	**(105,435)**	(582)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**67,970**	17,409	**55,714**	37,218
NET DECREASE CASH AND CASH EQUIVALENTS	**(101,220)**	(260,667)	**(38,336)**	(190,529)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**342,806**	387,823	**279,923**	317,684
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**241,587**	127,156	**241,587**	127,156

Additional Notes to Consolidated Financial Statements

1. Segment Information

Information with regard to the Company's significant business segments are shown below (in thousand pesos):

	Before Eliminations							After Eliminations
	US-based** Nurse Staffing Co.	Wire *** Manufacturing	Resort Operation	Other Operations	. Holding Co (Parent)	Total	Eliminations	**Consolidated**
09/30/2015								
REVENUE	1,309,004	4,638,094	462,147	312,490	2,990,375	9,712,110	(2,206,454)	**7,505,656**
NET INCOME (LOSS)	141,550	435,860	40,619	204,430	2,725,823	3,548,281	(2,175,166)	**1,373,115**
TOTAL ASSETS	1,088,579	3,474,223	1,929,697	3,645,644	16,074,213	26,212,357	(6,796,166)	**19,416,191**
INVESTMENTS AND ADVANCES*	-	8,468	111,314	3,302,775	15,591,870	19,014,427	(8,994,637)	**10,019,790**
PROPERTY & EQUIPMENT	4,010	567,747	825,108	89,642	30,992	1,517,499	831,505	**2,349,004**
TOTAL LIABILITIES	144,192	1,740,582	1,324,320	3,755,909	2,329,717	9,294,720	(3,502,869)	**5,791,851**
DEPRECIATION AND AMORTIZATION	2,598	52,372	72,708	23,863	5,083	156,624	-	**156,624**

	Before Eliminations					After Eliminations	
	US-based Nurse/PT Staffing Co.**	Resort Operation	Other Operations (Note 1)	Holding Co. (Parent)	Total	Eliminations	**Consolidated**
09/30/2014							
REVENUE	906,293	346,704	160,900	1,622,680	3,036,577	51,194	**3,087,771**
NET INCOME (LOSS)	31,095	(18,569)	(7,172)	1,431,137	1,436,492	67,571	**1,504,062**
TOTAL ASSETS	887,882	775,169	4,157,606	17,351,933	23,172,589	(4,352,309)	**18,830,280**
INVESTMENTS PORTFOLIO *	-	103,122	3,058,737	16,859,469	20,021,328	(4,454,122)	**15,567,206**
PROPERTY & EQUIPMENT	4,302	1,008,944	79,703	34,672	1,127,621	123,905	**1,251,526**
TOTAL LIABILITIES	125,409	809,884	3,650,113	2,361,664	6,947,070	(3,482,297)	**3,464,773**
DEPRECIATION AND AMORTIZATION	2,306	59,423	22,735	5,327	89,791	-	**89,791**

*** ***Inclusive of FVPL investments, AFS investments, advances & investments and investment properties.***

**** ***Excluding IQHPC operations which were consolidated into Cirrus Global (IQMAN), the latter formed part of other operations.***

***** ***Line by line consolidation of income statement accounts of PDP Group was started effective January 1, 2015 when the Company purchased the 60% stake of General Cable in December 2014.***

Note 1 Other than Cirrus Global, Inc. (IQMAN) consolidated operations, also included are the operations of A. Soriano Air Corporation, Anscor International, Inc. and Anscor Property Holdings, Inc.

- The Company and its subsidiaries' operating businesses are organized and managed separately according to the nature of the products or services offered.
- Healthcare staffing segment engages in the contract and temporary staffing and permanent placement of nurses and allied healthcare professional (e.g. physical therapists) in the USA.
- Holding company segment pertains to the operation of the parent company with earnings from income of its financial and operating investment assets.
- Other operations include hangarage, real estate holding and management and manpower services.

2. Basis of Preparation and Changes in Accounting Policies and Disclosures

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for securities at fair value through profit or loss (FVPL) and available-for-sale (AFS) investments that have been measured at fair value. The consolidated financial statements are presented in Philippine pesos (Peso), which is the Group's functional and presentation currency. Amounts are presented to the nearest Peso unless otherwise stated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new and amended PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations based on IFRIC Interpretation which were adopted as of January 1, 2014.

- Investment Entities (Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and PAS 27, *Separate Financial Statements*)
  These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. The amendments must be applied retrospectively, subject to certain transition relief. These amendments have no impact to the Group, since none of the entities within the Group qualifies to be an investment entity under PFRS 10.

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)
  These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and are applied retrospectively. These amendments have no significant impact on the Group's consolidated financial statements.

- PAS 39, *Financial Instruments: Recognition and Measurement -Novation of Derivatives and* Continuation *of Hedge Accounting* (Amendments)
  These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group since the Group has no novation of derivatives.

- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)
  These amendments remove the unintended consequences of PFRS 13, *Fair Value Measurement*, on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. The application of these amendments has no material impact on the disclosure in the Group's financial statements.

- Philippine Interpretation IFRIC 21, *Levies* (IFRIC 21)
  IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Group as it has applied the recognition principles under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, consistent with the requirements of IFRIC 21 in prior years.

- Annual Improvements to PFRSs (2010-2012 cycle)
  In the 2010 – 2012 annual improvements cycle, seven amendments to six standards were issued, which included an amendment to PFRS 13, *Fair Value Measurement*. The amendment to PFRS 13 is effective immediately and it clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment has no impact on the Group's financial statements.

- Annual Improvements to PFRSs (2011-2013 cycle)
  In the 2011 – 2013 annual improvements cycle, four amendments to four standards were issued, which included an amendment to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards–First-time Adoption of PFRS*. The amendment to PFRS 1 is effective immediately. It clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment has no impact on the Group as it is not a first time PFRS adopter.

New Accounting Standards, Interpretations and Amendments to
<u>Existing Standards Effective Subsequent to December 31, 2014</u>
The Group will adopt the standards, amendments and interpretations enumerated below when these become effective. The Group continues to assess the impact of the following new and amended accounting standards and interpretations. Except as otherwise indicated, the Group does not expect the adoption of these new changes in PFRS to have a significant impact on the consolidated financial statements. The relevant disclosures will be included in the notes to the consolidated financial statements when these become effective.

- PFRS 9, *Financial Instruments – Classification and Measurement* (2010 version)
  PFRS 9 (2010 version) reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement*. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

  PFRS 9 (2010 version) is effective for annual periods beginning on or after January 1, 2015. This mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9 was adopted by the Philippine Financial Reporting Standards Council (FRSC). Such adoption, however, is still for approval by the Board of Accountancy (BOA).

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the IASB and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the consolidated financial statements of the Group.

  The following new standards and amendments issued by the IASB were already adopted by the FRSC but are still for approval by BOA.

Effective January 1, 2015

- PAS 19, *Employee Benefits – Defined Benefit Plans: Employee Contributions Amendments*
  PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after January 1, 2015. It is not expected that this amendment would be relevant to the Group since it has no defined benefit plans with contributions from employees or third parties.

<u>Annual Improvements to PFRSs (2010-2012 cycle)</u>
The Annual Improvements to PFRSs (2010-2012 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group's consolidated financial statements. They include:

- PFRS 2, *Share-based Payment – Definition of Vesting Condition*
  This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
  - a performance condition must contain a service condition
  - a performance target must be met while the counterparty is rendering service
  - a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
  - a performance condition may be a market or non-market condition
  - if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

- PFRS 3, *Business Combinations – Accounting for Contingent Consideration in a Business Combination*
  The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* (or PFRS 9, *Financial Instruments*, if early adopted). The Group shall consider this amendment for future business combinations.

- PFRS 8, *Operating Segments – Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
  The amendments are applied retrospectively and clarify that:
  - An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
  - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

- PAS 16, *Property, Plant and Equipment, and PAS 38, Intangible Assets – Revaluation Method – Proportionate Restatement of Accumulated Depreciation and Amortization*
  The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.

- PAS 24, *Related Party Disclosures – Key Management Personnel*
  The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual Improvements to PFRSs (2011-2013 cycle)
The Annual Improvements to PFRSs (2011-2013 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group's consolidated financial statements. They include:

- PFRS 3, *Business Combinations – Scope Exceptions for Joint Arrangements*
  The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:
  - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
  - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

- PFRS 13, *Fair Value Measurement – Portfolio Exception*
  The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39.

- PAS 40, *Investment Property*
  The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).

Effective January 1, 2016

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)
  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

- PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture – Bearer Plants* (Amendments)
  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.

- PAS 27, *Separate Financial Statements – Equity Method in Separate Financial Statements* (Amendments)
  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption

permitted. These amendments will not have any impact on the Group's consolidated financial statements.

- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures* – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
  These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are effective from annual periods beginning on or after 1 January 2016.

- PFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations* (Amendments)
  The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

  The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group.

- PFRS 14, *Regulatory Deferral Accounts*
  PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Group is an existing PFRS preparer, this standard would not apply.

Annual Improvements to PFRSs (2012-2014 cycle)

The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the Group's consolidated financial statements. These include:

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations – Changes in Methods of Disposal*
  The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

- PFRS 7, *Financial Instruments:* Disclosures – *Servicing Contracts*
  PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- PFRS 7 - *Applicability of the* Amendments *to PFRS 7 to Condensed Interim Financial Statements*
  This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

- PAS 19, *Employee Benefits – regional market issue regarding discount rate*
  This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- PAS 34, *Interim Financial Reporting – disclosure of information 'elsewhere in the interim financial report'*
  The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective January 1, 2018

- PFRS 9, *Financial Instruments – Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version)*
  PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

  PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by BOA. The Group is currently assessing the impact of this standard.

- PFRS 9, *Financial Instruments* (2014 or final version)
  In July 2014, the final version of PFRS 9, *Financial Instruments*, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015. The Group is currently assessing the impact of this standard.

The following new standard issued by the IASB has not yet been adopted by the FRSC:

- IFRS 15,*Revenue from Contracts with Customers*
  IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

3. Summary of Significant Accounting and Financial Reporting Policies

Basis of Consolidation

The consolidated financial statements of the Group comprise the financial statements of the Company and the following wholly-owned and majority-owned subsidiaries as at September 30, 2015 and December 31, 2014:

		Percentage of Ownership	
	Nature of Business	**2015**	2014
A. Soriano Air Corporation	Services/Rental	**100**	100
Pamalican Island Holdings, Inc.	Holding	**62**	62
Island Aviation, Inc.	Air Transport	**62**	62
Anscor Consolidated Corporation	Holding	**100**	100
Anscor International, Inc.	Holding	**100**	100
IQ Healthcare Investments Limited	Manpower Services	**100**	100
Cirrus Medical Staffing, Inc.	Manpower Services	**94**	94
Cirrus Holdings USA, LLC	Manpower Services	**94**	94
Cirrus Allied, LLC	Manpower Services	**94**	94
NurseTogether, LLC	Online Community Management	**94**	94
Anscor Property Holdings, Inc.	Real Estate Holding	**100**	100
Akapulko Holdings, Inc.	Real Estate Holding	**100**	100
Goldenhall Corp.	Real Estate Holding	**100**	100
Lakeroad Corp.	Real Estate Holding	**100**	100
Mainroad Corp.	Real Estate Holding	**100**	100
Makatwiran Holdings, Inc.	Real Estate Holding	**100**	100
Makisig Holdings, Inc.	Real Estate Holding	**100**	100
Malikhain Holdings, Inc.	Real Estate Holding	**100**	100
Mountainridge Corp.	Real Estate Holding	**100**	100
Rollingview Corp.	Real Estate Holding	**100**	100
Summerside Corp.	Real Estate Holding	**100**	100
Timbercrest Corp.	Real Estate Holding	**100**	100

		Percentage of Ownership	
	Nature of Business	2015	2014
Phelps Dodge International Philippines, Inc.	Holding	100	–
Minuet Realty Corporation	Landholding	100	–
Phelps Dodge Philippines Energy Products Corporation	Wire Manufacturing	100	–
PD Energy International Corporation	Wire Manufacturing	100	–
Sutton Place Holdings, Inc.	Holding	100	100
Cirrus Global, Inc.)	Manpower Services	93	93
IQ Healthcare Professional Connection, LLC	Manpower Services	93	93
AFC Agribusiness Corporation)	Real Estate Holding	81	–
Seven Seas Resorts and Leisure, Inc.	Villa Project Development	62	62
Pamalican Resort, Inc.)	Resort Operations	62	62

Except for AI, IQHIL, Cirrus and its subsidiaries and IQHPC, the above companies are all based in the Philippines. The principal business location of AI and IQHIL is in the British Virgin Islands (BVI), while Cirrus and its subsidiaries and IQHPC are based in the United States of America (USA).

Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins from the date of acquisition, being the date on which control is transferred to the Group and continue to be consolidated until the date that such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Noncontrolling interests represent a portion of profit or loss and net assets of subsidiaries not held by the Group, directly or indirectly, and are presented separately in the consolidated statement of comprehensive income and within the equity section in the consolidated balance sheet and consolidated statement of changes in equity, separately from Company's equity.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

In 2008, Sutton acquired an additional 32% interest in CGI, increasing its ownership to 93%. The excess of the consideration over the book value of the interest acquired was taken to "Equity Reserve on Acquisition of Noncontrolling Interest" in the consolidated balance sheet.

<u>Investments in Associates</u>
Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in associates are accounted for under the equity method of accounting in the consolidated financial statements and are initially recognized at cost. On acquisition of investment in an associate, any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as goodwill. Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment. After application of

the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in associates. At each reporting date, the Group determines whether there is objective evidence that the investment in associate is impaired. If these are such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value.

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated statement of income, and its share of post-acquisition movements in the associates' equity reserves is recognized directly in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity.

Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the assets transferred. The reporting dates of the associates of the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances. The Group determines at the end of each reporting period whether there is any evidence that the investments in associates are impaired. If this is the case, the amount of impairment is calculated as the difference between the carrying amount of the investments and their recoverable amount.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in consolidated profit or loss.

The following are the Group's associates:

	Nature of Business	Percentage of Ownership **2015**	2014
Vicinetum Holdings, Inc.	Holding	**32**	32
AGP International Holdings Ltd.***	Holding	**27**	27
NewCo., Inc. *	Real Estate	**–**	45
AFC Agribusiness Corporation **	Real Estate	**–**	45
Anscor-Casto Travel Corporation*	Travel Agency	**–**	44
Phelps Dodge International Philippines, Inc.**	Holding	**–**	40
Minuet Realty Corporation	Landholding Corporation	**–**	60
Phelps Dodge Philippines Energy Products**	Wire Manufacturing	**–**	40
PD Energy International Corporation	Wire Manufacturing	**–**	40

* *Sold in 2014*

** *Became subsidiaries as of December 31, 2014*

*** *Its associate is engaged in modular steel fabrication.*

On June 28, 2013, AI converted its Convertible Bridge Notes from AGPI to Series B voting preferred shares. On June 29, 2013, AI signed a definitive agreement with AGPI for the subscription to series C voting preferred shares. The subscription increases its holdings to 27%, making AGPI an associate of the Group.

Except for AGPI, the above companies are all based in the Philippines. The principal business location of AGPI is in the British Virgin Islands.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any noncontrolling interests in the acquiree. For each business combination, the Group elects whether to measure the noncontrolling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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

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

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS 39 is measured at fair value with changes in fair value recognized either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of PAS 39, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for noncontrolling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit or a group of cash-generating units and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognized in the consolidated statement of income.

Asset Acquisitions

If the assets acquired and liabilities assumed in an acquisition transaction do not constitute a business, the transaction is accounted for as an asset acquisition. The Group identifies and recognizes the individual identifiable assets acquired and liabilities assumed. The acquisition cost is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill. Where the Group acquires a controlling interest in an entity that is not a business, but obtains less than 100% of the entity, after it has allocated the cost to the individual assets acquired, it notionally grosses up those assets and recognizes the difference as non-controlling interests.

Foreign Currency Translation

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in Peso based on the exchange rate recorded at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing exchange rate at the end of reporting period. All differences are taken to the consolidated statement of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the closing exchange rates at the date when the fair value was determined. Foreign exchange gains and losses relating to AFS equity instruments are presented under other comprehensive income.

Financial statements of consolidated foreign subsidiaries which are considered foreign entities are translated into the presentation currency of the Group (Peso) at the closing exchange rate at end of reporting period and their statements of income are translated using the monthly weighted average exchange rates for the year. The exchange differences arising from the translation are taken directly to a separate component of equity (under cumulative translation adjustment). On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the consolidated statement of income.

Fair Value Measurement

The Group measures financial assets (such as FVPL and AFS investments) at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortized cost and of investment properties are disclosed.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted AFS financial assets, and for non-recurring fair value measurement.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial Instruments

Date of recognition

The Group recognizes a financial asset or a financial liability in the consolidated balance sheet when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date. Derivatives are recognized on trade date basis.

Initial recognition of financial instruments

All financial assets are initially recognized at fair value. Except for securities at FVPL, the initial measurement of financial assets includes transaction costs. The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, AFS investments, and loans and receivables. Financial liabilities are classified as financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired and whether they are in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Classification of financial instruments

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

As of September 30, 2015 and December 31, 2014, the Group has the following categories of financial assets and financial liabilities:

(a) Financial assets and financial liabilities at FVPL

This category includes financial assets and financial liabilities held for trading and financial assets and financial liabilities designated upon initial recognition as at FVPL. Financial assets and financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

Financial assets or financial liabilities classified in this category may be designated by management on initial recognition when the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Derivatives recorded at FVPL

The Group enters into derivative contracts such as currency forwards. These derivative financial instruments are initially recorded at fair value and are subsequently remeasured at fair value at each reporting date. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as accounting hedges) are taken directly to the consolidated statement of income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. There are no outstanding freestanding derivative contracts as of September 30, 2015 and December 31, 2014.

The Group has certain derivatives that are embedded in host financial contracts, such as structured notes and debt investments and conversion. These embedded derivatives include calls and puts in debt investments and interest rate and conversion options among others.

An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met: (a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and (c) the hybrid or combined instrument is not recognized at FVPL.

Embedded derivatives are measured at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Financial assets and financial liabilities at FVPL are recorded in the consolidated balance sheet at fair value. Changes in fair value are recorded in "Gain (loss) on increase (decrease) in market values of FVPL investments". Interest earned or incurred is recorded in interest income or expense, respectively, while dividend income is recorded as such according to the terms of the contract, or when the right of payment has been established.

As of September 30, 2015 and December 31, 2014, the Group has designated as FVPL all investments in bonds that have callable and other features, managed/hedged funds, and derivatives. No financial liability at FVPL is outstanding as of September 30, 2015 and December 31, 2014.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not in an active market. They are not entered into with the intention of immediate or short-term resale. After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included in the interest income in the consolidated statement of income. The losses arising from impairment of such loans and receivables are recognized as "Recoveries (valuation allowances) - net" account under "Other income (charges) - net" in the consolidated statement of income.

Included under loans and receivables are cash in banks, short-term investments, trade receivables, receivables from villa owners, notes receivable, interest receivable, advances to employees and other receivables.

(b) AFS investments

AFS investments are those which are designated as such or do not qualify to be classified as FVPL, HTM or loans and receivables. They are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions. They include equity investments, money market papers, investments in managed funds and other debt instruments.

After initial measurement, AFS investments are subsequently measured at fair value. However, AFS instruments in unquoted equity shares whose fair values cannot be reliably measured are carried at cost, less any impairment loss. The effective yield component of AFS debt securities, as well as the impact of restatement on foreign currency-denominated AFS debt securities, is reported in the consolidated statement of income. The unrealized gains and losses arising from the fair valuation of AFS investments and the impact of restatement on foreign currency-denominated AFS equity securities are reported as part of other comprehensive income.

When the security is disposed of, the cumulative gain or loss previously recognized under other comprehensive income is transferred to profit or loss as “Gain on sale of AFS investments”. Where the Group holds more than one investment in the same security, cost of the disposed investment is determined on a weighted average cost basis. Interest earned on holding AFS investments are reported as interest income using the effective interest rate. Dividends earned on holding AFS investments are recognized as such in the consolidated statement of income when the right of payment has been established.

The Group classifies bonds held as AFS investments as current assets when the investments are expected to mature within twelve months after the reporting period.

As of September 30, 2015 and December 31, 2014, the Group’s AFS investments include investment in equity securities and bond and convertible notes.

(c) Other financial liabilities

All loans and borrowings are initially recognized at the fair value of the consideration received, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated statement of income when the liabilities are derecognized as well as through the amortization process.

Borrowings are classified as current liabilities unless these are expected to be settled within 12 months after the reporting date or the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

As of September 30, 2015 and December 31, 2014, included in other financial liabilities are the Group’s notes payable, accounts payable and accrued expenses, long-term debt and dividends payable.

As of September 30, 2015 and December 31, 2014, there were no financial instruments classified as HTM.

Derecognition of Financial Assets and Financial Liabilities

Financial assets

A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized or removed from the consolidated balance sheet where:

- the contractual rights to receive cash flows from the asset have expired; or
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Financial liabilities

A financial liability is removed from the consolidated balance sheet when the obligation under the liability is discharged or cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification will result into the removal of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Impairment of Financial Assets

The Group assesses at each end of reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

Assets carried at amortized cost

For loans and receivables carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

For individually significant financial assets, if there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as industry, collateral type, past-due status and term. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with changes in related observable data from period to period (such changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the Group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate, adjusted for the original credit risk premium. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable. The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to the consolidated statement of income. Interest income, if any, continues to be recognized based on the original effective interest rate of the asset. Loans, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. If a future write-off is later recovered, any amounts formerly charged are credited to “Recoveries (valuation allowances) - net” account under “Other income (charges) - net” in the consolidated statement of income.

AFS investments

In case of equity investments classified as AFS, objective evidence of impairment would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statement of income - is removed from equity and recognized in the consolidated statement of income. The losses arising from impairment of such investments are recognized as “Recoveries (valuation allowances) - net” account under “Other income (charges) - net” in the consolidated statement of income. Impairment losses on equity investments are not reversed through the consolidated statement of income. Increases in fair value after impairment are recognized in the consolidated statement of comprehensive income.

In the case of debt instruments classified as AFS investments, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recorded as part of “Interest income” in the consolidated statement of income. If, in the subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of income, the impairment loss is reversed through the consolidated statement of income.

Day 1 Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a “Day 1” difference) in the consolidated statement of income unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is recognized in the consolidated statement of income only when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the “Day 1” difference.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the

asset and settle the liability simultaneously. This is not generally the case with master netting agreements and the related assets and liabilities are presented gross in the consolidated balance sheet.

Revenue and Cost Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received excluding discounts, rebates, and other sales taxes or duties.

The following specific recognition criteria must be met before revenue or cost is recognized:

Sale of goods

Sale of goods, including villa lots, is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Revenue on villa development project

Revenue on Villa Development Project of a subsidiary is recognized under the completed contract method. Under this method, revenue is recognized only when the villa clusters have been constructed, turned over to, and accepted by the buyer.

Rendering of services

Management fees, air transport services, and other aviation-related activities are recognized when the services have been performed.

Revenue on nurse placements is recognized upon the nurses' arrival and employment in the U.S. hospitals.

All deposits on contracts with U.S. hospitals are recorded under "Deferred revenues" until the contracted nurses' arrival and employment in the U.S. hospitals.

Revenue from temporary staffing is recognized when services are rendered.

Revenue on permanent placements is recognized when the candidate starts with the contracting facility. The Company does not, in the ordinary course of business, give refunds. If a candidate leaves a permanent placement within a relatively short period of time, it is customary for the Company to provide a replacement at no additional cost to the hospital.

Revenue from contractual services consists of jobs filled by subcontractors. The Company contracts with other staffing companies to provide the travelers to fill the jobs for the Company. These staffing companies are called subcontractors. Subcontractors are paid based on agreed terms at a percentage of the invoice.

Revenue from rooms is recognized based on actual occupancy. Other ancillary services are recognized when the related services are rendered and/or facilities/amenities are used.

Interest
Interest income from bank deposits and investments in bonds are recognized as interest accrues based on the effective interest rate method.

Dividends
Dividend income is recognized when the shareholders' right to receive the payment is established.

Rental
Rental income is accounted for on a straight-line basis over the lease term.

Costs and Expenses
Costs and expenses are recognized in profit or loss when there is a decrease in future economic benefit related to a decrease in an asset, or an increase of a liability, that can be measured reliably. Costs and expenses include the cost of administering the business, and are expensed as incurred.

Construction costs
Construction costs are recognized by reference to the stage of completion of the construction activity as of reporting date. Since the Group subcontracted the work to third parties, the construction costs equal the construction revenue (this applies to AG&P but for SSRLI its completed contracts method).

Cost of goods sold
The cost of goods sold is recognized as expense when the related goods are sold using the average costing method.

The cost of real estate sold includes the acquisition cost of the land and total development costs upon completion. Cost of lots sold is determined based on average method while cost of villa is accounted for using specific identification.

Costs of services rendered
All direct nurse costs incurred in deployment of nurses are deferred and included in "Other noncurrent assets" in the consolidated balance sheets, until the nurses' arrival and employment in the U.S. hospitals. Upon the nurses' arrival and employment in the U.S. hospitals, deferred costs are reversed to "Costs of services rendered".

Cost and expenses related to room services are charged to operations when incurred.

Selling, general and administrative expenses
All selling and general and administrative expenses are expensed as incurred.

Other Comprehensive Income
Other comprehensive income comprises of items of income and expense that are not recognized in consolidated profit or loss for the year in accordance with PFRS. Other comprehensive income of the Group pertains to gains and losses on remeasuring AFS investments, exchange differences on translating foreign operations and remeasurements comprising actuarial gains and losses on retirement plan assets and liabilities. In computing for the earnings available for dividend declaration and earnings per share, other comprehensive income is not considered.

Cash and Cash Equivalents
Cash includes cash on hand and with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Restricted cash funds are recorded as other noncurrent assets unless the restriction is expected to be released at least 12 months after the reporting period.

Inventories
Inventories are valued at the lower of cost and net realizable value (NRV). Cost of aircraft spare parts and supplies is determined at purchase price using the first-in, first-out method while NRV is the estimated current replacement cost of such spare parts and supplies.

Cost of food and beverage inventories and operating supplies is determined using the moving average method. NRV of food and beverage inventories is the estimated selling price in the ordinary course of business, less the estimated cost of preparation and the estimated cost necessary to make the sale. NRV of operating supplies is the estimated current replacement cost.

Residential units held for sale include those costs incurred for the development and improvement of the properties. Its NRV is based on the available net selling price of similar residential units sold during the year.

Finished goods and work in process is determined at standard cost adjusted to actual cost, which includes direct materials, direct labor and applicable allocation of fixed and variable costs, determined using weighted average method. Raw materials, other materials, reels inventory and spare parts and supplies are determined at purchase price using weighted average method.

<u>Prepayments</u>

Prepayments include advance payments of various goods and services that are yet to be delivered and from which future economic benefits are expected to flow to the Group within the normal operating cycle or, within 12 months from the reporting date.

They are initially measured at the amount paid in advance by the Group for the purchase of goods and services and are subsequently decreased by the amount of expense incurred.

<u>Property and Equipment</u>

Depreciable properties, including buildings and improvements, leasehold improvements, machinery and other equipment, flight and ground equipment, furniture, fixtures and office equipment, and transportation equipment are stated at cost less accumulated depreciation and amortization, and any impairment in value. Land is stated at cost less any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance, are normally charged to income in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Property and equipment are written-off when either these are disposed of or when these are permanently withdrawn from use and there is no more future economic benefit expected from its use or disposal.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment in value are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Depreciation is computed on a straight-line method over the following estimated useful lives of the properties, except for aircraft engine which is computed based on flying hours.

Category	Number of Years
Buildings and improvements	10 - 30
Land improvements	25
Leasehold improvements*	5 - 20
Flight and ground equipment	5 - 25
Furniture, fixtures and office equipment	3 - 5
Transportation equipment	3 - 5

** or lease term, whichever is shorter*

The useful lives, depreciation and amortization method, and residual values are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the use of property and equipment.

Construction in progress (CIP) is stated at cost. This includes cost of construction and other direct costs. CIP is not depreciated until such time the relevant assets are completed and put into operational use.

<u>Property Development in Progress</u>
Property development in progress includes the acquisition costs of raw lots and development costs incurred.

Property development in progress is carried at the lower of cost incurred and net realizable value. Net realizable value is the selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

<u>Investment Properties</u>
Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, the Group’s investment properties are stated at cost, less accumulated depreciation and any accumulated impairment losses. Land is subsequently carried at cost less any impairment in value.

Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred.

Depreciation is calculated on a straight-line basis using the remaining useful lives from the time of acquisition of the investment properties but not to exceed:

Category	Number of Years
Land improvements	25
Buildings	20 - 30
Condominium units	20

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Investment properties are written-off when either these are disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of the investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Impairment of Nonfinancial Assets

At each reporting date, the Group assesses whether there is any indication that its nonfinancial assets (namely, property and equipment and investment properties) may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

An impairment loss is charged to operations in the year in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

<u>Goodwill</u>
Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statement of income.

Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill as of December 31 of each year.

<u>Customer's Deposit for Property Development</u>
Customer's deposit for property development is recorded at cost. The deposit is an advance payment by a villa buyer which is required to start and complete the villa development. Upon sale, the deposit will be applied against the total selling price of the villa.

<u>Other Noncurrent Assets and Other Noncurrent Liabilities</u>
Other noncurrent assets represent restricted cash funds for future acquisition of specific property and equipment and for future villa operating requirements. A corresponding liability is recognized for these funds under other noncurrent liabilities.

<u>Capital Stock</u>
Capital stock represents the total par value of the shares issued.

Additional Paid-in Capital
Additional paid-in capital pertains to the amount paid in excess of the par value of the shares issued.

Retained Earnings
Retained earnings represent the cumulative balance of net income or loss, net of any dividend declared.

Unappropriated retained earnings represent that portion which is free and can be declared as dividends to stockholders, after adjustments for any unrealized items, which are considered not available for dividend declaration.

Appropriated retained earnings represent that portion which has been restricted and therefore is not available for any dividend declaration.

Cost of Shares Held by a Subsidiary
The Company's shares which are acquired and held by a subsidiary (treasury shares) are deducted from equity and accounted for at weighted average cost. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Company's shares. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital.

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. There is a change in contractual terms, other than a renewal or extension of the arrangement;
b. A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
c. There is a change in the determination of whether fulfillment is dependent on a specified asset; or
d. There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios a, c or d above, and at the date of renewal or extension period for scenario b.

The Group as Lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term.

The Group as Lessor
Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

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

<u>Pension Benefits</u>
The Group has a non-contributory defined benefit retirement plan.
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Provisions and Contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Income Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that have been enacted or substantively enacted as of end of the reporting period.

Deferred income tax

Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred income tax assets are recognized for deductible temporary differences, carry forward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax, and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences and carry forward of unused tax credits from excess MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

Deferred income tax liabilities are not provided on taxable temporary differences associated with investments in domestic subsidiaries. With respect to investments in foreign subsidiaries, deferred income tax liabilities are recognized except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each end of reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are re-assessed at each end of reporting period and are recognized to the extent that it has become probable that sufficient future taxable income will allow the deferred income tax assets to be recovered.

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

Current income tax and deferred income tax relating to items recognized directly in equity are also recognized in equity and not in the consolidated statement of income.

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

Earnings Per Share

Basic earnings per share (EPS) is computed by dividing net income for the year by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any. The Company does not have potentially dilutive common shares as of September 30, 2015 and December 31, 2014

Dividends on Common Shares

Dividends on common shares are recognized as a liability and deducted from equity when approved by the respective shareholders of the Company and subsidiaries. Dividends for the year that are approved after the end of reporting period are dealt with as an event after the end of reporting period.

Events After the Reporting Period

Post year-end events that provide additional information about the Group's position at the end of reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires the Group to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, other comprehensive income (loss) and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments, estimates and assumptions 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.

Judgments

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

Determination of functional currency

The Company's functional currency was determined to be the Peso. It is the currency of the primary economic environment in which the Company operates.

Classification of financial instruments

The Group classifies a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definition of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated balance sheets (see Note 28).

Operating lease commitments - the Group as Lessee

The Group has entered into leases of office and commercial spaces. The Group has determined that all significant risks and rewards of ownership of these spaces remain with the lessors.

Operating lease commitments - the Group as Lessor

The Group has entered into a commercial property lease on its investment property. The Group has determined that it retains all the significant risks and rewards of ownership of this property and so accounts for it as an operating lease.

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

<u>Estimates and Assumptions</u>
The key assumptions concerning the future and other key sources of estimation and uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment losses on loans and receivables
The Group reviews its loans and receivables at each reporting date to assess whether an impairment loss should be recorded in the consolidated statement of income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

For the advances to related parties, the Group uses judgment, based on the best available facts and circumstances, including but not limited to, assessment of the related parties' operating activities (active or dormant), business viability and overall capacity to pay, in providing reserve allowance against recorded receivable amounts. For the receivables, the Group evaluates specific accounts where the Group has information that certain customers or third parties are unable to meet their financial obligations. Facts, such as the Group's length of relationship with the customers or other parties and their current credit status, are considered to ascertain the amount of reserves that will be recognized.

Valuation of unquoted equity investments
Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's-length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for terms with similar terms and risk characteristics; or,
- other valuation models.

However, if the range of reasonable fair value measurements is significant and the probabilities of the various estimates cannot be reasonably assessed, the Company measures the investment at cost.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. The Group performs periodic reassessment by reference to prices from observable current market transactions in the same instrument or from other available observable market data.

Impairment of AFS equity investments

The Group recognizes impairment losses on AFS equity investments when there has been a significant or prolonged decline in the fair value of such investments below its cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment. In determining whether the decline in value is significant, the Group considers historical volatility of share price (i.e., the higher the historical volatility, the greater the decline in fair value before it is likely to be regarded as significant) and the period of time over which the share price has been depressed (i.e., a sudden decline is less significant than a sustained fall of the same magnitude over a longer period).

Impairment of AFS debt investments

For AFS debt investments, the Company assesses the counterparty’s ability to comply with the contractual obligations to pay out principal and interest. Further, the Company assesses whether the market prices of these bonds indicate objective evidence of impairment.

Estimation of allowance for inventory and impairment losses

The Group estimates the allowance for inventory obsolescence and impairment losses related to inventories based on specifically identified inventory items. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for inventory and impairment losses would increase recorded expenses and decrease current assets.

Estimation of useful lives of the Group’s property and equipment

The Group estimates the useful lives of property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the assets. In addition, the estimation of the useful lives of these assets is based on collective assessment of internal technical evaluation and experience with similar assets. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Investments carried at equity method

Investments carried at equity method are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group’s impairment test on investments carried at equity is based on value in use calculations that use a discounted cash flow model. The cash flows are derived from the budget for the next five years as well as the terminal value at the end of five years. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Impairment of non-financial assets

(a) Property and equipment and investment properties

The Group assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

There is no impairment loss on property and equipment and investment properties as of and for each of the three years in the period ended September 30, 2015.

(b) Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the "value-in-use" of the cash-generating units to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Considering the U.S. crisis and the unemployment rate, the Group recognized an impairment provision of ₱100.0 million since December 31, 2009 on its investment in Cirrus.

Recognition of deferred income tax assets

The Group reviews the carrying amounts of the deferred income tax assets at each end of reporting period and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. However, there is no assurance that the Group will utilize all or part of the deferred income tax assets.

Determination of pension and other retirement benefits
The cost of defined benefit pension plans as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

Provisions and contingencies
Judgment is exercised by management to distinguish between provisions and contingencies.

Determination of absence of significant influence over Enderun
The Company determined that it has no significant influence over Enderun. Management assessed that it does not exercise significant influence over the financial and operating policy decisions of the investee. Accordingly, Enderun is considered an AFS investment.

Determining whether an acquisition represents a business combination or an asset purchase
Determining whether the acquisition meets the definition of a business combination requires judgment to be applied on a case by case basis. The Company acquired AAC, a subsidiary. At the time of acquisition, the Company considers whether the acquisition represents an acquisition represents an acquisition of a business or an asset acquisition. At acquisition date, the subsidiary owns a parcel of land which is idle and as such, the acquisition is accounted for as an asset acquisition.

Purchase price allocation in business combinations and goodwill
The Company accounts for the acquired businesses using the acquisition method which require extensive use of accounting judgments and estimates to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities and contingent liabilities, if any, at the acquisition date. Any difference in the purchase price and the fair values of the net assets acquired is recorded as either goodwill in the consolidated statement of financial position or gain on bargain purchase in profit or loss. Thus, the numerous judgments made in estimating the fair value to be assigned to the acquiree's assets and liabilities can materially affect the Company's financial position and performance.

The Company's acquisitions of certain subsidiaries have resulted in recognition of goodwill. In 2014, the acquisition of PDIPI and its subsidiary, PDP Energy, has resulted in recognition of goodwill which amounted to ₱1,452.5 million based on provisional purchase price allocation.

5. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise cash and cash equivalents, receivables, investments in debt instruments, quoted and unquoted equity securities, investments in mutual and hedge funds, and short-term and long-term bank loans. The Group's other financial instruments include accounts payable and dividends payable and amounts due to affiliates, which arose directly from operations.

The Company's investment objectives consist mainly of:

a) maintaining a bond portfolio that earns adequate cash yields and,
b) maintaining a stable equity portfolio that generates capital gains through a combination of long term strategic investments and short-term to medium-term hold type investment.

The main risks arising from the use of these financial instruments are credit risk, liquidity risk, interest rate risk, equity price risk, foreign currency risk, and copper price risk. These risks are monitored by the Company's Investment Committee (the Committee).

The Committee evaluates the performance of all investments and reviews fund allocation to determine the future strategy of the fund. The Committee is formed by the Company's Chairman, Vice Chairman, Chief Finance Officer, and an independent consultant. These meetings occur at least every quarter.

The BOD reviews and approves the Company's risk management policies. The Company's policies for managing each of these risks are summarized below.

Credit risk

The Group is exposed to credit risk primarily because of its investing and operating activities. Credit risk losses may occur as a result of either an individual, counterparty or issuer being unable to or unwilling to honor its contractual obligations. The Group is exposed to credit risk arising from default of the counterparties (i.e., foreign and local currency denominated debt instruments and receivables) to its financial assets. The Group does not have a counterparty that accounts for more than 10% of the consolidated revenue.

Credit risk management

In managing credit risk on these investments, capital preservation is paramount. The Group transacts only with recognized and creditworthy counterparties. Investments in bonds are invested in highly recommended, creditworthy debt instruments that provides satisfactory interest yield.

Credit quality per class of financial assets

For the Group's financial assets, credit quality is monitored and managed using internal credit ratings. Internal risk ratings are derived in accordance with the Group's rating policy. The Group evaluates credit quality on the basis of the credit strength of the security and/or counterparty/ issuer. High grade financial assets reflect the investment grade quality of the investments and/or counterparty; realizability is thus assured. Standard grade assets are considered moderately realizable.

Liquidity risk

Liquidity risk is defined as the risk that the Group may not be able to settle or meet its obligations as they fall due. Aside from yielding good returns, the Group ensures investments have ample liquidity to finance operations and capital requirements. Short-term bank loans are secured to fill in temporary mismatch of funds for new investments.

Where applicable, long-term debt or equity are used for financing when the business requirement calls for it to ensure adequate liquidity in the subsidiaries and affiliates' operation.

The Group's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when they are due. This is done by primarily investing in highly liquid investments.

The Group's total financial liabilities due to be settled within one year include notes payable that management considers as working capital. Accounts payable and accrued expenses and dividends payable are expected to be settled using cash to be generated from operations and drawing from existing lines of credits or liquidity reserves.

Market risks

Market risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It is the risk coming from adverse movements in factors that affect the market value of financial instruments of the Group. The Group is exposed primarily to the financial risks of changes in interest rates, equity price risk, price risk of mutual funds, and foreign currency risk.

Investments exposed to market risk are foreign and local currency denominated quoted debt instruments, foreign and local currency denominated equity instruments and mutual fund/hedge fund investments.

There has been no change to the Group's manner in managing and measuring the risk.

a. Interest rate risks

   Cash flow interest rate risk

   Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Fair value interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group accounts for its quoted debt instruments at fair value.Changes in benchmark interest rate will cause changes in the fair value of quoted debt instruments.

b. Equity price risk

   Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of the equity indices and the values of individual stock. The equity price risk exposure arises from the Group's investment in stock listed in the Philippine Stock Exchange (PSE).

   The sensitivity analysis assumes that the stock's standard deviation on its historical returns for the past one year provides the basis for the range of reasonably possible changes in prices of the stock investments. In establishing the relative range of the stock investment returns, the Group also assumes a 99% confidence level.

c. Price risk of mutual funds

   The Group is exposed to the risk of changes in the fund's net asset value (NAV) due to its market risk exposures.

d. Foreign currency risks

   Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rate. The Group's exposure arises primarily from investments in foreign currency denominated debt investments and equity securities.

   The Company and a subsidiary's foreign exchange risk arises primarily from investments in foreign currency denominated debt and equity securities. To minimize income volatility due to exchange rate movements, liquid investments are held in a basket of currencies, including Philippine peso and other major currencies such as U.S. dollar, Euro and Japanese Yen. This also enables the Company and a subsidiary to access investment opportunities in those currencies. The Company occasionally engages in foreign currency forward contracts as a defensive measure against foreign currency volatility.

On borrowings, it is the Company's group-wide policy for its subsidiaries and associates where it has significant influence to minimize any foreign exchange risks. Thus, all borrowings whether short-term or long-term, in general, should be in Philippine peso. Any foreign currency borrowings may be engaged only if matched by the entities' corresponding currency revenue flows or by a foreign currency asset. As such, PRI, SSRLI and CGI can borrow in U.S. dollar as their revenues are dollar-based. It is also the policy of the Group to minimize any foreign exchange exposure in its management of payables. Any substantial exposure is covered by foreign exchange contracts, if necessary.

e. Copper price risk

The PDP Group uses copper rods in the manufacturing of its products. Copper rods component represents a significant portion of the cost of each unit produced.

Copper rods are priced based on the London Metal Exchange prices and are affected by the volatility in the price of metal in the world market.

The PDP Group's exposure to price risk on copper rod purchases is managed through back-to-back purchase of rods versus sales orders, average pricing on the firm orders like automobile wire products with long-term contracts, and obtaining orders from contractors with a fixed price or locked-in contracts with a specified period.

Capital Management

Due to the diversity of the operations of each company in the Group, capital risk management processes in place are specific to each company. Below are the capital risk management policies of the Company and its more significant subsidiaries and associate:

a. The primary objective of the Group's capital management is to ensure an adequate return to its shareholders and to maximize its value to its shareholders. In pursuance of this goal, the Group establishes an optimum risk return investment objectives through a sound diversified investment portfolio and in ensuring a fair credit rating, the Group establishes prudent financial policies through appropriate capitalization ratios in its investments and maintain reasonable liquidity.

   The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the consolidated balance sheet.

   No changes were made in the objectives, policies or process for the period ended September 30, 2015 and December 31, 2014.

b. Cirrus' and CGI's capital management objectives are:
   - To ensure its ability to continue as a going concern; and
   - To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

CGI monitors capital on the basis of the carrying amount of equity as presented on the face of its balance sheet.

CGI sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. It manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying business.

6. Financial Instruments

Fair Values of Financial Assets and Liabilities

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments:

(In thousand pesos)	**September 30, 2105**		**December 31, 2014**	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
FVPL investments:				
Bonds	**₱341,952**	**₱341,952**	₱560,890	₱560,890
Funds and equities	**1,965**	**1,965**	8,622	8,622
Others	**21,227**	**21,227**	26,170	26,170
	365,144	**365,144**	595,682	595,682
AFS investments:				
Bonds and convertible note	**1,177,236**	**1,177,236**	1,174,458	1,174,458
Quoted equity shares	**5,413,905**	**5,413,905**	7,542,719	7,542,719
Funds and equities	**316,754**	**316,754**	311,119	311,119
Proprietary shares	**176,051**	**176,051**	171,051	171,051
Unquoted shares	**703,437**	**703,437**	703,437	703,437
	7,787,383	**7,787,383**	9,902,785	9,902,785
	₱8,083,947	**₱8,083,947**	₱10,498,467	₱10,498,467

The carrying amounts of cash and cash equivalents, receivables, notes payable, dividends payable and accounts payable and accrued expenses approximate their fair values due to the short-term maturity of these financial instruments. As of September 30, 2015 and December 31, 2014, AFS investments amounting to ₱277.4 million and ₱189.2 million were carried at cost since these are investments in unquoted equity shares and the fair values cannot be measured reliably.

The carrying values of long-term debt, which have floating rates with quarterly repricing, approximate their fair values.

The following methods and assumptions were used to estimate the fair values:

- FVPL investments in bonds, funds and equities and others are derived from quoted market prices in active markets.
- AFS investments in bonds, quoted equity shares and funds and equities and proprietary shares are derived from quoted market prices in active markets.
- AFS investments in unquoted equity shares are based on the discounted cash flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, and growth rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

The following table provides the Group's fair value measurement hierarchy of its assets:.

As of September 30, 2015:

		Fair value measurement using		
	Total	**Quoted prices in active Markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
FVPL investments:				
Bonds	**₱341,952**	**₱341,952**	**₱–**	**₱–**
Funds and equities	**1,965**	**1,965**	**–**	**–**
Others	**21,227**	**21,227**	**–**	**–**
	365,144	**365,144**	**–**	**–**
AFS investments:				
Bonds	**1,177,236**	**1,177,236**	**–**	**–**
Quoted equity shares	**5,413,905**	**5,413,905**	**–**	**–**
Funds and equities	**316,754**	**316,754**	**–**	**–**
Proprietary shares	**176,051**	**176,051**	**–**	**–**
Unquoted shares	**703,437**	**–**	**–**	**703,437**
	7,787,383	**7,083,946**	**–**	**703,437**
	₱8,083,947	**₱7,449,090**	**₱–**	**₱703,437**

As of December 31, 2014:

		Fair value measurement using		
	Total	Quoted prices in active Markets (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable Inputs (Level 3)
FVPL investments:				
Bonds	₱560,890	₱560,890	₱–	₱–
Funds and equities	8,622	8,622	–	–
Others	26,170	26,170	–	–
	595,682	595,682	–	–
AFS investments:				
Bonds	1,174,458	1,174,458	–	–
Quoted equity shares	7,542,719	7,542,719	–	–
Funds and equities	311,119	311,119	–	–
Proprietary shares	171,051	171,051	–	–
Unquoted shares	703,437	–	–	703,437
	9,902,785	9,199,348	–	703,437
	₱10,498,467	₱9,795,030	₱–	₱703,437

Description of significant unobservable inputs to valuation of financial instruments classified under Level 3 (in millions):

	Valuation technique	**Significant unobservable inputs**	**Range**	**Sensitivity of input to fair value**
Enderun	DCF Model	Student growth rate of 5%	5% to 15%	5%: fair value of ₱248 15%:fair value of ₱279
		Tuition fee increase by 5%	0% to 5%	0%: fair value of ₱286 5% fair value of ₱257
		Cost of capital of 11%	8% to 12%	8%: fair value of ₱290 12%: fair value of ₱282
KSA	DCF Model	Dividend payout is 40 million	-5% to 10%	-5% fair value of ₱402 10% fair value of ₱446
		Liquidity discount of 20%	10% to 30%	10%: fair value of ₱425 30% fair value of ₱409
		Cost of capital of 11%	10% to 12%	10%: fair value of ₱447 12% fair value of ₱389

An increase in the percentage of EBITDA over revenue would increase the fair value of the investment in Enderun.

An increase in the expected lease income of KSA would increase the dividend payout, which would lead to an increase in the fair value of the investment in KSA.

Reconciliation of fair value measurement of AFS assets in unquoted equity shares (in millions):

	Enderun	KSA	Total
As at 1 January 2014	₱286	₱389	₱675
Re–measurement recognized in OCI	–	28	28
Realized gains (losses) in profit or loss	–	–	–
Unrealized gains (losses) in profit or loss	–	–	–
Purchases	–	–	–
Reclassified in discontinued operations	–	–	–
Transfer into/out of Level 3	–	–	–
Sales	–	–	–
As at 31 December 2014	286	417	703
Re–measurement recognized in OCI	–	–	–
Realized gains (losses) in profit or loss	–	–	–
Unrealized gains (losses) in profit or loss	–	–	–
Purchases	–	–	–
Reclassified in discontinued operations	–	–	–
Transfer into/out of Level 3	–	–	–
Sales	–	–	–
As at 30 September 2015	**₱286**	**₱417**	**₱703**

For the periods ended September 30, 2015 and December 31, 2014, there were no transfers from Level 1, Level 2 and Level 3 fair value measurements.

7. Financial Condition

There was no significant change in the Company's Balance Sheet as of September 30, 2015 versus December 31, 2014.

Cash and Cash Equivalents

The increase in cash and cash equivalents can be attributed to net cash flows from operating activities amounting to P1.3 billion offset by cash used in investing and financing activities.

(Please see attached consolidated cash flow statements for detailed analysis of cash movements on pages 7 and 8).

Fair Value Through Profit and Loss (FVPL) Investments

The decrease in the account can be attributed to the net disposal for the period of about P211.7 million. The market value of foreign denominated investment in bonds, stocks and funds decreased by P18.8 million vs. December 31, 2014 values.

Receivables
The increase in receivables was mainly due to improved revenues of the resort, the US-based staffing business and the wire manufacturing business.

Inventories
The decrease is traced to inventories sold by the wire manufacturing subsidiaries and the spare parts and supplies utilized for nine months by the aviation and resort subsidiaries.

Prepayments
Increase in this account can be attributed mainly to prepaid expenses related to manufacturing and resort operations.

Available for Sale (AFS) Investments
Net decrease in this account amounted to P2.0 billion. There was a decrease in market value of AFS investments of about P2.9 billion offset by net addition to AFS investments of P797.6 million for nine months of 2015.

Investments and Advances
The decrease in investments and advances was mainly due to equity in net losses of associates for the period amounting to P316.5 million, offset by unrealized foreign exchange gain related to foreign equity investment amounting to P99.3 million.

Goodwill
The goodwill from US-based staffing business increased by P30.7 million due to foreign exchange gain from the translation of net assets of the medical staffing company.

Property, Plant and Equipment - net
Depreciation charged to operations amounted to P156.6 million while net additions to property and equipment amounted to P160.1 million, mainly attributable to capital expenditures of the manufacturing, resort and aviation subsidiaries.

Other Noncurrent Assets
Change in the account balance can be attributed to the increase in project costs for the remaining two villas that are still under construction by Seven Seas.

Notes Payable
The decrease in the balance was mainly due to payment of P1.5 billion short-term loan of the Parent company out of cash dividend paid by PDP.

Dividends Payable

Movement in the account was mainly attributable to dividend checks issued and paid last January 7, 2015 and May 29, 2015. The balance represents unclaimed dividend checks of stockholders with problematic addresses.

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Customer's Deposits for Property Development

The increase in the account was due to additional payments of two villa buyers of Seven Seas.

Income Tax Payable

Movement in the account was attributable to higher tax provision of the Group mainly Seven Seas and PDP for the three quarters of 2015.

Long-term Debt (current and noncurrent)

The increase in the account can be attributed to P1.2 billion loan availed by PDP, offset by current portion of debt paid by the resort subsidiary.

Other noncurrent liabilities

Movement in the account was mainly due to the payment of villa owners for future back of house facilities improvement of the resort subsidiary.

Cumulative Translation Adjustment

This account includes translation adjustments of Anscor International, Inc., Cirrus Medical Staffing, Inc. and Cirrus Global, Inc.'s subsidiary, IQHPC.

Unrealized valuation gains on AFS investments (equity portion)

AFS assets (mainly traded shares) were sold, the gain was realized and reflected in the consolidated statements of income and removed from the unrealized valuation gains reflected in the balance sheet. Also, the decrease is attributable to the decline in market values of AFS investments, mainly traded equities, amounting to P2.0 billion from January 1 to September 30, 2015.

Others

There were no commitments for major capital expenditures in 2015.

8. Results of Operation

Management is not aware of any known trends, events or uncertainties except for political and market uncertainties that may have material impact on the Company's recurring revenues and profits.

The following are the key performance indicators for the Parent Company (In thousand pesos except earnings per share and market price per share):

	Periods ended September 30	
	2015	*2014*
Revenues (excluding investment gains or losses)	***2,024,432***	*408,584*
Investment Gains	***965,943***	*1,214,096*
Net Income	***2,725,823***	*1,431,137*
Earnings Per Share	***1.09***	*0.57*
Market Price Per Share (PSE)	***6.39***	*7.36*

The discussions below were based on the consolidated results of the Company and its subsidiaries.

Revenues

This year's consolidated gross revenues of P7.5 billion was 143.1% higher than last year's revenue of P3.1 billion. This was mainly due to inclusion PDP's P4.6 billion revenues for the period January 1 to September 30, 2015. This increase in revenues was partially offset by equity in net losses of associates of P316.5 million.

Cost of Goods Sold/Services Rendered

Increase in cost of services rendered was mainly attributable to higher cost of services of nurse staffing business and resort operation while cost of goods sold was higher due to the consolidation of PDP's cost for the period January 1 to September 30, 2015.

Operating Expenses

Operating expenses increased as a result of consolidation of PDP operating expenses for the period January 1 to September 30, 2015.

Foreign Exchange Loss

Due to the appreciation of dollar and euro vis-à-vis peso, the parent company reported higher foreign exchange loss on its dollar denominated loan partially offset by foreign exchange gain on its foreign currency denominated investment in financial assets.

Interest Expense

The Group reported higher charges mainly due to the PDP and parent company's long-term loans.

Provision for Income Tax - net

The current provision for income tax of the group increased due to consolidation of PDP's income tax expense for the period January 1 to September 30, 2015.

Minority Interests (statements of income)

Increase in minority interest was mainly due to share of minority shareholders in net income of resort, aviation subsidiary and Cirrus Global, Inc. for the period ended September 30, 2015.

9. Cash Flows

Management has no knowledge of known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity.

10. Financial information

- There is neither a change in composition of the registrant, no business combination nor any restructuring.
- There are no seasonality or cyclicality trends in the business that would have material effect on the Company's result of operations and financial condition.
- There are no significant elements of income or loss that did not arise from the issuer's continuing operations.

In the interim period:

- No issuance or repayment of equity securities.
- The parent company has not repurchased its equity securities except for its 100%-owned subsidiary, Anscor Consolidated Corporation (Anscorcon) which todate owns 1,266,300,646 shares of Anscor. During nine months of 2015, Anscorcon purchased 8.4 million Anscor shares amounting P55.9 million.
- No contingent assets or liabilities since the last annual balance sheet date.
- No material contingencies and any event or transactions that are material to the understanding of the operating results of the current interim period.

- No events that will trigger direct or contingent financial obligations that is material to the company, including any default or acceleration of an obligation.
- No material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the company with unconsolidated entities of other persons created during the reporting period.
- There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim.

11. Subsidiaries and Affiliates

Phelps Dodge Philippines (PDP)

The following are the key performance data for Phelps Dodge Philippines (In thousand pesos except volume):

	Periods Ended September 30	
	2015	*2014*
Volume sold (MT)		
Domestic	**10,431**	10,276
Export	**10**	157
Total	**10,441**	10,433
Revenue	**4,638,094**	4,785,477
Gross Margin	**1,117,214**	1,033,168
Net Income	**435,860**	394,924

Volume sold was almost the same as last year, with reduced metal and other production costs, the PDP Energy's gross margin slightly increased by 8.1% in 2015.

PDP recorded a net income of P435.9 million for 9 months of 2015 higher than the P394.9 million profit recorded last year.

Seven Seas' Amanpulo Resort ended up with an occupancy rate of 47.62% for nine months of 2015, considerably better than the 2014 average occupancy rate of 33.89%. Average room rate was US$1,084, a bit lower from last year's average room rate of US$1,175. Total hotel revenues amounted to P462.1 million, up by P117.7 million from last year's revenues of P346.7 million. Gross operating profit (GOP) of P133.6 million increased versus 2014's GOP mainly due to improved revenues.

Seven Seas reported a net income of P40.6 million for nine months of 2015, mainly from handling fee for its villa development operation.

The Resort embarked on special capital expenditures to improve its existing facilities.

Cirrus Group

Cirrus Medical Staffing, Inc. had consolidated revenues of $28.4 million for nine months of 2015, a 46% improvement vis-a-vis the same period last year. Consolidated net income was $3.1 million, 347% higher than the comparable prior period. Sales growth, increased production and strong gross margin, coupled with lower selling, general & administrative expenses, continued to propel the company's net income in 2015.

Travel nursing revenue grew by 55% and travel therapy increased by 28% versus the same period in 2014. The website division, Nurse Together LLC, also contributed meaningfully and registered 18% year to date growth.

12. Financial Indicators

Significant financial indicators of the Group are the following:

	09/30/2015	09/30/2014
1. Book Value Per Share (Note 1)	**10.74**	12.07
2. Current Ratio (Note 2)	**1.79**	1.52
3. Interest Rate Coverage Ratio (Note 3)	**17.22**	34.48
4. Debt to Equity Ratio (Note 4)	**0.44**	0.23
5. Asset to Equity Ratio (Note 5)	**1.46**	1.23
6. Profit Ratio (Net Income Attributable to Equity Holdings of the Parent/Total Revenues)	**17.8%**	48.8%
7. Return on Equity (Net Income/Equity Attributable to Equity Holdings of the Parent)	**10.1%**	10.0%

Note 1 – Equity Attributable to Equity Holdings of the Parent/Outstanding Shares
Note 2 – Current Assets/Current Liabilities
Note 3 – EBIT (earnings before interest and taxes)/ total interest expense
Note 4 – Total Liabilities/Equity Attributable to Equity Holdings of the Parent
Note 5 – Total Assets/Equity Attributable to Equity Holdings of the Parent

The key financial indicators of our major subsidiaries are the following:

PDP Energy and PDIPI

In Million Pesos except sales volume

	09/30/2015	09/30/2014
1. Volume	**10,441**	10,433
2. Net Sales	**4,638,094**	4,785,477
3. Gross Margin	**1,117,214**	1,033,168
4. Net income	**435,860**	394,924

Cirrus Group

1. Submission to lock ratio (operating statistic to evaluate recruitment)
2. Nurse/therapist retention ratio (Operating statistic to evaluate retention of nurse and therapist in the pool for staffing business).

In Thousand Pesos

	09/30/2015	09/30/2014
3. Service income	**1,309,004**	906,293
4. Cost of services rendered	**1,030,068**	742,376
5. Income before interest, taxes, depreciation and amortization	**144,485**	34,556

Seven Seas Group

In Thousand Pesos

	09/30/2015	09/30/2014
1. Occupancy rate	**47.62%**	33.89%
2. Hotel revenue	**462,147**	346,704
3. Gross operating profit (GOP)	**133,649**	48,383
4. GOP ratio	**28.92%**	14.0%
5. Net income (loss)	**40,619**	(18,569)

Occupancy rate is based on actual room nights sold over available room nights on a 9-month period. Hotel revenues include rooms, food and beverage and other ancillary services. GOP is total revenues less direct costs and GOP ratio is GOP over total hotel revenues.

A. SORIANO CORPORATION AND SUBSIDIARIES

SUBSIDIARIES OF THE REGISTRANT

A. Soriano Corporation has the following direct/indirect subsidiaries as of December 31, 2015:

Company	**Ownership**	**Business**	**Jurisdiction**
A. Soriano Air Corporation	100%	Service/Rental	Philippines
Pamalican Island Holdings, Inc.	62%	Holding Company	Philippines
Island Aviation, Inc.	62%	Air Transport	Philippines
Anscor Consolidated Corporation	100%	Holding Company	Philippines
Anscor International, Inc.	100%	Holding Company	British Virgin Island
IQ Healthcare Investments Limited	100%	Manpower Services	British Virgin Island
Cirrus Medical Staffing, Inc.	94%	Manpower Services	USA
Cirrus Holdings USA, LLC	94%	Manpower Services	USA
Cirrus Allied, LLC (formerly MDI Medicals, LLC)	94%	Manpower Services	USA
NurseTogether, LLC	94%	Online Community	USA
AG&P International Holdings, Ltd. *	27%	Holding Company	British Virgin Island
Anscor Property Holdings, Inc.	100%	Real Estate Holding	Philippines
Akapulko Holdings, Inc.	100%	Real Estate Holding	Philippines
Goldenhall Corporation	100%	Real Estate Holding	Philippines
Lakeroad Corporation	100%	Real Estate Holding	Philippines
Mainroad Corporation	100%	Real Estate Holding	Philippines
Makatwiran Holdings, Inc.	100%	Real Estate Holding	Philippines
Makisig Holdings, Inc.	100%	Real Estate Holding	Philippines
Malikhain Holdings, Inc.	100%	Real Estate Holding	Philippines
Mountainridge Corporation	100%	Real Estate Holding	Philippines
Rollingview Corporation	100%	Real Estate Holding	Philippines
Summerside Corporation	100%	Real Estate Holding	Philippines
Timbercast Corporation	100%	Real Estate Holding	Philippines
Sutton Place Holdings, Inc.	100%	Holding Company	Philippines
Cirrus Global, Inc.	93%	Manpower Services	Philippines
IQ Healthcare Professional Connection, LLC	93%	Manpower Services	Houston, Texas, United States

** Its associate is engaged in modular steel fabrication.*

Company	Ownership	Business	Jurisdiction
Phelps Dodge International Philippines, Inc.	100%	Holding Company	Philippines
Minuet Realty Corporation	100%	Landholding	Philippines
Phelps Dodge Philippines Energy Products Corporation	100%	Wire Manufacturing	Philippines
PD Energy International Corporation	100%	Wire Manufacturing	Philippines
AFC Agribusiness Corporation	81%	Agricultural Land Holding	Philippines
Seven Seas Resorts and Leisure, Inc.	62%	Villa Project Development	Philippines
Pamalican Resort, Inc.	62%	Resort Operations	Philippines

Cirrus Medical Staffing, Inc. and Subsidiaries
(A Subsidiary of IQ Healthcare Investment Ltd.)

Consolidated Financial Statements
December 31, 2015 and 2014

and

Independent Auditors' Report

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BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Cirrus Medical Staffing, Inc.

We have audited the accompanying consolidated financial statements of Cirrus Medical Staffing, Inc. (a subsidiary of IQ Healthcare Investement Ltd.) and Subsidiaries,which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Cirrus Medical Staffing, Inc. and Subsidiaries as at December 31, 2015 and 2014, and their financial performance and their cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Julie Christine O. Mateo
Partner
CPA Certificate No. 93542
SEC Accreditation No. 0780-AR-2 (Group A),
May 1, 2015, valid until April 30, 2018
Tax Identification No. 198-819-116
BIR Accreditation No. 08-001998-68-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5321675, January 4, 2016, Makati City

March 2, 2016

CIRRUS MEDICAL STAFFING, INC. AND SUBSIDIARIES
(A Subsidiary of IQ Healthcare Investment Ltd.)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2015	2014
ASSETS		
Current Assets		
Cash	**$376,367**	$397,052
Trade and other receivables (Note 5)	**8,290,179**	5,157,800
Prepaid expenses and other current assets (Note 6)	**336,569**	300,454
Total Current Assets	**9,003,115**	5,855,306
Noncurrent Assets		
Property and equipment (Note 7)	**100,791**	95,271
Receivable from a related party (Note 15)	**800,000**	–
Deferred income tax assets - net (Note 16)	**–**	457,113
Goodwill (Note 8)	**13,937,537**	13,937,537
Other noncurrent assets (Note 9)	**80,579**	162,147
Total Noncurrent Assets	**14,918,907**	14,652,068
TOTAL ASSETS	**$23,922,022**	$20,507,374
LIABILITIES AND EQUITY		
Current Liabilities		
Loans payable (Note 10)	**$556,690**	$658,807
Trade payables and other liabilities (Notes 11 and 15)	**1,848,439**	1,730,968
Income tax payable	**66,195**	–
Total Current Liabilities	**2,471,324**	2,389,775
Noncurrent Liability		
Deferred tax liabilities - net (Note 16)	**946,713**	–
Total Liabilities	**3,418,037**	2,389,775
Equity (Note 12)		
Capital stock	**20**	20
Additional paid-in capital	**19,404,953**	19,404,953
Retained earnings (deficit)	**1,099,012**	(1,287,374)
Total Equity	**20,503,985**	18,117,599
TOTAL LIABILITIES AND EQUITY	**$23,922,022**	$20,507,374

See accompanying Notes to Consolidated Financial Statements.

CIRRUS MEDICAL STAFFING, INC. AND SUBSIDIARIES
(A Subsidiary of IQ Healthcare Investment Ltd.)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2015	2014
SERVICE REVENUES	**$40,670,631**	$28,127,117
COST OF SERVICES (Note 13)	**30,307,173**	21,366,816
GROSS PROFIT	**10,363,458**	6,760,301
OPERATING EXPENSES (Note 14)	**6,505,843**	5,583,966
OTHER INCOME (CHARGES)		
Interest expense (Note 10)	**(7,480)**	(44,575)
Miscellaneous income (Note 7)	**6,272**	35,202
Others - net	**–**	(3,500)
INCOME BEFORE INCOME TAX	**3,856,407**	1,163,462
PROVISION FOR INCOME TAX (Note 16)	**1,470,021**	439,034
TOTAL COMPREHENSIVE INCOME	**$2,386,386**	$724,428

See accompanying Notes to Consolidated Financial Statements.

CIRRUS MEDICAL STAFFING, INC. AND SUBSIDIARIES
(A Subsidiary of IQ Healthcare Investment Ltd.)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Capital Stock (Note 12)	Additional Paid-in Capital (Note 12)	Retained Earnings (Deficit)	Total
BALANCES AT DECEMBER 31, 2013	**$20**	**$19,404,953**	**($2,011,802)**	**$17,393,171**
Total comprehensive income for the year	–	–	724,428	724,428
BALANCES AT DECEMBER 31, 2014	**20**	**19,404,953**	**(1,287,374)**	**18,117,599**
Total comprehensive income for the year	–	–	2,386,386	2,386,386
BALANCES AT DECEMBER 31, 2015	**$20**	**$19,404,953**	**$1,099,012**	**$20,503,985**

See accompanying Notes to Consolidated Financial Statements.

CIRRUS MEDICAL STAFFING, INC. AND SUBSIDIARIES
(A Subsidiary of IQ Healthcare Investment Ltd.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**$3,856,407**	$1,163,462
Adjustments for:		
Depreciation and amortization (Notes 7 and 9)	**114,329**	135,327
Interest expense (Note 10)	**7,480**	44,575
Loss on retirement (Notes 7 and 14)	**–**	9,934
Gain on sale of property and equipment (Note 7)	**–**	(2,644)
Operating income before working capital changes	**3,978,216**	1,350,654
Decrease (increase) in:		
Trade and other receivables	**(3,132,379)**	(1,035,530)
Prepaid expenses and other current assets	**(36,115)**	140,578
Increase in trade payables and other liabilities	**117,471**	489,688
Net cash generated from operating activities	**927,193**	945,390
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property and equipment (Note 7)	**(38,281)**	(17,420)
Software and capitalized website cost (Note 9)	**–**	(30,000)
Proceeds from sale of property and equipment (Note 7)	**–**	19,061
Net cash used in investing activities	**(38,281)**	(28,359)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances to a related party (Note 15)	**(800,000)**	–
Payment of loans (Note 10)	**(658,807)**	(1,517,783)
Availment of loans (Note 10)	**556,690**	658,807
Interest expense paid (Note 10)	**(7,480)**	(44,575)
Net cash used in financing activities	**(909,597)**	(903,551)
NET INCREASE (DECREASE) IN CASH	**(20,685)**	13,480
CASH AT BEGINNING OF YEAR	**397,052**	383,572
CASH AT END OF YEAR	**$376,367**	$397,052

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **Corporate Information and Authorization for Issuance of Consolidated Financial Statements**

Corporate Information

Cirrus Medical Staffing, Inc., formerly Medtivia, Inc. (Medtivia), was incorporated on July 7, 2007 in the State of Delaware and is a 93.3%-owned subsidiary of A. Soriano Corporation (ANSCOR), a Philippine holding company, thru IQ Healthcare Investment Ltd. (IQHIL). Medtivia was established to become the primary acquisition vehicle and holding company of ANSCOR investments in the United States of America (USA).

On January 19, 2008, ANSCOR, through Medtivia, entered into a Purchase Agreement for the acquisition of all the outstanding equity interests in Cirrus Holdings USA, LLC and its affiliate, Cirrus Medical Staffing, LLC. IQHIL provided the funding for the acquisition through a promissory note issued by Medtivia. Subsequent to the acquisition, Medtivia was renamed to Cirrus Medical Staffing, Inc. in March 2008.

Cirrus Holdings USA, LLC is engaged in the contract of temporary staffing and permanent placement of nurses and other allied healthcare professionals in the USA. Cirrus Holdings USA, LLC recruits nurses and other allied healthcare professionals and places them on assignments of variable lengths and in permanent positions at acute-care hospitals and other healthcare facilities throughout the USA. Cirrus Holding USA, LLC’s staffing services are marketed to two distinct groups: (1) healthcare professionals and (2) hospitals and healthcare facilities.

On July 18, 2008, ANSCOR, through Cirrus Medical Staffing, Inc. entered into a Purchase Agreement for the acquisition of all the outstanding membership units in Cirrus Allied, LLC (formerly MDI Medical, LLC), which is a Georgia limited-liability company providing temporary staffing services of allied healthcare professional in the USA. Cirrus Allied, LLC specializes in the placement of travel therapists and therapist assistants, focusing in Physical Therapy, Occupational Therapy and Speech Language Pathology. Cirrus Allied, LLC recruits therapists and assistants and places them on contracts at variable lengths with hospitals, skilled nursing facilities, home health and clinics throughout the USA.

On December 10, 2010, Cirrus Medical Staffing, Inc. entered into a Purchase Agreement for the acquisition of all the outstanding membership units in NurseTogether, LLC, which is a Florida limited-liability company engaged in the ownership and management of healthcare professional online communities.

Cirrus Medical Staffing, Inc., Cirrus Holdings USA, LLC, Cirrus Allied, LLC and NurseTogether, LLC complement one another and are collectively called Cirrus. They are presented as the consolidated financial statements of Cirrus Medical Staffing, Inc. and its subsidiaries (collectively referred to as the “Group”).

The registered office address of Cirrus Medical Staffing, Inc. is at 309 E. Morehead Street, Suite 200 Charlotte, NC 28202.

Authorization for Issuance of Consolidated Financial Statements
The consolidated financial statements of the Group as at and for the years ended December 31, 2015 and 2014 were authorized for issue by the Group's Board of Directors (BOD) on March 2, 2016.

2. Basis of Preparation and Changes in Accounting Policies and Disclosures

Basis of Preparation
The consolidated financial statements of the Group have been prepared on a historical cost basis and are presented in United States Dollars (USD), which is the Group's functional currency. Amounts are presented to the nearest dollar unless otherwise stated.

Statement of Compliance
The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new and amended PFRS, Philippine Accounting Standards (PAS) and Improvements to PFRS which were adopted as at January 1, 2015.

- PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions (Amendments)*, requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is not relevant to the Group since it has no defined benefit plans with contributions from employees or third parties.

Annual Improvements to PFRSs (2010 - 2012 cycle)
These improvements are effective for annual period beginning on or after July 1, 2014. Unless otherwise stated, these amendments have no significant impact on the Group's consolidated financial statements. They include:

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*, is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

  a) a performance condition must contain a service condition;
  b) a performance target must be met while the counterparty is rendering service;
  c) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group;
  d) a performance condition may be a market or non-market condition; and
  e) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*, clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss (FVPL) whether or not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* (or PFRS 9, *Financial Instruments*, if early adopted). The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. The Group shall consider this amendment for future business combinations.

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*, clarifies that an entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'. The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities. This amendment is applied retrospectively.

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization*, clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. This amendment is applied retrospectively.

- PAS 24, *Related Party Disclosures - Key Management Personnel*, clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is applied retrospectively.

Annual Improvements to PFRSs (2011-2013 cycle)
Annual Improvements to PFRSs (2011-2013 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group's consolidated financial statements. These include:

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*, clarifies that joint arrangements, not just joint ventures, are outside the scope of PFRS 3 and that this scope exception applies only to the accounting in the financial statements of the joint arrangement itself. This amendment is applied prospectively.

- PFRS 13, *Fair Value Measurement - Portfolio Exception*, clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39 (or PFRS 9, as applicable). This amendment is applied prospectively.

- PAS 40, *Investment Property*, clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). This amendment is applied prospectively.

New Accounting Standards, Interpretations and Amendments to
Existing Standards Effective Subsequent to December 31, 2015

The Group will adopt the standards, amendments and interpretations enumerated below when these become effective. The Group continues to assess the impact of the following new and amended accounting standards and interpretations. Except as otherwise indicated, the Group does not expect the adoption of these new changes in PFRS to have a significant impact on the consolidated financial statements. The relevant disclosures will be included in the notes to consolidated financial statements when these become effective.

Effective in 2016

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception* (Amendments), clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Furthermore, the amendments to PFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to PAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments must be applied retrospectively and are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group's consolidated financial statement.

- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests* (Amendments), require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business (as defined by PFRS 3), to apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not re-measured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

  The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group.

- PFRS 14, *Regulatory Deferral Accounts*, is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of income and other comprehensive income (OCI). The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Group is an existing PFRS preparer, this standard would not apply.

- PAS 1, *Presentation of Financial Statements - Disclosure Initiative* (Amendments), are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in PFRS. They clarify the following:

  a) that entities shall not reduce the understandability of their financial statements by either obscuring material information with immaterial information; or aggregating material items that have different natures or functions;
  b) that specific line items in the statement of income and OCI and the statement of financial position may be disaggregated;
  c) that entities have flexibility as to the order in which they present the notes to financial statements; and
  d) that the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

  Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss and OCI. These amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any financial impact on the Group's consolidated financial statements.

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments), clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its noncurrent assets.

- PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture - Bearer Plants* (Amendments), change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.

- PAS 27, *Separate Financial Statement - Equity Method in Separate Financial Statements* (Amendments), allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

Annual Improvements to PFRSs (2012 - 2014 cycle)
The Annual Improvements to PFRSs (2012 - 2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the Group's consolidated financial statements. They include:

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*, is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*, requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- PFRS 7 - *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*, is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report. This amendment is applied restrospectively.

- PAS 19, *Employee Benefits - regional market issue regarding discount rate*, clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment is applied prospectively.

- PAS 34, *Interim Financial Reporting - disclosure of information 'elsewhere in the interim financial report'*, clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). This amendment is applied retrospectively.

Effective in 2018

- PFRS 9, *Financial Instruments,* the final version was issued on July 2014 by the Intenational Accounting Standards Board (IASB). The new standard (renamed as PFRS 9) reflects all phases of the financial instruments project and replaces PAS 39 and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. Early application of previous versions of PFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The Group did not early adopt PFRS 9. The adoption of PFRS 9 is not expected to have any significant impact on the Group's consolidated financial statements.

Deferred

- International Financial Reporting Interpretations Committee (IFRIC) 15, *Agreeement for the Construction of Real Estate*, covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11 or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risk and reward of ownership and transferred to the buyer on a continuous basis also be accounted for based on stage of completion. The Securities and Exchange Commission and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the IASB and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the Group's consolidated financial statements.

The following new standard issued by the IASB has not yet been adopted by the FRSC:

- International Financial Reporting Standards (IFRS) 15, *Revenue from Contracts with Customers*, establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption is permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

- IFRS 16, *Leases*, clarifies that lessees will no longer classify their leases as either operating or finance leases in accordance with International Accounting Standard (IAS) 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements. The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under IAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value. The new standard is effective for annual periods beginning on or after January 1, 2019. Entities may early adopt IFRS 16 but only if they have also adopted IFRS 15. When adopting IFRS 16, an entity is permitted to use either a full retrospective or modified retrospective approach, with options to use certain transition reliefs. The Group is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date once adopted locally.

3. Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements comprise the financial statements of Cirrus Medical Staffing, Inc. and its wholly-owned subsidiaries, Cirrus Holdings USA, LLC, Cirrus Allied, LLC and NurseTogether, LLC.

Subsidiaries are consolidated from the date of acquisition, being the date on which control is transferred to the Group and continue to be consolidated until the date that such control ceases. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognized in assets, are eliminated in full.

		Country of	% equity interest	
Name of Subsidiary	**Principal activities**	**Incorporation**	**2015**	**2014**
Cirrus Holdings USA, LLC	Manpower services	USA	100	100
Cirrus Allied, LLC	Manpower services	USA	100	100
NurseTogether, LLC	Online community management	USA	100	100

The significant accounting and financial reporting policies adopted in preparing the Group's consolidated financial statements are summarized below. The accounting policies has been consistently applied to all the years presented, unless otherwise stated.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in operating expenses.

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

If the business combination is achieved in stages, any previously held equity interest is re-measured at its fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS 39 is measured at fair value with changes in fair value recognized either in either profit or loss or as a change in OCI. If the contingent consideration is not within the scope of PAS 39, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

"Day 1" difference
Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss, unless it was used, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference amount.

Financial Instruments
Financial instruments within the scope of PAS 39 are recognized in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized using trade date accounting. Derivatives are also recognized on a trade date basis.

All financial instruments are initially recognized at fair value. The initial measurement of financial instruments includes transaction costs, except for financial instruments at fair value FVPL. The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets, and loans and receivables. The classification depends on the purpose for which the investments were acquired. Financial liabilities are classified as either financial liabilities at FVPL or other financial liabilities. Management determines the classification of its instruments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every financial reporting date.

Financial assets and financial liabilities at FVPL
Financial assets at FVPL include financial assets held for trading and financial assets designated upon initial recognition at FVPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by PAS 39. The Group has not designated any financial assets at FVPL. Financial assets at FVPL are carried in the consolidated statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in profit or loss.

As at December 31, 2015 and 2014, the Group has no financial assets and financial liabilities designated at FVPL.

HTM investments
Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortized cost using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance income in profit or loss. The losses arising from impairment are recognized in profit or loss as finance costs.

As at December 31, 2015 and 2014, the Group has no HTM investments.

AFS financial assets
AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held-for-trading nor designated at FVPL. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealized gains or losses recognized in OCI and credited in the AFS reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to profit or loss in finance costs. Interest earned while holding AFS financial assets is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortized cost and any previous gain or loss on the asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the maturity amount is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

As at December 31, 2015 and 2014 the Group has no AFS financial assets.

Loans and receivables
This category is the most relevant to the Group. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the EIR method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in profit or loss. The losses arising from impairment are recognized in profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

As at December 31, 2015 and 2014, the Group's loans and receivables include cash, trade and other receivables, advances to a related party and deposits.

Other financial liabilities
Financial liabilities are classified in this category if these are not held for trading or not designated at FVPL upon the inception of the liability. These includes liabilities arising from operations or borrowings.

The liabilities are initially recognized at fair value of the consideration received, less directly attributable transaction costs. After initial recognition, loans and borrowings are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any related issue costs, discount or premium. Gains and losses are recognized in profit or loss when the liabilities are derecognized, as well as through the amortization process.

Other financial liabilities are classified as current liabilities if maturity is within the normal operating cycle of the Group and it does not have unconditional right to defer settlement of the liability for at least 12 months from the end of reporting period. Otherwise, these are classified as noncurrent liabilities.

As at December 31, 2015 and 2014, the Group's other financial liabilities include trade payables and other liabilities and loans payable.

Derecognition of Financial Assets and Liabilities

Financial assets

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

- The rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Impairment of Financial Assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortized cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in profit or loss.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset with the net amount reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented at gross amounts in the consolidated statement of financial position.

Prepaid Expenses

Prepaid expenses include advance payments of various goods and services that are yet to be delivered and from which future economic benefits are expected to flow to the Group within the normal operating cycle or, within 12 months from the reporting date. They are initially measured at the amount paid in advance by the Group for the purchase of goods and services and are subsequently decreased by the amount of expense incurred.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and impairment in value, if any. The cost of an asset comprises its purchase price and directly attributable cost of bringing the asset to working condition for its intended use. Expenditure for additions, major improvements and renewals are capitalized, expenditure for repairs and maintenance are charged to expense as incurred. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and amortization and impairment losses are removed from the accounts and any resulting gain or loss is recognized in profit or loss.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets which generally range from two to seven years.

Leasehold improvements are amortized over the term of the lease or the estimated useful life of five years, whichever is shorter.

Depreciation or amortization of an item of property and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation or amortization ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that it is classified as held for sale) and the date the asset is derecognized.

The estimated useful lives of property and equipment are reviewed, and adjusted if appropriate, at each end of reporting period to ensure that these are consistent with the expected pattern of economic benefits from items of property and equipment.

Software and Capitalized Website Cost
Acquired computer software licenses are capitalized on the basis of the cost incurred to acquire and install the specific software. Software licenses and capitalized website costs are included in "Other noncurrent assets" account in the consolidated statement of financial position. Costs associated with maintaining computer software are expensed as incurred. Capitalized costs are amortized on a straight-line basis over the estimated useful life of three years.

Impairment of Nonfinancial Assets
The Group's property and equipment and software are subject to impairment testing. The individual asset's cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. Impairment loss is charged pro-rata to the other assets in the cash generating unit.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

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 commitment 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 reporting period, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of its present obligation is recognized, if virtually certain, as a separate asset at an amount not exceeding the balance of the related provision. 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. In addition, where the time value of money is material, long-term provisions are discounted to their present value using a pre-tax rate that reflects market assessments and the risks specific to the obligation.

Provisions are reviewed at each end of reporting period and adjusted to reflect its current best estimate.

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

Equity

Capital stock is determined using the nominal value of shares that have been issued.

Additional paid-in capital includes any premiums 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.

Retained earnings or deficit includes all current and prior period operating results as disclosed in profit or loss.

Revenue and Cost Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The Group has assessed its revenue arrangements against specific criteria in order to determine if it is acting as the principal or agent and concluded that it is acting as the principal in all arrangements. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must also be met before revenue is recognized:

Revenue from services consists primarily of temporary staffing revenue. Revenue is recognized when services are rendered.

Revenue on permanent placements is recognized when the candidate starts with the contracting facility. The Group does not, in the ordinary course of business, give refunds. If a candidate leaves a permanent placement within a relatively short period of time, it is customary for the Group to provide a replacement at no additional cost.

Revenue from contractual services consists of jobs filled by subcontractors. The Group contracts with other staffing companies to provide the travelers to fill the jobs for the Group. These staffing companies are called subcontractors. Subcontractors are paid based on agreed terms at a percentage of the invoice.

Cost and expenses are recognized in profit or loss upon utilization of the service or at the date they are incurred. Finance costs are reported on an accrual basis.

OCI

OCI comprises of items of income and expense that are not recognized in consolidated profit or loss for the year in accordance with PFRS.

Leases

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

Income Taxes

The Group accounts for income taxes under PAS 12, *Income Taxes*, equivalent of Financial Accounting Standard Board (FASB) statement no. 109, *Accounting for Income Taxes*, except for the recognition of deferred income tax assets. Under FASB statement no. 109, deferred income tax assets are recognized in full and a valuation allowance is recognized to reduce the deferred income tax assets to an amount that is "more likely than not" to be realized.

Deferred income tax assets and deferred income tax liabilities are determined based upon differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences and the carryforward benefits of unused tax credits to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and carryforward benefits of unused tax credits can be utilized.

The carrying amount of deferred income tax assets is reviewed at each end of reporting period and reduced to the extent that it is probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting period and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred income tax assets to be recovered.

Deferred income tax assets and deferred income tax 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, based on tax rates and tax laws that have been enacted or substantively enacted at the end of reporting period.

Deferred income tax assets and deferred income liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income tax relates to the same entity and the same taxation authority.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Group's consolidated financial statements in compliance with PFRS requires management to make judgments and estimates that affect certain reported amounts and disclosures. In preparing the Group's consolidated financial statements, management has made its best judgments and estimates of certain amounts, giving due consideration to materiality. The judgment and estimates used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from those estimates, and such estimates will be adjusted accordingly.

The Group believes that the following represent a summary of the significant judgments and estimates and the related impact and associated risks in its consolidated financial statements.

Judgments

In the process of applying the Group's accounting policies, management has made judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Determination of the Group's functional currency
The Group has determined that its functional currency is the USD which is the currency of the primary environment in which the Group operates.

Classification of financial instruments
The Group classifies a financial instrument, or its components, on initial recognition in accordance with the substance of the contractual arrangement and the definitions of a financial asset or financial liability. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position.

The Group determines the classification of its financial instruments at initial recognition and, where allowed and appropriate, re-evaluates this classification at the end of each reporting period.

As at December 31, 2015 and 2014, the Group's financial instruments pertain only to loans and receivables and other financial liabilities.

Classification of leases
The Group has entered into various lease agreements as a lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or financial lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. The Group has determined that the risks and rewards of ownership are with the lessor, and thus, accounted for these leases as operating leases.

Rent expense included as part of "Operating expenses" in the consolidated statements of comprehensive income for the years ended December 31, 2015 and 2014 amounted to $226,369 and $244,462, respectively (see Notes 14 and 17).

Estimates and Assumptions
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 financial year are discussed below:

Impairment of trade and other receivables
Allowance is made for specific and groups of accounts where objective evidence of impairment exists. The Group evaluates these accounts based on available facts and circumstances, including, but not limited to, the length of the Group's relationship with the customers, the customers' current credit status based on third party credit reports and known market forces, average age of accounts, collection experience and historical loss experience.

Trade and other receivables amounted to $8,290,179 and $5,157,800 as at December 31, 2015 and 2014, net of allowance for impairment of $550,688 and $283,568, respectively (see Note 5).

Estimation of useful lives of property and equipment and software
The Group estimates the useful lives of property and equipment and software based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

A reduction in the estimated useful lives of property and equipment and software would increase recorded operating expenses and decrease noncurrent assets.

Property and equipment, net of accumulated depreciation and amortization, amounted to $100,791 and $95,271 as at December 31, 2015 and 2014, respectively (see Note 7). Software and capitalized website cost, net of accumulated amortization, amounted to $51,916 and $133,484 as at December 31, 2015 and 2014, respectively (see Note 9).

Impairment of property and equipment and software
Except for intangible assets with indefinite useful lives, PFRS requires that an impairment review be performed on nonfinancial assets when certain impairment indicators are present. The Group's policy on estimating the impairment of nonfinancial assets is discussed in detail in Note 3. Management believes that the cost reflected in the consolidated financial statements is appropriate and reasonable.

As at December 31, 2015 and 2014, no impairment loss on property and equipment and software is recognized.

Recognition of deferred income tax assets
The Group reviews the carrying amounts of deferred income tax assets at each end of reporting date and reduces the amounts to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred income tax assets to be utilized. The Group recognized gross deferred income tax assets amounting to $1,784,313 and $2,816,440 as at December 31, 2015 and 2014, respectively (see Note 16).

Impairment of goodwill
During the fourth quarter of 2015 and 2014, the Group performed its annual impairment testing and determined that there is no impairment of goodwill as at December 31, 2015 and 2014. The impairment test requires the Group to determine the fair value of the reporting unit and compare it to the reporting unit's carrying amount. The Group estimates the fair value of its reporting units using a discounted cash flow methodology.

Goodwill amounted to $13,937,537 as at December 31, 2015 and 2014 (see Note 8).

5. **Trade and Other Receivables**

This account consists of:

	2015	2014
Trade receivables	**$8,816,217**	$5,281,121
Advances to employees	**19,860**	21,223
Others	**4,790**	139,024
	8,840,867	5,441,368
Allowance for impairment	**(550,688)**	(283,568)
	$8,290,179	$5,157,800

Trade receivables mainly pertain to receivables from customers and facilities arising from staffing of nurses and therapists. These receivables are noninterest bearing and generally have 60-day term.

Movements in the allowance for impairment for the years ended December 31 are as follow:

	2015	2014
Balance at beginning of year	**$283,568**	$227,099
Provision for doubtful accounts (Note 14)	**274,220**	122,311
Write-off	**(7,100)**	(65,842)
Balance at end of year	**$550,688**	$283,568

All of the Group's trade receivables have been reviewed for indicators of impairment. Those that were identified as impaired were fully provided with allowance for impairment.

6. Prepaid Expenses and Other Current Assets

This account consists of:

	2015	2014
Prepaid insurance	**$234,395**	$212,603
Prepaid rent	**33,299**	9,063
Deposits	**6,550**	20,761
Prepaid advertising	**6,179**	5,317
Prepaid professional fees	**2,140**	22,083
Others	**54,006**	30,627
	$336,569	$300,454

7. Property and Equipment

	2015			
	Computer and Office Equipment	**Furniture and Fixtures**	**Leasehold Improvements**	**Total**
Cost				
Beginning balances	**$250,377**	**$32,469**	**$34,551**	**$317,397**
Additions	**28,041**	**841**	**9,399**	**38,281**
Ending balances	**278,418**	**33,310**	**43,950**	**355,678**
Accumulated Depreciation and Amortization				
Beginning balances	**180,985**	**17,657**	**23,484**	**222,126**
Depreciation and amortization (Note 14)	**24,480**	**3,449**	**4,832**	**32,761**
Ending balances	**205,465**	**21,106**	**28,316**	**254,887**
Net Book Values	**$72,953**	**$12,204**	**$15,634**	**$100,791**

	2014			
	Computer and Office Equipment	Furniture and Fixtures	Leasehold Improvements	Total
Cost				
Beginning balances	$309,823	$78,101	$59,385	$447,309
Additions	16,573	847	–	17,420
Retirement	(76,019)	(46,479)	(24,834)	(147,332)
Ending balances	250,377	32,469	34,551	317,397
Accumulated Depreciation and Amortization				
Beginning balances	219,153	48,292	25,379	292,824
Depreciation and amortization (Note 14)	33,890	10,120	6,273	50,283
Retirement	(72,058)	(40,755)	(8,168)	(120,981)
Ending balances	180,985	17,657	23,484	222,126
Net Book Values	$69,392	$14,812	$11,067	$95,271

The cost of fully depreciated property and equipment that are still being used in operations amounted to $87,417 and $77,851 as at December 31, 2015 and 2014, respectively. No property and equipment are pledged nor treated as security of the outstanding liabilities as at December 31, 2015 and 2014.

In 2014, computer and leasehold improvements, with original cost of $19,061 and net carrying amount of $16,417 were derecognized from the books upon disposal. Gain from the disposal of various properties amounting to $2,644 is presented as part of “Miscellaneous income” under “Other income (charges)” in the consolidated statements of comprehensive income.

In addition, the Group retired leasehold improvements, computer, and furniture and fixtures with carrying amount of $9,934 in 2014. Loss on retirement, which is equivalent to the carrying amount of the properties, is presented as part of “Others” under “Operating expenses” in the consolidated statements of comprehensive income (see Note 14).

8. Goodwill

As at December 31, 2015 and 2014, the Group had goodwill totaling $13,937,537 from acquisitions discussed below:

Cirrus Holdings USA, LLC and Cirrus Medical Staffing, LLC
On January 19, 2008, Cirrus Medical Staffing, Inc. completed the acquisition of all of the outstanding membership units of Cirrus Holdings USA, LLC and Cirrus Medical Staffing, LLC for approximately $13.5 million cash paid at closing, including $2.5 million which was held in escrow to cover any post-closing liabilities. The purchase price was subject to a working capital adjustment of approximately $255,000 that was settled in May 2008. The Group financed this acquisition using proceeds from a loan from ANSCOR thru IQHIL.

The acquisition has been accounted for using the purchase method. The results of Cirrus Holdings USA, LLC and Cirrus Medical Staffing, LLC operations have been included in the consolidated profit or loss since the date of acquisition.

The purchase price was allocated to assets acquired and liabilities assumed based on estimates of fair value at the date of acquisition, utilizing unaudited financial statements and an independent third party appraisal.

The fair values of the identifiable assets and liabilities of Cirrus Holdings USA, LLC and Cirrus Medical Staffing, LLC as at the date of acquisition:

	Fair value recognized on acquisition
Assets	
Cash	$83,320
Accounts receivable	2,567,803
Other current assets	113,715
Property and equipment	63,170
	2,828,008
Liability	
Accounts payable and accrued expenses	(424,606)
Total identifiable net assets at fair value	2,403,402
Goodwill arising on acquisition	11,921,172
Purchase consideration transferred	$14,324,574

The excess of purchase price over the fair value of net tangible and intangible assets acquired was recorded as goodwill, which is expected to be deductible for tax purposes. Additional direct acquisition costs of approximately $555,500 were incurred in 2008 and were included in the Goodwill.

In 2009, as covered by the escrow agreement, the Group collected accounts receivable owed to the previous seller representing refunds to old debtors amounting to $36,936. The remittances resulted to the same amount of decrease in Goodwill as at December 31, 2009.

<u>Cirrus Allied, LLC</u>
On July 18, 2008, Cirrus Medical Staffing, Inc. completed the acquisition of all of the outstanding membership units of Cirrus Allied, LLC for approximately $2.0 million cash paid at closing, including $200,000 which was held in escrow to cover any post-closing liabilities. The purchase price was subject to a working capital adjustment of approximately $4,300 that was settled with a payment to the Group in the fourth quarter of 2008. The Group financed this acquisition using proceeds from a loan from ANSCOR, thru IQHIL.

The acquisition has been accounted for using the purchase method. The results of Cirrus Allied, LLC operations have been included in the consolidated profit or loss since the date of acquisition, in accordance with PAS 27.

The purchase price was allocated to assets acquired and liabilities assumed based on estimates of fair value at the date of acquisition, utilizing unaudited financial statements and an independent third party appraisal.

The following table summarizes the approximate fair values of the assets acquired and liabilities assumed at the date of acquisition:

	Fair value recognized on acquisition
Asset	
Cash	$8,942
Trade and other receivables	1,124,261
Other current assets	44,982
	1,178,185
Liabilities	
Accounts payable and accrued expenses	(148,944)
Total identifiable net assets at fair value	1,029,241
Goodwill arising on acquisition	1,170,115
Purchase consideration transferred	$2,199,356

The excess of purchase price over the fair value of net tangible and intangible assets acquired was recorded as goodwill, which is expected to be deductible for tax purposes. Additional direct acquisition costs of approximately $194,900 were incurred during the year ended December 31, 2008 and are included as “Goodwill” in the consolidated statements of financial position.

The operations of Cirrus Allied, LLC was effectively transferred to Cirrus Holdings USA, LLC in 2012.

<u>NurseTogether, LLC</u>
On December 10, 2010, the Cirrus Medical Staffing, Inc. completed the acquisition of all of the outstanding membership units of NurseTogether, LLC (NT) for a maximum total consideration of $1,060,000. Of the amount, $550,000 was paid to the owners and the remaining $510,000 is to be paid out by the Group subject to revenue and earnings target within the earn-out period of two years from December 31, 2010. As part of the purchase price allocation for its acquisition of NT, the Group identified an element of contingent consideration amounting to $510,000. Earn-out payments to the members shall be made through wire transfer to an account designated by the members within 45 days from the date NT meets the applicable revenue and earnings conditions.

The fair value of the contingent consideration at the acquisition date using the discount rate of 5% amounted to $332,868. In May 2011, the Group and the former members of NT agreed to amend the earn-out provisions resulting to a decrease in contingent liability amounting to $132,868. The gain arising from reversal of contingent liability was taken up in profit or loss.

In 2011, the fair value of accounts receivable was determined to be lower by $2,659. This increased Goodwill by the same amount as at December 31, 2011.

The purchase price was allocated to assets acquired and liabilities assumed based on fair values as of the date of acquisition. The following table summarizes the approximate fair values of the assets acquired and liabilities assumed at the date of acquisition:

	Fair value recognized on acquisition
Asset	
Cash	$4,348
Trade and other receivables	6,132
Other current assets	576
	11,056
Liabilities	
Accounts payable	(3,715)
Deferred revenue	(5,000)
	(8,715)
Total identifiable net assets at fair value	2,341
Goodwill arising on acquisition	880,527
Purchase consideration transferred	$882,868

The excess of purchase price over the fair value of net tangible and intangible assets acquired was recorded as goodwill, which is expected to be deductible for tax purposes.

Impairment analysis
The recoverable amount of the goodwill was estimated based on the value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a ten-year period. The pre-tax discount rate applied to cash flow projections is 12.20% in 2015 and 2014. The cash flows beyond the ten-year period are extrapolated using a growth rate that is consistent with the expected average growth rate for the industry.

Goodwill is attributed to the Group, the consolidated entity, which is considered as one cash generating unit. The Group operates in the same line of business and is controlled and managed by the same set of management team and supported by one back office group. The Group also cross-sells between clients and presents all of services as a whole offering. The recoverable amount of the investment cost is assessed at the consolidated level.

The key assumptions used in the value-in-use calculations in 2015 and 2014 follow:

Cash flow projection
Cash flow projections are based on the Group's contracts, which are long term in nature that renew in perpetuity.

Discount rate
Discount rate is consistent with the risk-free industry interest rate. The pretax discount rate applied to cash flow projections is 12.20% in 2015 and 2014.

Terminal value
Management has used the most recent healthcare staffing transaction price earnings multiple in determining the terminal value.

Growth rate
The Group assumed a growth rate of 10% to 15% and 9% to 10% in 2015 and 2014, respectively. Growth rate assumptions for the ten-year cash flow projections are supported by the different initiatives of the Group which started in 2010.

Sensitivity to changes in assumption
Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of the cash-generating unit to materially exceed its recoverable amount.

9. Other Noncurrent Assets

Other noncurrent assets consist of the following:

	2015	2014
Software and capitalized website cost	**$51,916**	$133,484
Deposits	**28,663**	28,663
	$80,579	$162,147

Reconciliation of the carrying amounts at the beginning and end of 2015 and 2014 of software and capitalized website cost is shown below:

	2015	2014
Cost:		
Beginning balances	**$910,938**	$880,938
Additions	**–**	30,000
Ending balances	**910,938**	910,938
Accumulated amortization and impairment loss:		
Beginning balances	**777,454**	692,410
Amortization (Note 14)	**81,568**	85,044
Ending balances	**859,022**	777,454
Net book value	**$51,916**	$133,484

10. **Loans Payable**

The Group has a line-of-credit as at December 31, 2015 and 2014 with Branch Banking and Trust Group (BB&T), with interest payable monthly at Libor plus 2.5%. Loans payable outstanding as at December 31, 2015 and 2014 amounted to $556,690 and $658,807, respectively. Interest expense amounted to $7,480 in 2015 and $44,575 in 2014.

The loan provides for certain affirmative, negative and financial covenants, such as maintenance of a minimum tangible net worth of not less than $3,225,000 as at December 31, 2015 and 2014. Also, the Group should maintain certain financial ratios such as (1) debt-to-worth of not greater than 2:1, and (2) debt service coverage ratio at a minimum of 1.2 times. As at December 31, 2015, the Group is in compliance with the debt covenants.

There is $1,943,310 and $1,841,193 available on this line-of-credit as at December 31, 2015 and 2014, respectively.

11. **Trade Payables and Other Liabilities**

	2015	2014
Accrued expenses	**$584,169**	$502,229
Wages payable	**522,932**	690,267
Client escrow	**430,190**	252,812
Trade payables	**127,549**	48,229
Payable to a related party (Note 15)	**72,442**	82,225
Sales tax payable	**51,932**	57,860
Advances from customers	**23,761**	65,657
Others	**35,464**	31,689
	$1,848,439	$1,730,968

12. **Equity**

	2015	2014
Preferred stock		
Authorized - 357 shares at $0.01 par value		
Issued and outstanding	**$4**	$4
Common stock		
Authorized - 3,000 shares		
Issued and outstanding - 1,579 shares at $0.01 par value	**16**	16
Capital stock	**20**	20
Additional paid-in capital	**19,404,953**	19,404,953
	$19,404,973	$19,404,973

Each preferred share is convertible to common stock, at the option of the holder, based on the conversion price as defined in the Amended and Restated Certificate of Incorporation. The preferred shares are redeemable at the option of the Group.

On December 6, 2012, the BOD and stockholders of the Group adopted an amended and restated Certificate of Incorporation in accordance with the provisions of Sections 228, 242 and 245 of the General Corporation Law of the State of Delaware. Among others, the amendments and restatement of the Certificate of Incorporation include the increase of authorized number of common stocks from 2,500 shares to 3,000 shares and restricted the number of authorized preferred stocks from 100,000 shares to 357 shares.

On that same date, the Group issued 357 shares of preferred stock to IQHIL in settlement of the $3,490,000 promissory notes to ANSCOR. The difference between the book value of the promissory notes and the par value of the issued shares as well as the forfeited accrued interest were included in "Additional paid-in capital" account.

13. Cost of Services

	2015	2014
Salaries, wages and employee benefits	**$24,568,354**	$16,501,601
Insurance	**1,913,238**	1,408,577
Association dues and other costs	**1,437,872**	902,118
Subcontracting costs	**923,126**	1,329,009
Transportation and travel	**743,847**	534,030
Housing costs	**686,162**	653,370
Website content design and maintenance	**34,574**	38,111
	$30,307,173	$21,366,816

14. Operating Expenses

	2015	2014
Salaries, wages and employee benefits	**$2,453,029**	$2,595,009
Commissions	**1,367,121**	670,803
Professional fees (Note 15)	**1,041,496**	811,223
Provision for doubtful accounts (Note 5)	**274,220**	122,311
Advertising	**252,360**	253,316
Insurance	**241,263**	307,641
Rent (Note 17)	**226,369**	244,462
International processing cost (Note 15)	**161,697**	94,394
Depreciation and amortization (Notes 7 and 9)	**114,329**	135,327
Communications	**91,703**	90,234
Taxes and licenses	**81,303**	68,249
Transportation and travel	**64,620**	63,333
Representation and entertainment	**25,424**	17,596
Shipping and delivery expenses	**22,942**	21,992
Office supplies	**16,288**	19,548
Others (Note 7)	**71,679**	68,528
	$6,505,843	$5,583,966

15. **Related Party Transactions**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Group, are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

a. In December 2008, in the ordinary course of business, Cirrus Holdings USA, LLC entered into a service agreement with an affiliate, IQ Healthcare Professional Connection LLC (IQHPC). IQHPC is a subsidiary of Cirrus Global, Inc. (CGI), a 93.15% owned subsidiary of ANSCOR. Under the service agreement between IQHPC and Cirrus Holdings USA, LLC, IQHPC shall provide services for the deployment to the USA of selected international nurses and physical therapists.

   The outstanding payables are included as “Payable to a related party” under “Trade payables and other liabilities” account in the statement of financial position.

b. On December 21, 2015, the Group issued a three-year promisory note to IQHPC amounting to $800,000 bearing 3% interest rate which is compounded annually.

c. In the ordinary course of business, the Group pays professional fees for agreed services rendered to the Group by IQHPC and CGI, affiliated companies.

d. Key management compensation for the years ended December 31 are as follow:

	2015	2014
Salaries and short-term benefits	**$283,713**	$361,928
Termination benefits	**–**	38,000
	$283,713	$399,928

   The Group did not grant any share-based compensation benefits to its key management.

Transaction details of related party transactions as at and for the years ended December 31, 2015 and 2014 follow:

	Amount/Volume		Outstanding Balance Receivable (Payable)			
Category	**2015**	2014	**2015**	2014	Terms	Conditions
Affiliate						
IQHPC/CGI						
Advances	**$800,000**	$–	**$800,000**	$–	3% interest per annum; three year term	Unsecured; without impairment
Professional fees	**548,256**	370,029	**(72,442)**	(82,225)	Noninterest-bearing; due and demandable	Unsecured
International processing costs	**70,000**	35,000	**–**	–	–	–

16. **Income Taxes**

Provision for income tax for the years ended December 31 consists of the following current and deferred income taxes from:

	2015	2014
Current:		
Alternative minimum tax (AMT)	**$66,195**	$–
Deferred:		
Federal	**1,216,179**	382,742
State	**187,647**	56,292
	$1,470,021	$439,034

Deferred income tax provisions result from temporary differences in the recognition of income and expenses for financial reporting purposes and for income tax purposes. The income tax effects of the temporary differences, representing deferred income tax assets and liabilities, result principally from the following as at December 31:

	2015	2014
Deferred tax assets:		
Net operating losses	**$1,441,065**	$2,685,588
Bad debts	**204,321**	100,288
Accruals	**72,732**	30,564
AMT	**66,195**	–
	1,784,313	2,816,440
Deferred tax liabilities:		
Goodwill amortization	**(2,731,026)**	(2,329,685)
Depreciation	–	(29,642)
	(2,731,026)	(2,359,327)
	($946,713)	$457,113

As at December 31, 2015 and 2014, the Group has net operating loss carryforward for federal and state income tax purposes of approximately $3.8 million which will begin to expire in the year 2029 and approximately $7.2 million which will begin to expire in the year 2028, respectively.

In 2015, the Group has generated AMT credit amounting to $0.07 million which can be utilized against future income tax liabilities when regular income tax exceeds AMT in future periods. In addition, AMT credit has no expiration.

Since no materially significant uncertain tax positions exist, the Group recorded no unrecognized tax benefits at December 31, 2015. The Group is currently not under audit in any federal or state jurisdictions for the current open years 2013, 2014 and 2015.

In assessing the realizability of deferred income tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of sufficient future taxable profits during the periods in which those temporary differences become deductible. Based upon current taxable income and projections of future taxable profits over the periods in which the deferred income tax assets are deductible, management believes it is more likely than not that the Group will realize the benefits of these deductible differences based on facts and circumstances known as at December 31, 2015 and 2014.

Actual income tax provision differs from income tax expense calculated by applying the USA federal statutory corporate rate of 34% to income before provisions for income taxes as follows:

	2015	2014
Tax provision at federal statutory rate	**$1,311,178**	$395,577
State taxes, net of federal benefit	**154,521**	40,466
Other items - net	**4,322**	2,991
	$1,470,021	$439,034

17. Lease Commitments

The Group has entered into third party non-cancelable operating lease agreements for the rental of office spaces and equipment. The leases have terms ranging from 65 months to 72 months and include options to renew as well as rent escalation clauses and in certain cases, incentives from the landlord for rent-free months and allowances for tenant improvements.

The rent escalations and incentives have been reflected in the following table. Future minimum lease payments, as at December 31, 2015 and 2014, associated with these agreements with terms of one year or more are approximately as follows:

	2015	2014
Within one year	**$212,837**	$218,491
After one year but not more than five years	**436,870**	701,045
	$649,707	$919,536

Rent expense in 2015 and 2014 amounted to $226,369 and $244,462, respectively (see Note 14).

18. Financial Instruments and Risk Management Objectives and Policies

Financial Instruments
As at December 31, 2015 and 2014, the Group does not hold any financial assets and liabilities carried at fair value.

Risk Management Objectives and Policies
The Group is exposed to a variety of financial risks which result from both its operating and investing activities. The Group's risk management is coordinated with its parent company, in close cooperation with the BOD, and focuses on actively securing the Group's short to medium-term cash flows by minimizing the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The main risks arising from the Group's financial statements are credit risk and liquidity risk. The BOD reviews and agrees on certain policies for managing some of these risks as summarized below:

Credit risk
Credit risk is the risk that loss may arise on outstanding financial instruments should counterparties default on their obligations.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Where available at reasonable cost, reports on customers and other counterparties are obtained and used.

The following tables provide the credit quality and age analysis of the Group's financial assets according to the Group's credit ratings of debtors as at December 31, 2015 and 2014, respectively:

	2015						
	Neither Past Due nor Impaired	**Age Analysis of Past Due but not Impaired**				**Past due and Impaired**	**Total**
		<30 Days	**30–60 Days**	**61–90 Days**	**91–120 Days**		
Cash	**$376,367**	**$–**	**$–**	**$–**	**$–**	**$–**	**$376,367**
Receivables:							
Trade	**6,227,036**	**1,175,888**	**527,350**	**183,502**	**151,753**	**550,688**	**8,816,217**
Nontrade:							
Advances to a related party	**800,000**	**–**	**–**	**–**	**–**	**–**	**800,000**
Advances to employees	**19,860**	**–**	**–**	**–**	**–**	**–**	**19,860**
Others	**4,790**	**–**	**–**	**–**	**–**	**–**	**4,790**
Deposits	**35,213**	**–**	**–**	**–**	**–**	**–**	**35,213**
	$7,463,266	**$1,175,888**	**$527,350**	**$183,502**	**$151,753**	**$550,688**	**$10,052,447**

	2014						
	Neither Past Due nor Impaired	Age Analysis of Past Due but not Impaired				Past Due and Impaired	Total
		<30 Days	30–60 Days	61–90 Days	91–120 Days		
Cash	$397,052	$–	$–	$–	$–	$–	$397,052
Receivables:							
Trade	3,927,514	564,998	236,858	152,217	115,966	283,568	5,281,121
Nontrade:							
Advances to employees	21,223	–	–	–	–	–	21,223
Others	139,024	–	–	–	–	–	139,024
Deposits	49,424	–	–	–	–	–	49,424
	$4,534,237	$564,998	$236,858	$152,217	$115,966	$283,568	$5,887,844

The credit quality of financial instruments is managed by the Group using internal credit ratings. Financial instruments classified under "Neither past due nor impaired" include high grade credit quality instruments because there were few or no history of default on the agreed terms. "Past due but not impaired" are items with history of frequent default nevertheless the amount due are still collectible. Lastly, "Past due and impaired" are those that are long outstanding and has been provided with allowance for probable losses.

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group's objective is to be able to finance its working capital requirements and capital expenditures. To cover the Group's financing requirements, the Group uses internally-generated funds and proceeds from debt. Projected and actual cash flow information are regularly evaluated to ensure it meets these requirements. Funding for long-term liquidity needs is additionally secured by an adequate amount of credit facilities and obtaining advances from related parties.

Financial assets
The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier, the expected dates the assets will be realized.

Financial liabilities
The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date.

	2015			
	Up to a Year	**1 to 3 Years**	**3 to 5 Years**	**Total**
Financial Assets				
Cash	**$376,367**	**$–**	**$–**	**$376,367**
Receivables	**8,290,179**	**800,000**	**–**	**9,090,179**
Deposits	**6,550**	**28,663**	**–**	**35,213**
	8,673,096	**828,663**	**–**	**9,501,759**
Financial Liabilities				
Trade accounts payable and other liabilities*	**1,737,282**	**–**	**–**	**1,737,282**
Loans payable	**556,690**	**–**	**–**	**556,690**
Total financial liabilities	**2,293,972**	**–**	**–**	**2,293,972**
Liquidity Position	**$6,379,124**	**$828,663**	**$–**	**$7,207,787**

**Excluding nonfinancial liabilities amounting to $111,157 as at December 31, 2015.*

	2014			
	Up to a Year	1 to 3 Years	3 to 5 Years	Total
Financial Assets				
Cash	$397,052	$–	$–	$397,052
Receivables	5,157,800	–	–	5,157,800
Deposits	20,761	28,663	–	49,424
	5,575,613	28,663	–	5,604,276
Financial Liabilities				
Trade accounts payable and other liabilities*	1,575,762	–	–	1,575,762
Loans payable	658,807	–	–	658,807
Total financial liabilities	2,234,569	–	–	2,234,569
Liquidity Position	$3,341,044	$28,663	$–	$3,369,707

* *Excluding nonfinancial liabilities amounting to $155,206 as at December 31, 2014.*

Operating and regulatory risk
The Group is accredited by the The Joint Commission, a private sector, US-based, not-for-profit organization. This accreditation significantly influences the Group's credentialing and documentation processes for the traveling healthcare professionals. The Joint Commission accreditation is deemed as the Gold Seal of Standards for healthcare staffing companies and provides license to transact business with hospitals and association requiring The Joint Commission accreditation. Any changes on the accreditation rules and regulations may adversely affect the Group's credentialing and operating procedures and ability to staff qualified healthcare professionals. The Group manages its exposure to such risks by conducting internal audits and monitoring new rules and regulations from The Joint Commission.

With respect to its international business segment, the Group is subject to regulations by the US State Department for the immigration of nurses and temporary work visa of therapists to the USA. These governmental regulations significantly influence the Group's ability to deploy nurses and therapists in the USA. The Group manages its exposure to such risks by actively monitoring legal and regulatory pronouncements issued by the US State Department.

19. **Capital Management**

The Group's capital management objectives are:

- To ensure the Group's ability to continue as a going concern; and
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the consolidated statements of financial position. It sets the amount of capital in proportion to its overall financing structure, i.e., equity and financing liabilities. It manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risks characteristic of the underlying business.

There have been no changes to the Group's capital management objectives, policies and procedures during the years ended December 31, 2015 and 2014.

SUPPLEMENTARY SCHEDULES

CIRRUS HOLDINGS USA, LLC

Statements of Financial Position
Statements of Comprehensive Income

CIRRUS ALLIED, LLC

Statements of Financial Position

NURSETOGETHER, LLC

Statements of Financial Position
Statements of Comprehensive Income

CIRRUS HOLDINGS USA, LLC

STATEMENTS OF FINANCIAL POSITION

	December 31	
	2015	2014
ASSETS		
Current Assets		
Cash	**$335,658**	$291,309
Trade receivables, net of allowance for doubtful accounts of $479,587 in 2015 and $212,467 in 2014	**8,168,587**	5,062,277
Prepaid expenses and other current assets	**329,142**	297,723
Total Current Assets	**8,833,387**	5,651,309
Noncurrent Assets		
Property and equipment, net of accumulated depreciation and amortization of $241,952 in 2015 and $212,468 in 2014	**96,951**	90,558
Software, net of accumulated amortization of $425,938 in 2015 and $422,732 in 2014	**–**	3,206
Rent deposit	**28,663**	28,663
Total Noncurrent Assets	**125,614**	122,427
TOTAL ASSETS	**$8,959,001**	$5,773,736
LIABILITIES AND EQUITY		
Current Liabilities		
Loans payable	**$556,690**	$658,807
Accounts payable and accrued expenses	**1,620,386**	1,542,187
Intercompany payable	**72,430**	829,677
Total Current Liabilities	**2,249,506**	3,030,671
Member's Equity		
Member's unit	**2,403,402**	2,403,402
Retained earnings	**4,306,093**	339,663
Total Equity	**6,709,495**	2,743,065
TOTAL LIABILITIES AND EQUITY	**$8,959,001**	$5,773,736

CIRRUS HOLDINGS USA, LLC
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2015	2014
SERVICE REVENUES	**$40,151,038**	$27,695,257
COST OF SERVICES	**30,272,599**	21,328,705
GROSS PROFIT	**9,878,439**	6,366,552
EXPENSES		
Salaries, wages and employee benefits	**2,295,606**	2,270,385
Commissions	**1,301,916**	670,803
Professional fees	**700,909**	653,379
Provision for doubtful accounts	**274,220**	97,311
Advertising	**232,091**	225,354
Insurance	**229,951**	266,081
Rent	**226,369**	234,568
International processing cost	**161,697**	94,394
Communications	**89,803**	90,078
Transportation and travel	**59,216**	46,585
Depreciation and amortization	**32,690**	60,550
Taxes and licenses	**28,719**	6,465
Representation and entertainment	**25,424**	17,372
Shipping and delivery	**21,226**	20,327
Office supplies	**16,268**	18,219
Other expenses	**69,988**	65,776
	5,766,093	4,837,647
OTHER INCOME (CHARGES)		
Interest expense	**(7,480)**	(44,575)
Miscellaneous income	**5,564**	34,555
	(1,916)	(10,020)
INCOME BEFORE MANAGEMENT FEE	**4,110,430**	1,518,885
MANAGEMENT FEE	**144,000**	144,000
TOTAL COMPREHENSIVE INCOME	**$3,966,430**	$1,374,885

CIRRUS ALLIED, LLC
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2015	2014
ASSETS		
Trade receivables, net of allowance for doubtful accounts of $46,101	**$35,323**	$35,323
Receivables from related parties	**1,780,753**	1,780,753
TOTAL ASSETS	**$1,816,076**	$1,816,076
LIABILITIES AND EQUITY		
Current Liability		
Accounts payable and accrued expenses	**$8,305**	$8,305
Member's Equity		
Member's unit	**1,029,241**	1,029,241
Retained earnings	**778,530**	778,530
Total Equity	**1,807,771**	1,807,771
TOTAL LIABILITIES AND EQUITY	**$1,816,076**	$1,816,076

NURSETOGETHER, LLC
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2015	2014
ASSETS		
Current Assets		
Cash	**$36,546**	$102,809
Trade and other receivables	**86,267**	60,201
Prepaid expenses and other current assets	**7,425**	2,728
Total Current Assets	**130,238**	165,738
Noncurrent Assets		
Property and equipment, net of accumulated depreciation of $22,991 in 2015 and $9,658 in 2014	**3,840**	4,713
Software, net of accumulated amortization of $423,028 in 2015 and $354,722 in 2014	**51,916**	130,278
Total Noncurrent Assets	**55,756**	134,991
TOTAL ASSETS	**$185,994**	$300,729
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	**$14,569**	$7,344
Intercompany payable	**1,133,405**	1,371,436
Total Current Liabilities	**1,147,974**	1,378,780
Member's Equity		
Member's unit	**2,340**	2,340
Deficit	**(964,320)**	(1,080,391)
Capital Deficiency	**(961,980)**	(1,078,051)
TOTAL LIABILITIES AND EQUITY	**$185,994**	$300,729

NURSETOGETHER, LLC

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2015	2014
SERVICE REVENUES	**$519,593**	$431,860
COST OF SERVICES	**34,574**	38,109
GROSS PROFIT	**485,019**	393,751
EXPENSES		
Salaries, wages and employee benefits	**157,423**	324,624
Depreciation and amortization	**81,639**	74,777
Commision	**65,205**	–
Professional fees	**27,988**	43,696
Advertising	**20,269**	27,962
Insurance	**11,312**	24,896
Communication	**1,900**	156
Shipping and delivery	**1,716**	1,664
Bank charges	**793**	2,313
Taxes and licenses	**629**	591
Transportation and travel	**304**	4,632
Provision for doubtful accounts	**–**	25,000
Rent	**–**	9,895
Office supplies	**–**	380
Other expenses	**478**	980
	369,656	541,566
OTHER INCOME (CHARGES)		
Miscellaneous income	**708**	647
Others - net	**–**	(3,500)
	708	2853
TOTAL COMPREHENSIVE INCOME (LOSS)	**$116,071**	($150,668)

Anscor International, Inc.

Financial Statements

For the Period Ended December 31, 2015 and 2014

Prepared By:	Approved By:
SALOME BUHION	**NARCISA VILLAFOR**
Accounting Manager	VP-Comptroller

ANSCOR INTERNATIONAL INC.
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2015	2014
ASSETS		
Cash and Cash Equivalents	**$ 7,992**	$ 605,307
Available-for-Sale (AFS) Investments (Notes 3, 4 and 5)	**16,393,548**	15,234,769
Receivables	**94,256**	292,229
Investments and Advances (Note 3, 4 and 6)	**63,392,648**	63,392,648
Other Assets	**-**	5,958
TOTAL ASSETS	**$ 79,888,444**	$ 79,530,911
LIABILITIES AND EQUITY		
Liabilities		
Accounts payable and accrued expenses	**$ 779,243**	$ 779,243
Due to Stockholder (Note 7)	**72,917,260**	73,352,057
Total Liabiities	**73,696,503**	74,131,300
Equity		
Capital stock	**1**	1
Retained Earnings	**6,191,940**	5,399,610
Total Equity	**6,191,941**	5,399,611
TOTAL LIABILITIES AND EQUITY	**$ 79,888,444**	$ 79,530,911

See accompanying Notes to Financial Statements.

ANSCOR INTERNATIONAL INC.
STATEMENTS OF COMPREHENSIVE INCOME

	2015	2014
REVENUES		
Interest income	**$ 18,635**	$ 210,373
Other income	**1,322,247**	702,017
	1,340,882	912,390
Operating expenses	**(548,552)**	(941,090)
NET INCOME (LOSS)	**792,330**	(28,700)
OTHER COMPREHENSIVE INCOME	**-**	-
TOTAL COMPREHENSIVE INCOME (LOSS)	**$ 792,330**	$ (28,700)

See accompanying Notes to Financial Statements.

ANSCOR INTERNATIONAL INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

		Capital Stock		Retained Earnings	Total
BALANCE AT DECEMBER 31, 2013	$	1	$	5,428,310	5,428,311
Total comprehensive income for the year		-		(28,700)	(28,700)
BALANCE AT DECEMBER 31, 2014		1		5,399,610	5,399,611
Total comprehensive income for the year		-		792,330	792,330
BALANCE AT DECEMBER 31, 2015	**$**	**1**	**$**	**6,191,940**	**6,191,941**

See accompanying Notes to Financial Statements.

ANSCOR INTERNATIONAL INC.
STATEMENTS OF CASH FLOWS

		2015		2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income (Loss)	**$**	**792,330**	$	(28,700)
Interest income		**(18,635)**		(210,373)
Operating income (loss) before working capital changes		**773,695**		(239,073)
Decrease in:				
Receivables		**197,973**		44,577
Other assets		**5,958**		-
Increase in accounts payable and accrued expenses		**-**		440,127
Net cash from operations		**977,626**		245,631
Interest received		**18,635**		210,373
Net cash flows from operating activities		**996,261**		456,004
CASH FLOWS FROM INVESTING ACTIVITIES				
Addition to AFS investments		**(1,158,779)**		(1,563,095)
Net cash used in investing activities		**(1,158,779)**		(1,563,095)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (decrease) in due to stockholders		**(434,797)**		1,123,694
Net cash flows from (used in) financing activities		**(434,797)**		1,123,694
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(597,315)**		16,603
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**605,307**		588,704
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$**	**7,992**	$	605,307

See accompanying Notes to Financial Statements.

ANSCOR INTERNATIONAL, INC.
(A Subsidiary of A. Soriano Corporation)

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Anscor International was incorporated on April 2, 2004 in the British Virgin Islands (BVI) under the International Business Company Act. Cap. 291, primarily to buy, sell, underwrite, invest in, exchange or otherwise acquire, and to hold, manage, develop, deal with turn to account any bonds, debentures, shares, stocks, options, commodities, futures, forward contracts, notes or securities of governments, states, municipalities, public authorities or public or private limited or unlimited companies in any part of the world and to lend money either unsecured or against the security of any of the aforementioned property.

The registered office of the Company is at IFS Chambers, Road Town, Tortola, British Virgin Islands.

The Company is not required to file audited financial statements in BVI.

2. Basis of Preparation and Changes in Accounting Policies and Disclosures

Basis of Preparation
The Company financial statements have been prepared on a historical cost basis, except for securities available-for-sale (AFS) investments that have been measured at fair value. The accompanying financial statements have been prepared using the historical cost basis and are presented in US$, which is the Company's functional and presentation currency, and rounded to the nearest dollar, except otherwise stated.

Statement of Compliance
The Company financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies
The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amended Philippine Accounting Standards (PAS) and Improvements to PFRS which were adopted as at January 1, 2015.

- PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions (Amendments)*
  PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which

the service is rendered, instead of allocating the contributions to the periods of service. This amendment is not relevant to the Company since it has no defined benefit plans with contributions from employees or third parties.

Annual Improvements to PFRSs (2010-2012 cycle)

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*
  This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
  - a performance condition must contain a service condition
  - a performance target must be met while the counterparty is rendering service
  - a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
  - a performance condition may be a market or non-market condition
  - if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

  This amendment is not relevant to the Company as it has no share-based payment arrangement.

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
  This improvement clarifies that a contingent consideration that is not classified as equity is subsequently measured at FVPL whether or not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* (or PFRS 9, *Financial Instruments*, if early adopted). This is not relevant to the Company as it has no business combination with contingent consideration.

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
  The amendments clarify that:
  - An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
  - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

  The disclosures required by the standard are included in the parent company financial statements.

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization*
  The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the

gross and carrying amounts of the asset. This amendment is not relevant to the Company as it has not adopted the revaluation method.

- PAS 24, *Related Party Disclosures - Key Management Personnel*
  The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant to the Company as it has not engaged a management entity.

Annual Improvements to PFRSs (2011-2013 cycle)
The Annual Improvements to PFRSs (2011-2013 cycle) are effective for annual periods beginning on or after January 1, 2015. Unless otherwise stated, these amendments have no material impact on the parent company financial statements. They include:

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
  The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:
  - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
  - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

- PFRS 13, *Fair Value Measurement - Portfolio Exception*
  The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39.

- PAS 40, *Investment Property*
  The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).

New Accounting Standards, Interpretations and Amendments to
<u>Existing Standards Effective Subsequent to December 31, 2015</u>
The Company will adopt the standards, interpretations and amendments listed on the next pages to existing standards when these become effective. Except as otherwise indicated, the Company does not expect the adoption of these new and amended standards and interpretations to have a significant impact on the parent company financial statements.

Effective January 1, 2016

- PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception* (Amendments) These amendments clarify that the exemption in PFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity that measures all of its subsidiaries at fair value and that only a subsidiary of an investment entity parent is consolidated. The amendments also allow an investor (that is not an investment entity and has an investment entity associate or joint venture), when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries. These amendments are effective for annual periods beginning on or after January 1, 2016. These amendments are not expected to have any impact to the Company.

- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (Amendments)
  The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

  The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company.

- PFRS 14, *Regulatory Deferral Accounts*
  PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Company is an existing PFRS preparer, this standard would not apply.

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

Early application is permitted and entities do not need to disclose that fact as the amendments are considered to be clarifications that do not affect an entity's accounting policies or accounting estimates. The Company is currently assessing the impact of these amendments on the parent company financial statements.

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)
  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company given that the Company has not used a revenue-based method to depreciate its non-current assets.

- PAS 16, *Property, Plant and Equipment,* and *PAS 41, Agriculture - Bearer Plants* (Amendments)
  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are effective retrospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company as the Company does not have any bearer plants.

- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments)
  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Company's parent company financial statements.

Annual Improvements to PFRSs (2012-2014 cycle)
The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the parent company financial statements. These include:

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
  The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
  PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- PFRS 7 - *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
  This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

- PAS 19, *Employee Benefits - Regional Market Issue Regarding Discount Rate*
  This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- PAS 34, *Interim Financial Reporting - Disclosure of Information 'Elsewhere in the Interim Financial Report'*
  The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective January 1, 2018

- PFRS 9, *Financial Instruments* (2014 or final version)
  In July 2014, the final version of PFRS 9, *Financial Instruments*, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early

application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015. The Company is currently assessing the impact of this standard.

- *International Financial Reporting Standard (IFRS) 15 Revenue from Contracts with Customers*
  IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

- IFRS 16, *Leases*
  On January 13, 2016, the IASB issued its new standard, IFRS 16, *Leases*, which replaces International Accounting Standards (IAS) 17, the current leases standard, and the related interpretations.

  Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with IAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

  The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under IAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

  The new standard is effective for annual periods beginning on or after January 1, 2019. Entities may early adopt IFRS 16 but only if they have also adopted IFRS 15, *Revenue from Contracts with Customers*. When adopting IFRS 16, an entity is permitted to use either a full retrospective or modified retrospective approach, with options to use certain transition reliefs. The Company is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date once adopted locally.

3. Summary of Significant Accounting Policies

Investments in Subsidiaries and Associates

Investments in Subsidiaries

Subsidiaries are all entities over which the Company has control. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Company's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Investments in Associates

Associates are entities over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Investments in subsidiaries and associates are carried at cost, less impairment in value, in the financial statements. Dividends received are reflected as income in the statements of income.

The Company's subsidiaries and associates with the respective percentages of ownership as of December 31, 2015 and 2014 follow:

Name of Subsidiary	**Principal Activities**	**Country of Incorporation**	**% Equity Interest 2015**	% Equity Interest 2014
IQ Healthcare investments Limited (IQHIL))	Healthcare Services	USA	**94**	94
Cirrus Medical Staffing, Inc. (Cirrus)	Healthcare Services	USA	**94**	94
Cirrus Holdings USA, LLC (Cirrus LLC)	Healthcare Services	USA	**94**	94
Cirrus Allied, LLC (formerly MDI Medicals, LLC; MDI)	Healthcare Services	USA	**94**	94
NurseTogether, LLC (NT)	Online Community Management	USA	**94**	94
AGP International Holdings, Ltd. (AGPI)	Holding	British Virgin Islands	**27**	27

Foreign Currency Translation

Transactions in foreign currencies are initially recorded in Peso based on the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing exchange rate at the end of reporting period. All differences are taken to the company statement of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the closing exchange rates at the date when the fair value was determined. Foreign exchange gains and losses relating to AFS equity instruments are presented under other comprehensive income.

Fair Value Measurement

The Company measures financial assets (such as FVPL and AFS investments) at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost and investment properties are disclosed.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as unquoted AFS financial assets, and for non-recurring fair value measurement.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The fair value of instruments that are actively traded in organized financial markets is determined by reference to market prices at the close of business at the end of the reporting period. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's-length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis or other valuation models.

<u>Financial Instruments</u>

Date of recognition

The Company recognizes a financial asset or a financial liability in the company balance sheet when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date. Derivatives are recognized on trade date basis.

Initial recognition of financial instruments
All financial assets are initially recognized at fair value. Except for securities at FVPL, the initial measurement of financial assets includes transaction costs. The Company classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, AFS investments, and loans and receivables. Financial liabilities are classified as financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired and whether they are in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Classification of financial instruments
Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

As of December 31, 2015 and 2014, the Company has the following categories of financial assets and financial liabilities:

a) Financial assets and financial liabilities at FVPL
   This category includes financial assets and financial liabilities held for trading and financial assets and financial liabilities designated upon initial recognition as at FVPL. Financial assets and financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

   Financial assets or financial liabilities classified in this category may be designated by management on initial recognition when the following criteria are met:
   - The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
   - The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
   - The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

   Derivatives recorded at FVPL
   The Company enters into derivative contracts such as currency forwards. These derivative financial instruments are initially recorded at fair value and are subsequently remeasured at fair value at each reporting date. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as accounting hedges) are taken directly to the company statement of income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. There are no outstanding freestanding derivative contract as of December 31, 2015 and 2014.

The Company has certain derivatives that are embedded in host financial contracts, such as structured notes and debt investments and conversion. These embedded derivatives include calls and puts in debt investments and interest rate and conversion options among others.

An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met: (a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and (c) the hybrid or combined instrument is not recognized at FVPL.

Embedded derivatives are measured at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Financial assets and financial liabilities at FVPL are recorded in the company balance sheets at fair value. Changes in fair value are recorded as "Gain (loss) on increase (decrease) in market values of FVPL investments" in the company statements of income. Interest earned or incurred is recorded in interest income or expense, respectively, while dividend income is recorded as such, according to the terms of the contract, or when the right of payment has been established.

As of December 31, 2015 and 2014, the Company has no designated as FVPL all investments in bonds that have callable and other features, managed/hedged funds, and derivatives. No financial liability at FVPL is outstanding as of December 31, 2015 and 2014.

b) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale. After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included in the interest income in the company statement of income. The losses arising from impairment of such loans and receivables are recognized as "Recoveries (valuation allowances) - net" in the company statement of income.

Included under loans and receivables are cash and cash equivalents and receivables.

c) AFS investments

AFS investments are those which are designated as such or do not qualify to be classified as FVPL, HTM or loans and receivables. They are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions. They include equity investments, money market papers, investments in managed funds and other debt instruments.

After initial measurement, AFS investments are subsequently measured at fair value. However, AFS investments in unquoted equity shares whose fair values cannot be reliably measured are carried at cost, less any impairment loss. The effective yield component of AFS debt securities, as well as the impact of restatement on foreign currency-denominated AFS debt securities, is reported in the company statements of income. The unrealized gains and losses arising from the fair valuation of AFS investments and the impact of restatement on foreign currency-denominated AFS equity securities are reported as part of other comprehensive income.

When the security is disposed of, the cumulative gain or loss previously recognized under other comprehensive income is transferred to profit or loss as "Gain (loss) on sale of AFS investments". Where the Company holds more than one investment in the same security, cost of the disposed investment is determined on a weighted average cost basis. Interest earned on holding debt security AFS investments are reported as interest income using the effective interest rate. Dividends earned on holding equity security AFS investments are recognized as such in the company statements of income when the right of payment has been established.

As of December 31, 2015 and 2014, the Company's AFS investments include investment in equity securities and convertible notes.

d) Other financial liabilities

All loans and borrowings are initially recognized at the fair value of the consideration received, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the company statement of income when the liabilities are derecognized, as well as through the amortization process.

As of December 31, 2015 and 2014, included in other financial liabilities are the Company's accounts payable and accrued expenses.

As of December 31, 2015 and 2014, there were no financial instruments classified as HTM.

<u>Derecognition of Financial Assets and Financial Liabilities</u>

Financial assets

A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized or removed from the company balance sheets where:

- the contractual rights to receive cash flows from the asset have expired; or
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

Financial liabilities
A financial liability is removed from the company balance sheets when the obligation under the liability is discharged or cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification will result into the removal of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the company statement of income.

Impairment of Financial Assets
The Company assesses at each end of reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

Assets carried at amortized cost
For loans and receivables carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

For individually significant financial assets, if there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). If the Company determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as industry, collateral type, past-due status and term.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Company. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with changes in related observable data from period to period (such changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the Company and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Company to reduce any differences between loss estimates and actual loss experience.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate, adjusted for the original credit risk premium. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable. The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to the company statements of income. Interest income, if any, continues to be recognized based on the original effective interest rate of the asset. Loans, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. If a future write-off is later recovered, any amounts formerly charged are credited to "Recoveries (valuation allowances) - net" in the company statement of income.

AFS investments

In case of equity investments classified as AFS, objective evidence of impairment would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the company statement of income - is removed from equity and recognized in the company statement of income. The losses arising from impairment of such investments are recognized as "Recoveries (valuation allowances) - net" in the company statement of income. Impairment losses on equity investments are not reversed through the company statement of income. Increases in fair value after impairment are recognized in the company statement of comprehensive income.

In the case of debt instruments classified as AFS investments, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recorded as part of "Interest income" in the company statement of income. If, in the subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the company statement of income, the impairment loss is reversed through the company statement of income.

Day 1 Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in the company statement of income unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is recognized in the company statement of income only when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the “Day 1” difference.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the company balance sheets if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the company balance sheets.

Revenue and Cost Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received excluding the related taxes.

The following specific recognition criteria must also be met before revenue or cost is recognized:

Interest
Interest income from bank deposits and investments in bonds are recognized as interest accrues based on the effective interest rate method.

Operating expenses
All general and administrative expenses are expensed as incurred.

Other Comprehensive Income
Other comprehensive income comprises items of income and expense that are not recognized in company profit or loss for the year in accordance with PFRS. Other comprehensive income of the Company pertains to gains and losses on remeasuring AFS investments and remeasurements comprising actuarial gains and losses on retirement plan assets and liabilities. In computing for the earnings available for dividend declaration and earnings per share, other comprehensive income is not considered.

Cash and Cash Equivalents
Cash includes cash on hand and with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Impairment of Non-financial Assets
At each reporting date, the Company assesses whether there is any indication that its non-financial assets (namely, property and equipment) may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Company makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset’s or cash-generating unit’s fair value less costs to sell and its value in use and is determined for an individual asset,

unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

An impairment loss is charged to operations in the year in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the company statements of income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Capital Stock

Capital stock represents the total par value of the shares issued.

Retained Earnings

Retained earnings represent the cumulative balance of net income or loss, net of any dividend declared.

Borrowing Costs

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

Provisions and Contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the company statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent liabilities are not recognized in the company financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized but are disclosed in the notes to company financial statements when an inflow of economic benefits is probable.

Income Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that have been enacted or substantively enacted as of end of the reporting period.

Earnings Per Share

Basic earnings per share (EPS) is computed by dividing net income for the year by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any. The Company does not have potentially dilutive common shares as of December 31, 2015 and 2014.

Events After the Reporting Period

Post year-end events that provide additional information about the Company's position at the end of reporting period (adjusting events) are reflected in the company financial statements. Post year-end events that are not adjusting events are disclosed in the notes to company financial statements when material.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the company financial statements in accordance with PFRS requires the Company to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, other comprehensive income (loss) and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the company financial statements as they become reasonably determinable.

Judgments, estimates and assumptions 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.

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

Determination of functional currency
The Company's functional currency was determined to be US Dollar ($). It is the currency of the primary economic environment in which the Company operates.

Classification of financial instruments
The Company classifies a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definition of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the company balance sheets.

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

Estimates and Assumptions
The key assumptions concerning the future and key sources of estimation and uncertainty at the balance sheet date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment losses on loans and receivables
The Company reviews its loans and receivables at each reporting date to assess whether an impairment loss should be recorded in the company statement of income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

For the advances to related parties, the Company uses judgment, based on the best available facts and circumstances, including but not limited to, assessment of the related parties' operating activities (active or dormant), business viability and overall capacity to pay, in providing reserve allowance against recorded receivable amounts. For the receivables, the Company evaluates specific accounts where the Company has information that certain customers or third parties are unable to meet their financial obligations. Facts, such as the Company's length of relationship with the customers or other parties and their current credit status, are considered to ascertain the amount of reserves that will be recognized. These reserves are re-evaluated and adjusted as additional information is received. There is no allowance for doubtful accounts as of December 31, 2015 and 2015.

Valuation of unquoted equity investments
Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's-length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for terms with similar terms and risk characteristics; or
- other valuation models.

However, if the range of reasonable fair value measurements is significant and the probabilities of the various estimates cannot be reasonably assessed, the Company measures the investment at cost.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. The Company performs periodic reassessment by reference to prices from observable current market transactions in the same instrument or from other available observable market data.

Unquoted equity investments amounted to $11.33 million and $10.67 million as of December 31, 2015 and 2014, respectively.

Impairment of AFS equity investments
The Company recognizes impairment losses on AFS equity investments when there has been a significant or prolonged decline in the fair value of such investments below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment. In determining whether the decline in value is significant, the Company considers historical volatility of share price (i.e., the higher the historical volatility, the greater the decline in fair value before it is likely to be regarded as significant) and the period of time over which the share price has been depressed (i.e., a sudden decline is less significant than a sustained fall of the same magnitude over a longer period).

AFS equity investments amounted to $11.33 million and $10.67 million as of December 31, 2015 and 2014, respectively.

Impairment of investments carried at equity method
Investments carried at equity method are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company's impairment test on its investments carried at equity is based on value in use calculations that use a discounted cash flows model. The cash flows are derived from the budget for the next five years as well as the terminal value at the end of five years. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The carrying amounts of the investments, amounted to $63.39 million as of December 31, 2015 and 2014.

5. Available-for-Sale (AFS) Investments

	2015	2014
Convertible notes	**$ 5,066,528**	$ 4,566,521
Unquoted equity shares	**11,327,020**	10,668,248
	$16,393,548	$15,234,769

Unquoted investments include the following:

a. In November 2013, AI invested in US$4.0 million convertible notes of Prople Limited. In August 2015, AI purchased Tranche C notes of Prople Limited amounting to US$0.5 million. These notes are convertible at the option of the holder into common shares of Prople Limited. The interest is 5% for the first 3 years and if not converted on the 3rd anniversary of closing date (i.e., November 18, 2016, the conversion date), the interest will be the prevailing five year US Dollar Republic of the Philippines (ROP) plus 400 basis points or 7%, whichever is higher for the next two years.

b. In March 2009, the Company invested US$900,000 for 387,297 Series E Preference shares of Alphion, convertible into 645,485 shares of common stock. Alphion is a fiber optic network company based in New Jersey, with sales, marketing, procurement and R&D offices in India. Alphion develops, manufactures and markets high-speed fiber optic access and switching systems that enable “triple play” services, or voice, video, and data transmission in a single line.

   In October 2011, AI made an additional investment in Alphion amounting to US$1,000,000 for 713,158 Series G Preference shares convertible into the same number of common stock and 140,817 series G warrants convertible into the same number of common stock.

c. In October 2011, AI entered into a subscription agreement with Predictive Edge Media Holdings, LLC (PEMH) for the acquisition of 1,000,000 Series A preferred units at US$3 per unit, which constitute 10% of the total Series A preferred units outstanding. In the first quarter of 2012, the Company’s holdings in PEMH, first acquired in October 2011, were exchanged for an interest in Predictive Edge Technologies, LLC (“Predictive”), PEMH’s company. Predictive is a US-based early-staged technology company, which provides products and services that make practical and effective use of its patented behavioral science, based on psychological principles and state-of-the art mathematics, that allow it to measure and quantify emotions associated with digital content.

   In July 2105 and March 2014, the Company made additional investment in Predictive amounting to $0.5 million and $1.0 million in 2015 and 2014, respectively, for availment of PEMH’s preemptive rights offering.

d. In 2012, AI purchased 525 shares of Leopard. Leopard is a limited company established in the British Virgin Islands (BVI). The objective is to achieve capital appreciation through investments primarily in businesses with significant operations in Cambodia and in real estate located in Cambodia.

6. Investments and Advances

	2015	2014
Investments in subsidiaries and associates	**$ 63,392,648**	$ 63,392,648
	$ 63,392,648	$ 63,392,648

Cirrus

a. On January 19, 2008, the Company through its subsidiary, Cirrus, acquired 100% of the outstanding equity interest in Cirrus LLC and its affiliate, Cirrus Medical Staffing, LLC (CMS). Both companies are engaged in the contract and temporary staffing and permanent placement of nurses and allied healthcare professionals in the USA. Subsequently, new shares were issued to another stockholder representing 6% of the total outstanding shares of Cirrus.

b. On July 18, 2008, Cirrus purchased 100% of Cirrus Allied, LLC to complement Cirrus LLC's nurse traveler operations. It provides physical, occupational and speech language therapists to medical facilities across the USA.

c. On December 10, 2010, Cirrus completed the acquisition of all of the outstanding membership units of NT to complement the operations of Cirrus LLC and CMS.

d. Cirrus Medical Staffing, Inc., Cirrus Holdings USA, LLC, Cirrus Allied, LLC and NurseTogether, LLC complement one another and are collectively called Cirrus.

AGP International Holdings Ltd. (AGPI)

a. AGPI is a British Virgin Islands business company formed in 2010 in connection with the acquisition of equity of Atlantic, Gulf and Pacific Company of Manila, Incorporated (AG&P). AGPI, through its subsidiary and associates, is focused on providing modular engineering and construction and general engineering design services, including, fabrication, assembly and manpower services, particularly in the oil, gas, petrochemical, power generation and mining industries.

   The principal place of business of AGPI is Vantepool Plaza, 2nd Floor, Wickhams Cay 1, Road Town, Tortola British Virgin Islands.

b. In December 2011, AI entered into a subscription agreement with AGPI for US$5.0 million Convertible Bridge Notes (the "Notes"), with interest rate of 9% compounded annually. The principal, together with the accrued interest, is payable on the one year anniversary of the issuance of each Note. The Notes are convertible at the option of the holder into: (a) Series B preferred shares at the per share price paid to buy out existing Series A preferred shares (US$0.345/share or the "conversion price"); or (b) the equity security issued by AGPI in its next round of equity financing at the per share price paid in such next round of financing.

c. On June 28, 2013, AI converted the US$5.0 million Convertible Bridge Notes to 16.4 million series B, voting preferred shares. On June 29, 2013, AI signed a definitive agreement with AGPI for the subscription to 83.9 million series C, voting preferred shares in AGPI. Series B and Series C preferred shares are convertible, at the option of the holder into Class A common shares. The subscription increases AI's holdings to 27% giving the Group significant influence over AGPI.

d. The total cost of the investment in AGPI amounted to $45.0 million as of December 31, 2015 and 2014.

7. Related Party Transactions

Related party relationship exists when the party has the ability to control, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely to the legal form.

In the ordinary course of business, the Company obtains cash advances from ANSCOR to finance its working capital requirements.

	Amount/Volume		Outstanding Balance			
	2015	2014	**2015**	2014	Terms	Condition
Anscor	**$ 5,162,910**	$ 1,278,874	**$ 72,917,260**	$ 73,352,056	Non-interest bearing	Unsecured

8. Financial Instruments and Risk Management Objectives and Policies

The Company's principal financial instruments comprise cash, receivables, investments in unquoted equity securities, investments in mutual and hedge funds. The Company's other financial instruments include accounts payable, which arose directly from operations.

The Company's investment objectives consist mainly of:
a) maintaining a bond portfolio that earns adequate cash yields and
b) maintaining a stable equity portfolio that generates capital gains through a combination of long term strategic investments and short-term to medium-term hold type investment.

The main risks arising from the use of these financial instruments are credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. These risks are monitored by the Company.

The Company evaluates the performance of all investments and reviews fund allocation to determine the future strategy of the fund.

The BOD reviews and approves the Company's risk management policies. The Company's policies for managing each of these risks are summarized below.

Credit risk
The Company is exposed to credit risk primarily because of its investing and operating activities. Credit risk losses may occur as a result of an individual, counterparty or issuer being able to or unwilling to honor its contractual obligations. The Company is exposed to credit risk arising from the counterparties (i.e., foreign and local currency denominated debt instruments and receivables) to its financial assets. The Company does not have a counterparty that accounts for more than 10% of the company revenues.

Credit risk management
In managing credit risk on these investments, capital preservation is paramount. The Company transacts only with recognized and creditworthy counterparties. Investments in bonds are invested in highly recommended, creditworthy debt instruments that provides satisfactory interest yield.

Liquidity risk
Liquidity risk is defined as the risk that the Company may not be able to settle or meet its obligations as they fall due. Aside from yielding good returns, the Company ensures investments have ample liquidity to finance operations and capital requirements.

The Company's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when they are due.

Market risk
Market risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It is the risk coming from adverse movements in factors that affect the market value of financial instruments of the Company. The Company is exposed primarily to the financial risks of changes in interest rates, foreign currency risk, and equity price risks.

Investments exposed to market risk are equity instruments, and mutual fund/hedge fund investments.

There has been no change to the Company's manner of managing and measuring the risk.

Capital management

The primary objective of the Company's capital management is to ensure an adequate return to its shareholder and to maximize its value to its shareholders. In pursuance of this goal, the Company establishes an optimum risk return investment objectives through a sound diversified investment portfolio and in ensuring a fair credit rating, the Company establishes prudent financial policies through appropriate capitalization ratios in its investments and maintain reasonable liquidity.

The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the balance sheet.

No changes were made in the objectives, policies or process for the years ended December 31, 2015 and 2014.

COVER SHEET

P W - 0 2

SEC Registration Number

A . S O R I A N O   C O R P O R A T I O N

(Company's Full Name)

7/ F   P A C I F I C   S T A R   B U I L D I N G

G I L   J.   P U Y A T   A V E N U E   C O R.   M A K A T I   A V E.

M A K A T I   C I T Y

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

ATTY. JOSHUA L. CASTRO	819-0251
(Contact Person)	(Company Telephone Number)

Consolidated Changes in the ACGR for 2015

3rd Wednesday of April

1 2   3 1

Month   *Day*

(Fiscal Year)

(Form Type)

Month   *Day*

(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

A. SORIANO CORPORATION

SECRETARY'S CERTIFICATE

I, **ATTY. JOSHUA L. CASTRO**, Assistant Corporate Secretary of **A. SORIANO CORPORATION** (the "Company"), a corporation duly organized and existing under and by virtue of the laws of the Philippines, do hereby certify that at the regular meeting of the Board of Directors held on November 27, 2015, the following resolutions were approved:

"RESOLVED, as it is hereby resolved, that the Board of Directors of the Company approves the updates to its 2015 Annual Corporate Governance Report (ACGR) as follows:

- Date of election and the number of years served of the members of the Board of Directors;
- Shareholdings of Directors in the Company;
- Voting Result of the last Annual General Meeting;
- Programs and seminars attended by the Directors during the year;
- Number of Board meetings during the year and attendance of Directors;
- Aggregate remuneration of Executive Directors, Non-Executive Directors and Independent Directors;
- Pension plan/s contribution of Executive Directors;
- Remuneration of the Officers of the Company;
- Number of meetings of the Board Committees held during the year and the length of service of its members in their respective Committees;
- Creation of Nomination Committee;
- Ownership structure of Senior Management of the Company;
- Date of release of 2015 audited financial report;
- Dividend declared by the Company for the year 2015;
- Details of attendance in the 2015 stockholders meeting of the Company; and
- Definitive information statements and management report for 2015

IN WITNESS WHEREOF, I have hereunto set my hand this 7th day of January, 2016 at Makati City.

ATTY. JOSHUA L. CASTRO
Assistant Vice President and
Assistant Corporate Secretary

A. SORIANO CORPORATION, 7TH FLOOR, PACIFIC STAR BUILDING, MAKATI AVENUE COR. GIL J. PUYAT AVENUE, 1209 MAKATI CITY
P.O. BOX 1304 MAKATI CENTRAL POST OFFICE, 1252 MAKATI CITY, PHILIPPINES • TEL: 819-0251 to 70 • E-MAIL: asoriano@globe.com.ph

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

SUBSCRIBED AND SWORN to before me this 7th day of January, 2016 at Makati City, affiant exhibited to me his Passport No. EC2569878 issued in Manila on October 29, 2014 and expiring on October 28, 2019.

Doc. No. 226;
Page No. 47;
Book No. XV;
Series of 2016.

REGINALDO L. HERNANDEZ
NOTARY PUBLIC FOR AND IN THE CITY OF MAKATI
APPOINTMENT NO. M-260; ROLL NO. 20642
COMMISSION EXPIRES ON 12-31-16
PTR NO. 4759341; 1-09-15; MAKATI CITY
IBP NO. 0984741; 1-07-15; PASIG CITY
TIN NO. 100-364-501

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS

(A) Use of Form ACGR

This SEC Form shall be used to meet the requirements of the Revised Code of Corporate Governance.

(B) Preparation of Report

These general instructions are not to be filed with the report. The instructions to the various captions of the form shall not be omitted from the report as filed. The report shall contain the numbers and captions of all items. If any item is inapplicable or the answer thereto is in the *negative*, an appropriate statement to that effect shall be made. Provide an explanation on why the item does not apply to the company or on how the company's practice differs from the Code.

(C) Signature and Filing of the Report

A. Three (3) complete set of the report shall be filed with the Main Office of the Commission.

B. At least one complete copy of the report filed with the Commission shall be **manually** signed.

C. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.

D. This report is required to be filed annually together with the company's annual report.

(D) Filing an Amendment

Any material change in the facts set forth in the report occurring within the year shall be reported through SEC Form 17-C. The cover page for the SEC Form 17-C shall indicate "Amendment to the ACGR".

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year **2015**

2. Exact Name of Registrant as Specified in its Charter **A. SORIANO CORPORATION**

3. **7TH FLOOR, PAC IFIC STAR BLDG., MAKATI AVENUE, MAKATI CITY** **1209**
   Address of Principal Office Postal Code

4. SEC Identification Number **PW-2**.

5. ________ (SEC Use Only)
   Industry Classification Code

6. BIR Tax Identification Number .**000-103-216**

7. **(02) 819-0251 to 60**
   Issuer's Telephone number, including area code

8. **N.A.**
   Former name or former address, if changed from the last report

TABLE OF CONTENTS

A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	Seven (7)

Actual number of Directors for the year	Seven (7)

(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)[1]	Elected when (Annual /Special Meeting)	No. of years served as director
Andres Soriano III	ED		Eduardo J. Soriano	1983	2015	April 15, 2015	32
Eduardo J. Soriano	ED		Eduardo J. Soriano	1980	2015	April 15, 2015	35
Ernest K. Cuyegkeng	ED		Eduardo J. Soriano	2009	2015	April 15, 2015	6
John Gokongwei, Jr.	NED		Eduardo J. Soriano	1980	2015	April 15, 2015	35
Oscar J. Hilado	ID		Eduardo J. Soriano, no relationship	1998	2015	April 15, 2015	17
Jose C. Ibazeta	NED		Eduardo J. Soriano	1981	2015	April 15, 2015	29*
Roberto R. Romulo	ID		Eduardo J. Soriano, no relationship	1998	2015	April 15, 2015	17

** Mr. Ibazeta served as Director from 1981 to 1998. He was elected again from 2004 to 2009. He resigned in March 21, 2010 in view of his appointment as Acting Secretary of the Department of Energy and after his term has ended, was re-elected again as Director on July 26, 2010.*

(b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasis the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

Corporate Governance Policy

The corporate governance policy of A. Soriano Corporation (the "Company") is set forth in its Manual on Corporate Governance, which serves as guide for the Company, its Board of Directors as well as officers and employees. The Manual contains basic policies, procedures and practices towards the following:

a. Sound, prudent, and effective management,
b. Efficient and effective management information system,
c. Effective risk management,
d. Reliability and integrity of financial and operational information,
e. Cost effective and profitable business operations,
f. Compliance with laws, rules, regulations and contracts, and
g. Enhancing the value of the Company.

Board Responsibilities

The Board of Directors is primarily responsible for the governance of the Company. It is the Board's responsibility to foster the long-term success of the Company, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders.

To ensure a high standard of best practice for the Company and its stockholders, the Board should conduct itself with honesty and integrity in the performance of its duties and functions –

[1] Reckoned from the election immediately following January 2, 2012.

(a) Implement a process for the selection of directors who can add value to the formulation of corporate strategies and policies;

(b) Provide sound strategic policies and guidelines to the Company on major capital expenditures;

(c) Ensure the Company's compliance with all applicable laws, regulations and best business practices;

(d) Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the Company;

(e) Identify the sectors in the community in which the Company operates and formulate policy of accurate, timely and effective communication with them,

(f) Adopt a system of check and balance within the Board;

(g) Identify and monitor key risk areas and performance indicators to enable the Corporation to anticipate and prepare for threats to its operational and financial viability;

(h) Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions;

(i) Constitute an Audit Committee and other committees necessary to assist the Board in the performance of its duties and responsibilities;

(j) Establish and maintain an alternative dispute resolution system;

(k) Meet at such times or frequency as may be needed;

(l) Keep the activities and decisions of the Board within its authority; and

(m) Appoint a Compliance Officer, among others.

Board Accountability and Audit

The Board is primarily accountable to the stockholders. It should provide them with a balanced and comprehensible assessment of the Company's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law.

Stockholders' Rights and Protection of Minority Stockholders' Interests

The Board shall respect the rights of the stockholders as provided for in the Corporation Code, namely:

a. Right to vote on all matters that require their consent or approval;
b. Pre-emptive right to all stock issuances of the Company;
c. Right to inspect corporate books and records;
d. Right to information;
e. Right to dividends; and
f. Appraisal right.

The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the Company. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholders' favor.

It is the duty of the Board to promote the right of the stockholders, remove impediments to the exercise of those rights and provide avenue for them to seek timely redress for breach of their rights.

The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders an avenue to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Company

Disclosure and Transparency

The essence of corporate governance is transparency. The more transparent the internal workings of the Company are, the more difficult it is for Management and dominant stockholders to mismanage the Company or misappropriate its assets.

It is therefore essential that all material information about the Company which could adversely affect its viability or the interests of the stockholders should be publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of Board and Management. All such information should be disclosed through the appropriate Exchange mechanisms and submissions to the Commission.

(c) How often does the Board review and approve the vision and mission?

No fix schedule, on as needed basis.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group[2]

Identify, and if applicable, the members of the Company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Andres Soriano III	Anscor Consolidated Corp. Seven Seas Resorts and Leisure, Inc. Pamalican Resort, Inc. Phelps Dodge International Philippines, Inc. Phelps Dodge Philippines Energy Products Corporation Andres Soriano Foundation, Inc.	ED - Chairman NED – Chairman NED - Chairman NED – Chairman NED – Chairman ED-Chairman
Eduardo J. Soriano	Cirrus Global, Inc. Anscor Property Holdings, Inc. A. Soriano Air Corporation Phelps Dodge International Philippines, Inc. Phelps Dodge Philippines Energy Products Corporation	Chairman NED – Chairman NED – Chairman NED NED
Ernest K. Cuyegkeng	Anscor Property Holdings, Inc. Seven Seas Resorts and Leisure, Inc.	ED NED

[2] The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

	Pamalican Resort, Inc. Phelps Dodge International Philippines, Inc. Phelps Dodge Philippines Energy Products Corporation A. Soriano Air Corporation Cirrus Global, Inc. Andres Soriano Foundation, Inc.	NED ED ED ED ED NED
Oscar J. Hilado	Seven Seas Resorts and Leisure, Inc. Pamalican Resort, Inc.	NED NED
Jose C. Ibazeta	Anscor Consolidated Corp. Seven Seas Resorts and Leisure, Inc. Pamalican Resort, Inc. Phelps Dodge International Philippines, Inc. Phelps Dodge Philippines Energy Products Corporation Island Aviation, Inc. Anscor Property Holdings, Inc.	NED ED ED NED NED NED - Chairman NED

(ii) Directorship in Other Listed Companies

Identify, and if applicable, the members of the Company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Andres Soriano III	International Container Terminal Services, Inc.	NED
Ernest K. Cuyegkeng	Arthaland Corporation	ID – Chairman
John L. Gokongwei, Jr.	JG Summit Holdings, Inc. Robinsons Retail Holdings, Inc. Universal Robina Corporation Robinsons Land Corporation Cebu Air, Inc. JG Summit Petrochemical Corp. Oriental Petroleum and Minerals Corp. Manila Electric Company	NED – Chairman ED - Chairman NED NED NED NED NED NED
Oscar J. Hilado	PHINMA Corporation Trans-Asia Oil and Energy Development Corporation First Philippine Holdings Corporation Philex Mining Corporation	NED – Chairman NED – Chairman ID ID
Jose C. Ibazeta	International Container Terminal Services, Inc.	NED
Roberto R. Romulo	Robinsons Retail Holdings, Inc.	ID

(iii) Relationship within the Company and its Group

Provide details, and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
Andres Soriano III	Ansçor Consolidated Corp.	Chairman

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	None.	None.
Non-Executive Director	None.	None.
CEO	None.	None.

(c) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Andres Soriano III	50,490,265	438,938,005	19.58%
Eduardo J. Soriano	20,000	188,495,944	7.54%
Ernest K. Cuyegkeng	20,000	-	0.001%
John L. Gokongwei, Jr.	130,960	214,974	0.014%
Oscar J. Hilado	20,000	6,000,000	0.241%
Jose C. Ibazeta	32,951	-	0.001%
Roberto R. Romulo	20,000	-	0.001%
TOTAL	**268,911**	**75,849,453**	**3.045%**

2) Chairman and CEO

(a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes ☐ No ☑

The existence of the various Board Committees, namely, Executive Committee, Compensation Committee, Audit Committee and Investment Committee and the presence of Independent Directors in the Board of Directors provide the checks and balances.

Identify the Chair and CEO:

Chairman of the Board	Andres Soriano III
CEO/President	Andres Soriano III

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman / CEO	President
Role	Preside at the meetings of the Board of Directors and of the Stockholders	To supervise and direct the day-to-day business affairs of the Company.

	Carry out the resolutions of the Board of Directors Have general supervision and administration of the affairs of the Company. To represent the Company at all functions and proceedings and, unless otherwise directed by the Board, to attend and/or vote (in person or by proxy) at any meeting of shareholders of corporations in which the Company may hold stock and at any such meeting, to exercise any and all the rights and powers incident to the ownership of such stock which the owner thereof might possess or exercise if present. To execute on behalf of the Company all contracts, agreements and other instruments affecting the interests of the Company, which require the approval of the Board of Directors, except as otherwise directed by the Board of Directors. To sign certificates of stock. To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors. Ensure that the meetings of the Board are held in accordance with the Bylaws. Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestion of Management and other directors. Maintain qualitative and timely lines of communication and information between the Board and Management.	Subject to guidelines prescribed by law or by the Chairman of the Board and Chief Executive Officer, to appoint, remove, suspend or discipline employees of the Company, prescribe their duties, determine their salaries. To exercise such powers and perform such duties as the Chairman of the Board and Chief Executive Officer may from time to time assign to him. Unless otherwise directed by the Board of Directors or by the Chairman of the Board and Chief Executive Officer, to exercise the latter's functions in the event or absence or temporary disability of the Chairman of the Board and Chief Executive Officer and the Vice Chairman of the Board.
Accountabilities	To make reports to the Directors and Stockholders	To ensure that the administration and operational policies of the Company are carried out under the direction and control of the Chairman of the Board and Chief Executive Officer.
Deliverables	Initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of the Board of Directors	To recommend to the Chairman of the Board and Chief Executive Officer specific projects for the attainment of corporate objectives and policies.

		To oversee the preparation of the budgets and the statements of accounts of the Company. To prepare such statements and reports of the Company as may be required by law.

3) Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions?

The Board of Directors is in the process of formulating the plan for succession for the Company.

4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

The Company promotes the election of a mix of executive and non-executive directors, that would allow a healthy balance of ideas, opinion, wisdom and experience on the management and business of the Company and in order that no director or small group of directors can dominate the decision-making process.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board. This necessarily means that a director has some experience in the sector or industry to which the Company belongs. Moreover, the Board may provide for additional qualifications for directors which may include, among others, the following:

a. College education or equivalent academic degree;
b. Practical understanding of the business of the Company;
c. Membership in good standing in relevant industry, business or professional organization; and
d. Previous business experience.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role	Foster the long-term success of the Company, and sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders.	Same role.	Same role.
Accountabilities	Conduct fair business transactions with the Company, and ensure that his personal interest does not conflict with the interests of the Company. Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.	Same accountabilities.	Same accountabilities.

	Act judiciously. Exercise independent judgment. Observe confidentiality.		
Deliverables	Formulate the Company's vision, mission, strategic or objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.	Same deliverables.	Same deliverables.

Provide the company's definition of "independence" and describe the company's compliance to the definition.

The Company's By-Laws provide for the definition of an independent director in conformity with the definition of an independent director as provided for in the Securities Regulations Code and its implementing rules and regulations. As defined, an "independent director" means a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in any covered company and includes, among others, any person who:

A. Is not a director or officer of the covered company or of its related companies or any of its substantial shareholders except when the same shall be an independent director of any of the foregoing;

B. Does not own more than two percent (2%) of the shares of the covered company and/or its related companies or any of its substantial shareholders;

C. Is not related to any director, officer or substantial shareholder of the covered company, any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;

E. Is not acting as a nominee or representative of any director or substantial shareholder of the covered company, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement;

F. Has not been employed in any executive capacity by the covered company, any of its related companies and/or by any of its substantial shareholders within the last two (2) years;

G. Is not retained, either personally or through his firm or any similar entity, as professional adviser, by that covered company, any of its related companies and/or any of its substantial shareholders, within the last two (2) years; or

H. Has not engaged and does not engage in any transaction with the covered company and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms length and are immaterial.

The Company ensures that its independent directors comply with the above definition for an independent director. Further, the Company's independent directors are required to submit annually a certification that they possess all the qualifications and none of the disqualifications to serve as independent directors, listing therewith all their affiliations with other companies.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

The Company adheres to the provision of SEC Memorandum Circular No. 09-11 dated December 5, 2011, which prescribes a term limit of five consecutive years for independent directors (reckoned from the effectivity date of the Circular.)

After the lapse of the five-year service period, the independent director shall be ineligible for election unless he/she has undergone a "cooling off" period of two years, provided that the independent director concerned has not engaged in any activity that under existing rules disqualifies a person from being elected as an independent director of the Company. After the "cooling off" period, the independent director may serve for another five consecutive years. After serving as independent director for ten years, he or she shall no longer qualify for election as an independent director of the Company.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
None	None	None	None

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	Nominations shall be received by the Chairman of the Board of Directors (which nominations may be sent to such Chairman in care of the Secretary of the Company), on March 1 of every year or at such earlier or later date as the Board of Directors may fix. Each nomination under the preceding paragraph shall set forth (i) the name, age, business address, if known, address of each nominee, (ii) the principal occupation or employment of each such nominee, (ii) the number of shares of stock of the Company which are beneficially owned by each such nominee, and (iv) interests and positions held by each nominee in other Company's. In addition, the shareholder making such	A director must have at least twenty thousand (20,000) shares of stock of the Company in his name in the books of the Company. The Board may provide for additional qualifications which may include, among others, the following: a. College education or equivalent academic degree; b. Practical understanding of the business of the Company; c. Membership in good standing in relevant industry, business or professional organization; and d. Previous business experience. Majority of the directors shall be citizens of

	nomination shall promptly provide any other information reasonably requested by the Company. The Board, by a majority vote may, in its discretion, determine and declare that a nomination was not made in accordance with the foregoing procedures, and/or that a nominee is disqualified for election as Director and if the Board should so determine the defective nomination and the nomination of a disqualified person shall be disregarded.	the Philippines. Majority of the directors shall also be residents of the Philippines.
(ii) Non-Executive Directors	Same process as the election of executive directors.	Same criteria as election of executive directors. Further, the non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.
(iii) Independent Directors	Same process as the election of executive directors.	Same criteria as election of executive directors. Further, he or she must comply with the definition of an independent director and possess all the qualifications and none of the disqualifications for serving as independent director as provided for in the Company's By-Laws and the provisions of the Securities Regulation Code and its implementing rules and regulations.
b. Re-appointment		
(i) Executive Directors	Same process for nomination and election of executive directors set forth above.	Same criteria for nomination and election of executive directors set forth above.
(ii) Non-Executive Directors	Same process for nomination and election of non-executive directors set forth above.	Same criteria for nomination an election of non-executive directors set forth above.
(iii) Independent Directors	Same process for nomination and election of independent directors set forth above.	Same criteria for nomination and election of independent directors set forth above. Further, the re-election of

		independent directors must observe the term limit prescribed in SEC Memorandum Circular No. 09-11.
c. Permanent Disqualification		
(i) Executive Directors	The following are the grounds for permanent disqualification of a director: a. Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (i) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (ii) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (iii) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them; b. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (i) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (ii) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (iii) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (i) and (ii) above, or willfully violating the laws that govern securities and banking activities. The disqualification shall	Same as grounds for permanent disqualification of a director.

	also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Company Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission of BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization; c. Any person convicted by final judgment or order of a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts; d. Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Company Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order; e. Any person judicially declared as insolvent;	

	f. Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated above. g. Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Company Code committed within five (5) years prior to date of his election or appointment.	
(ii) Non-Executive Directors	Same as grounds for permanent disqualification of an executive director.	Same as grounds for permanent disqualification of non-executive directors.
(iii) Independent Directors	Same as grounds for permanent disqualification of an executive director. Further, an independent director may also be permanently disqualified as independent director if he or she becomes an officer, employee or consultant of the Company. Provided, however, that the said independent director may continue to serve as a director if the Company still complies with the requirement on the number of independent director(s) as required by the By-Laws.	Same as grounds for permanent disqualification of independent directors.
d. Temporary Disqualification		
(i) Executive Directors	The Board may provide for the temporary disqualification of a director for any of the following reasons: a. Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in	Same as grounds for temporary disqualifications of executive directors.

	effect as long as the refusal persists. b. Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless that absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election. c. Dismissal or termination for cause as director of any Company covered by this Code. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination. d. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final. A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.	
(ii) Non-Executive Directors	Same as grounds for temporary disqualification of executive directors.	Same as grounds for temporary disqualifications of non-executive directors.
(iii) Independent Directors	Same as grounds for temporary disqualification of executive directors. In addition, if the beneficial equity ownership of an independent director in the Company or its subsidiaries and affiliates exceeds two percent of its subscribed	Same as grounds for temporary disqualifications of independent directors.

	capital stock. The disqualification shall be lifted if the limit is later complied with.	
e. Removal		
(i) Executive Directors	The Company adheres to the provision of the Corporation Code on removal of directors. Section 28 of the Corporation Code, as amended, provides that any director may be removed from office by a vote of the stockholders holding or representing two-thirds of the outstanding capital stock, provided, that such removal shall take place either at a regular meeting of the Company or at special meeting called for the purpose, and in either case, after previous notice to stockholders of the Company of the intention to propose such removal at the meeting. A special meeting of the stockholders for the purpose of removal of directors must be called by the secretary on order of the president or on the written demand of the stockholders representing or holding at least a majority of the outstanding capital stock. Should the secretary fail or refuse to call the special meeting upon such demand or fail or refuse to give the notice, or if there is no secretary, the call for the meeting may be addressed directly to the stockholders by any stockholder of the Company signing the demand. Notice of the time and place of such meeting, as well as of the intention to propose such removal must be given by publication or by written notice.	Removal may be with or without cause provided that removal without cause may not be used to deprived minority stockholders or members of the right of representation to which they may be entitled under Section 24 of the Corporation Code, as amended.
(ii) Non-Executive Directors	Same as process for removal of executive directors.	Same criteria for removal of executive directors.
(iii) Independent Directors	Same as process for removal of independent directors.	Same criteria for removal of executive directors.
f. Re-Instatement		

(i) Executive Directors	A director may only be re-instated through election during annual stockholders meeting or by majority vote of the directors to fill a vacancy in the Board in case where a director resigns due to a disqualification (e.g., appointment to a Cabinet position) and after cessation of such disqualification.	Same as process for re-instatement of executive directors.
(ii) Non-Executive Directors	Same as re-instatement of executive directors.	Same as process for re-instatement of non-executive directors.
(iii) Independent Directors	Same as re-instatement of independent directors.	Same as process for re-instatement of independent directors.
g. Suspension		
(i) Executive Directors	The Company's By-Laws or Manual on Corporate Governance does not provide for grounds for suspension of Directors. However, Directors of the Company are expected to observe the highest standard of business conduct or ethics and as such are expected to fully inform the Board of Directors of any potential issue in exercising his or her functions and duties as Director.	No criteria but Directors are expected to exercise prudence and sound independent judgment.
(ii) Non-Executive Directors	Same as above.	Same as above.
(iii) Independent Directors	Same as above.	Same as above.

Voting Result of the last Annual General Meeting

Name of Director	Votes Received
Andres Soriano III	2,235,475,280
Eduardo J. Soriano	2,235,475,280
Ernest K. Cuyegkeng	2,235,475,280
John L. Gokongwei, Jr.	2,235,475,280
Oscar J. Hilado	2,235,475,280
Jose C. Ibazeta	2,235,475,280
Roberto R. Romulo	2,235,475,280

6) Orientation and Education Program

(a) Disclose details of the company's orientation program for new directors, if any.

The Company requires that a new director, before assuming office attend a seminar on corporate governance conducted by a duly recognized private or government institution.

(b) State any in-house training and external courses attended by Directors and Senior Management[3] for the past three (3) years:

None as the Company's Directors and Senior Management have considerable expertise in their respective fields. However, Directors and Senior Management regularly attend briefings and conferences and avail themselves of publications to update their knowledge and skills in their field of expertise.

(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Andres Soriano III	June 24, 2015	Corporate Governance	SGV & Co.
Eduardo J. Soriano	June 24, 2015	Corporate Governance	SGV & Co.
Oscar J. Hilado	August 27, 2015	Corporate Governance	SGV & Co.
Ernest K. Cuyegkeng	June 24, 2015	Corporate Governance	SGV & Co.
Jose C. Ibazeta	June 24, 2015	Corporate Governance	SGV & Co.
Roberto R. Romulo	September 22, 2015 October 30, 2015	Corporate Governance Training Program Data and Information Rules	Institute of Corporate Directors PLDT
John L. Gokongwei, Jr.		Exempted by SEC per Letter dated November 12, 2015	

B. CODE OF BUSINESS CONDUCT & ETHICS

1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	A director should ensure that his personal interest does not conflict with the interests of the Company. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process.	The Company has a long-standing policy to require the highest standards of ethics and morality for the Company and its employees. An employee has a duty of loyalty to the Company. An employee shall not have conflicting interests in any competitor of the Company or in any organization with which the Company does business. Such interest creates an unfavorable impression and raises an implication of	Same with Senior Management.

[3] Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

	A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Company, or stands to acquire or gain financial advantage at the expense of the Company.	impropriety.	
(b) Conduct of Business and Fair Dealings	A director should conduct fair business transactions with the Company. The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests.	Same with Directors.	An employee on a full-time employment with the Company is expected to devote his full regular working time to the Company. The Company and its representatives are expected to transact business on an ethical basis.
(c) Receipt of gifts from third parties	Gifts of nominal value and if given on special occasions, e.g., birthdays, Christmas, etc., may be permissible.	Same with Directors.	Relationship with commercial customers or suppliers may occasionally present circumstances when gifts or favors are exchanged as an accepted practice. Such practice is considered proper under the following guidelines: a. Certain business courtesies, such as payment for a modest lunch or dinner in connection with a business meeting, normally would not be a gift within the context of the general policy. Employees concerned should endeavor to keep such courtesies on a reciprocal basis, to the extent practicable, in order to demonstrate that no gift is sought or granted. b. Advertising novelties would not be inappropriate to give or receive, provided the item is on no appreciable value, and is widely distributed to others

			und er essentially the same business relationship with the donor. c. Company products, models, and pictures made available under customer and public relations program would not be in violation of the general policy. d. Offers by present or potential suppliers to provide expense-paid trips for pleasure must be declined. Offers of suppliers to provide expense-paid trips to suppliers' facility or other destination for business must be referred to Management before being considered.
(d) Compliance with Laws & Regulations	A Director should ensure that he or she and the Company comply with all laws and rules and regulations.	Senior Management should ensure that he or she and the Company comply with all laws and rules and regulations.	All employees should ensure that they and the Company comply with all laws and rules and regulations.
(e) Respect for Trade Secrets/Use of Non-public Information	A director should keep secure and confidential all non-public information he may require or learn by reason of his position as director. He should not reveal confidential information without the authority of the Board.	Same policy as in case of Directors.	All employees have the duty to keep all sensitive information confidential and in case of doubt they should elevate the matter to superior officers for clarification and guidance.
(f) Use of Company Funds, Assets and Information	Use of Company funds, assets and information for personal benefit is not permissible. Company equipment may be borrowed under justifiable conditions subject to Company guidelines.	Same policy applicable to Directors.	Same policy applicable to - Directors.
(g) Employment & Labor Laws & Policies	A Director should ensure that the Company complies will all employment and labor laws and rules and regulations.	Senior Management should ensure that the Company complies will all employment and labor laws and rules and regulations.	All employees should ensure that the Company complies with all employment and labor laws and rules and regulations.
(h) Disciplinary action	No specific policy	Based on decision of	The Company believes

	but Directors are expected to act based on highest standard of conduct and if a situation will arise that will result to a potential issue with the Company, a Director is expected to fully inform the Board and if necessary voluntarily refrain from exercising his functions as Director until such time that the potential issue is resolved.	Chairman of the Board and CEO.	that the most effective discipline is that which is self-motivated. The individual's views, dignity, as well as their need for security are recognized by the organization. Effort is exerted to promote effective employee-management relations, to prevent situations requiring disciplinary actions. The objective of disciplinary action is corrective rather than punitive. When clearly warranted however, disciplinary action is to be initiated promptly, and in accordance with Company's policy and procedure. Due process shall be observed at all times. Action must be timely and prudent. Impartiality and open-mindedness should characterize the investigation of cases. In the application of penalties/sanctions, uniformity and fairness should be exercised.
(i) Whistle Blower	It is the Company's policy to investigate complaints fairly and protect the identity of complainant.	Same policy applicable to Directors.	Same policy applicable to directors.
(j) Conflict Resolution	Through amicable settlement acting with utmost professionalism with Independent Directors as impartial arbiters.	Same policy applicable to Directors.	Conflict resolution is handled by the Company's Labor-Management Council.

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

Yes.

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

With respect to the Board of Directors, the Chairman monitors compliance with code of ethics or conduct. For Company employees, monitoring of compliance is through Personnel Department.

4) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company	Only inter-company receivables and payables are permissible.
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	The Company does not allow related party transactions with substantial stockholders, officers and their family and directors and their family.
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	None.
Name of Officer/s	None.
Name of Significant Shareholders	None.

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company	Through open dialogue conducted with utmost professionalism with the Chairman and the Independent Directors as impartial arbiters.
Group	Same as above.

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,[4] commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

[4] Family relationship up to the fourth civil degree either by consanguinity or affinity.

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
None.		
None.		
None.		
None.		

(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
None.		
None.		
None.		
None.		

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
None.		
None.		

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the Company and its stockholders, and the Company and third parties, including regulatory authorities.

	Alternative Dispute Resolution System
Corporation & Stockholders	No conflict or differences for the last three years.
Corporation & Third Parties	No conflict or differences for the last three years.
Corporation & Regulatory Authorities	No conflict or differences for the last three years.

C. BOARD MEETINGS & ATTENDANCE

1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

Per By-Laws, meetings of the Board of Directors must be held quarterly. In practice, meetings of the Board of Directors are held at least five times a year.

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Andres Soriano III	April 15, 2015	5	5	100%
Member	Eduardo J. Soriano	April 15, 2015	5	5	100%
Member	Ernest K. Cuyegkeng	April 15, 2015	5	5	100%
Member	John L. Gokongwei, Jr.	April 15, 2015	5	5	100%

Member	Jose C. Ibazeta	April 15, 2015	5	5	100%
Independent	Oscar J. Hilado	April 15, 2015	5	4	80%
Independent	Roberto R. Romulo	April 15, 2015	5	4	80%

3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

None.

4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members?

Per By-Laws, a majority of the entire membership of the Board shall constitute a quorum for the transaction of any business.

5) Access to Information

(a) How many days in advance are board papers[5] for board of directors meetings provided to the board?

At least two to three days in advance.

(b) Do board members have independent access to Management and the Corporate Secretary?

Yes.

(c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

Yes. Specifically, the Corporate Secretary should –

a. Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the corporation;

b. Be loyal to the mission, vision and objectives of the Company;

c. Work fairly and objectively with the Board, Management and stockholders;

d. Have appropriate administrative and interpersonal skills;

e. If he is not at the same time the corporation's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;

f. Have a working knowledge of the operations of the Company;

g. Inform the members of the Board, in accordance with the By-laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;

h. Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so;

i. Ensure that all Board procedures, rules and regulations are strictly followed by the members; and

[5] Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

j. If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in this Code.

k. Issue a Certification every January 30th of the year on the attendance of directors in meetings of the board of directors countersigned by the Chairman of the Board.

(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

Yes.

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes [X] No [ ]

Committee	Details of the procedures
Executive	The Directors are provided with materials in advance.
Audit	The Directors are provided with materials in advance.
Nomination	Not applicable.
Remuneration	The Directors are provided with materials in advance.
Investment	The Directors are provided with materials in advance.

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Procedures	Details
For investments in financial assets, Directors may seek external advice from Maybank ATR Kim Eng Securities. For accounting and tax, with SGV & Co. For legal matters, with law firm of Picazo Buyco Tan Fider and Santos.	Same.

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes	Reason
None.	None.	None.
None.	None.	None.
None.	None.	None.

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Determined by the Compensation Committee using benchmarking based on industry standards.	Same process applicable to CEO.
(2) Variable remuneration	Not applicable.	Not applicable.
(3) Per diem allowance	Not applicable.	Not applicable.
(4) Bonus	Bonus of not more than 3% of the preceding year's net income is approved by the Compensation Committee and the Board of Directors.	Same process for CEO.
(5) Stock Options and other financial instruments	Not applicable.	Not applicable.
(6) Others (specify)	Not applicable.	Not applicable.

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	Entitled to per diem allowance of P20,000 for every Board meeting attended.	Entitled to fixed per diem allowance based on Board meeting attendance and annual director's bonus as may be approved by the Board within Company policy.	Per diem allowance is fixed at P20,000 while annual director's bonus as may be approved by the Compensation Committee and the Board of Directors should not exceed 1% of the net income after tax during the preceding year.
Non-Executive Directors	Same per diem allowance as mentioned above.	Same compensation structure as mentioned above.	Same as above.

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Remuneration Scheme	Date of Stockholders' Approval
Per diem allowance and annual bonus not exceeding 1% of the net income after tax of the preceding year.	This was formally approved by the stockholders as a standing policy during the Annual Stockholders on April 21, 2004.

	Annually, the Company requests the stockholders during the Annual Stockholders Meeting to ratify all acts and resolutions of the Board of Directors. Part of such acts and resolutions is approval of directors' bonus, latest approval of which from stockholders was made during the Annual Stockholders' Meeting held on April 15, 2015.

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item	Executive Directors	Non-Executive Directors and Independent Directors
(a) Fixed Remuneration	P53,496,185.00	
(b) Variable Remuneration		
(c) Per diem Allowance		
(d) Bonuses	P37,750,000.00	
(e) Stock Options and/or other financial instruments		
(f) Others (Specify)	P1,446,769.00	
Total	P92,692,954.00*	P13,468,929.00

** Includes compensation for two executive officers who are not directors.*

Other Benefits	Executive Directors	Non-Executive Director (other than Independent directors)	Independent Directors
1) Advances	Not applicable.	Not applicable.	Not applicable.
2) Credit granted	Not applicable.	Not applicable.	Not applicable.
3) Pension Plan/s Contributions	P7,723,176.00	Not applicable.	Not applicable.
(d) Pension Plans, Obligations incurred	Not applicable.	Not applicable.	Not applicable.
(e) Life Insurance Premium	Not applicable.	Not applicable.	Not applicable.
(f) Hospitalization Plan	Annual medical benefit of P500,000.00 per ED.	Not applicable.	Not applicable.
(g) Car Plan	Car Plan with vehicle cost equivalent to P3M – P5 M. May be availed every 5 years.	Not applicable.	Not applicable.
(h) Others (Specify)	Not applicable.	Not applicable.	Not applicable.
Total	Not applicable.	Not applicable.	Not applicable.

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

Director's Name	Number of Direct Option/Rights/ Warrants	Number of Indirect Option/Rights/ Warrants	Number of Equivalent Shares	Total % from Capital Stock
Not applicable.	Not applicable.	Not applicable.	Not applicable.	Not applicable.

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
None.	None.	None.

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
Narcisa M. Villaflor – Vice President and Comptroller	P92,692,954.00*
Joshua L. Castro – Assistant Vice President and Assistant	

**Includes compensation of the three Executive Directors of the Company.*

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions/ Key Responsibilities/ Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)		
Executive	3	1	1	Based on By-Laws	The Executive Committee may act on matters within the competence of the Board, except as specifically limited by law or by the Board Directors.
Audit	1	1			The Audit Committee is formed to assist

			1	Audit Committee Charter	the Board in the performance of its oversight responsibility for (1) financial reporting process of the company; (2) risk management and system of internal controls; (3) audit process; (4) monitoring the compliance with applicable laws, rules and regulatory requirements; and (5) the independence and performance of the company's internal and external audits. The Audit Committee shall: a. Review and reassess the adequacy of the Audit Committee Charter annually and recommend any proposed changes to the Board for approval. b. Provide oversight of financial reporting and disclosures which include the following: -appropriateness of accounting policies adopted by Management - reasonableness of estimates, assumptions, and judgments used in the FS preparation - identification of material errors and fraud, and sufficiency of risk controls - actions or measures in case of finding of error or fraud in financial reporting - review of unusual or complex transactions including all related party trans actions - assessment of financial annual and interim reports as to completeness, clarity, consistency and accuracy of disclosures - review and approval of mgt representation letter before submission to external auditor - communication with legal counsel covering litigation, claims, contingencies or other significant legal issues - assessment of the correspondence between the company and regulators re FS filings and disclosures - setting a framework for fraud prevention and detection - Business Continuity Plan - evaluation of compliance with the Code of Conduct

					- qualifications of an internal auditor - review internal audit reports c. Review the annual audited financial statements with the CFO and comptroller, including major issues regarding accounting and auditing principles and practices as well as adequacy of internal controls on asset/fund management. d. Review an analysis made by the CFO and comptroller of financial reporting issues and judgments made in connection with the preparation of the Company's quarterly and yearend financial statements. These issues may include, among others, compliance with existing Philippine Financial Reporting Standards (PFRS). e. Review with the CFO and comptroller problems that the external auditors may have encountered and management letter prepared by the external auditors that arise from the yearly-concluded audit engagement for the Group. f. Review with the CFO and Comptroller exposure drafts by Philippine Financial Reporting Standards Council as they materially impact on the Company's financial statements. g. Review with the CFO on a quarterly basis the investment operating results and with the CFO and Comptroller the quarterly financial reports prior to submission to the SEC and PSE. h. Recommend the fees to be paid to the external auditors for audit services as well as fees to other firms for internal audit-related work, if any. i. Evaluate and determine the non-audit work, if any, of the external auditors and review periodically the non audit fee paid to external auditors. The Committee shall disallow any non-audit work that will conflict with the duties of external auditors or may pose a threat to external auditors' independence. The non-audit work, if allowed should be disclosed in the Company's SEC Report 17-A. j. Meet with the external auditors prior to the audit to review planning and scope of

					audit work. k. Recommend to the Board either to replace the engagement partner from the same auditing firm as prescribed on a rotation basis by the SEC or to replace the external auditors, if necessary. l. Review with the Company's lawyers legal matters that may have a material impact on the financial statements, the Company's compliance with laws, rules and requirements of regulatory agencies and any material reports or inquiries received from regulators or government agencies. m. Organize an internal audit department or consider the appointment of an independent internal auditor, if necessary, and the terms and conditions of its engagement. n. Review the annual internal audit plan (scope, resources and budgetary cost) to ensure its conformity with the objectives of the Company. o. Evaluate the adequacy and effectiveness of the company's internal control system, including controls related to financial reporting and information technology security. p. Assess the Audit Committee performance annually through a self assessment worksheet as shown in Annex "A". In rating its overall level of compliance, the following shall apply: Poor 1 to 3 Satisfactory 4 to 6 Very Satisfactory 7 to 8 Outstanding 9 to 10 The results of such assessment will be validated by the Company's compliance officer. The Committee will receive comments from management, internal auditor, general counsel and external auditors, with the end view of improving the Committee's performance. The entire assessment process should be documented and forms part of the Company's records.
Nomination	None.				Not applicable.

Remuneration	2		1	No Charter.	To establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the Company's culture, strategy and business environment in which it operates.
Investment Committee	3	1		Investment Policy Charter for Liquid Funds	Review and approve investments of the Company in financial assets.

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held for 2015	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Andres Soriano III	April 1999	4	4	100%	16 years
Member (ED)	Eduardo J. Soriano	April 1999	4	4	100%	16 years
Member (NED)	Ernest K. Cuyegkeng	April 2007	4	4	100%	8 years
Member (ID)	Oscar J. Hilado	April 1999	4	4	100%	16 years
Member (ED)	Jose C. Ibazeta	April 2006	4	4	100%	9 years

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held for 2015	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Oscar J. Hilado	April 2003	2	2	100%	12 years
Member (ED)	Eduardo J. Soriano	April 2003	2	2	100%	12 years
Member (NED)	Jose C. Ibazeta	April 2004	2	2	100%	11 years

Disclose the profile or qualifications of the Audit Committee members.

OSCAR J. HILADO, an independent Director of the Company since 13 April 1998; Chairman of Philippine Investment Management (PHINMA), Inc. (January 1994 to present); Chairman of Holcim Phils., Inc.; Chairman of the Board & Chairman of the Executive Committee of Phinma Corporation; Chairman of the Board of Phinma Property Holdings Corporation; Vice Chairman of Trans Asia Power Generation Corporation (1996 to present); Chairman of Trans Asia Oil & Energy Development Corporation (April 2008 to present); Director of Manila Cordage Corporation (1986 to present); Director of Seven Seas Resorts & Leisure, Inc., Pamalican Resort, Inc. (May 2011 to present), First Philippine Holdings Corporation (November 1996 to present), Philex Mining Corporation (December 2009 to present); Graduate of De La Salle College (Bacolod), Bachelor of Science in Commerce, (1958) Masters Degree in Business Administration, Harvard Graduate School of Business, (1962).

EDUARDO J. SORIANO, Director of the Comp-any since 21 May 1980; Vice Chairman-Treasurer of the Company (1990 to present); Chairman of Cirrus Global, Inc. (formerly International Quality Manpower Services, Inc.) (2004 to present); Chairman and President of Anscor Property Holdings, Inc. (1985 to present); Director of Phelps Dodge Philippines Energy Products Corporation (1997 to present), Phelps Dodge

International Phils., Inc. (1997 to present); Graduate of Bachelor of Science Degree in Economics, Major in History, University of Pennsylvania, (1977).

JOSE C. IBAZETA, Director of the Company from 1981 to 1998, 2004 to present; Director of International Container Terminal Services, Inc. (1987 to present), Anscor Consolidated Corporation (1980 to present), Anscor Property Holdings, Inc. (1982 to present), A. Soriano Air Corporation (1988 to present), Island Aviation, Inc., Minuet Realty Corporation (1995 to present), Phelps Dodge Philippines Energy Products Corporation (1997 to present), NewCo, Inc. (1997 to present), ICTSI Ltd, ICTHI. President of Seven Seas Resorts & Leisure, Inc. (2008 to present) and Pamalican Resort, Inc. (May 2011 to present); Member, Finance Committee of Ateneo de Manila University (1997 to present); Board of Trustees of Radio Veritas (1991 to present). Mr. Ibazeta was President and CEO of Power Sector Assets & Liabilities Management Corporation (PSALM) (March 2007 to March 2010) and Acting Secretary of Energy (April –June 2010); Graduate of Bachelor of Science in Economics, Ateneo de Manila University, (1963), Masters Degree in Business Administration, University of San Francisco, (1968).

Describe the Audit Committee's responsibility relative to the external auditor.

In relation to the external auditor, the Audit Committee shall:

a. Review with the CFO and Comptroller problems that the external auditors may have encountered and management letter prepared by the external auditors that arise from the yearly-concluded audit engagement for the Group.

b. Recommend the fees to be paid to the external auditors for audit services as well as fees to other firms for internal audit-related work, if any.

c. Evaluate and determine the non-audit work, if any, of the external auditors and review periodically the non audit fee paid to external auditors. The Committee shall disallow any non-audit work that will conflict with the duties of external auditors or may pose a threat to external auditors' independence. The non-audit work, if allowed should be disclosed in the Company's SEC Report 17-A.

d. Meet with the external auditors prior to the audit to review planning and scope of audit work.

e. Recommend to the Board either to replace the engagement partner from the same auditing firm as prescribed on a rotation basis by the SEC or to replace the external auditors, if necessary.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held for 2015	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Eduardo J. Soriano	April 2015	0	0	-	-
Member (NED)	Oscar J. Hilado	April 2015	0	0	-	-
Member (NED)	Roberto R. Romulo	April 2015	0	0	-	-

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held for 2015	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Oscar J. Hilado	April 2003	1	1	100%	12 years
Member (ED)	Andres Soriano III	April 2003	1	1	100%	12 years
Member (ED)	Eduardo J. Soriano	April 2003	1	1	100%	12 years

(e) Others (Specify) – Investment Committee

Provide the same information on all other committees constituted by the Board of Directors:

Office	Name	Date of Appointment	No. of Meetings Held for 2015	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Andres Soriano III	April 2003	4	4	100%	12 years
Member (ED)	Eduardo J. Soriano	April 2003	4	4	100%	12 years
Member (ED)	Ernest K. Cuyegkeng	April 2003	4	4	100%	12 years
Member (NED)	Jose C. Ibazeta	April 2004	4	4	100%	11 years

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Executive	None.	None.
Audit	None.	None.
Nomination	None.	None.
Remuneration	None.	None.
Investment Committee	None.	None.

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive	Review and approval of investments in operating companies.	Favorable returns to the Company.
Audit	Review of Accounting, Tax and Internal Control Issues.	No material issues.
Nomination	Review nominations for Directors of the Company.	No material issues.
Remuneration	Review and approve salary increase and bonus distribution based on industry standards.	Comparability with industry standards.
Investment	Review and approval of investments in financial assets.	Favorable returns to the Company and reaction to Philippine stock market conditions.

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	Review and approval of investments in operating companies.	Favorable returns to the Company.
Audit	Review of Accounting, Tax and Internal Control Issues.	No material issues.
Nomination	Not applicable.	Not applicable.
Remuneration	Review and approve salary increase	Comparability with industry

	and bonus distribution based on industry standards.	standards.
Investment	Review and approval of investments in financial assets.	Favorable returns to the Company and reaction to Philippine stock market conditions.

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

The Company's investment objectives consist mainly of:

i. maintaining a bond portfolio that earns adequate cash yields, and
ii. maintaining a stable equity portfolio that generates capital gains through a combination of long-term strategic investments and short-term to medium-term hold type investment.

The main risks arising from the use of these financial instruments are credit risk, liquidity risk, interest rate risk, foreign currency risk, and equity price risk. These risks are monitored by the Company's Investment Committee.

The Investment Committee evaluates the performance of all investments and reviews fund allocation to determine the future strategy of the fund.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

The BOD reviews and approves the Company's risk management policies.

(c) Period covered by the review;

Review would cover the period January to December.

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and

The review is conducted annually and based on main risks identified, i.e., credit risk, liquidity risk, interest rate risk, foreign currency risk, and equity price risk.

(e) Where no review was conducted during the year, an explanation why not.

Not applicable.

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Credit risk	The Company transacts only with recognized and creditworthy counterparties. For investment in bonds, funds are invested in highly recommended,	Preservation of capital.

	creditworthy debt instruments that provides satisfactory interest yield and capital appreciation. Investments in foreign equity funds are made in mutual funds and/or hedge funds with investments in A-rated companies with good dividend track record as well as capital appreciation.	
Liquidity risk	Invest in highly liquid investments yielding good returns. Where applicable, long-term debt or equity are used for financing when the business requirement call for it to ensure adequate liquidity in the subsidiaries and affiliates' operations.	Ensure that the Company will always have sufficient liquidity to meet its liabilities when they are due.
Market risks (interest rate risk, foreign currency risk, equity price risk)	To minimize income volatility due to exchange rate movements, liquid investments are held in a basket of currencies including Philippine peso and other major currencies such as the US dollar and the Euro. The Company occasionally engages in foreign currency forward contracts as a defensive measure against foreign currency volatility.	Manage and minimize market risks.

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Same as Company risks.	Same as Company policy.	Same as Company objectives.

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
Minimal.

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Credit risk	Carrying amounts of assets represent maximum credit exposure. Credit quality is monitored and managed using internal credit ratings. Credit	Capital risk is reviewed and monitored by the Investment Committee.

	quality is evaluated on the basis of the credit strength of the security and/or counterparty issuer. High grade financial assets reflect the investment grade quality of the investments and/or counterparty, realizability is thus assured. Standard grade assets are considered moderately realizable.	
Liquidity risk	This involves monitoring the maturity profile of the Company's financial liabilities and financial assets used for liquidity management.	The Company's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liability when they are due. This is done by primarily investing in highly liquid investments. Liquidity risk is reviewed and monitored by the Investment Committee.
Market risks (interest rate risk, foreign currency risk, equity price risk)	Market risks are monitored and measured through sensitivity analyses.	Market risks are reviewed and monitored by the Investment Committee.

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Same as risk exposure for Company.	Same as risk assessment for Company.	Same as risk management and control for Company.

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions
CFO	Monitor and review risks based on Company's monitoring and measurement process.	Make initial recommendation to the Investment Committee.
Investment Committee	Monitor and review risks based on Company's monitoring and measurement process.	Report findings and recommendations to the Board of Directors.
Board of Directors	Evaluate findings and recommendations of the Investment Committee.	Review risk management policies of the Company.

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company;

In line with the nature of business and size of the Company, internal control is included in the audit scope of external auditor's review of the internal control processes of the Company.

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

The Board through the Audit Committee reviews the effectiveness of the internal control system and considers them as adequate and effective. The external auditors provide the Chairman or President and Head of Audit Committee of the Company and its subsidiaries with any internal control breakdown or possible non-compliance with internal control procedures. The Audit Committee report its findings to the Board of Directors.

(c) Period covered by the review;

One year.

(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and

The review is conducted annually and criteria used would include materiality and frequency of internal control breakdown or possible non-compliance with internal control procedures.

(e) Where no review was conducted during the year, an explanation why not.

Not applicable.

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
Owing to the nature of business and the size of the Company in terms of number of employees limited internal audit function is included in the audit scope of the external auditor.	Review for breakdown or possible non-compliance.	Outsourced.	SGV & Co.	Findings are reported to Chairman and/or President and Heads of the Audit Committee of the Company and its subsidiaries.

(b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

Yes. Based on the Audit Committee Charter, the Audit Committee may organize an internal audit department or consider the appointment of an independent internal auditor, if necessary, and the terms and conditions of its engagement. Further, one of the functions of the Audit Committee is to review the annual internal audit plan (scope, resources and budgetary cost) to ensure its conformity with the objectives of the Company.

(c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

Findings are reported directly to the Chairman and/or President and Heads of the Audit Committee of the Company and its respective subsidiaries. Yes, the external auditor performing internal audit have direct and unfettered access to the board of directors and the Audit Committee and all record, properties and personnel of the Company.

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Name of Audit Staff	Reason
None.	Not applicable.
None.	Not applicable.
None.	Not applicable.

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	Internal audit review is included in the audit scope of the external auditor in reviewing the internal control processes of the Company and its subsidiaries and reviewed by the Audit Committee.
Issues[6]	
Findings[7]	
Examination Trends	

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

1) Preparation of an audit plan inclusive of a timeline and milestones;
2) Conduct of examination based on the plan;
3) Evaluation of the progress in the implementation of the plan;
4) Documentation of issues and findings as a result of the examination;
5) Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
6) Conduct of the foregoing procedures on a regular basis.]

[6] "Issues" are compliance matters that arise from adopting different interpretations.
[7] "Findings" are those with concrete basis under the company's policies and rules.

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

Policies & Procedures	Implementation
Internal audit review is included in the audit scope of the external auditor in reviewing the internal control processes of the Company and its subsidiaries.	Same.

(g) Mechanism and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
The Company only engages reputable external auditors with proven track record.	The Company only engages reputable financial analysts with proven track record.	The Company only engages reputable investment banks with proven track record.	The Company only engages reputable rating agencies with proven track record.

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

Signatories to the Certificate on Compliance with the SEC Code of Corporate Governance are the Chairman and CEO and the Compliance Officer.

H. ROLE OF STAKEHOLDERS

1) Disclose the company's policy and activities relative to the following:

	Policy	Activities
Customers' welfare	Not applicable due to nature of business of the Company, i.e., holding company.	Not applicable.
Supplier/contractor selection practice	Not applicable due to nature of business of the Company, i.e., holding company.	Not applicable.
Environmentally friendly value-chain	Handled by the Company's separate social responsibility arm, Andres Soriano Foundation.	The Andres Soriano Foundation has a separate Annual Report.
Community interaction	Handled by the Company's separate social responsibility arm, Andres Soriano Foundation.	The Andres Soriano Foundation has a separate Annual Report.

Anti-corruption programmes and procedures?	The Company does not engage in corrupt practices.	
Safeguarding creditors' rights	It is the Company's policy to fully settle all its liabilities when they become due.	Long and short term loans with banks.

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

Yes, the Company has a separate corporate responsibility report by its Foundation, the Andres Soriano Foundation.

3) Performance-enhancing mechanisms for employee participation.

(a) What are the company's policy for its employees' safety, health, and welfare?

The Company gives paramount importance to its employees' safety, health and welfare. As such, the Company maintains a safe working environment and reasonable working hours to all its employees. Above average health and medical benefits are provided. Recreational activities to promote camaraderie and employees welfare are also conducted.

(b) Show data relating to health, safety and welfare of its employees.

So far, no major health, safety and welfare issues concerning employees.

(c) State the company's training and development programmes for its employees. Show the data.

Conducted on as needed basis. Further, Finance and Legal personnel attend regular seminars on updates and new developments in their respective fields.

(d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

The Company provides vacation and sick leave entitlements, group accident insurance, medical and hospitalization benefits, bereavement benefit, paternity leave, rice subsidy, educational assistance, Christmas gift certificates, eyeglasses reimbursement, death benefit, loan facilities, retirement benefits, and salary increases/bonuses depending on results of operations to all employees.

4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.

The Company has a Labor-Management Council which handles employee complaints. These complaints are treated confidentially. As an alternative, employees may directly file complaints to Management. These are also treated confidentially.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more (as of February 28, 2015)

Shareholder	Number of Shares	Percent	Beneficial Owner

Anscor Consolidated Corp.	1,257,900,646	50.316%	Anscor Consolidated Corp.
PCD Nominee Corp. (Non-Filipino)*	467,871,984	18.714%	PCD Nominee Corp. (Non-Filipino)
A-Z Asia Limited Phils. ,Inc. **	176,646,329	7.066%	A-Z Asia Limited Phils. ,Inc.
PCD Nominee Corp. (Filipino)	146,135,244	5.845%	PCD Nominee Corp. (Filipino)

**PCD Nominee Corporation, a wholly owned subsidiary of Philippine Central Depository, Inc. ("PCD"), is the registered owner of the shares in the books of the Company's transfer agent in the Philippines. The beneficial owners of such shares are PCD's participants, who hold the shares on their behalf or in behalf of their clients of which MayBank ATR Kim Eng Securities, Inc., represented by Nilaida Enriquez, is the sole owner of more than 5%, specifically 33.315%, the bulk of which or 17.558% is owned by Deerhaven, LLC, a company registered in Delaware, USA. PCD is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines.*

***A-Z Asia Limited Philippines, Inc. is a holding company incorporated in the Philippines on April 25, 2003 represented by Mr. Raul Balaquiao as its Corporate Secretary.*

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Andres Soriano III	50,490,265	438,938,005	19.058%
Eduardo J. Soriano	20,000	188,495,944	7.54%
Ernest K. Cuyegkeng	20,000	-	0.001%

2) Does the Annual Report disclose the following:

Key risks	Yes.
Corporate objectives	Yes.
Financial performance indicators	Yes.
Non-financial performance indicators	Yes.
Dividend policy	Yes.
Details of whistle-blowing policy	No, but incorporated in the function of the Audit Committee.
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes.
Training and/or continuing education programme attended by each director/commissioner	No, as this not one of the information required to be included in the Annual Report. However, a newly appointed Director separately submits to the SEC his attendance to a corporate governance seminar.
Number of board of directors/commissioners meetings held during the year	No, as this not one of the information required to be included in the Annual Report. However, a certification on the attendance of directors is submitted annually by the Company to the SEC.
Attendance details of each director/commissioner in respect of meetings held	No, as this not one of the information required to be included in the Annual Report. However, a certification on the attendance of directors is submitted annually by the

	Company to the SEC.
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes.

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

3) External Auditor's fee (Year 2014)

Name of auditor	Audit Fee	Non-audit Fee
SyCip Gorres Velayo & Co.	P1,100,000.00	None

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

- Printed copies of Annual Report and Information Statement provided to all stockholders of record.
- The Company maintains a website which includes downloadable Company reports.
- Timely disclosures to PSE which can be accessed through the PSE website.
- The Company has a Stock Relations Manager who handles stockholder inquiries.

5) Date of release of audited financial report:

March 19, 2015

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

Business operations	Yes.
Financial statements/reports (current and prior years)	Yes.
Materials provided in briefings to analysts and media	Yes.
Shareholding structure	Yes.
Group corporate structure	Yes.
Downloadable annual report	Yes.
Notice of AGM and/or EGM	Yes.
Company's constitution (company's by-laws, memorandum and articles of association)	Yes.

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

7) Disclosure of Related Party Transaction (RPT)

RPT	Relationship	Nature	Value
None.	Not applicable.	Not applicable.	Not applicable.
None.	Not applicable.	Not applicable.	Not applicable.

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

As reported in the Company's Information Statement duly filed with the SEC, the Company does not have any related party transaction except to the extent that inter-company receivables and payables are permissible.

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	50% plus one share of the outstanding stock.

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Stockholders approval during Annual Stockholders Meeting
Description	The Company secures Stockholders' approval for all matters required to be approved by the Stockholders under the Corporation Code, as amended. Further, as a matter of policy, the Company secures ratification of all acts and resolutions of the Board of Directors by the Stockholders.

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code
No difference from those laid down in the Corporation Code.	No difference from those laid down in the Corporation Code.

Dividends

Declaration Date	Record Date	Payment Date
April 15, 2015 (P0.10 per share)	May 6, 2015	May 29, 2015

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

Measures Adopted	Communication Procedure
Notices of Agenda of the Stockholders' Meeting are provided to all stockholders in	There is an open forum, where any stockholder is free to ask questions to the

advance.	Board of Directors.
Copies of Annual Report and Information Statement are provided to all stockholders in advance.	Stockholder may ask during open forum any matter concerning the Annual Report and/or Information Statement.

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
   a. Amendments to the company's constitution - The Company secures approval from the Stockholders in case of amendments to the Articles of Incorporation and By-Laws. Advance notice of the amendments is provided to the Stockholders.

   b. Authorization of additional shares – Not applicable but if this happens the Company will follow the procedure for securing stockholders' approval for amendment of Articles of Incorporation.

   c. Transfer of all or substantially all assets, which in effect results in the sale of the company – Not applicable as the Company is an on-going concern and does not have any plan to transfer all or substantially all of its assets.

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up? **YES**

   a. Date of sending out notices: **March 19, 2015**

   b. Date of the Annual/Special Stockholders' Meeting: **April 15, 2015**

4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting. - There are only minimal questions by stockholders during Annual Stockholders Meeting. But in addition to the open forum, some stockholders do take the opportunity to ask questions privately to Company officials after the Stockholders' Meeting.

5. Result of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining
Election of Directors	Unanimous.	None.	None.
Appointment of External Auditor	Unanimous.	None.	None.
Ratification of all acts, contracts and resolutions of Management and the Board of Directors since the last annual meeting of the Corporation.	Unanimous.	None.	None.

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

   Results of the Annual Stockholders' Meeting are immediately disclosed to the PSE and SEC.

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Modifications	Reason for Modification
None.	
None.	
None.	

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	Andres Soriano III Eduardo J. Soriano Ernest K. Cuyegkeng John Gokongwei, Jr. Oscar J. Hilado Jose C. Ibazeta Roberto R. Romulo	April 15, 2015	Unanimous consent.	0.06%	89.36%	89.42%
Special	None.	None.	None.	None.	None.	None.

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

There is no need to appoint an independent party to count and/or validate votes since the number of directors nominated are equal to the numbers of directors to be elected.

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares. **YES**

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	The proxies must be properly dated and executed (signed).
Notary	Proxies need not be notarized.
Submission of Proxy	Must be submitted not less than 10 working days prior to the date of the Annual Stockholders' Meeting.
Several Proxies	A stockholder giving a proxy has the power to revoke it at any time prior to the Annual Meeting or by giving a subsequent proxy which must be received on the deadline for submission of proxy.
Validity of Proxy	Proxies are valid until revoked.
Proxies executed abroad	All proxies executed abroad must be duly authenticated by the Philippine Embassy or Consular Office.
Invalidated Proxy	An invalidated proxy is not counted for purposes of quorum and voting.
Validation of Proxy	Validation of proxies is conducted not less than 5 days prior to the scheduled Annual Meeting.
Violation of Proxy	All valid proxies are counted for purposes of quorum and voting while all invalid proxies are not considered.

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
Notices of Annual Stockholders' Meeting are sent to stockholders of record at least 21 business days prior to the scheduled Annual Meeting.	Notices are sent to stockholders by courier/mail.

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	11,357
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	March 19, 2015
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	March 19, 2015
State whether CD format or hard copies were distributed	CD format were distributed but during the Annual Meeting, stockholders attending in person were also provided with the hard copies in addition to the CD sent to them by mail.
If yes, indicate whether requesting stockholders were provided hard copies	Yes, stockholders are provided with hard copies upon request.

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	Yes.
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes.
The auditors to be appointed or re-appointed.	Yes.
An explanation of the dividend policy, if any dividend is to be declared.	No, because dividends are not announced in advance but in a separate disclosure to the PSE and SEC.
The amount payable for final dividends.	No, because dividends are not announced in advance but in a separate disclosure to the PSE and SEC.
Documents required for proxy vote.	Yes.

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
Dissenter's Right of Appraisal	Dissenter's Right of Appraisal is communicated to all stockholders as this is specifically included in the Information Statement distributed to all stockholders.

(b) Do minority stockholders have a right to nominate candidates for board of directors? Yes, every stockholder has a right to nominate candidates for directors.

K. INVESTORS RELATIONS PROGRAM

1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

Major announcement of the Company and press releases need approval of the CFO and the Chairman & CEO.

2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details
(1) Objectives	To fully inform stockholders of the financial status of the Company.
(2) Principles	The Company promotes transparency to stockholders.
(3) Modes of Communications	The Company maintains a website with up to date information. Moreover, stockholders may freely call during office hours the Company's Stock Relations Manager for any inquiries.
(4) Investors Relations Officer	Rosalina M. Reyes, Tel No. 819-0251, Fax No. 811-5068, rose.reyes@anscor.com.ph

3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

The Investment Committee and/or the Executive Committee reviews all planned acquisition of the Company following the investment policy of the Company. Investments of the Company are approved by the Board of Directors.

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

The Company engages advisors on the basis of their expertise and depends on the nature of the industry where the investment is to be made. The determination of which advisor to engage is made at the time that the investment is proposed and not in advance. Prior to approval by the Board, the proposed transaction is presented to the Independent Directors for evaluation.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary
The Company has a separate social responsibility arm, specifically, the Andres Soriano Foundation. The Foundation maintains a separate website where all its initiatives are reported. **Main initiatives are:**	
1. Small Island Sustainable Development Program (SISDEP). **a. Environment Protection and Management** **b. Livelihood Assistance Program** **c. Community-Based Health Program** **d. Education Program**	**Small Island Communities, Northern Palawan (Cuyo, Agutaya, Magsaysay Municipalities)** • **Fisher folk households** • **Women, Children, Students and Out-of-School Youth**
2. Cancer Care Program **a. Research & Training/Education** **b. Assistance to Cancer Institute (Facilities Maintenance/Rehabilitation Activities)**	**Oncology Practitioners, Cancer Support groups, Key Leaders of Communities, Indigent Cancer Patients**
3. Disaster Assistance Program **a. Emergency Relief Assistance** **b. Rehabilitation Efforts**	**Disaster-stricken communities**

The Company, through its Corporate Social Responsibility arm, the Andres Soriano Foundation, Inc. (ASF) continues to undertake community-development programs in the isolated and disadvantaged areas of North-eastern Palawan, and also offers various forms of aid and comfort to cancer patients and victims of natural disasters in partnership with its many partners and donors.

Small Island Sustainable Development Program

The Foundation's Coastal Resource Management Project supports 12 marine sanctuaries.

The Foundation's yearly Health Caravan provided 2,533 medical services to 2,125 patients, and supported 385 malnourished children.

Its community-based Tuberculosis Directly Observed Treatment Short Course project began full operation in 2014. These health initiatives were supported by the SHARE Foundation of Portugal, a long time donor.

A birthing clinic in Cocoro Island, Municipality of Magsaysay, was built in partnership with the Zuellig Family Foundation.

ASF built and/or renovated 5 classroom buildings in addition to six pre-school classrooms for public elementary schools and six rehabilitated Day Care Centers from prior years. It is also supervising three pre-school centers on islands without public schools this school term.

An ASF full academic scholar from Manamoc Island graduated in April 2014 with a degree in Accountancy. Fourteen technical-vocational scholars completed the six-month technical-vocational course at Dual-Tech in Laguna and started their on-the-job training.

In partnership with Solar Energy Foundation, ASF received 250 units of solar lamps and four units of solar suitcases for health stations and birthing clinics.

ASF's livelihood programs *helped victims of Typhoon Yolanda* set up 69 micro-enterprises *on* Quiniluban Island. A partnership with local-based resort by the Manamoc Livelihood Association generated P4.5 million in the sale of local products, 11% better than last year's performance, benefitting more than 300 families.

Cancer Care Program

In ASF's specialized oncology-nursing course, 22 registered and full-time duty nurses sent by six hospitals in the Western Visayas are officially enrolled in the course's pilot implementation.

In partnership with the Philippine General Hospital Cancer Institute, the Foundation continues to provide maintenance chemotherapy medicines for 45 indigent breast-cancer patients.

Disaster Relief and Rehabilitation Activities

For Typhoon Yolanda relief and rehabilitation efforts, ASF received nearly P10.0 million in cash and in-kind donations. More than 3,090 relief packs were distributed to Barangays Algeciras, Concepcion and Manamoc.

Also, ASF provided more than 200 GI sheets to residents with partially-damaged houses and school buildings in these barangays. In addition, the Foundation built 300 core shelter units for indigent families whose houses were totally-damaged, distributing construction materials with the beneficiaries providing labor. All units were completed and turned over in November 2014.

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors	Self-assessment.	Attendance and participation in the deliberations during Board meetings.
Board Committees	Assessment by Board of Directors	Attendance and participation in the deliberations during Board meetings.
Individual Directors	Assessment by the Chairman.	Attendance and participation in the deliberations during Board meetings.
CEO/President	Assessment by the Board of Directors.	Policy direction and financial performance of the Company.

N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

Violations	Sanctions
Minor – If the offense involves an infraction of a rule/procedure rather than of a moral precept, or represents more of an omission or an oversight than a positive wrongdoing; or represents a mistake rather than a malicious intent.	Action taken by Labor-Management Council may include the following in order of severity: 1. Admonishment/Verbal Reprimand 2. Written Reprimand 3. Suspension

Moderate – If the offense implies an act of negligence or a disregard for established rules of conduct or involves either repeated violations within a relatively short time of what otherwise would be classified as minor offenses. Major – If the offense involves gross negligence or what is generally regarded as a substantial matter (e.g., sums of money, confidential information, etc.)or if it will result to public scandal and consequent loss of confidence (e.g., dishonesty, habitual drunkenness, immorality) or is maliciously intended or deliberately planned (whether the intended harm is achieved or not); or results in financial loss, embarrassment for the Company, or seriously undermines duly constituted authority.	4. Involuntary Separation

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati on 2 8 JUN 2013 2013.

SIGNATURES

ANDRES SORIANO III Chairman of the Board & Chief Executive Officer	OSCAR J. HILADO Independent Director
ROBERTO R. ROMULO Independent Director	ATTY. JOSHUA L. CASTRO Compliance Officer

SUBSCRIBED AND SWORN to before me this 2 8 JUN 2013 day of ________________ 2013, affiant(s) exhibiting to me their passport details, as follows:

NAME	PASSPORT NO.	DATE OF ISSUE	PLACE OF ISSUE
ANDRES SORIANO III	711786600	AUGUST 11, 2005	U. S. A.
OSCAR J. HILADO	XX4476833	SEPTEMBER 17, 2009	MANILA
ROBERTO R. ROMULO	EB7472105	FEBRUARY 25, 2013	MANILA
JOSHUA L. CASTRO	XX5562947	FEBRUARY 19, 2010	MANILA

REGINALDO L. HERNANDEZ
NOTARY PUBLIC
Notary Public for and in the City of Makati
Appointment No. M-292; Roll No. 20642
Commission Expires on 12-31-14
PTR No. 3673104; 1-04-13; Makati City
IBP No. 920701; 1-04-13; Pasig City
TIN No. 100-364-501

Doc No. 400
Page No. 81
Book No. X
Series of 2013

COVER SHEET

P W - 0 2

SEC Registration Number

A . S O R I A N O   C O R P O R A T I O N

(Company's Full Name)

7/ F   P A C I F I C   S T A R   B U I L D I N G

G I L   J.   P U Y A T   A V E N U E   C O R.   M A K A T I   A V E.

M A K A T I   C I T Y

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

ATTY. JOSHUA L. CASTRO

(Contact Person)

819-0251

(Company Telephone Number)

1 2 | 3 1

Month *Day*

(Fiscal Year)

17-C

(Form Type)

3rd Wednesday of April

Month *Day*

(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(C) THEREUNDER

1. February 18, 2015
Date of Report (Date of earliest event reported)

2. SEC Identification Number: PW-2 3. BIR Tax Identification No. 000-103-216

4. A. SORIANO CORPORATION
Exact name of issuer as specified in its charter

5. Metro Manila, Philippines
Province, country or other jurisdiction of incorporation

6. (SEC Use Only)
Industry Classification Code

7. 7/F Pacific Star Bldg., Gil J. Puyat Ave. corner Makati Avenue, Makati City
Address of issuer's principal office

1200
Postal Code

8. 8190251
Issuer's telephone number, including area code

9. N/A
Former name or former address, if changed since last report

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common	2,500,000,000

11. Indicate the item numbers reported herein: Item No. 9 - Other Event

Item 9. Other Event

At the regular meeting of the Board of Directors held on February 18, 2015, the following matters were approved:

1. Date of Stockholders' Meeting - **April 15, 2015**
2. Record Date - **March 13, 2015**
3. Proxy Validation Date - **April 06, 2015**

The Stockholders' Meeting will be held at 10:00 A.M. at the Manila Peninsula Hotel, Ayala Avenue corner Makati Avenue, Makati City. The proposed agenda for the Stockholders' Meeting are:

1. Approval of the minutes of previous meeting
2. Presentation of the Chairman and Chief Executive Officer's Message to Stockholders
3. Election of the members of the Board of Directors
4. Appointment of external auditors
5. Ratification of all acts, contracts, investments and resolutions of the Board of Directors and Management since the last annual meeting
6. Such other business as may properly come before the meeting

SIGNATURE

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

A. SORIANO CORPORATION

By:

ATTY. JOSHUA L. CASTRO
Corporate Information Officer

February 18, 2015

COVER SHEET

PW-02

SEC Registration Number

A. SORIANO CORPORATION

(Company's Full Name)

7/F PACIFIC STAR BUILDING
GIL J. PUYAT AVENUE COR. MAKATI AVE.
MAKATI CITY

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

ATTY. JOSHUA L. CASTRO

(Contact Person)

819-0251

(Company Telephone Number)

12 31

Month *Day*

(Fiscal Year)

17-C

(Form Type)

3rd Wednesday of April

Month *Day*

(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(C) THEREUNDER

1. June 19, 2015
   Date of Report (Date of earliest event reported)

2. SEC Identification Number: PW-2   3. BIR Tax Identification No. 000-103-216

4. A. SORIANO CORPORATION
   Exact name of issuer as specified in its charter

5. Metro Manila, Philippines
   Province, country or other jurisdiction of incorporation

6. (SEC Use Only)
   Industry Classification Code

7. 7/F Pacific Star Bldg., Gil J. Puyat Ave. corner Makati Avenue, Makati City
   Address of issuer's principal office

   1200
   Postal Code

8. 8190251
   Issuer's telephone number, including area code

9. N/A
   Former name or former address, if changed since last report

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

Title of each Class	Number of shares of common Stock outstanding and amount of debt outstanding
Common	2,500,000,000

11. Indicate the item numbers reported herein: Item No. 9

Item No. 9 Other Event (Election of Andres Soriano III as Chairman of Deerhaven, LLC.)

On June 19, 2015, Andres Soriano III, A. Soriano Corporation's ("Anscor") President and Chairman of the Board of Directors, was elected as Chairman of Deerhaven, LLC. a company registered in Delaware, USA. As of current date, Deerhaven is the registered holder of 438,938,005 shares of stock of Anscor equivalent to 17.56% of the total outstanding shares of stock of Anscor.

With the election of Mr. Soriano as Chairman of Deerhaven, the total number of shares of stock of Anscor of which he has effective control has increased from 50,490,265 shares or 2.02% to 489,428,270 or 19.58% of the total outstanding shares of stock of Anscor.

SIGNATURE

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

A. SORIANO CORPORATION

By:

ATTY. JOSHUA L. CASTRO
Corporate Information Officer

June 19, 2015

COVER SHEET

P W - 0 2

SEC Registration Number

A . S O R I A N O C O R P O R A T I O N

(Company's Full Name)

7/ F P A C I F I C S T A R B U I L D I N G

G I L J. P U Y A T A V E N U E C O R. M A K A T I A V E.

M A K A T I C I T Y

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

ATTY. JOSHUA L. CASTRO

(Contact Person)

819-0251

(Company Telephone Number)

1	2		3	1

Month *Day*

(Fiscal Year)

17-C

(Form Type)

3rd Wednesday of April

Month *Day*

(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(C) THEREUNDER

1. July 21, 2015
Date of Report (Date of earliest event reported)

2. SEC Identification Number: PW-2

3. BIR Tax Identification No. 000-103-216

4. A. SORIANO CORPORATION
Exact name of issuer as specified in its charter

5. Metro Manila, Philippines
Province, country or other jurisdiction of incorporation

6. (SEC Use Only)
Industry Classification Code

7. 7/F Pacific Star Bldg., Gil J. Puyat Ave. corner Makati Avenue, Makati City
Address of issuer's principal office

1200
Postal Code

8. 8190251
Issuer's telephone number, including area code

9. N/A
Former name or former address, if changed since last report

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

Title of each Class	Number of shares of common Stock outstanding and amount of debt outstanding
Common	2,500,000,000

11. Indicate the item numbers reported herein: Item No. 9

Item No. 9 Other Event (Election of Eduardo J. Soriano as Chairman of AZ Asia Limited

On July 21, 2015, Eduardo J. Soriano, A. Soriano Corporation's ("Anscor") Vice Chairman and Treasurer, was elected as Chairman of AZ Asia Limited, a company registered in the British Virgin Islands. AZ Asia Limited is the parent company of AZ Asia Ltd. Philippines, Inc. a domestic company duly organized and registered in the Philippines. As of current date, AZ Asia Ltd. Philippines, Inc. is the registered holder of 176,646,329 shares of stock of Anscor equivalent to 7.07% of the total outstanding shares of stock of Anscor.

With the election of Mr. Soriano as Chairman of AZ Asia Limited, the total number of shares of stock of Anscor of which he has effective control has increased from 19,169,615 shares or 0.77% to 195,815,944 or 7.83% of the total outstanding shares of stock of Anscor.

SIGNATURE

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

A. SORIANO CORPORATION

By:

ATTY. JOSHUA L. CASTRO
Corporate Information Officer

July 21, 2015

112222015001305

SECURITIES AND EXCHANGE COMMISSION

SECBuilding,EDSA,Greenhills,MandaluyongCity,MetroManila,Philippines
Tel:(632)726-0931 to 39 Fax:(632)725-5293 Email: mis@sec.gov.ph

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Company Information

SEC Registration No.	PW00000002
Company Name	A. SORIANO CORP.
Industry Classification	
Company Type	Stock Corporation

Document Information

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No. of Days Late	0
Department	CFD
Remarks	

COVER SHEET

P W - 0 2

SEC Registration Number

A . S O R I A N O C O R P O R A T I O N

(Company's Full Name)

7/F PACIFIC STAR BUILDING
GIL J. PUYAT AVENUE COR. MAKATI AVE.
MAKATI CITY

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

ATTY. JOSHUA L. CASTRO
(Contact Person)

819-0251
(Company Telephone Number)

1 2 3 1
Month *Day*
(Fiscal Year)

17-C
(Form Type)

3rd Wednesday of April
Month *Day*
(Annual Meeting)

Not Applicable
(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(C) THEREUNDER

1. December 22, 2015
   Date of Report (Date of earliest event reported)

2. SEC Identification Number: PW-2   3. BIR Tax Identification No. 000-103-216

4. A. SORIANO CORPORATION
   Exact name of issuer as specified in its charter

5. Metro Manila, Philippines
   Province, country or other jurisdiction of incorporation

6. (SEC Use Only)
   Industry Classification Code

7. 7/F Pacific Star Bldg., Gil J. Puyat Ave. corner Makati Avenue, Makati City
   Address of issuer's principal office

   1200
   Postal Code

8. 8190251
   Issuer's telephone number, including area code

9. N/A
   Former name or former address, if changed since last report

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

Title of each Class	Number of shares of common Stock outstanding and amount of debt outstanding
Common	2,500,000,000

11. Indicate the item numbers reported herein: Item No. 9

Item No. 9 Other Event (Acquisition of Additional 8,910,530 shares of iPeople, Inc.)

On December 21, 2015, A. Soriano Corporation ("Anscor") acquired 8,910,530 additional shares in iPeople, Inc. ("iPeople") at P11.22 per share. With the additional acquisition, Anscor's total direct and indirect shareholdings in iPeople is 75,956,980 shares or 10.14% of iPeople's total outstanding shares of 748,933,221 shares.

SIGNATURE

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

A. SORIANO CORPORATION

By:

ATTY. JOSHUA L. CASTRO
Corporate Information Officer

December 22, 2015