SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 17.1(b) OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

☐ Preliminary Information Statement

☑ Definitive Information Statement

2. Name of Registrant as specified in its charter

ROBINSONS RETAIL HOLDINGS, INC.

3. Province, country or other jurisdiction of incorporation or organization

Philippines

4. SEC Identification Number

A200201756

5. BIR Tax Identification Code

216-303-212-000

6. Address of principal office

110 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City, Metro Manila
Postal Code
1110

7. Registrant's telephone number, including area code

(632) 635-0751

8. Date, time and place of the meeting of security holders

June 9, 2016, 4:00 P.M., Ruby Ballroom, Crowne Plaza Manila Galleria, Ortigas Avenue corner Asian Development Bank Avenue, Quezon City, Metro Manila

9. Approximate date on which the Information Statement is first to be sent or given to security holders

May 19, 2016

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor

N/A

Address and Telephone No.

N/A

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 of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common stock	1,385,000,000

13. Are any or all of registrant's securities listed on a Stock Exchange?

☑ Yes ☐ No

If yes, state the name of such stock exchange and the classes of securities listed therein:

Robinsons Retail Holdings, Inc.'s common stock is listed on the Philippine Stock Exchange.

Robinsons Retail Holdings, Inc.

RRHI

PSE Disclosure Form 17-5 - Information Statement for Annual or Special Stockholders' Meeting

References: SRC Rule 20 and Section 17.10 of the Revised Disclosure Rules

Date of Stockholders' Meeting	Jun 9, 2016
Type (Annual or Special)	Annual
Time	4:00 P.M.
Venue	Ruby Ballroom, Crowne Plaza Manila Galleria, Ortigas Avenue corner Asian Development Bank Avenue, Quezon City, Metro Manila
Record Date	May 5, 2016

Inclusive Dates of Closing of Stock Transfer Books

Start Date	N/A
End date	N/A

Other Relevant Information
Please see attached the Definitive Information Statement of Robinsons Retail Holdings, Inc. relative to the annual meeting of the stockholders to be held on June 9, 2016.

Filed on behalf by:

Name	Rosalinda Rivera
Designation	Corporate Secretary

COVER SHEET

A 2 0 0 2 0 1 7 5 6

SEC Registration Number

R O B I N S O N S R E T A I L H O L D I N G S , I N C .

(Company's Full Name)

1 1 0 E . R O D R I G U E Z , J R . A V E N U E ,

B A G U M B A Y A N , Q U E Z O N C I T Y ,

M E T R O M A N I L A

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

Atty. Rosalinda F. Rivera
Corporate Secretary

(Contact Person)

633-7631

(Company Telephone Number)

1 2 **3 1**

Month *Day*
(Fiscal Year)

2 0 - I S

(Form Type)

last Thursday of May

Month *Day*
(Annual Meeting)

Definitive Information Statement

Issuer of Securities under SEC-MSRD No. 37, Series of 2013

(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

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

ROBINSONS RETAIL
HOLDINGS, INC.

May 17, 2016

SECURITIES AND EXCHANGE COMMISSION
COMMISSION
RECEIVED
MAY 17 2016
MARKET REGULATION DEPT.
BY: _____ TIME: 3:25

SECURITIES AND EXCHANGE COMMISSION
SEC Building
EDSA, Greenhills
Mandaluyong City

Attention: Mr. Vicente Graciano P. Felizmenio, Jr.
Director, Markets and Securities Regulation Department

Re: **Definitive Information Statement**

Dear Director Felizmenio,

With reference to your letter dated April 27, 2016 addressed to Robinsons Retail Holdings, Inc. (the "Corporation") directing the Corporation to file its Definitive Information Statement and Management Report including its 1st Quarter Report Ending March 31, 2016, please find attached the Definitive Information Statement and Management Report in relation to the annual meeting of the stockholders of the Corporation to be held on June 9, 2016 together with a copy of the 1st Quarter Report Ending March 31, 2016.

Thank you.

Very truly yours,

ROSALINDA F. RIVERA
Corporate Secretary

/mhd

ROBINSONS RETAIL
HOLDINGS, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

JUNE 9, 2016

Notice is hereby given that the Annual Meeting of the Stockholders of ROBINSONS RETAIL HOLDINGS, INC. will be held on June 9, 2016 at 4:00 p.m. at the Ruby Ballroom of CROWNE PLAZA MANILA GALLERIA, Ortigas Avenue corner Asian Development Bank Avenue, Quezon City, Metro Manila.

The Agenda for the meeting is as follows:

1. Proof of notice of the meeting and existence of a quorum.
2. Reading and approval of the Minutes of the Annual Meeting of the Stockholders held on July 16, 2015.
3. Presentation of annual report and approval of financial statements for the preceding year.
4. Election of Board of Directors.
5. Election of External Auditor.
6. Ratification of all acts of the Board of Directors and its committees, officers and management since the last annual meeting.
7. Consideration of such other matters as may properly come during the meeting.
8. Adjournment.

A brief explanation of each agenda item which requires stockholders' approval is provided herein. The Information Statement accompanying this notice contains more detail regarding the rationale and explanation for each of such agenda item.

For convenience in registering your attendance, please have available some form of identification, such as driver's license, SSS ID card, TIN card, passport, or company ID.

We are not soliciting proxies. If, however, you would be unable to attend the meeting but would like to be represented thereat, you may accomplish the herein attached proxy form. Pursuant to Section 8, Article VI of the By-Laws of Robinsons Retail Holdings, Inc., proxies must be received by the Corporate Secretary for inspection and recording not later than five (5) working days before the time set for the meeting, or not later than June 2, 2016. Validation of proxies shall be held on June 3, 2016, 10:00 a.m. at the Office of the Corporate Secretary, 40/F Robinsons Equitable Tower, ADB Avenue corner Poveda St., Ortigas Center, Pasig City.

Registration starts at 3:00 p.m. and will close at exactly 4:15 p.m. Only stockholders of record as of May 5, 2016 shall be entitled to vote.

By Authority of the Chairman

ROSALINDA F. RIVERA
Corporate Secretary

ROBINSONS RETAIL HOLDINGS, INC.
110 E. Rodriguez, Jr. Avenue, Libis, Quezon City 1110, Philippines
D +63 (2) 631 1252 T +63 (2) 635 0751 local 206 F +63 (2) 570 5553
E info@robinsonsretail.com.ph
www.robinsonsretail.com.ph

ROBINSONS RETAIL HOLDINGS, INC.

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
MAY 17 2016
MARKET REGULATION DEPT.
BY: TIME: 3:21

ANNUAL MEETING OF STOCKHOLDERS
JUNE 9, 2016

EXPLANATION OF AGENDA ITEMS FOR STOCKHOLDERS' APPROVAL

Reading and approval of the Minutes of the Annual Meeting of the Stockholders held on July 16, 2015

Copies of the minutes will be distributed to the stockholders before the meeting and will be presented to the stockholders for approval.

Presentation of annual report and approval of financial statements for the preceding year

The annual report and the financial statements for the preceding fiscal year will be presented to the stockholders for approval.

Election of Board of Directors

The incumbent members of the Board of Directors of the Corporation are expected to be nominated for re-election this year. A brief description of the business experience of the incumbent directors is provided in the Information Statement sent to the stockholders. The members of the Board of Directors of the Corporation shall be elected by plurality vote.

Election of External Auditor

The Corporation's external auditor is SyCip Gorres Velayo & Co. and will be nominated for reappointment for the current fiscal year.

Ratification of all acts of the Board of Directors and its committees, officers and management since the last annual meeting

The acts of the Board of Directors and its committees, officers and management of the Corporation since the last annual stockholders' meeting up to the current stockholders' meeting will be presented to the stockholders for ratification.

Consideration of such other matters as may properly come during the meeting

The Chairman will open the floor for comments and questions by the stockholders. The Chairman will decide whether matters raised by the stockholders may be properly taken up in the meeting or in another proper forum.

ROBINSONS RETAIL HOLDINGS, INC.
110 E. Rodriguez, Jr. Avenue, Libis, Quezon City 1110, Philippines
D +63 (2) 631 1252 T +63 (2) 635 0751 local 206 F +63 (2) 570 5553
E info@robinsonsretail.com.ph

P R O X Y

The undersigned stockholder of **ROBINSONS RETAIL HOLDINGS, INC.** (the "Corporation"), do hereby appoint

____

as my proxy to represent me and vote all shares registered in my name in the records or books of the Corporation at the Annual Meeting of the Stockholders of the Corporation to be held on June 9, 2016 and adjournments and postponements thereof as fully to all intents and purposes as I might do if present and acting in person, hereby ratifying and confirming all that my said attorney shall lawfully do or cause to be done by virtue of these presents.

IN CASE OF THE NON-ATTENDANCE OF MY PROXY NAMED ABOVE, I AUTHORIZE AND EMPOWER THE CHAIRMAN OF THE MEETING TO FULLY EXERCISE ALL RIGHTS AS MY PROXY AT SUCH MEETING.

This proxy shall continue until such time as the same is withdrawn by me through notice in writing delivered to the Corporate Secretary at least three (3) working days before the scheduled meeting on June 9, 2016, but shall not apply in instances where I personally attend the meeting.

____
PRINTED NAME OF STOCKHOLDER

____
DATE

____
SIGNATURE OF STOCKHOLDER /
AUTHORIZED SIGNATORY

____
ADDRESS OF STOCKHOLDER

____
CONTACT TELEPHONE NUMBER

A PROXY FORM SUBMITTED BY A CORPORATION SHOULD BE ACCOMPANIED BY A CORPORATE SECRETARY'S CERTIFICATE QUOTING THE BOARD RESOLUTION DESIGNATING A CORPORATE OFFICER TO EXECUTE THE PROXY. IN ADDITION TO THE ABOVE REQUIREMENT FOR CORPORATIONS, A PROXY FORM GIVEN BY A BROKER OR CUSTODIAN BANK IN RESPECT OF SHARES OF STOCK CARRIED BY SUCH BROKER OR CUSTODIAN BANK FOR THE ACCOUNT OF THE BENEFICIAL OWNER MUST BE ACCOMPANIED BY A CERTIFICATION UNDER OATH STATING THAT THE BROKER OR CUSTODIAN BANK HAS OBTAINED THE WRITTEN CONSENT OF THE ACCOUNT HOLDER.

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

   [✓] Definitive Information Statement

2.	Name of Registrant as specified in its charter	:	**ROBINSONS RETAIL HOLDINGS, INC. ("RRHI" or the "Corporation")**
3.	Province, country or other jurisdiction of incorporation or organization	:	**Philippines**
4.	SEC Identification Number	:	**SEC Registration No. A200201756**
5.	BIR Tax Identification Code	:	**TIN No. 216-303-212-000**
6.	Address of principal office	:	**110 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City, Metro Manila**
7.	Registrant's telephone number, including area code	:	**(632) 635-0751**
8.	Date, time and place of the meeting of security holders	:	**June 9, 2016** **4:00 P.M.** **Ruby Ballroom** **Crowne Plaza Manila Galleria** **Ortigas Avenue corner** **Asian Development Bank Avenue** **Quezon City, Metro Manila**
9.	Approximate date on which the Information Statement is first to be sent or given to security holders	:	**May 19, 2016**

10. 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 of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding (as of March 31, 2016)
Common Stock, ₱1.00 par value	**1,385,000,000**

11. Are any or all of registrant's securities listed on a Stock Exchange?

    Yes __✓_____ No _______

    Robinsons Retail Holdings, Inc.'s common stock is listed on the Philippine Stock Exchange.

Date, Time and Place of Meeting of Security Holders

Date Time and Place of Meeting	:	**June 9, 2016** **4:00 P.M.** **Ruby Ballroom** **Crowne Plaza Manila Galleria** **Ortigas Avenue corner** **Asian Development Bank Avenue** **Quezon City, Metro Manila**
Complete Mailing Address of Principal Office	:	**110 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City, Metro Manila**
Approximate date on which the Information Statement is first to be sent or given to security holders	:	**May 19, 2016**

Dissenters' Right of Appraisal

Any stockholder of the Corporation may exercise his appraisal right against the proposed actions which qualify as instances giving rise to the exercise of such right pursuant to and subject to the compliance with the requirements and procedure set forth under Title X of the Corporation Code of the Philippines.

There are no matters to be acted upon by the stockholders at the Annual Meeting of the Stockholders to be held on June 9, 2016 which would require the exercise of the appraisal right.

Interest of Certain Persons in or Opposition to Matters to be acted upon

None of the following persons have any substantial interest, direct or indirect, in any matter to be acted upon other than election to office:

1. **Directors or officers of the Corporation at any time since the beginning of the last fiscal year;**
2. **Nominees for election as directors of the Corporation;**
3. **Associate of any of the foregoing persons.**

Voting Securities and Principal Holders Thereof

(a) **The Corporation has 1,385,000,000 outstanding shares as of March 31, 2016. Every stockholder shall be entitled to one vote for each share of stock held as of the established record date.**

(b) **All stockholders of record as of May 5, 2016 are entitled to notice and to vote at the Corporation's Annual Meeting of Stockholders.**

(c) **Section 9, Article VI of the By-Laws of the Corporation states that, for purposes of determining the stockholders entitled to notice or to vote or be voted for at any meeting of the stockholders or any adjournments thereof, or entitled to receive payment of any**

dividends or other distribution or allotment of any rights, or for the purpose of any other lawful action, or for making any other proper determination of stockholders, the Board of Directors may provide that the stock and transfer books be closed for a stated period, which shall not be more than sixty (60) days nor less than thirty (30) days before the date of such meeting. In lieu of closing the stock and transfer books, the Board of Directors may fix in advance a date as the record date for any such determination of stockholders. A determination of stockholders of record entitled to notice of or to vote or be voted for at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Election of Directors

Section 1.1, Article II of the By-Laws of the Corporation provides that the directors of the Corporation shall be elected by plurality vote at the annual meeting of the stockholders for that year at which a quorum is present. At each election for directors, every stockholder shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected or to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of his shares shall equal, or by distributing such votes on the same principle among any number of candidates.

The report attached to this SEC Form 20-IS is the management report to stockholders required under SRC Rule 20 to accompany the SEC Form 20-IS and is hereinafter referred to as the "Management Report".

Security Ownership of Certain Record and Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners of more than 5% of the Corporation's voting securities as of March 31, 2016

Title of Class	Names and addresses of record owners and relationship with the Corporation	Name of beneficial owner and relationship with record owner	Citizenship	Number of shares held	% to Total Outstanding
Common	JE Holdings, Inc. 43/F Robinsons Equitable Tower, ADB Avenue corner Poveda Street Ortigas Center, Pasig City (stockholder)	Same as record owner (See note 1)	Filipino	484,749,997	35.00%
Common	PCD Nominee Corporation (Non-Filipino) 37/F Tower 1, The Enterprise Center, Ayala Ave. cor. Paseo de Roxas, Makati City (stockholder)	PDTC Participants and their clients (See note 2)	Non-Filipino	385,426,481 (See note 3)	27.83%
Common	Lance Y. Gokongwei 43/F Robinsons Equitable Tower, ADB Avenue corner Poveda Street Ortigas Center, Pasig City	Same as record owner	Filipino	126,727,500	9.15%

Title of Class	Names and addresses of record owners and relationship with the Corporation	Name of beneficial owner and relationship with record owner	Citizenship	Number of shares held	% to Total Outstanding
Common	Robina Y. Gokongwei-Pe 43/F Robinsons Equitable Tower, ADB Avenue corner Poveda Street Ortigas Center, Pasig City	Same as record owner	Filipino	105,952,500	7.65%
Common	PCD Nominee Corporation (Filipino) 37/F Tower 1, The Enterprise Center, Ayala Ave. cor. Paseo de Roxas, Makati City (stockholder)	PDTC Participants and their clients (See note 2)	Filipino	97,189,566	7.02%

Notes:

1. JE Holdings, Inc. is a company owned by members of the Gokongwei family. Under the By-Laws of JE Holdings, Inc., the President is authorized to represent the Corporation at all functions and proceedings. The incumbent President of JE Holdings, Inc. is Mr. John L. Gokongwei, Jr.

2. PCD Nominee Corporation is the registered owner of the shares in the books of the Corporation's transfer agent. PCD Nominee Corporation is a corporation wholly-owned by Philippine Depository and Trust Corporation, Inc. (formerly the Philippine Central Depository) ("PDTC"), whose sole purpose is to act as nominee and legal title holder of all shares of stock lodged in the PDTC. PDTC is a private corporation organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. Under the current PDTC system, only participants (brokers and custodians) will be recognized by PDTC as the beneficial owners of the lodged shares. Each beneficial owner of shares though his participant will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee.

3. Out of the PCD Nominee Corporation (Non-Filipino) account, "The Hongkong and Shanghai Banking Corp. Ltd. –Clients' Acct." and "Deutsche Bank Manila-Clients A/C" hold for various trust accounts the following shares of the Corporation as of March 31, 2016:

	No. of shares	% to Outstanding
The Hongkong and Shanghai Banking Corp. Ltd. –Clients' Acct.	205,493,510	14.84%
Deutsche Bank Manila-Clients A/C	103,985,638	7.51%

The securities are voted by the trustee's designated officers who are not known to the Corporation.

Security Ownership of Management as of March 31, 2016

Title of Class	**Name of beneficial owner**	**Position**	**Amount & nature of beneficial ownership**		**Citizenship**	**% to Total Outstanding**
			Direct	**Indirect**		
Named Executive Officers (Note 1)						
Common	1. John L. Gokongwei, Jr.	Director	1	-	Filipino	*
Common	2. Lance Y. Gokongwei	Director, Chairman and Chief Executive Officer	162,044,999 (Note 2)	-	Filipino	11.70%
Common	3. Robina Y. Gokongwei-Pe	Director, President and Chief Operating Officer	105,952,500	-	Filipino	7.65%
	Sub-Total		267,997,500	-		19.35%
Other Directors and Executive Officers						
Common	4. James L. Go	Director and Vice Chairman	41,550,000	-	Filipino	3.00%
Common	5. Lisa Y. Gokongwei-Cheng	Director	35,317,500	-	Filipino	2.55%
Common	6. Faith Y. Gokongwei-Lim	Director	35,317,500	-	Filipino	2.55%
Common	7. Hope Y. Gokongwei-Tang	Director	1	-	Filipino	*
Common	8. Antonio L. Go	Director (Independent)	1	-	Filipino	*
Common	9. Roberto R. Romulo	Director (Independent)	1	-	Filipino	*

Title of Class	Name of beneficial owner	Position	Amount & nature of beneficial ownership Direct	Indirect	Citizenship	% to Total Outstanding
-	10. Bach Johann M. Sebastian	Senior Vice President, Chief Strategy Officer and Compliance Officer	-	-	Filipino	-
-	11. Diosdado Felix A. Zapata III	Chief Financial Officer	-	-	Filipino	-
-	12. Graciela A. Banatao	Treasurer	-	-	Filipino	-
-	13. Rosalinda F. Rivera	Corporate Secretary	-	-	Filipino	-
Common	14. Gilbert S. Millado, Jr.	Assistant Corporate Secretary	500	-	Filipino	*
	Sub-Total		112,185,503	-		8.10%
All directors and executive officers as a group unnamed			380,183,003	-		27.45%

Notes:

1. As defined under Part IV (B) (1) (b) of Annex "C" of SRC Rule 12, the "named executive officers" to be listed refer to the Chief Executive Officer and those that are the four (4) most highly compensated executive officers as of March 31, 2016.
2. Sum of the shares in the name of "Lance Y. Gokongwei" for 126,727,500 shares and "Lance Y. Gokongwei &/or Elizabeth Gokongwei" for 35,317,499 shares.

* less than 0.01%

Shares owned by foreigners

The total number of shares owned by foreigners as of March 31, 2016 is 385,426,481 common shares.

Voting Trust Holders of 5% or more **-** as of March 31, 2016

There are no persons holding more than 5% of a class under a voting trust or similar agreement.

Changes in Control

Not applicable

Directors and Executive Officers

Information required hereunder is incorporated by reference to the section entitled "Board of Directors and Executive Officers of the Registrant" on Item 8, pages 37 to 40 of the Management Report.

The incumbent directors of the Corporation are expected to be nominated for re-election this year.

The incumbent members of the Nomination Committee of the Corporation are as follows:

1. **John L. Gokongwei, Jr. (Chairman)**
2. **James L. Go**
3. **Lance Y. Gokongwei**
4. **Robina Y. Gokongwei-Pe**
5. **Roberto R. Romulo**

The incumbent members of the Audit Committee of the Corporation are as follows:

1. **John L. Gokongwei, Jr.**
2. **James L. Go**
3. **Lance Y. Gokongwei**
4. **Robina Y. Gokongwei-Pe**
5. **Antonio L. Go (Chairman)**
6. **Roberto R. Romulo**

The incumbent members of the Remuneration and Compensation Committee of the Corporation are as follows:

1. **John L. Gokongwei, Jr. (Chairman)**
2. **James L. Go**
3. **Lance Y. Gokongwei**
4. **Robina Y. Gokongwei-Pe**
5. **Antonio L. Go**

Information required by the SEC under SRC Rule 38 on the nomination and election of Independent Directors.

The following criteria and guidelines shall be observed in the pre-screening, short listing, and nomination of Independent Directors**:**

A. Definition

1. An independent director is 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 the corporation and includes, among others, any person who:

   1.1 Is not a director or officer or substantial stockholder of the corporation 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;

   1.2 Does not own more than two percent (2%) of the shares of the corporation and/or its related companies or any of its substantial shareholders;

   1.3 Is not a relative of any director, officer or substantial shareholder of the corporation, 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;

   1.4 Is not acting as a nominee or representative of any director or substantial shareholder of the corporation, 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;

1.5 Has not been employed in any executive capacity by the corporation, any of its related companies and/or by any of its substantial shareholders within the last two (2) years.

1.6 Is not retained, either personally or through his firm or any similar entity, as professional adviser, by the corporation, any of its related companies and/or any of its substantial shareholders, within the last two (2) years; or

1.7 Has not engaged and does not engage in any transaction with the corporation 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.

2. No person convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of this Code, committed within five (5) years prior to the date of his election, shall qualify as an independent director. This is without prejudice to other disqualifications which the corporation's Manual on Corporate Governance provides.

3. Any controversy or issue arising from the selection, nomination or election of independent directors shall be resolved by the Commission by appointing independent directors from the list of nominees submitted by the stockholders.

4. When used in relation to a company subject to the requirements above:

4.1 Related company means another company which is: (a) its holding company, (b) its subsidiary, or (c) a subsidiary of its holding company; and

4.2 Substantial shareholder means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

B. Qualifications and Disqualifications of Independent Directors

1. An independent director shall have the following qualifications:

1.1 He shall have at least one (1) share of stock of the corporation;

1.2 He shall be at least a college graduate or he has sufficient management experience to substitute for such formal education or he shall have been engaged or exposed to the business of the corporation for at least five (5) years;

1.3 He shall be twenty one (21) years old up to seventy (70) years old, however, due consideration shall be given to qualified independent directors up to the age of eighty (80);

1.4 He shall have been proven to possess integrity and probity; and

1.5 He shall be assiduous.

2. No person enumerated under Section II (5) of the Code of Corporate Governance shall qualify as an independent director. He shall likewise be disqualified during his tenure under the following instances or causes:

   2.1 He becomes an officer or employee of the corporation where he is such member of the board of directors/trustees, or becomes any of the persons enumerated under letter A hereof;

   2.2 His beneficial security ownership exceeds two percent (2%) of the outstanding capital stock of the corporation where he is such director;

   2.3 Fails, without any justifiable cause, to attend at least 50% of the total number of Board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family.

   2.4 Such other disqualifications that the Corporate Governance Manual provides.

C. Number of Independent Directors

All companies are encouraged to have independent directors. However, issuers of registered securities and public companies are required to have at least two (2) independent directors or at least twenty percent (20%) of its board size.

D. Nomination and Election of Independent Directors

1. The Nomination Committee (the "Committee") shall have at least three (3) members, one of whom is an independent director. It shall promulgate the guidelines or criteria to govern the conduct of the nomination. The same shall be properly disclosed in the corporation's information or proxy statement or such other reports required to be submitted to the Commission.

2. Nomination of independent director/s shall be conducted by the Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.

3. The Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent director/s.

4. After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required under Part IV (A) and (C) of Annex "C" of SRC Rule 12, which list, shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the Corporation is required to submit to the Commission. The name of the person or group of persons who recommended the nomination of the independent director shall be identified in such report including any relationship with the nominee.

5. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as independent director/s. No other nomination shall be entertained after the Final

List of Candidates shall have been prepared. No further nominations shall be entertained nor allowed on the floor during the actual annual stockholders' meeting.

6. Election of Independent Director/s

6.1 Except as those required under this Rule and subject to pertinent existing laws, rules and regulations of the Commission, the conduct of the election of independent director/s shall be made in accordance with the standard election procedures of the company or its by-laws.

6.2 It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing independent director/s. He shall ensure that an independent director/s are elected during the stockholders' meeting.

6.3 Specific slot/s for independent directors shall not be filled-up by unqualified nominees.

6.4 In case of failure of election for independent director/s, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy.

E. Termination/Cessation of Independent Directorship

In case of resignation, disqualification or cessation of independent directorship and only after notice has been made with the Commission within five (5) days from such resignation, disqualification or cessation, the vacancy shall be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum, upon the nomination of the Committee otherwise, said vacancies shall be filled by the stockholders in a regular or special meeting called for that purpose. An independent director so elected to fill a vacancy shall serve only for the unexpired term of his predecessor in office.

The Amended By-Laws of the Corporation dated March 29, 2016 include the provisions of SRC Rule 38, as amended.

Presented below is the Final List of Candidates for Independent Directors:

1. ***Antonio L. Go*** was elected as an independent director of the Corporation on July 4, 2013. He also currently serves as Director and President of Equitable Computer Services, Inc. and is the Chairman of Equicom Savings Bank and ALGO Leasing and Finance, Inc. He is also a director of Medilink Network, Inc., Maxicare Healthcare Corporation, Equicom Manila Holdings, Equicom Inc., Equitable Development Corporation, United Industrial Corporation Limited, Oriental Petroleum and Minerals Corporation, Pin-An Holdings, Inc., Equicom Information Technology, Cebu Air, Inc., and Steel Asia Manufacturing Corporation. He is also a Trustee of Go Kim Pah Foundation, Equitable Foundation, Inc., and Gokongwei Brothers Foundation, Inc. He graduated from Youngstown University, United States with a Bachelor Science Degree in Business Administration. He attended the International Advance Management program at the International Management Institute, Geneva, Switzerland as well as the Financial Planning/Control program at the ABA National School of Bankcard Management, Northwestern University, United States.

2. ***Roberto R. Romulo***, was elected as an independent director of the Corporation on July 4, 2013. He is the Chairman of AIG Philippines Insurance Inc. (formerly Chartis Philippines Insurance Inc.), PETNET, Inc, Medilink Network Inc., Nationwide Development Corporation, and Romulo Asia Pacific Advisory. He is currently a board member of A. Soriano Corporation, Equicom Savings Bank, Philippine Long Distance Telephone Co. and Maxicare Healthcare Corporation. He was also a board member of United Industrial Corporation Limited from January 2003 to April 2010 and of Singapore Land Limited from January 2003 to August 2014. He is a Member of the Board of Counselors of McLarty Associates (formerly Kissinger McLarty Associates). He is also the Chairman of several non-profit organizations, namely, Zuellig Family Foundation, Carlos P. Romulo Foundation for Peace and Development, Foundation for Information Technology Education and Development and Asia Europe Foundation of the Philippines. He graduated with a Bachelor of Arts degree (Political Science) from Georgetown University, Washington, D.C. and a Bachelor of Laws degree from Ateneo de Manila University.

The Certification of Independent Directors executed by Mr. Antonio L. Go is attached hereto as Annex "A" while the Certification of Independent Directors of Mr. Roberto R. Romulo has been sent out for signature and will be included in the Definitive Information Statement.

The name of the person who recommended the nomination of the foregoing candidates for Independent Directors is as follows:

JE Holdings, Inc. recommended the nomination of the foregoing candidates for independent directors. The President of JE Holdings, Inc. is authorized under its By Laws to represent the corporation at all functions and proceedings.

None of the candidates for independent directors of the Corporation are related to JE Holdings, Inc. or to its President.

Significant Employees

The Corporation does not believe that its business is dependent on the services of any particular employee.

Family Relationships

1. **Mr. James L. Go is the brother of Mr. John L. Gokongwei, Jr.**
2. **Mr. Lance Y. Gokongwei is the son of Mr. John L. Gokongwei, Jr.**
3. **Ms. Robina Y. Gokongwei-Pe is the daughter of Mr. John L. Gokongwei, Jr.**
4. **Ms. Hope Y. Gokongwei-Tang is the daughter of Mr. John L. Gokongwei, Jr.**
5. **Ms. Faith Y. Gokongwei-Lim is the daughter of Mr. John L. Gokongwei, Jr.**
6. **Ms. Lisa Y. Gokongwei-Cheng is the daughter of Mr. John L. Gokongwei, Jr.**

Involvement in Certain Legal Proceedings of Directors and Executive Officers

To the best of the Corporation's knowledge and belief and after due inquiry, none of the Corporation's directors, nominees for election as director, or executive officers, in the past five years up to the date of this report: (i) have had any petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a three-year period of that time; (ii) have been convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offences; (iii) have been subjected to any order, judgment, or decree, not subsequently reversed, suspended or

vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities; or (iv) been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

Certain Relationships and Related Party Transactions

The Corporation, in its regular conduct of business, had engaged in transactions with its ultimate parent company, its joint venture and affiliates. See Note 25 (Related Party Disclosures) of the Notes to the Consolidated Financial Statements as of December 31, 2015 on pages 58 to 59 of the audited consolidated financial statements as of December 31, 2015.

In the ordinary course of business, the Corporation engages in a variety of transactions with related parties. Members of the Gokongwei family also serve as directors and executive officers of the Corporation. Certain members of the Gokongwei family are also shareholders of JG Summit Holdings, Inc. The most significant transactions with related parties include leasing retail stores in the shopping malls owned by Robinsons Land Corporation (RLC), a subsidiary of JG Summit Holdings, Inc. The Corporation's policy with respect to related party transactions is to ensure that these transactions are entered into on terms comparable to those available from unrelated third parties.

The Corporation rents a significant number of its stores, commercial centers and office buildings from RLC and its affiliates. Certain business segments of the Corporation, including primarily Robinsons Supermarket and Ministop, sourced significant amount of their products from Universal Robina Corporation. Consolidated Global Imports Inc., an entity owned by members of the Gokongwei Family, is the largest franchisee of Ministop stores as of 2015.

<u>Compensation of directors and executive officers</u>

Key management personnel of the Corporation include the Chairman of the Board of Directors, President and Treasurer.

Summary Compensation Table

The following table sets out the Corporation's chief operating officer and four most highly compensated senior officers of certain business segments of the Corporation for the last three years and projected for the ensuing year (2016).

Name	**Position**
Robina Y. Gokongwei-Pe.	President and Chief Operating Officer
Dahlia T. Dy	Managing Director - South Star Drug, Inc.
Justiniano S. Gadia	General Manager - Robinsons Supermarket
Johnson T. Go	General Manager - Robinsons Department Store
Roena P. Sarte.	General Manager - Ministop

The aggregate compensation of executive officers and directors of the Corporation and senior officers of certain business segments of the Corporation for last year and projected for the year 2016 are as follows:

(in ₱ million)

ACTUAL	**Year**	**Salaries**	**Bonuses**	**Total**
President and Chief Operating Officer and four (4) most highly compensated senior officers of certain business segments of the Corporation: 1. Robina Y. Gokongwei-Pe – President and Chief Operating Officer 2. Dahlia T. Dy – Managing Director - South Star Drug, Inc. 3. Justiniano S. Gadia – General Manager - Robinsons Supermarket 4. Johnson T. Go – General Manager - Robinsons Department Store 5. Roena P. Sarte – General Manager - Ministop	2013 2014 2015	34.45 36.61 38.51	2.37 2.52 2.66	36.82 39.13 41.17
Aggregate compensation paid to all other general managers, heads for shared services and directors as a group unnamed	2013 2014 2015	45.06 48.30 55.71	3.29 3.57 4.51	48.35 51.86 60.22

(in ₱ million)

PROJECTED 2016	**Salaries**	**Bonuses**	**Total**
President and Chief Operating Officer and four (4) most highly compensated senior officers of certain business segments of the Corporation: 1. Robina Y. Gokongwei-Pe – President and Chief Operating Officer 2. Dahlia T. Dy – Managing Director - South Star Drug, Inc. 3. Justiniano S. Gadia – General Manager - Robinsons Supermarket 4. Johnson T. Go – General Manager - Robinsons Department Store 5. Roena P. Sarte – General Manager - Ministop	40.27	2.81	43.08
Aggregate compensation paid to all other general managers, heads for shared services and directors as a group unnamed	57.82	5.78	63.60

Standard Arrangements

Other than payment of reasonable per diem as may be determined by the Board for every meeting, there are no standard arrangements pursuant to which the directors are compensated, directly or indirectly, for any services provided as a director.

Other Arrangements

There are no other arrangements pursuant to which any of the directors is compensated, directly or indirectly, for any service provided as a director.

Employment Contracts and Termination of Employment and Change-in-Control Arrangement

Not applicable

Warrants and Options Outstanding

Not applicable

Independent Public Accountants

Sycip Gorres Velayo & Co. (SGV & Co.) has acted as the Corporation's independent public accountant. The same accounting firm will be nominated for reappointment for the current fiscal year at the annual meeting of stockholders. The representatives of the principal accountant have always been present at prior year's meetings and are expected to be present at the current year's annual meeting of stockholders. They may also make a statement and respond to appropriate questions with respect to matters for which their services were engaged.

The current handling partner of SGV & Co. has been engaged by the Corporation in 2015 and is expected to be rotated every five years.

Action with respect to reports

The following are included in the agenda of the Annual Meeting of Stockholders for the approval of the stockholders:

1. **Reading and approval of the Minutes of the Annual Meeting of the Stockholders held on July 16, 2015.**

2. **Presentation of annual report and approval of financial statements for the preceding year.**

3. **Election of Board of Directors.**

4. **Election of External Auditor.**

5. **Ratification of all acts of the Board of Directors and its committees, officers and management since the last annual meeting.**

A summary of the matters approved and recorded in the Minutes of the Annual Meeting of the Stockholders last July 16, 2015 is as follows: (a) approval of the Minutes of the Annual Meeting of the Stockholders held on June 25, 2014; (b) presentation of Annual Report and approval of Financial Statements for the preceding year; (c) election of Board of Directors; (d) election of External Auditor; and (e) ratification of all acts of the Board of Directors and Management since the last annual meeting.

Brief description of material matters approved by the Board of Directors and Management and disclosed to the SEC and PSE since the last annual meeting of stockholders held on July 16, 2015 for ratification by the stockholders:

Date of Board Approval	Description
July 16, 2015	**Declaration of a cash dividend in the amount of Fifty One Centavos (₱0.51) per share from the unrestricted retained earnings of the Corporation as of December 31, 2014 to all stockholders of record as of August 7, 2015 and payable on September 4, 2015.**
July 16, 2015	**Results of the Organizational Meeting of the Board of Directors.**

Date of Board Approval	Description
January 18, 2016	**1. Approval of the amendment of Article VI (1) of the By-Laws of the Corporation to change the date of the annual meeting of stockholders from the fourth Thursday of June to the last Thursday of May of each year.** **2. Appointment of Ms. Graciela A. Banatao as Treasurer of the Corporation effective February 1, 2016.**
March 18, 2016	**Retirement by Mr. John L. Gokongwei, Jr. as Chairman and Chief Executive Officer, retention by Mr. James L. Go of the position of Vice Chairman and the appointment of Mr. Lance Y. Gokongwei as Chairman and Chief Executive Officer.**
April 20, 2016	**Resetting of the annual meeting of the stockholders of the Corporation from the last Thursday of May to June 9, 2016 and setting May 5, 2016 as the record date of for the said meeting.**

Voting Procedures

The vote required for approval or election:

Pursuant to Article VI, Section 6 of the By-Laws of the Corporation, a majority of the outstanding capital stock, present in person or represented by proxy, shall constitute a quorum at a stockholders' meeting for the election of directors and for the transaction of any business, except in those cases in which the Corporation Code requires the affirmative vote of a greater proportion.

The method by which votes will be counted:

Article VI, Section 7 of the By-Laws of the Corporation provides that at each meeting of the stockholders, every stockholder, in person or by proxy, shall be entitled to vote the number of shares registered in his name which has voting rights upon the matter in question. The votes for the election of directors, and, except upon demand by any stockholder, the votes upon any question before the meeting, except with respect to procedural questions determined by the Chairman of the meeting, shall be by viva voce or show of hands.

Article VI, Section 8 of the By-Laws also provides that stockholders may vote, at all meetings, the number of shares registered in their respective names, either in person or by proxy duly given in writing and duly presented and received by the Secretary for inspection and recording not later than five (5) business days before the time set for the meeting, except such period shall be reduced to one (1) business day for meetings that are adjourned due to lack of quorum. No proxy bearing a signature which is not legally acknowledged by the Secretary shall be honored at the meetings. Proxies shall be valid and effective for five (5) years, unless the proxy provides for a shorter period, and shall be suspended for any meeting wherein the stockholder appears in person.

Article II, Section 1.1 of the By-Laws provides that the directors of the Corporation shall be elected by plurality vote at the annual meeting of the stockholders for that year at which a quorum is present. At each election for directors, every stockholder shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be

elected or to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of his shares shall equal, or by distributing such votes on the same principle among any number of candidates.

The Secretary shall record all the votes and proceedings of the stockholders and of the directors in a book kept for that purpose.

Restriction that Limits the Payment of Dividends on Common Shares

None.

Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction.

Not applicable.

Discussion on compliance with leading practices on corporate governance

The Corporation adheres to the principles and practices of good corporate governance, as embodied in its Corporate Governance Manual, Employee Handbook, and related SEC Circulars.

On June 7, 2013, the Board of Directors approved the adoption of a Corporate Governance Manual in accordance with SEC Memorandum Circular No. 6 (Series of 2009) dated June 22, 2009. On July 15, 2014 and June 2, 2015, the Board of Directors approved the revisions made to the Corporate Governance Manual of the Corporation in accordance with SEC Memorandum Circular No. 9, Series of 2014 as well as the Round Table Discussion initiated by the Securities and Exchange Commission which discussed the Corporate Governance Guidelines for Companies Listed in the Philippine Stock Exchange and the ASEAN Corporate Governance Guidelines. Continuous improvement and monitoring of governance and management policies have been undertaken to ensure that the Corporation observes good governance and management practices. This is to assure the shareholders that the Corporation conducts its business with the highest level of integrity, transparency and accountability.

SEC Memorandum Circular No. 5, Series of 2013 mandates all listed companies to submit an Annual Corporate Governance Report (ACGR). On May 30, 2014, the Corporation submitted its ACGR for the year 2013 to the SEC.

Beginning January 30, 2011 in accordance with PSE Memorandum No. 2010-0574, the Corporation submits every year a Corporate Governance Disclosure Report to the PSE.

The Corporation likewise consistently strives to raise its financial reporting standards by adopting and implementing prescribed Philippine Financial Reporting Standards.

ROBINSONS RETAIL HOLDINGS, INC., AS REGISTRANT, WILL PROVIDE WITHOUT CHARGE, UPON WRITTEN REQUEST, A COPY OF THE REGISTRANT'S ANNUAL REPORT ON SEC FORM 17-A. SUCH WRITTEN REQUESTS SHOULD BE DIRECTED TO THE OFFICE OF THE CORPORATE SECRETARY, 40/F ROBINSONS EQUITABLE TOWER, ADB AVENUE CORNER POVEDA ST., ORTIGAS CENTER, PASIG CITY, METRO MANILA, PHILIPPINES.

SIGNATURE PAGE

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 Pasig on May 16, 2016.

ROBINSONS RETAIL HOLDINGS, INC.

LANCE Y. GOKONGWEI
Chairman and Chief Executive Officer

/mhd

ANNEX "A"

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **ANTONIO L. GO**, Filipino, of legal age and a resident of 51 Cambridge Circle, North Forbes Park, Makati City, after having been duly sworn in accordance with law do hereby declare that:

1. I am an independent director of Robinsons Retail Holdings, Inc.

2. I am affiliated with the following companies or organizations:

Company/ Organization	Position/ Relationship	Period of Service
Equitable Computer Services, Inc.	Director and President	Present
Equicom Savings Bank	Chairman	Present
ALGO Leasing and Finance, Inc.	Chairman	Present
Medilink Network, Inc.	Director	Present
Maxicare Healthcare Corporation	Director	Present
Equicom Manila Holdings, Inc.	Director	Present
Equicom Inc.	Director	Present
Equitable Development Corp.	Director	Present
United Industrial Corporation Limited (UIC)	Independent Director	Present
Oriental Petroleum and Minerals Corporation	Independent Director	Present
Pin-An Holdings, Inc.	Director	Present
Equicom Information Technology, Inc.	Director	Present
Cebu Air, Inc.	Independent Director	Present
Steel Asia Manufacturing Corporation	Director	Present
Go Kim Pah Foundation	Trustee	Present
Equitable Foundation, Inc.	Trustee	Present
Gokongwei Brothers Foundation, Inc.	Trustee	Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Robinsons Retail Holdings, Inc., as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.

5. I shall inform the corporate secretary of Robinsons Retail Holdings, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done, this 22 APR 2016, at PASIG CITY.

ANTONIO L. GO
Affiant

SUBSCRIBED AND SWORN to before me this 22 APR 2016 at PASIG CITY, affiant personally appeared before me and exhibited to me his Philippine passport with Passport No. EB6537238 issued in DFA Manila on October 11, 2012 and valid until October 10, 2017.

Doc No. 251;
Page No. 91;
Book No. 11;
Series of 2016.

ATTY. JAMES ANTHONY D. BETITO
Notary Public – Pasig City/San Juan City
Commission No. 86 (2016-2017)
709 MegaPlaza Condo. ADB Ave. Pasig City
Attorney's Roll No. 58148
IBP # 1018146 / 01/05/16 / Rizal
PTR # 1387697 / 01.07.16 / Pasig City
MCLE Compliance No. IV-0017688 April 23, 2013

ANNEX "B"

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **ROBERTO R. ROMULO**, Filipino, of legal age and a resident of 9C Urdaneta Apartments, 6735 Ayala Avenue, Makati City, after having been duly sworn in accordance with law do hereby declare that:

1. I am an independent director of Robinsons Retail Holdings, Inc..

2. I am affiliated with the following companies or organizations:

Company/ Organization	Position/ Relationship	Period of Service
AIG Philippines Insurance, Inc. (formerly Chartis Philippines Insurance, Inc.)	Chairman	Present
PETNET, Inc.	Chairman	Present
MediLink Network	Chairman	Present
Nationwide Development Corporation	Chairman	Present
Romulo Asia Pacific Advisory, Inc.	Chairman & CEO	Present
A. Soriano Corporation	Director	Present
Equicom Savings Bank	Director	Present
Philippine Long Distance Telephone Company	Advisory Board	Present
Maxicare Healthcare Corporation	Director	Present
McLarty Associates (formerly Kissinger McLarty Associates)	Member of the Board of Counsellors	Present
Zuellig Family Foundation	Chairman	Present
Carlos P. Romulo Foundation for Peace and Development, Inc.	Chairman	Present
Foundation for Information Technology, Education and Development, Inc. (FIT-ED)	Chairman	Present
Asia Europe Foundation of the Philippines	Chairman	Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Robinsons Retail Holdings, Inc., as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.

5. I shall inform the corporate secretary of Robinsons Retail Holdings, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done, this 25 APR 2016, at PASIG CITY.

ROBERTO R. ROMULO
Affiant

SUBSCRIBED AND SWORN to before me this 25 APR 2016 at PASIG CITY, affiant personally appeared before me and exhibited to me his passport number EB7472176 issued on 22 February 2013 at Department of Foreign Affairs Manila, Philippines.

Doc No. 371;
Page No. 77;
Book No. II;
Series of 2016.

ATTY. JAMES ANTHONY D. BETITO
Notary Public – Pasig City/San Juan City
Commission No. 86 (2016-2017)
709 MegaPlaza Condo. ADB Ave. Pasig City
Attorney's Roll No. 58148
IBP # 1018146 / 01/05/16 / Rizal
PTR # 1387697 / 01.07.16 / Pasig City
MCLE Compliance No. IV-0017688 April 23, 2013

Information Required by the SEC Pursuant to SRC Rule 20

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

(A) Business Development

Robinsons Retail Holdings, Inc. was incorporated on February 4, 2002. The primary purpose of the Company and its subsidiaries is to engage in the business of trading goods, commodities and merchandise of any kind. The Company was listed at the Philippine Stock Exchange on November 11, 2013.

Robinsons Retail Holdings, Inc. (RRHI) is one of the leading multi-format retail groups in the Philippines. With over 30 years of retail experience, it possesses a deep understanding of Philippine consumers and enjoys market leading positions across all its business segments. Since the opening of its first Robinsons Department Store in Metro Manila in 1980, RRHI has successfully expanded into five further business segments, entering into the supermarket business in 1985, the Do It Yourself (DIY) business in 1994, the convenience store and specialty store businesses in 2000 and the drug store business in 2012. RRHI operates its supermarkets, department stores and consumer electronics and appliances stores under the Robinsons brand name, and its other store formats are under well-known international and domestic brands such as Handyman Do it Best, True Value, Topshop, Topman, Toys “R” Us and Ministop. RRHI operates one of the broadest ranges of retail formats of any retail group in the Philippines and accordingly, is well-positioned to capture the continuing macroeconomic growth in the Philippines, particularly the increase in disposable income and consumption of the middle-income segment, one of its key target markets.

In 2015, RRHI, through a subsidiary, entered the coffee shop business with the opening of Costa Coffee shops in several locations in Metro Manila.

The Company has not been into any bankruptcy, receivership or similar proceedings since its incorporation.

The Company introduced the Robinsons Rewards Card in May 2013. It is believed that the loyalty program, which will eventually allow holders to collect and redeem points across all formats, will enhance the Company’s brand image and also increase customer loyalty. As of the end of 2015, Robinsons Rewards Cards is already accepted in most of the Company’s formats except for Ministop , South Star Drug and Costa Coffee .

Acquisitions by RRHI’s subsidiaries
On September 1, 2015, Robinsons Inc. (RI), wholly owned subsidiary of RRHI, acquired 90% ownership of Savers Electronic World, Inc.

In July 2014, Robinson’s Handyman, Inc. (RHMI) acquired 67% interest in RHI Builders and Contractors Depot Corp., which operates A.M. Builders’ Depot, a Visayas-based builders hardware chain.

In June 2014, South Star Drug, Inc. acquired 100% ownership of GNC Pharma Corporation, which operates seven drugstore chains in Batangas called Chavez Pharmacy.

Subsequently, in August 26, 2015, the Securities and Exchange Commission (SEC) approved the Articles and Plan of Merger of South Star Drug, Inc. and GNC Pharma Corporation wherein the former is the surviving corporation

In January 2014, Robinsons Supermarket Corporation acquired 100% ownership of JAS 8 Retailing Mngt. Corporation, the operator of a three-store supermarket chain called Jaynith's Supermarket.

In December 2013, Robinsons Specialty Stores, Inc. acquired the assets of Beauty Skinnovations Retail, Inc., which operates eight Shiseido stores and two Benefit stores. The acquisition includes the right to sell Shiseido and Benefit cosmetics under the distribution agreement with Luxasia, Inc. and L Beauty Luxury Asia, Inc.

In September 2013, Robinsons Supermarket Corporation, a subsidiary, acquired 100% ownership of Eurogrocer Corp., the operator of a six-store supermarket chain in Northern Luzon.

The percentage contribution to the Company's revenues for each of the three years ended December 2013, 2014, and 2015 by each of the Company's business segments after elimination are as follows:

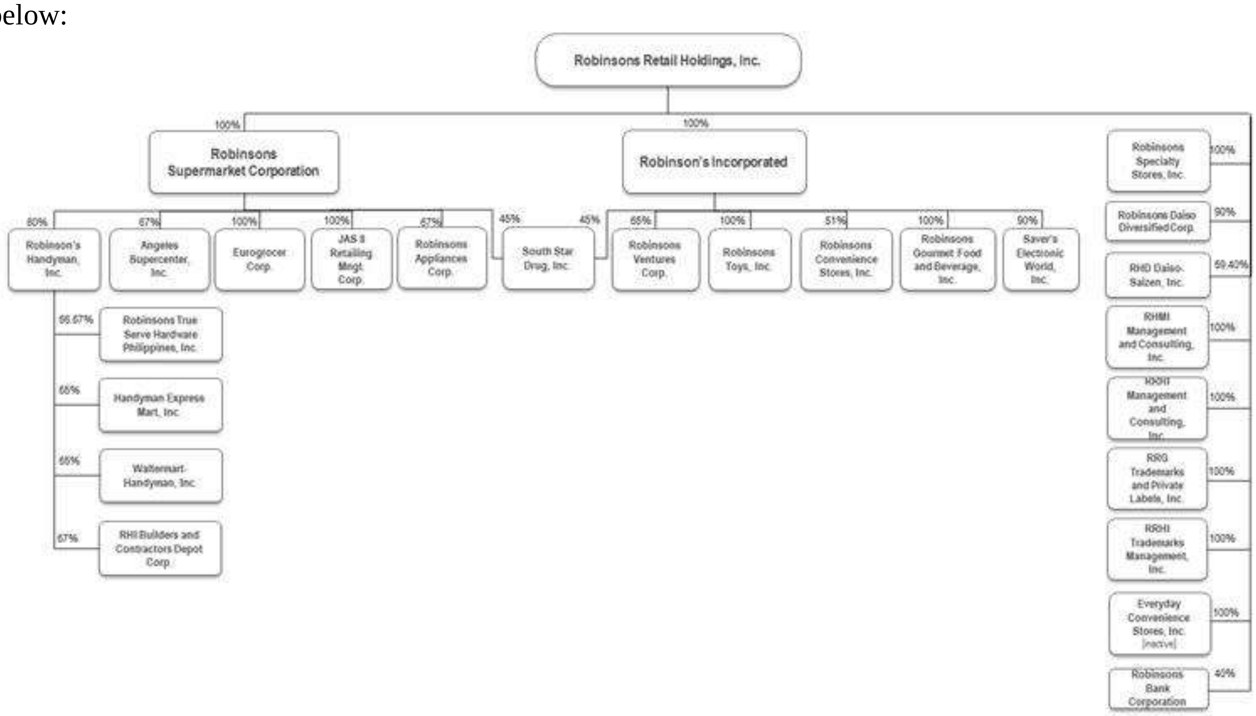
	For the years ended December 31		
	2013	2014	2015
Supermarket	48.3%	48.8%	47.6%
Department store	17.7%	17.1%	16.4%
Hardware	10.5%	10.6%	10.9%
Convenience store	6.3%	5.7%	6.0%
Drug store*	9.3%	8.8%	8.9%
Specialty segment	7.9%	9.0%	10.2%

**Note: South Star Drug was only acquired in July 2012 and consolidated into RRHI beginning August 2012.*

The Company ended 2015 with 1,506 stores with total gross floor area of 974,000 square meters.

(B) Business of Issuer

The industry segments where the Company and its subsidiaries and affiliates operate are summarized below:



(a) Description of the Registrant

(i) Principal Products and Services. The Company conduct the core retail operations in six business segments — supermarkets, department stores, DIY stores, convenience stores, drug stores and specialty stores:

- *Supermarkets.* The supermarkets are operated under the Robinsons Supermarket brand name. Robinsons Supermarket Corporation (RSC) is the first major supermarket chain in the Philippines specifically positioned with a focus on health and wellness, and this focus is a key point of differentiation from competitors. RSC actively encourages consumers to adopt a healthy lifestyle by providing a wide range of high quality health and wellness products. Such products are given a specifically allocated section within each of the supermarkets and are made highly visible to customers. RSC uses nutritional labels to convey the nutritional values of such products, and such values are consistent with those used by the Food and Nutrition Research Institute of the Philippines ("FNRI"). The FNRI evaluates and accredits the nutritional contents of all RSC's food products following the internally-accepted CODEX Standards of Nutrition Classification. All healthy products are promoted in the stores and gondolas through the Green Shelf Tag labeling system. RSC's unique focus on providing health and wellness products will enable it to benefit from the trend towards healthier foods and lifestyles. Furthermore, it partners with the best Fresh suppliers with proven expertise, resources and nationwide retail capability to ensure a consistent supply of high quality and nutritional fresh food products at affordable prices.

Robinsons Supermarket currently has five private label brands, namely Robinsons Supersavers, Breeder's Choice Dog Food, Nature's Pure, Healthy You, and Butcher's Choice which carry a range of products manufactured by both local and foreign manufacturers.

- *Department Stores.* The department stores are operated under the Robinsons Department Store (RDS) brand name and offer a large selection of both local and international branded products that are grouped into six categories: (i) shoes, bags and accessories (including Beauty and Personal Care), (ii) ladies' wear; (iii) men's wear, (iv) children's wear, (v) household items; and (vi) others, focused on catering to middle-income customers. Approximately 92.0% of Robinsons Department Stores' sales for 2015 were on consignment basis.

- *DIY Stores.* The DIY stores are operated under the brand names Handyman Do it Best and True Value, of which the Companies are member-retailers in the Philippines and the recently acquired big box hardware A.M. Builders' Depot/Robinsons Builders. Each brand has its own specialized positioning, with Handyman Do it Best focused on affordable, high quality DIY and home improvement products, True Value positioned as an up market lifestyle home center, and A.M. Builders' Depot/Robinsons Builders focused on home builders. Around 64% of DIY store segment revenue was derived from sales of consigned merchandise for 2015.

- *Convenience Stores.* The Company is the exclusive Philippine master franchisee of Ministop Japan. Ministop commenced operations in the Philippines in 2000 and is a franchise of Ministop Co. Ltd., one of the largest convenience store chains in Japan. Revenue is primarily generated through selling of merchandise to franchisees. Ministop's key strength is its ability to provide fresh and ready-to-eat food for its customers within stores.

- *Drug Stores.* In July 2012, RSC and Robinsons Inc. (RI), wholly-owned subsidiaries of RRHI, each acquired a 45% interest in South Star Drug, Inc.(SSDI). The acquisition represents a 90% interest on the shares of stock of SSDI. South Star Drug carries a wide range of prescription and over-the-counter pharmaceutical products together with a range of food, personal care and other products.

- *Specialty Stores.* Currently, the Company operates six formats of specialty stores, namely: 1) toys and juvenile products retail under Toys "R" Us, 2) consumer electronics and appliances stores operated under Robinsons Appliances and Saver's Appliance Depot, 3) international fashion retail stores which carry brands such as Topshop, Topman, and Dorothy Perkins; 4) beauty brands Shiseido and Benefit; 5) one-price-point stores under Daiso Japan and 6) coffee shops under Costa Coffee.

The Company at the end of 2015 has 1,506 stores; 124 supermarkets, 42 department stores, 166 DIY stores, 519 convenience stores, 367 drug stores and 288 specialty stores. Of the total stores, 43% of these stores are located in Metro Manila, another 43% located in Luzon (outside Metro Manila) and with the balance situated in the Visayas and Mindanao regions.

(ii) Significant Subsidiaries. As of December 31, 2015, Robinsons Retail Holdings, Inc. (RRHI) has twelve wholly-owned subsidiaries and thirteen partly-owned subsidiaries in which RRHI's ownership allows it to exercise control, all of which are consolidated with the Group's financial statements.

Key details of each of RRHI's subsidiary companies are set forth below.

1. ***Robinson's Supermarket Corporation.*** Robinson's Supermarket Corporation (RSC) was incorporated on August 21, 1990. RSC is 100% owned by RRHI. RSC's principal business is to engage in, conduct and carry on the business of buying, selling, distributing and marketing at wholesale and retail.

2. ***Angeles Supercenter, Inc.*** Angeles Supercenter, Inc. (ASI) was incorporated on December 23, 2003. ASI is 67% owned by RSC. ASI's principal business is to engage in the business of trading goods, commodities and merchandise of any kind.

3. ***Eurogrocer Corp.*** Eurogrocer Corp. (EC) was incorporated on August 15, 2013. EC is 100% owned by RSC. EC's principal business is to engage in the business of trading goods, commodities and merchandise of any kind.

4. ***JAS 8 Retailing Mngt. Corporation.*** JAS 8 Retailing Mngt. Corporation (JRMC) was incorporated on November 25, 2013. JRMC is 100% owned by RSC. JRMC's principal business is to engage in the business of trading goods, commodities and merchandise of any kind.

5. ***Robinson's Handyman, Inc.*** Robinson's Handyman, Inc. (RHMI) was incorporated in the Philippines and registered with Philippine Securities and Exchange Commission (SEC) on June 15, 1994 primarily to engage in the business of trading goods, commodities and merchandise of any kind.RHMI is 80% owned by RSC.

6. ***Robinsons True Serve Hardware Philippines, Inc.*** Robinsons True Serve Hardware Philippines, Inc. (RTSHPI) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on February 19, 2007, primarily to engage in general hardware business, both retail and wholesale. The Company started commercial operations on March 1, 2007.RTSHPI is 66.67% owned by RHMI.

7. ***Waltermart-Handyman, Inc.*** Waltermart-Handyman, Inc. (WHI) was incorporated in the Philippines and registered with Philippine Securities and Exchange Commission (SEC) on July 15, 1996 primarily to engage in the business of trading goods, commodities and merchandise of any kind.WHI is 65% owned by RHMI.

8. ***Handyman Express Mart, Inc.*** Handyman Express Mart, Inc. (HEMI) was incorporated in the Philippines and registered with Philippine Securities and Exchange Commission (SEC) on April 13, 2000. The Company is engaged in the business of trading goods, commodities and merchandise of any kind. HEMI is 65% owned by RHMI.

9. ***RHI Builders and Contractors Depot Corp.*** RHI Builders and Contractors Depot Corp. (RHIB) was incorporated in the Philippines and registered with Philippine Securities and Exchange Commission (SEC) on May 7, 2014. The Company is engaged in the business of trading goods, commodities and merchandise of any kind. RHIB is 67% owned by RHMI.

10. ***Robinson's Incorporated.*** Robinsons Incorporated (RI), a wholly owned subsidiary of RRHI, is a stock corporation organized under the laws of the Philippines to engage in the business of trading goods, commodities and merchandise of any kind. The Company was registered with the Philippine Securities and Exchange Commission (SEC) on April 9, 1987.

11. ***Robinson's Ventures Corporation.*** Robinsons Ventures Corporation (RVC) is a stock corporation organized under the laws of the Philippines on July 22, 1996 to engage in the business of trading goods, commodities, wares and merchandise of any kind and description. The Company was registered with the Securities and Exchange Commission (SEC) on August 5, 1996. The Company is 65% owned by RI.

12. ***Robinsons Toys, Inc.*** Robinsons Toys, Inc. (RTI) is a stock corporation organized under the laws of the Philippines primarily to engage in the business of selling general merchandise of all kinds, either at retail or wholesale. The Company was registered with the Philippine Securities and Exchange Commission (SEC) on August 19, 2002. RTI is 100% owned by RI.

13. ***Robinsons Appliances Corp.*** Robinsons Appliances Corp. (RAC) was registered with the Philippine Securities and Exchange Commission (SEC) on August 21, 2000. RAC's principal business is to engage in the business of trading goods such as appliances on wholesale or retail basis. RAC is 67% owned by RSC.

14. ***Robinsons Gourmet Food and Beverage, Inc.*** Robinsons Gourmet Food and Beverage, Inc. (RGFBI), is a stock corporation organized under the laws of the Philippines primarily to engage in the business of establishing, operating and managing of retail coffee shops and espresso shops. The Company was registered with the Philippine Securities and Exchange Commission (SEC) on July 8, 2013. RGFBI is 100% owned by RI.

15. ***Robinsons Convenience Stores, Inc.*** Robinsons Convenience Stores, Inc. (RCSI) was registered with the Philippine Securities and Exchange Commission (SEC) on March 15, 2000. Its primary purpose is to engage in the business of acquiring and granting licenses and/or rights to proprietary marks, trademarks, trade names, patents, copyrights, know-how, technology, processes, methods, techniques, devises, systems and the like. The Company is also engaged in the business of trading of goods, such as food and non-food, on a wholesale basis. RCSI is 51% owned by RI.

16. ***South Star Drug, Inc.*** South Star Drug, Inc (SSD)is a trading company incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on November 24, 2003. Its primary purpose is to carryon, the business of pharmacy, selling all kinds of drugs, medicine, medical equipment, and all other items. SSDI is 45% owned by Robinsons, Inc. and 45% owned by Robinsons Supermarket Corporation.

17. ***Everyday Convenience Stores, Inc.*** Everyday Convenience Stores, Inc. (ECSI), wholly owned by RRHI and was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on August 8, 2000. Its primary purpose is to engage in the business of trading goods, commodities and merchandise of any kind.

18. ***Robinsons Specialty Stores, Inc.*** Robinsons Specialty Stores, Inc.(RSSI)is a stock corporation organized under the laws of the Philippines to engage in the business of trading goods, commodities and merchandise of any kind. The Company was registered with the Securities and Exchange Commission (SEC) on March 8, 2004. The Company is wholl**y** owned by RRHI.

19. ***Robinsons Daiso Diversified Corp.*** Robinsons Daiso Diversified Corp. (RDDC) is a domestic corporation organized under the laws of the Philippines to engage in the business of retail and wholesale of goods. The Company was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on July 16, 2008. The Company started commercial operations on April 29, 2009. RDDC is 90% owned by RRHI.

20. ***RHD Daiso-Saizen, Inc.*** RHD Daiso-Saizen, Inc. (RHDDS) was organized and registered with the Philippine Securities and Exchange Commission (SEC) on November 29, 2011. The primary purpose of the Company is to engage in the business of trading of goods such as food and non-food on wholesalebasis and acquiring and franchising licenses, and/or rights to propriety marks. RHDDS is 59.40% owned by RRHI.

21. ***RHMI Management and Consulting, Inc.*** RHMI Management and Consulting, Inc. was incorporated on May 27, 2013. Its primary purpose is to provide client companies, individuals, businesses or organizations, professional management advise and subject matter expertise in areas of finance, taxation, information technology, human capital, procurement, supply chain and others except management of funds, securities, portfolios, and other similar assets of the managed company or entities. The Company is wholly owned by RRHI. As of December 31, 2015, the Company has not yet started commercial operations.

22. ***RRHI Management and Consulting, Inc.*** RRHI Management and Consulting, Inc. was incorporated on May 27, 2013. Its primary purpose is to provide client companies, individuals, businesses or organizations, professional management advise and subject matter expertise in areas of finance, taxation, information technology, human capital, procurement, supply chain and others except management of funds, securities, portfolios, and other similar assets of the managed company or entities. The Company is wholly owned by RRHI. As of December 31, 2015, the Company has not yet started commercial operations.

23. ***RRG Trademarks and Private Labels, Inc.*** RRG Trademarks and Private Labels, Inc. was incorporated on May 23, 2013. Its primary purpose is to engage in the management and franchise of trademarks, brands and labels in the retail sector, provided, it shall not engage in the management of funds, securities, portfolios, and other similar assets of the managed company or entities. The Company is wholly owned by RRHI. As of December 31, 2015, the Company has not yet started commercial operations.

24. ***RRHI Trademarks Management, Inc.*** RRHI Trademarks Management, Inc. was incorporated on May 23, 2013. Its primary purpose is to engage in the management and franchise of trademarks, brands and labels in the retail sector, provided, it shall not engage in the management of funds, securities, portfolios, and other similar assets of the managed company or entities. The Company is wholly owned by RRHI.

25. ***Savers Electronic World, Inc.*** Savers Electronic World, Inc. (SEWI, was incorporated on March 4, 2015. Its primary purpose is to engage in the business of trading goods such as appliances on wholesale or retail basis. Its primary competence is institutional sales. SEWI is 90% owned by RI.

(iii) Foreign Sales. The Company has no record of foreign sales as it is not exporting any of its merchandise abroad.

(iv) Distribution Methods. The Company relies significantly on distributors, third-party service providers and the distribution networks of its multinational suppliers for transportation, warehousing and deliveries of products to its stores. The majority of its merchandise is delivered to the distribution centers by their suppliers and from the distribution centers to their stores by third-party service providers.

The Company manages a strong and efficient supply chain that features just-in-time delivery. Many of its distribution centers employ a cross-docking system, whereby all non-perishable goods received from suppliers are sorted, consolidated and dispatched to the stores in Metro Manila within one to five days and in Visayas and Mindanao within three to ten days of their receipt, depending on the business segment. This reduces stocking requirements and permits faster delivery of products. Some of its business segments, such as the supermarket, DIY and specialty stores (particularly toys and juvenile products), also employ a stock operation system equipped to handle high turnover and bulk items. For example, the supermarket segment implements a stock operation system for all top-tier vendors. An average of two weeks inventory of goods is ordered to be stocked and stored in the warehouse. Distribution planners make daily plans for replenishment and delivery of the goods to stores to ensure that stores do not run out of the key items supplied by the top-tier vendors. With the stock operation system, the distribution centers are able to supply the stores regularly with top-selling SKUs with expediency at low inventory carrying cost. The Company engages third-party service providers to provide trucking and shipping services to ensure timely delivery of merchandise from the distribution centers to stores across the Philippines. Certain of the Company's suppliers also deliver products directly to the stores.

In order to operate its large-scale business efficiently and effectively, its operations are supported by advanced information technology systems. Its world-class management information systems include a merchandise management system from JDA Software Group Inc., and an advanced ARC merchandise analytics solutions system from Manthan Systems, Pvt. Ltd. which allow the Company to analyze and optimize merchandise performance, and make proactive decisions on its day-to-day operations, providing the Company with the ability to quickly and efficiently respond to changes in customer trends.

The Company uses warehouse management systems to ensure on-time delivery and sufficient stock at its stores, thus optimizing inventory levels across its distribution centers and store network. Further, the Company utilizes financial and asset management systems from SAP AG.

The Company also deploys a POS and Loyalty system from Retalix Ltd., and has a sophisticated supplier portal system that allows them to collaborate with its suppliers, and through which suppliers have access to its database, providing them with the ability to manage their own inventory, helping to ensure consistently high service levels and facilitating more targeted marketing activities.

(v) New Products and Services. In May 2013, the Company introduced the Robinsons Rewards Card, a loyalty card that allows holders to redeem accrued points across its retail formats. As of end 2015, the Robinsons Rewards Card is accepted in most retail formats except for Ministop, South Star and Costa Coffee. The Company believes the Robinsons Rewards loyalty program will be a powerful means of increasing customer retention and enhancing customer loyalty across all businesses.

In 2015, RRHI, through a subsidiary, entered the coffee shop business with the opening of Costa Coffee shops in several locations in Metro Manila.

(vi) Competition. The Company competes principally with national and international operators retail chains in the Philippines, such as SM Investments, Puregold Price Club Inc.,Metro Retail Stores Group, Rustan's, Ace Hardware, Mercury Drug Corporation, 7-Eleven, Family Mart and Suyen Corporation, among others. Each of these competitors competes with the Company on the basis of product selection, product quality, acquisition or development of new brands, customer service, price, store location or a combination of these factors.

- *Supermarkets.* The Philippine food retail market has become increasingly competitive in recent years. Robinsons Supermarket primarily competes with modern retail operators, including hypermarkets, supermarkets, convenience stores and local grocery stores, on the basis of location, store ambiance, presentation, price, supply chain and additional benefits such as loyalty programs. Main competitors are SM Retail, Rustan's/Dairy Farm Group, Puregold Price Club and Metro Retail Stores Group. Similar to Robinsons Supermarket, these retail chains have an established presence in the Philippines and continue to open supermarkets in the same cities, and often in the same neighborhoods where the Company has opened or intend to open its supermarkets.

- *Department stores.* The Philippines' department stores industry is dominated by a few operators. RDS competes with major department store operators such as SM Retail, Metro Retail Stores Group, Landmark and Rustan's with the same target market of the middle- and upper middle income consumer segments on the basis of location, brand recognition, store image, presentation, price, understanding of fashion trends and market demand and value-added customer services. Each of the competing department store chains has an established presence in the Philippines and is continuing to open department stores in the same cities, and often in the same neighborhoods, where RDS has opened or intends to open its department stores.

- *DIY stores.* The market for DIY and related products in the Philippines is highly competitive and fragmented. Retailers are largely classified into stand-alone big-box operators, mall-based DIY retailers and traditional hardware retailers. For the mall-based formats Handyman Do it Best and True Value, the Company believes that its direct competitor is Ace Hardware, which has a scale of operations that is comparable to theirs. They compete with Ace Hardware primarily on the basis of product selection, price, promotions and customer service.

For the big-box hardware format where A.M. Builders' Depot/Robinsons Builders has a strong presence in the Visayas, it is directly competing against Citi Hardware which has a strong foothold in Visayas and Mindanao. The Company believes that it competes well in terms of assortment of hardware and construction products, product sourcing, pricing, location, promotions and after-sales services against Citi Hardware.

More generally, the Company believes that competition in the DIY market is based broadly on pricing, delivery, brand recognition, quality and availability of products. It also believes that it competes favorably with respect to most of these factors.

- *Convenience stores.* Ministop faces direct competition from other chains of convenience stores, supermarkets and other retail outlets. With respect to their ready-to-eat products, Ministop also competes with other providers of these products, such as fast-food restaurants. The Company's primary convenience store competitors are 7-Eleven, Family Mart and Lawson chains. Philippine Seven Corp, the operator of the 7-Eleven chain, is the largest convenience store chain in the Philippines. Family Mart is a

Japanese convenience store franchise chain that entered the Philippine market in early 2013 under the ownership of, among others, the Ayala Corporation. Lawson, a joint venture between Puregold and Lawson, entered the Philippine market in 2015. The Company competes for customers primarily on the basis of store location, product assortment and quality.

- *Drug stores.* The drug store industry in the Philippines is intensely competitive and highly fragmented. South Star Drug primarily competes with other retail drug store chains, such as Mercury Drug, Watson's and Rose Pharmacy. Increasingly, as well, the Company faces competition from discount store, convenience stores and supermarkets as they increase their offerings of non-pharma items, such as food and personal care products.

- *Specialty stores.*

Toys "R" Us. Toys "R" Us is the second largest toys retailer after Toy Kingdom. Toys "R" Us competes with Toy Kingdom on the basis of its strong brand name. With its line of affordable but quality private labels and exclusive products, Toys "R" Us offers a complete and differentiated product offering to its shoppers.

Robinsons Appliances and *Savers Appliances.* Robinsons Appliances competes with SM Appliances, Abenson and Anson's primarily on the basis of price. It provides credit card facilities to support its customers' purchases of the products that it offers conveniently. Through credit card programs, it offers its customers longer payment options at interest free installment terms. On the otherhand, Savers Appliances' strength is in its institutional sales, competing with Imperial Appliances and other stand-alone appliance stores in Northern Luzon in servicing top corporations' appliance needs. It offers various industrial and building solution products such as system air-conditioning, refrigeration and ventilating equipment and security system supported by its delivery, installation and after sales services.

Daiso Japan. Daiso Japan and Japan Home Center are currently the major players in the one-price discount stores operators in the Philippines. With the company's exclusive partnership with Daiso Industries Co. Ltd. of Japan, Daiso Japan is able to offer a broad range of authentic Daiso merchandise that boasts of product quality and aesthetic appeal at affordable price starting at P88.

International Fashion Specialty Retail. The retail apparel market in the Philippines is fragmented and highly competitive, with a large number of single and multi-brand clothing and apparel companies, both foreign and domestic, competing with each other. H&M, Fast Retailing Philippines, Inc. (Uniqlo), Forever Agape and Glory, Inc. (Forever 21), Stores Specialists, Inc. (Zara, Gap, etc), Suyen Corporation (Cotton On, American Eagle Outfitters, etc) and Vogue Concepts, Inc. (Promod) are the major competitors of the Company's high-street fashion retail business.

Beauty division. The Beauty Market (cosmetics and skin care) in the Philippines is very dynamic, with each retailer racing against each other for variety and a strong commercial presence. Competition is likewise coming from large international beauty companies which are setting up stand-alone stores in major malls aside from locating inside department stores (for example, MAC, Clinique, Lancome, Dior).

Costa Coffee. Costa Coffee competes with a large number of established international and local coffee chains.

The British coffee chain competes with Starbucks, The Coffee Bean & Tea Leaf, Seattle's Best and a growing number of artisanal coffee shops such as, Toby's Estate, Bo's Coffee, Craft Coffee Revolution and Kuppa Roastery & Café amongst others. It competes primarily on the entire store experience from the creation of quality coffee, store ambiance and food offering.

(vii) Suppliers. Revenue is derived substantially from direct sales and sales of consigned merchandise, and the success depends on the ability to retain existing, and attract new suppliers and consignors on favorable terms. The sourcing of products is dependent, in part, on the relationships with the suppliers. The Company maintains long-standing working relationships with a broad range of national and multinational suppliers across all business segments.

Supermarkets. With over 2,000 regular suppliers as of 2015, Robinsons Supermarket's supplier base is diversified between local suppliers such as San Miguel Corp. and Universal Robina Corporation (URC) and multinational corporations such as Nestle Philippines, Unilever and Procter & Gamble. Robinsons Supermarket's top five suppliers together accounted for 27.1%, 24.4% and 27.8% of the net sales in 2013, 2014 and 2015, respectively. For smaller local suppliers, Robinsons Supermarket partners with the best suppliers in each of the provinces. Robinsons Supermarket believes that its business as a whole is not dependent on any single supplier.

Department stores. For outright sales, RDS sources and sells its own direct-purchase merchandise in its stores. Most of its outright sales consist of beauty and personal care, household merchandise and children's apparel. RDS' outright sales include a private label named Essentials that carries paper products. It has also strengthened sourcing for home and children's departments, thus adding more offerings to customers. As of 2015, Unilever, L'Oreal, Mondelez Phils. (Kraft Foods) Procter & Gamble, Brandlines (Nivea) and Johnson & Johnson were some of RDS' largest outright sales suppliers.

DIY Stores. For outright sales, the Company sources the DIY and other products at favorable terms primarily from large-scale local suppliers and from over 500 foreign vendors accredited by Do it Best Corporation and True Value. For the big-box format, it also sources its tiles, sanitary wares, wood, among others from foreign vendors based in the Asia-Pacific region. The Company does not believe that it relies on any single supplier or group of suppliers for any of its products.

Convenience Stores. To effectively satisfy customer preferences, the Company has established working relationships with over 200 regular suppliers as of 2015. The supplier base is diversified from large local suppliers such as Globe, URC and San Miguel Corp, smaller local suppliers for Ministop's ready-to-eat and private label products, to multinational corporations such as Coca Cola, Phillip Morris Phils and Unilever Phils. Ministop selects its suppliers using a number of criteria, including customer preferences, suppliers' capacity to serve all Ministop stores, product assortment and quality, brand reputation, business plans and budgets and compliance with Ministop's commercial principles. The Company believes that the business as a whole is not dependent on any single supplier.

Drug Stores. The Company sources pharmaceutical products from over 380 suppliers, such as United Laboratories, Pfizer Inc, Pascual Laboratories, Natrapharm, GSK, Abbot Nutrition, Boehringer, Intermed Marketing and Sanofi. SSD's top five largest pharmaceutical suppliers accounted for 30.0% of the total purchases in 2015 and 25.4% in 2014 and 28.7% in 2013. The Company only accepts products which are FDA-certified in the Philippines and ensure that the products it carries come from reputable and known manufacturers and companies. The Company sources non-pharmaceutical products from over 300 established suppliers and providers, such as Unilever, P&G, Nestle, Wyeth Nutritional and Mead Johnson.

Specialty stores.

Toys "R" Us. The Toys "R" Us private labels and exclusives as well as importations (done through indentors/consolidators which provide a differentiated offering), are directly sourced through the Toys "R" Us regional buying office where orders are consolidated to ensure that products are sourced at the lowest costs and margins are maximized. The Company also partners with local suppliers for locally developed merchandise both on outright or consignment.

Robinsons Appliances and *Savers Appliances.* Reliability and strong service network are some of the top requirements of customers in choosing consumer electronics and home appliances. That is why Robinsons Appliances and Savers Appliances partner with reputable suppliers such as Samsung Electronics, LG Electronics, Sony Philippines and Sharp Philippines in providing the best home entertainment solutions. Aesthetically appealing, functional and user-friendly home appliances are offered in partnership with Concepcion-Carrier Airconditioning, G.E., Panasonic Corporation, Electrolux Philippines and Whirpool Home Appliances, among others.

(viii) Dependence upon single or few suppliers or customers. The Company believes that its business as a whole is not dependent on any single supplier. The Company's five largest suppliers accounted for 13.3% of consolidated net sales in 2015, 11.9% in 2014, 13.0% in 2013. The Company is not relying on a single or few customers but to the buying public in general.

(ix) Transactions with related parties. In the ordinary course of business, the Company engages in a variety of transactions with related parties. The Company is controlled by the Gokongwei Family. Members of the Gokongwei Family also serve as directors and executive officers. Certain members of the Gokongwei Family are also major shareholders of JG Summit Holdings, Inc. The most significant transactions with the Gokongwei Family include leasing retail stores in the shopping malls owned by Robinsons Land Corporation (RLC), a company controlled by the Gokongwei Family. The Company policy with respect to related party transactions is to ensure that these transactions are entered into on terms comparable to those available from unrelated third parties.

The Company rents a significant number of its stores, commercial centers and office buildings from RLC and its affiliates. Members of the Company, including primarily Robinsons Supermarket and Ministop, sourced significant amount of their products from URC. Consolidated Global Imports Inc., an entity owned by members of the Gokongwei Family, is the largest franchisee of Ministop stores as of 2015.

(x) Patents, Trademarks, Licenses, Franchises, Concessions or Labor Contract.

Following are the marks of the subsidiaries of RRHI as of December 31, 2015:

Supermarket Trademarks

Name of Trademark	Symbol of Trademark
1. ROBINSONS SUPERMARKET	Robinsons Supermarket
2. HEALTHY YOU	Healthy You
3. ROBINSONS SUPERMARKET FIT & FUN WELLNESS BUDDY RUN	Fit & Fun
4. NATURE`S PURE	Nature's Pure

5. BREEDER`S CHOICE DOG FOOD	
6. ROBINSONS SUPERSAVERS	
7. ROBINSONS EASYMART	
8. ROBINSONS SELECTIONS	
9. JAYNITH’S SUPERMART	

Department Store Trademarks

Name of Trademark	Symbol of trademark
1. ROBINSONS DEPARTMENT STORE	
2. EXECUTIVE BY ROBINSONS	
3. PLAYGROUND	
4. PORTSIDE	
5. NITELITES	
6. BRIDGET`S CLOSET	
7. HOME ESSENTIALS	
8. ESSENTIALS	
9. B+ACTIVE	
10. ALL ABOUT KIDS	
11. RAFAEL	
12. GRAB A TEE	
13. NEVER BEEN KISSED	
14. JUMPING BEANS	

15. DAZED & CONFUSED
16. SIMPLY ME
17. PUNKBERRY
18. PRIVILEGED
19. HIP ACTIVE WEAR
20. FELICITY
21. SUN KISSED
22. MARJOLAINE
23. LIBERTE
24. STELLA
25. TED MOSS
26. VANITY
27. ICANDY
28. PORTSIDE ACTIVE
29. MALEBOX
30. BELLA
31. BOTTOMS UP

DIY Store Trademarks

Name of Trademark	Symbol of trademark
1. ROBINSONS HANDYMAN	
2. THUNDER	

3. HIGH GEAR
4. WISHY WASHY
5. BOW WOW
6. SUPER CHOW
7. BATH BASICS
8. ROBINSONS BUILDERS
9. TRUE HOME
10. BIANCA
11. BLANCO
12. BON GIORNO

Convenience Store Trademarks

Name of Trademark	Symbol of trademark
1. CHILLZ	
2. UNCLE JOHN’S FRIED CHICKEN	
3. MY SUNDAE	
4. MY CHOICE	
5. TOPPERS YUMMY RICE TOPPINGS ON THE GO	
6. KARIMAN	

Drug Store Trademarks

Name of Trademark	Symbol of trademark
1. SOUTH STAR DRUG	
2. SOUTH STAR DRUG MAPAGKAKATIWALAANG TUNAY	
3. MANSON DRUG TUNAY AT MURA ANG GAMOT	

Specialty Store Trademarks

Name of Trademark	Symbol of trademark
1. ROBINSONS APPLIANCES	
2. ROBINSONS SPECIALTY STORES, INC.	
3. SAIZEN	

Others

Name of Trademark	Symbol of trademark
1. R	
2. R ROBINSONS RETAIL HOLDINGS, INC	
3. ROBINSONS REWARDS	
4. ROBINSONS SHOP CARD	

(xi) Government Approvals. The Company and all its subsidiaries have obtained all permits, licenses and approvals from national and local government units and other government agencies necessary to lease store spaces and operate the same.

As a retailer, the Company and its subsidiaries are subject to the following laws and regulations: a) The Retail Trade Liberalization Act; b) The Food, Drug and Cosmetics Act; c) The Consumer Act; d) The Meat Inspection Code; e) The Price Act; f) The Philippine Food Fortification Act; g) The Comprehensive Dangerous Drugs Act; h) The Pharmacy Law; i) The Generics Act and j) The Philippine Labor Code.

(xii) Effects of Existing or Probable Governmental Regulations on the Business. The Group operates its businesses in a highly regulated environment. These businesses depend upon permits issued by the government authorities or agencies for their operations. The suspension or revocation of such permits could materially and adversely affect the operation of these businesses.

(xiii) Research and Development

None during the year.

(xiv) Cost and Effects of Compliance with Environmental Laws. Operators of retail stores with total store areas (including parking) of over 10,000 square meters (sqm) and/or operators of supermarkets with food stalls are required to obtain an Environment Compliance Certificate (ECC) for each store prior to commencement of business to certify that the operation will not pose an unacceptable environmental impact. Operators of supermarkets may also apply for and secure a Certificate of Non-Coverage (CNC) which exempts them from securing an ECC for their projects.

The Company must obtain a Philippine Department of Environment and Natural Resources (DENR) identification number from the regional office of the Philippine Environmental Management Bureau (EMB) to dispose of hazardous waste. In the absence of an identification number, the Company may be penalized with a fine ranging from ₱600 to ₱4,000.

(xv) Employees. As of December 31, 2015, the Group had 9,967 employees. The following table sets out certain details of the Company's employees by business segment, as follows:

Supermarket	2,749
Department stores……………………	804
DIY stores…………………………….	1,436
Convenience stores…………………...	433
Drug stores……………………………	2,858
Specialty stores……………………….	1,687

The Company anticipates that it will have approximately 12,421 employees within the next 12 months for the planned store openings in 2016. The Company's management believes that good labor relations generally exist throughout the operating companies. The Company has experienced no material work stoppages or strikes in the past three years. The Company currently has no labor union or any collective bargaining agreement with any group of employees.

(xvi) Risks

1. The Company may experience difficulty in implementing its growth strategy brought about by unsuccessful future store openings, unsuccessful expansion through acquisition and failure of existing stores to benefit from the current favorable retail environment. In addition, new stores may place a greater burden on its existing resources and adversely affect its business as it faces the risk of market saturation brought about by increased competition from other retail companies in the Philippines.

2. The Company depends on RLC and other mall operators for the development of parts of its business and leases all of its premises, thus it may not be able to continue to renew these leases or to enter into new leases in favorable locations on acceptable terms thereby exposing the Company to risks relating to the leasing and sub-leasing of any of its stores as well as portions of its supermarket space.

3. The Company's retail business depends on its ability to source and sell the appropriate mix of products to suit the changing consumer preferences and relies on services rendered by independent contractors that may not always meet its requirements for quality or be available or completed within its budget. Also the success of its business depends in part on its ability to develop and maintain good relationships with its current and future suppliers and consignors. Likewise, the success of its business depends in part on its ability to develop and maintain good relationships with its franchisors and/or licensors. Thus, a deterioration of the value of its brand names and trademarks may have a material adverse effect on its business.

4. The Company operates in a regulated industry and its business is affected by the development and application of regulations in the Philippines. Continued compliance with, and any changes in, environmental laws and regulations may adversely affect its results of operations and financial condition. The Company may fail to fulfill the terms of licenses, permits and other authorizations, or fail to renew them on expiration. The Company may face difficulty in hiring sufficient pharmacists to meet the demands of its drug store operations due to shortage of registered pharmacists in the Philippines thereby facing the risk of not being able to operate new drug store or be forced to close existing ones. Product liability claims in respect of defective goods sold in its stores and food safety and food-borne illness concerns could adversely affect its reputation and its financial prospects. Likewise, the sale of counterfeit products may affect its reputation and profitability. On the other hand, its senior citizen discounts for purchases of prescribed medicines and prime commodities may be subject to abuse or unchecked fraudulent practices by unqualified customers.

5. The Company is exposed to certain risks in connection with the substantial use of cash in its operations. Damage to or other potential losses involving, its assets may not be covered by insurance. Its business, financial performance and results of operations are subject to seasonality. The Company relies on dividends and distributions from its subsidiaries to fund its cash and financing requirements.

6. The Company is controlled by the Gokongwei Family and its interests may differ significantly from the interests of other shareholders as ts business and operations are dependent upon key executives. The Company is party to a large number of related party transactions and its operating results and financial condition are affected by a significant minority shareholding in Robinsons Bank.

7. Its operations are concentrated in the Philippines, and therefore any downturn in general economic conditions in the Philippines could have a material adverse impact on its business operations. Any political instability in the Philippines may adversely affect its business operations. Continued terrorist activities and high-profile violent crime in the Philippines could destabilize the country, adversely affecting its business environment and the occurrence of natural disasters or other catastrophes, severe weather conditions, or outbreaks of contagious diseases may materially adversely affect the Philippine economy and disrupt its operations.

8. Future changes in the value of the Peso against the U.S. dollar and other currencies may adversely affect its results of operations

Item 2. Properties.

Commercial spaces for all of retail establishments from various entities across the Philippines are leased by the Company. The lease rates and terms for these commercial spaces follow standard market rates and practices for similar businesses. The following table is illustrative of the rates paid per region.

Region	Rental Scheme	Lease Rate	Term
Metro Manila	Fixed	P100 to P5,793 per sqm	1-20 years
	% to sales	2.0% to 7.2% of sales	1-20 years
	Fixed or % to sales, whichever is higher	P220 to P2,335 per sqm or 1.5% to 6% of sales	1-20 years
	Fixed plus % to sales	P260 to P3,322 per sqm plus 1.5% to 6% of sales	1-20 years
Luzon (outside Metro Manila)	Fixed	P49.87 to P2,132 per sqm	1-25 years
	% to sales	2.0% to 7.20% of sales	1-25 years
	Fixed or % to sales, whichever is higher	P110 to P680 per sqm or 3.0% to 6% of sales	1-25 years
	Fixed plus % to Sales	P100 to P3,020 per sqm plus 2% to 6% of sales	1-5 years
Visayas	Fixed	P57.57 to P1,405 per sqm	1-25 years
	% to sales	2.0% to 7.2% of sales	1-5 years
	Fixed or % to sales, whichever is higher	P300 to P1,067 per sqm or 2.0% to 6% of sales	1-3 years
	Fixed plus % to Sales	P300 to P1,980 per sqm plus 1.5% to 6.0% of sales	1-5 years
Mindanao	Fixed	P151 to P2,563 per sqm	1-25 years
	% to sales	2.0% to 7.2% of sales	1-25 years
	Fixed or % to sales, whichever is higher	P554 to P1,067 per sqm or 2% to 3% of sales	1-10 years
	Fixed plus % to sales	P300 to P990 per sqm plus 1.5% to 4% of sales	1-5 years

Supermarket. The following table sets out the location, number of stores and gross selling space of the Company's supermarkets that are leased as of December 31, 2015.

	No. of stores	Gross Selling Area in sqm
Metro Manila	40	110,125
Luzon	56	145,585
Visayas	18	49,954
Mindanao	10	32,328
Total	**124**	**337,992**

Department stores. The following table sets out the location, number of stores and gross selling space of the Company's department stores that are leased as of December 31, 2015.

	No. of stores	Gross Selling Area in sqm
Metro Manila	13	108,847
Luzon	17	94,201
Visayas	7	56,313
Mindanao	5	33,711
Total	**42**	**293,072**

DIY Stores. The following table sets out the location, number of stores and gross selling space of DIY stores as of December 31, 2015, all of which are under a lease agreement:

	No. of stores	Gross Selling Area in
Metro Manila	48	44,518
Luzon	68	49,456
Visayas	35	44,001
Mindanao	15	10,730
Total	**166**	**148,705**

Convenience Stores. The following table sets out the location, number of stores and gross selling space of Ministop stores as December 31, 2015, all of which are under a lease agreement:

	No. of stores	Gross Selling Area in
Metro Manila	330	32,266
Luzon	162	16,449
Visayas	26	1,846
Mindanao	1	114
Total	**519**	**50,675**

Drug Stores. The following table sets out the number of South Star Drug stores by region as December 31, 2015, all of which are under a lease agreement:

	No. of stores	Gross Selling Area in
Metro Manila	80	6,570
Luzon	243	27,516
Visayas	29	1,919
Mindanao	15	1,031
Total	**367**	**37,036**

Specialty Stores. The following table sets out the number of stores of *Robinsons Appliances and Savers Appliances* stores, *Toys "R" Us* stores (including the *Toy "R" Us Toybox* sections located in RDS stores), *Daiso Japan* stores, international fashion specialty retail and beauty brand formats, and Costa Coffee Stores as of December 31, 2015, all of which are under a lease agreement:

	No. of stores	Gross Selling Area in
Metro Manila	131	46,814
Luzon	99	48,730
Visayas	37	13,504
Mindanao	21	7,090
Total	**288**	**116,138**

Item 3. Legal Proceedings.

As of March 31, 2016, neither the Company nor any of its subsidiaries or affiliates or any of their properties is engaged in or a subject of any material litigation, claims or arbitration either as plaintiff or defendant, which could be expected to have a material effect on its financial position and the Company is not aware of any facts likely to give rise to any proceedings which would materially and adversely affect business or operations.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 4. Market for Registrant's Common Equity and Related Stockholder Matters

(A) Principal Market or Markets Where the Registrant's Common Equity is Traded

The common stock of the Company is listed on the Philippine Stock Exchange.

STOCK PRICES

2016

	High	Low
January 2016	₱67.80	₱56.00
February 2016	63.50	59.00
March 2016	74.65	60.10

2015

	High	Low
First Quarter	₱90.10	₱74.50
Second Quarter	88.50	70.20
Third Quarter	80.00	63.80
Fourth Quarter	79.20	61.20

2014

	High	Low
First Quarter	₱69.95	₱57.05
Second Quarter	74.00	62.10
Third Quarter	72.85	61.50
Fourth Quarter	79.85	60.55

2013

	High	Low
Fourth Quarter		
November	₱60.50	₱53.60
December	58.00	48.00

As of April 21, 2016, the latest trading date prior to the completion of this report, sales price of the common stock of the Company is ₱80.05.

(B) Holders

The number of shareholders of record as of March 31, 2016 was 28. Common shares outstanding as of March 31, 2016 were 1,385,000,000.

List of Top 20 stockholders as of March 31, 2016

Name of stockholder	Number of shares held	Percent to Total Outstanding
1. JE Holdings, Inc.	484,749,997	35.00%
2. PCD Nominee Corporation (Non-Filipino)	385,426,481	27.83%
3. Lance Y. Gokongwei	126,727,500	9.15%
4. Robina Y. Gokongwei-Pe	105,952,500	7.65%
5. PCD Nominee Corporation (Filipino)	97,189,566	7.02%
6. James L. Go	41,550,000	3.00%
7. Lisa Y. Gokongwei-Cheng	35,317,500	2.55%
7. Faith Y. Gokongwei-Lim	35,317,500	2.55%
7. Marcia Y. Gokongwei	35,317,500	2.55%
8. Lance Y. Gokongwei &/or Elizabeth Gokongwei	35,317,499	2.55%
9. Wilfred T. Co	2,027,936	0.15%
10. Lucio W. Yan &/or Clara Y. Yan	100,000	0.01%
11. Pacifico B. Tacub	2,000	0.00%
12. Vicente Piccio Mercado	1,000	0.00%
12. John T. Lao	1,000	0.00%
12. David L. Kho	1,000	0.00%
13. Maria Lourdes Medroso Mercado	600	0.00%
14. Julius Victor Emmanuel D. Sanvictores	100	0.00%
14. Hector A. Sanvictores	100	0.00%
14. Felicitas F. Tacub	100	0.00%
14. Christine F. Herrera	100	0.00%
15. Dondi Ron R. Limgenco	11	0.00%
16. Owen Nathaniel S. Au ITF: Li Marcus Au	5	0.00%
17. John L. Gokongwei, Jr.	1	0.00%
17. Hope Y. Gokongwei-Tang	1	0.00%
17. Antonio L. Go	1	0.00%
17. Roberto R. Romulo	1	0.00%
17. Joselito T. Bautista	1	0.00%
Total outstanding	1,385,000,000	100.00%

(C) Dividends

On July 16, 2015, the Company’s Board of Directors (BOD) approved the declaration of a cash dividend in the amount of ₱0.51 per share from the unrestricted retained earnings of the Company as of December 31, 2014 to all stockholders of record as of August 7, 2015 and payable on September 4, 2015.

On June 25, 2014, the Company’s Board of Directors (BOD) approved the declaration of a cash dividend in the amount of ₱0.41 per share from the unrestricted retained earnings of the Company to all stockholders of record as of July 17, 2014 and payable on August 12, 2014.

(D) Restriction that Limits the Payment of Dividends on Common Shares

None

(E) Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction.

None

Item 5. Management's Discussion and Analysis or Plan of Operation

December 31, 2015 vs December 31, 2014

<u>Consolidated Results of Operations</u>
(Amounts in Million Pesos)

Robinsons Retail Holdings, Inc. recorded net income of ₱4,577 million for the twelve months ended December 31, 2015, an increase of 16.4% as compared to ₱3,933 million for the twelve months ended December 31, 2014. The increase was largely due to increased income from operations as a result of new store openings. Net income attributable to parent amounted to ₱4,342 million for the twelve months ended December 31, 2015, an increase of 21.9% as compared to ₱3,561 million for the twelve months ended December 31, 2014.

Consolidated revenues increased by 13.0% from ₱80,401 million for the twelve months ended December 31, 2014 to ₱90,883 million for the twelve months ended December 31, 2015. The robust revenue growth was largely due to increase in sales volume from the 179 new stores that were added this year, the full year sales contribution of the stores that opened in 2014 as well as strong same stores sales growth. Royalty, rent and other income also increased from ₱1,433 million to ₱1,862 million or a 30% growth due to higher royalty fee income of the convenience store segment.

Gross profit for the twelve months ended December 31, 2015 amounted to ₱19,749 million, 13.3% higher than ₱17,429 million for the twelve months ended December 31, 2014. The increase was on the back of higher sales and vendor discounts.

Operating expenses grew by 17.4% from ₱14,375 million to ₱16,883 million for the twelve months ended December 31, 2015 due to higher rent and utilities expenses and the accelerated store network expansion.

Earnings before interests and taxes (EBIT) grew by 5.4% from ₱4,487 million to ₱4,729 million for the twelve months ended December 31, 2015. As a percentage of sales, EBIT is at 5.2% this year as against 5.6% last year.

Other income and charges increased by 53% from ₱732 million to ₱1,119 million for the twelve months ended December 31, 2015 primarily due to the increase in interest income as a result of acquisition of AFS financial assets during the year which earned a total of ₱729 million interest income.

Earnings before interests, taxes, depreciation, amortization and other non-cash items (EBITDA) expanded by 10.6% from ₱5,768 million for the twelve months ended December 31, 2014 to ₱6,376 million for the twelve months ended December 31, 2015.

Segment Operations

(i) ***Supermarket.*** Robinsons Supermarket continued to account for the largest share in the group's sales, EBIT and EBITDA in 2015. Supermarket registered net sales ₱P43,239 million for the twelve months ended December 31, 2015, a lift of 10.3% from ₱39,199 million of the same period last year. The growth was driven by the store expansion this year with addition of 13 new stores to 124 stores coupled with strong performance of existing stores.

Cost of sales grew by 10.0% from P31,836 million in 2014 to ₱35,036 million in 2015. As a result, gross margin expanded to ₱8,203 million, 11.4% higher than last year's ₱7,362 million. The improvement was due to the increasing scale which gives Supermarket a leverage in negotiating for higher discounts. As a percentage to sales, gross margin was at 19.0% this year against 18.8% last year.

After keeping our operating expenses steady at 14.0% of sales in 2015, the improvement in the gross margin trickled down to the increase in EBIT and EBITDA. EBIT reached ₱2,380 million for the twelve months ended December 31, 2015, 11.8% growth from ₱2,129 million in the same period last year. Consequently, EBITDA expanded by 12.9% to ₱3,009 million for the twelve months of 2015 against ₱2,664 million for the same period in 2014. As a percentage to sales, EBITDA stood at 7.0% in 2015 against 6.8% in 2014.

(ii) ***Department Stores.*** Robinsons Department Store (RDS) completed the year 2015 with sales of ₱14,906 million, realizing growth of 8.5% from ₱13,738 million for the same period last year. This increase in net sales was mainly due to improved sales of existing stores and sales contribution of new and re-launched stores. RDS opened a store in RP Maxilom Cebu in December 2015.

RDS' cost of sales amounted to ₱10,975 million for the twelve months ended December 31, 2015, relatively increasing with sales at 8.3% from ₱10,132 million for the same period last year. As a result, gross profit amounted to ₱3,931 million for 2015 while last year's was at ₱3,607 million. The 8.9% YOY growth in gross margin was due to an increase in sales with improved margins coming from additional discounts.

Owing to higher sales, RDS was able to generate EBIT (earnings before interests and taxes) of ₱923 million for the twelve months ended December 31, 2015 representing 4.8% increase against P881 million in the same period last year. RDS' EBITDA grew at a faster clip of 9.6% YOY to P1,157 million for the year 2015 from ₱1,056 million in 2014.

(iii) ***Convenience Stores.*** Convenience stores segment registered a systemwide sales and merchandise sales of ₱7,961 million and ₱5,493 million, respectively for the twelve months ended December 31, 2015, a 18.6% and 19.0% growth from ₱6,711 million and ₱4,615 million in the same period last year. The key driver for the increase was the higher number of operating stores from last year's 450 to this year's 519. Other income which mainly consist of Royalty Fee also posted an increase from ₱1,544 million this year to ₱1,170 million last year. Royalty Fee is computed as a percentage of systemwide gross profit and accounted for bulk of the total Other Income.

Cost of sales grew by ₱784 million or 18.7%, to ₱4,966 million for the twelve months ended December 31, 2015 from ₱4,182 million in 2014 due to higher sales volume. Gross margin increased from 9.4% last year to 9.6% this year on increasing scale. Convenience stores recorded an EBIT of ₱8 million this year versus last year's P85 million.

EBITDA generated for the twelve months ended December 31, 2015 was ₱271 million, 6.2% lower than the P289 million recorded in the same period last year.

(iv) ***Drug Stores.*** The drug store segment registered net sales of ₱8,070 Million as of December 31, 2015, representing a growth of 14.3% from last year's net sales of ₱7,061 Million. The growth was mainly driven by the strong same store sales growth of 3.3%, as well as the contribution of 47 new stores opened in 2015.

The segment's cost of sales as of December 31, 2015 reached ₱6,805 Million, representing an increase of 14.7% from the same period last year. Consequently, gross profit expanded by 12.1% from ₱1,129 Million in 2014 to ₱1,265 Million this year.

EBIT as of December 31, 2015 reached ₱311.5 Million, a 13.4% increase from last year. Likewise, EBITDA also grew by 16.2% from ₱321 Million in 2014 to ₱373 Million this year.

(v) ***DIY Stores.*** The DIY segment ended the year of 2015 with healthy increases in sales and gross profit. Net sales lifted by 15.9% from ₱8,521 million to ₱9,872 million for the year ended December 31, 2014 and December 31, 2015, respectively.

The improvement was driven primarily by the strong performance of the existing stores coupled with the five new store additions from period ended December 2014.

DIY's cost of sales grew by 15.7% from ₱5,880 million in 2014 to ₱6,805 million in 2015, a slight decrease versus the growth in net sales. Consequently, the gross profit increased at high teens or 16.1% to ₱3,067 million from ₱2,641 million for the year ended 2015. As a percentage to sales, gross profit was at 31.1% this year against 31.0% last year. However, operating expenses as a percentage to sales swelled by 1.7 percentage points from 21.8% to 23.5% because the sales of the new stores are still ramping-up.

Consequently, EBIT was down by 4.3% at ₱747 million for the year 2015 versus ₱781 million in the same period last year. Nonetheless, EBITDA showed a modest growth of 3.8% to ₱945 million for the year ended December 31, 2015 against ₱911 million for the same period in 2014.

(vi) ***Specialty Stores*****.** The net sales of the Specialty Stores segment increased by 31.3% from ₱7,889 million to ₱10,359 million for the twelve months ended December 31, 2015. The higher net sales were attributed to sales contribution from the new stores. The Segment added 45 net new stores in 2015 including the 25 stores of Savers Appliance Depot through partnership with Savers Electronic World, Inc., bringing the store network to 288 by the end of December 2015.

The cost of merchandise sold of Specialty Stores segment increased by 34.7% from ₱5,642 million to ₱7,598 million in 2015. As a result, gross profit jump by 22.9% from ₱2,247 million in 2014 to ₱2,761 million in 2015.

For the twelve months ended December 31, 2015, the Specialty Stores segment generated an EBITDA of ₱635 million, an increase of 19.0% as compared to ₱533 million last year.

Financial Position

As of December 31, 2015, the Company's balance sheet showed consolidated assets of ₱65,160 million, which is 13.3% higher than the total consolidated assets of ₱57,495 million as of December 31, 2014.

Cash and cash equivalents significantly decreased from ₱9,970 million as of December 31, 2014 to ₱9,757 million as of December 31, 2015. Net cash generated from operating activities totaled

₱4,449 million. Net cash used in investing activities amounted to ₱6,835 million, ₱3,099 million of which were used to acquire properties and equipment and ₱1,359 million were used to acquire available-for-sale investments. Net cash received from financing activities amounted to ₱2,172 million.

Trade and other receivables increased by 16.0% from ₱1,529 million to ₱1,774 as of December 31, 2015.

Goodwill increased from ₱1,355 million to ₱2,070 million due to the acquisition of Savers Electronic World, Inc.

Other noncurrent assets also increased from ₱1,216 million to ₱1,328 million due to additional security deposit for new stores.

Trade and other payables increased from ₱14,139 million to ₱14,796 million as of December 31, 2015.

Current loans payable decreased due to settlement of loans during the period.

Stockholder's equity grew from ₱41,237 million as of December 31, 2014 to ₱45,505 million as of December 31, 2015 due to higher net income during the period.

December 31, 2014 vs December 31, 2013

Consolidated Results of Operations
(Amounts in Million Pesos)

Robinsons Retail Holdings, Inc. recorded net income of ₱3,933 million for the twelve months ended December 31, 2014, an increase of 26.2% as compared to ₱3,117 million for the twelve months ended December 31, 2013. The increase was largely due to increased income from operations as a result of new store openings. Net income attributable to parent amounted to ₱3,560 million for the twelve months ended December 31, 2014, an increase of 29.7% as compared to ₱2,745 for the twelve months ended December 31, 2013.

Consolidated revenues increased by 19.5% from ₱67,254 million for the twelve months ended December 31, 2013 to ₱80,400 million for the twelve months ended December 31, 2014. The robust revenue growth was largely due to increase in sales volume from the 263 new stores that were added this year, the full year sales contribution of the stores that opened in 2013 as well as strong same stores sales growth. Royalty, rent and other income also increased from ₱1,321 million to ₱1,433 million or an 8.5% growth due to higher royalty fee income of the convenience store segment.

Gross profit for the twelve months ended December 31, 2014 amounted to ₱17,429 million, 21.8% higher than ₱14,312 million for the twelve months ended December 31, 2013. The increase was on the back of higher sales and vendor discounts.

Operating expenses grew by 24.3% from ₱11,569 million to ₱14,375 million for the twelve months ended December 31, 2014 due to higher rent and utilities expenses and the accelerated store network expansion.

Earnings before interests and taxes (EBIT) grew by 10.4% from ₱4,063 million to ₱4,487 million for the twelve months ended December 31, 2014. As a percentage of sales, EBIT is at 5.6% this year as against 6.0% last year.

Other income and charges increased by 185.9% from ₱256 million to ₱732 million for the twelve months ended December 31, 2014 primarily due to the increase in interest income as a result of acquisition of AFS financial assets during the year which earned a total of ₱425 million interest income.

Earnings before interests, taxes, depreciation, amortization and other non-cash items (EBITDA) expanded by 13.9% from ₱5,063 million for the twelve months ended December 31, 2013 to ₱5,768 million for the twelve months ended December 31, 2014.

Segment Operations

(i) ***Supermarket.*** Robinsons Supermarket concluded 2014 with 111 stores generating net sales of ₱39,199 million, a 20.6% growth from ₱32,491 million last year. The growth can be attributed to the strong performance of the existing stores and the sales contribution from 20 stores added from December 2013 to December 2014 which includes Jaynith's Supermarkets, a three-store supermarket chain acquired in January 2014.

Cost of sales as of the twelve months ended December 31, 2014 reached ₱31,836 million, resulting to a gross margin of ₱7,362 million, 21.9% higher than last year's ₱6,039 million. The increase was on the back of higher sales and vendor discounts. As a percentage to sales, gross margin increased by 20 bps to 18.8% in 2014 against 18.6% in 2013.

Operating expenses, as a percentage of net sales, reached 13.9% and 13.6% in 2014 and 2013, respectively.

EBIT reached ₱2,129 million for the twelve months ended December 31, 2014, a 17.6% jump from ₱1,810 million in the same period last year. Accordingly, EBITDA expanded by 19.0% from ₱2,240 million to ₱2,664 this year.

(ii) ***Department Stores.*** Robinsons Department Store (RDS) generated sales of ₱13,738 million for the twelve months ended December 31, 2014, a growth of 15.7% from ₱11,877 million for the same period last year. This increase in net sales was mainly due to improved sales of existing stores and sales contribution of new stores. There were four (4) new stores that were opened during the year.

RDS' cost of sales amounted to ₱10,132 million for the twelve months ended December 31, 2014, an increase of 15.7% from ₱8,760 million for the same period last year. This resulted to a gross margin of ₱3,607 million for the twelve months ended December 31, 2014 against ₱3,116 million for the same period last year. The increase in gross margin was due to an increase in sales with improved margins coming from additional supplier discounts.

As a result of the foregoing, RDS generated EBIT of ₱881 million for the twelve months ended December 31, 2014 representing 6.1% increase against ₱830 million in the same period last year. Consequently, RDS' EBITDA of ₱1,056 million for the twelve months ended December 31, 2014, also grew by 7.1% against ₱986 million in the same period last year.

(iii) ***Convenience Stores.*** Convenience stores segment registered a systemwide sales and merchandise sales of ₱6,711 million and ₱4,615 million, respectively for the twelve months ended December 31, 2014, a 6.7% and 9.8% growth from ₱6,292 million and ₱4,208 million in the same period last year. The key driver for the increase was the higher number of operating stores from last year's 386 to this year's 450. Other income which mainly consists of Royalty Fee also posted an increase to ₱1,170 million this year from ₱1,094 million last year. Royalty Fee is computed as a percentage of systemwide gross profit and accounted for bulk of the total Other Income.

Cost of sales grew by ₱340 million or 8.8%, to ₱4,182 million for the twelve months ended December 31, 2014 from ₱3,842 million in 2013 due to higher sales volume. Gross margin increased from 8.7% last year to 9.4% this year on increasing scale. Convenience stores recorded an EBIT of ₱85 million this year versus last year's ₱194 million.

EBITDA generated for the twelve months ended December 31, 2014 was ₱289 million, 17.7% lower than the ₱351 million recorded in the same period last year.

Ministop will continue with its store expansion particularly in the central business district areas. It will likewise continue to increase the offering of its ready-to-eat category, its main differentiator from its competitors, whose contribution to total sales increased from 25% in 2013 to 28% this year.

(iv) ***Drug Stores.*** South Star Drug, Inc. (SSD) acquired 100% ownership of GNC Pharma Corporation (GPC), which manages Chavez Pharmacy, a seven (7)-store retail chain based in Batangas, last June 2014. GPC was subsequently consolidated to form part of the Drugstore Segment together with SSD.

The segment registered net sales of ₱7,061 million as of December 31, 2014, representing a 12.3% growth from last year's ₱6,287 million. The growth was mainly attributed to the 81 stores that opened during the year, as well as the full year sales contribution of the 21 net stores that opened in 2013.

SSD's cost of sales as of December 31, 2014 reached ₱5,932 million, resulting to a gross margin of ₱1,129 million or 16.0% of sales against 16.1% of sales in 2013. The slight decline in margins was mainly due to the lesser rebates and quarter end deals being offered by suppliers in 2014.

SSD generated EBITDA of ₱321 million as of December 31, 2014, representing 4.5% of sales, compared to 5.1% last year.

(v) ***DIY Stores.*** DIY segment ended 2014 with increases in sales, gross margins and profitability. Net sales lifted by 20.1% from ₱7,095 million to ₱8,521 million for the twelve months ended December 31, 2013 and December 31, 2014, respectively.

The improvement was driven primarily by the strong performance of the existing stores coupled with the aggressive expansion of 35 new stores from 2013, which includes the 18 A.M. Builders' Depot stores acquired in July 2014.

DIY's cost of sales grew by 20.0% from ₱4,901 million in 2013 to ₱5,880 million in 2014. The increase was in line with the sales growth. As a result, gross profit expanded to ₱2,641 million from ₱2,194 million in the twelve months of 2013. As a percentage to sales, gross profit was at 31.0% this year against 30.9% last year. EBIT remains solid registering a 16.6% growth from ₱670 million in 2013 to ₱781 million in 2014.

EBITDA expanded by 18.2% to ₱911 million for the twelve months ended December 31, 2014 against ₱770 million for the same period in 2013. As a percentage to sales, EBITDA remains strong at 10.7% in 2014 against 10.9% in 2013.

(vi) ***Specialty Stores*****.** The net sales of the Specialty Stores segment increased by 35.7% from ₱5,813 million to ₱7,889 million for the twelve months ended December 31, 2013 and December 31, 2014, respectively. The Segment added 65 more stores after December 31, 2013 bringing the store network to 243 by the end of December 2014.

The cost of merchandise sold of Specialty Stores segment increased by 33.4% from ₱4,230 million to ₱5,642 million for the twelve months ended December 31, 2013 to December 31, 2014, respectively, a slower rate of increase than net sales mainly due to the additional discounts and support from vendors. As a percentage to sales, gross margin rose to 28.5% this year versus 27.2% last year, resulting to a 41.9% jump in gross profit from ₱1,583 million to ₱2,247 million for the twelve months ended December 31, 2013 and December 31, 2014, respectively.

For the twelve months ended December 31, 2014, the Specialty Stores segment generated an EBITDA of ₱533 million, an increase of 34.5% compared to ₱397 million last year. As a percentage to sales, EBITDA was maintained at 6.8% for the twelve months ended December 31, 2013 and December 31, 2014.

Financial Position

As of December 31, 2014, the Company's balance sheet showed consolidated assets of ₱57,494 million, which is 9.9% higher than the total consolidated assets of ₱52,351 million as of December 31, 2013.

Cash and cash equivalents significantly decreased from ₱30,129 million as of December 31, 2013 to ₱9,970 million as of December 31, 2014. Net cash generated from operating activities totaled ₱2,848 million. Net cash used in investing activities amounted to ₱22,239 million, ₱3,713 million of which were used to acquire properties and equipment and ₱17,704 million were used to acquire available-for-sale investments. Net cash used in financing activities amounted to ₱332 million.

Trade and other receivables increased by 38.0% from ₱1,108 million to ₱1,529 as of December 31, 2014.

Goodwill increased from ₱1,114 million to ₱1,357 million due to the acquisition of JAS 8 Retailing Mngt. Corporation (JRMC), GNC Pharma Corporation (GPC) and RHI Builders and Contractors Depot Corp. (RHIB).

Other noncurrent assets also increased from ₱959 million to ₱1,216 million due to additional security deposit for new stores.

Trade and other payables increased from ₱12,075 million to ₱14,139 million as of December 31, 2014.

Current loans payable decreased due to settlement of loans during the period.

Stockholder's equity grew from ₱37,982 million as of December 31, 2013 to ₱41,236 million as of December 31, 2014 due to higher net income during the period.

December 31, 2013 vs December 31, 2012

Consolidated Operations

Robinsons Retail Holdings, Inc. recorded net income of ₱3,117 million for the twelve months ended December 31, 2013, an increase of 131.8% as compared to ₱1,345 million for the twelve months ended December 31, 2012. The increase was largely due to increased income from operations as a result of new store openings, as well as the consolidation of South Star Drug. Net income attributable to parent amounted to ₱2,745 million for the twelve months ended December 31, 2013, an increase of 128.8% as compared to ₱1,200 million for the twelve months ended December 31, 2012.

Consolidated revenues increased by 17.2% from ₱57,393 million for the twelve months ended December 31, 2012 to ₱67,254 million for the twelve months ended December 31, 2013. The robust growth was largely due to increase in sales volume as a result of the addition of 152 number of stores, as well as the acquisition of South Star Drug and Eurogrocer Corp. Royalty, rent and other income also increased from ₱1,079 million to ₱1,321 million or a 22.5% growth due to higher royalty fee income of the convenience store segment.

Gross profit for the twelve months ended December 31, 2013 amounted to ₱14,312 million, 30.4% higher than ₱10,979 million for the twelve months ended December 31, 2012. The increase was on the back of increased margins of the supermarket segment, higher vendor volume incentives and discounts.

Operating expenses grew by 9.0% from ₱10,617 million to ₱11,569 million for the twelve months ended December 31, 2013 due to higher selling expenses and accelerated store network expansion which was partially offset by the decrease in operating expenses caused by the change in depreciation policy.

Other income and charges decreased by 22.4% from ₱330 million to ₱256 million for the twelve months ended December 31, 2013. Last year's other income includes gain on sale of shares in JG Summit amounting to ₱130 million. Interest expense also increased by 32.8% on higher loan balances from the acquisition of South Star Drug.

EBITDA expanded by 66.5% from ₱3,040 million for the twelve months ended December 31, 2012 to ₱5,063 million for the twelve months ended December 31, 2013. The increase was largely due to higher gross profit margins as compared to last year.

Segment Operations

(i) ***Supermarket.*** Robinsons Supermarket concluded 2013 with 91 stores generating net sales of ₱32,491 million, a 10.9% growth from ₱29,295 million last year. The increase in net sales was primarily due to the continued expansion activities after adding 17 stores in 2013, six of which are the supermarket chain in Northern Luzon that we acquired in September 2013.

Cost of sales grew by 8.2% from ₱24,439 million last year to ₱26,452 million this year. Cost of sales increased at a slower rate than net sales due to the additional discounts and supports collaborated with the suppliers in exchange for preferential product distribution, gondola placements and display. The offering of value-added services such as our distribution centers, vendor analytics among others likewise resulted to lower cost of sales. As a result, gross margin expanded by 24.4% from ₱4,856 million to ₱6,039 million this year. As a percentage to sales, gross margin jumped 200bps to18.6% this year against 16.6% last year.

Operating expenses, as a percentage of net sales, reached 13.6% and 15.2% in 2013 and 2012, respectively. In 2013, operating expenses as a percentage of net sales significantly decreased primarily due to change in depreciation policy. Taking out the effect of the change in depreciation policy, our operating expenses as a percentage of net sales still registered a decrease from 15.2% last year to 14.8% this year due to better cost control across all supermarket stores particularly on the implementation of energy conservation program and efficient control of store expenses.

As a result of the factors discussed above, EBIT more than tripled to reach ₱1,810 million this year against ₱564 million last year. Accordingly, EBITDA expanded by 75.9% in 2013 to ₱2,240 million, resulting also to an increase of EBITDA margin from 4.3% last year to 6.9% this year.

(ii) ***Department Stores.*** Robinsons Department Store (RDS) registered net sales of ₱11,877 million for the twelve months ended December 31, 2013, a growth of 4.4% from ₱11,374 million for the same period last year. This increase in net sales was largely due to the increased volumes of products sold from new stores.

RDS' cost of sales amounted to ₱8,760 million for the twelve months ended December 31, 2013, an increase of 0.3% from ₱8,736 million in 2012. This resulted to a gross margin of ₱3,116 million for the twelve months ended December 31, 2013 against ₱2,639 million in 2012. The increase in gross margin was due to an increase in sales with improved margins coming from additional discounts on advertising support and value-added services.

RDS generated EBIT of ₱830 million for the twelve months ended December 31, 2013 against ₱380 million in the same period last year. RDS also generated EBITDA of ₱987 million for the twelve months ended December 31, 2013 against ₱685 million in the same period last year. The increase in EBIT against last year is mainly due to the decrease in depreciation expense as an effect of the change in depreciation period from 5 years to 10 years. Depreciation amounted to P157 million for the twelve months ended December 31, 2013 against P304 million in the same period last year.

(iii) ***Convenience Stores.*** Convenience stores segment registered a systemwide sales and merchandise sales of ₱6,292 million and ₱4,208 million, respectively for the twelve months ended December 31, 2013, a 6.9% and 10.0% growth from ₱5,885 million and ₱3,826 million in the same period last year. The key drivers for the increase were as follows: (1) increase in the number of operating stores from last year's 336 to this year's 386, and (2) improvement in the average daily sales per store by 1.2% from ₱49,561 last year to ₱50,178 this year. Royalty Fee also posted a marked increase from ₱948 million last year to ₱1,094 million this year. Royalty Fee is computed as a percentage of systemwide Gross Profit and is about 99% of the total Other Income. Main reason for the growth was the 0.3% addition in the system-wide Gross Margin from 29.4% in 2012 to 29.7% in 2013.

Cost of Sales grew by ₱357 million or 10.2%, to ₱3,842 million for the twelve months ended December 31, 2013 from ₱3,486 million in 2012 due to higher sales volume. Gross Margin slightly decreased from 8.9% last year to 8.7% this year. Convenience stores recorded an EBIT of ₱194 million this year versus last year's ₱69 million.

EBITDA generated for the twelve months ended December 31, 2013 was ₱351 million, 19.3% higher than the ₱294 million recorded in the same period last year.

Convenience stores will continue its expansion mostly in the central business district areas and will continue to increase the offering of its Ready-to-eat category from 25% to around 28%, the main differentiator with its competitor.

(iv) ***Drug Stores.*** South Star Drug, Inc. (SSD) registered net sales of ₱6,287 million for the twelve months ended December 31, 2013. Since SSD was acquired in July 2012, only the sales for August to December 2012, amounting to ₱2,443 million were included in the consolidated financials of the Company last year. Sales for the five months in August to December 2013 amounted to ₱2,748 million, representing a growth of 12.5% from the same period last year. The growth can be attributed to the 21 stores that opened from January to December 2013. SSD also experienced strong same store sales performance during the five months from August to December 2013, posting a growth of 7.5%, brought about by the several supplier-supported promotions on over-the-counter medicines and food supplements, which are offered exclusively at South Star Drug branches.

SSD's cost of sales for the twelve months ended December 31, 2013 reached ₱5,274 million, resulting to a gross profit of ₱1,013 million or 16.1% of sales as against only 14.7% of sales for the five months in August to December 2013. The higher margin was mainly due to the rebates given in the form of free goods or additional inventories with zero cost which are easily convertible to margins and sales.

SSD generated EBITDA of ₱320 million for the twelve months ended December 31, 2013, representing 5.1% of sales compared to only 4.1% of sales for the five months August to December 2012 period.

SSD will continue to focus on improving its customer service, product assortment and availability to increase its competitive advantages over other drug store chains.

(v) ***DIY Stores.*** DIY segment concluded 2013 with significant increases in sales, gross margins and profitability. Net sales lifted by 14.5% from ₱6,195 million to ₱7,095 million for the twelve months ended December 31, 2012 and December 31, 2013, respectively. The improvement was driven primarily by the aggressive store expansion this year with net addition of 15 new stores to 126 stores.

DIY's cost of sales grew at 6.0% from ₱4,624 million in 2012 to ₱4,901 million in 2013. The increase was considerably slower as compared to growth in sales primarily due to the additional discounts collaborated with the suppliers and consignors because of scale and the offering of value-added services such as advertising support, product distribution, preferential gondola placements and display and supplier portal analytics. In addition, product offering mix was optimized by stretching the mix of higher margin imported items. Gross profit, as a result, expanded to ₱2,194 million from ₱1,571 million in 2012. As a percentage to sales, gross profit was at 30.9% this year against 25.4% last year. EBIT this year reached a high of ₱670 million against ₱273 million last year.

DIY registered EBITDA of ₱770 million for the twelve months ended December 31, 2013 against ₱436 million for the same period in 2012. As a percentage to sales, EBITDA reached 10.9% this year, a 3.9 percentage points spread over the EBITDA margin of 7.0% last year.

(vi) ***Specialty Stores.*** The net sales of the Specialty Stores segment increased by 22.1% from ₱4,762 million to ₱5,813 million for the twelve months ended December 31, 2012 and December 31, 2013, respectively. The increase in net sales was primarily due to the 24.3% growth in the net sales of Robinsons Appliances, which contributed 49.4% to the total net sales of the Specialty Stores segment. Robinsons Appliances was able to increase its net sales through its strong same stores sales growth at 13.6% and by the higher sales volume of high-end products with higher selling prices. In addition, Robinsons Specialty Stores, Inc. acquired the store assets of Beauty Skinnovations Retail, Inc, which operates eight Shiseido stores and two Benefit stores. The whole Specialty Stores segment opened 47 more stores after December 31, 2012.

The cost of merchandise sold of Specialty Stores segment increased by 19.2% from ₱3,549 million for the twelve months ended December 31, 2012 to ₱4,230 million for the twelve months ended December 31, 2013, which was relative to the increase in the volume of sales. The cost of merchandise increased at a slower rate than net sales mainly due to the additional support from vendors for Robinsons Appliances such as marketing support, sell out rebate support and other forms of subsidies. This led to a 30.5% rise in the Specialty Stores segment gross profit from ₱1,213 million for the twelve months ended December 31, 2012 to ₱1,583 million for the twelve months ended December 31, 2013.

As a result of the foregoing, for the twelve months ended December 31, 2013, the Specialty Stores segment generated an EBITDA of ₱397 million, an increase of 57.9% compared to ₱251 million for the twelve months ended December 31, 2012. As a percentage to sales, EBITDA improved by 1.5 percentage points from 5.3% to 6.8% for the twelve months ended December 31, 2012 and December 31, 2013, respectively.

<u>Financial Position</u>

As of December 31, 2013, the Company's balance sheet showed consolidated assets of ₱52,301 million, which was 115.8% higher from the total consolidated assets of ₱24,232 million as of December 31, 2012.

Cash and cash equivalents significantly increased from ₱6,052 million as of December 31, 2012 to ₱30,136 million as of December 31, 2013. Net cash used in operating activities totaled ₱2,747 million. Net cash used in investing activities amounted to ₱3,322 million, ₱2,791 million of which were used to acquire properties and equipments. Net cash generated from financing activities amounted to ₱24,660 million. The company received ₱26,269 million as net proceeds from the issuance of capital stock through initial public offering and ₱1,280 million were used to pay outstanding loans.

Trade and other receivables increased by 50.4% from ₱737 million to ₱1,108 million as of end December 2013.

Goodwill increased from ₱831 million last year to ₱1,231 million due to the acquisition of Eurogrocer Corp. and BSRI.

Other noncurrent assets also increased from ₱743 million to ₱959 million due to additional construction bonds and security deposit of additional stores.

Trade and other payables decreased from ₱12,320 million to ₱12.075 million as of December 31, 2013.

Current and noncurrent loans payable decreased due to settlement of loans during the period.

Stockholder's equity grew from ₱8,057 million as of December 31, 2012 to ₱37,982 million as of December 31, 2013 due to higher net income and increase in the company's paid up capital brought about by the issuance of capital stock through initial public offering.

Material Changes in the 2015 Financial Statements (Increase/decrease of 5% or more versus 2014)

Consolidated Statements of Comprehensive Income-Year Ended December 31, 2015 versus year ended December 31, 2014

13.0% Increase in Sales
The robust revenue growth was largely due to increase in sales volume from the 179 new stores that were added this year, the full year sales contribution of the stores that opened in 2014 as well as strong same stores sales growth.

13.3% increase in Gross Profit
The increase in gross profit was on the back of higher sales and vendor discounts.

30.0% increase in royalty, rent and other income
Primarily due to higher royalty fee income of the convenience store segment.

17.4% increase in operating expenses
Primarily due to higher rent and utilities expenses and the accelerated store network expansion.

25.9% increase in interest income
Primarily due to the interest income from investment in bonds which were acquired during the year.

632.5% increase in foreign exchange gain
Primarily due to movement in foreign exchange rate between peso and dollar.

300.0% increase in dividend income
Due to the dividend income from investment in equity security which was acquired during the year.

22.1% increase in interest expense
Increase during the year is due to loan availments during the year.

28.7% decrease equity in net earnings of an associate
Due to higher operating expenses and tax of RBC.

1.1% increase in provision for income tax
Due to higher taxable income of Parent company and subsidiaries.

16.4% increase in net income
Largely due to increased income from operations as a result of new store openings and strong same store sales growth.

535.9% increase in other comprehensive income
Primarily due to movements in remeasurement in pension liability.

Consolidated Statements of Financial Position - December 31, 2015 versus December 31, 2014

99.6% decrease in short-term investments
This is due to acquisition of available for sales securities during the year.

16.0% increase in trade and other receivables
Due to increase in trade receivables relative to the growth of sales.

17.6% increase in merchandise inventories
Due to increased volume of inventories relative to the expansion of store network.

23.5% increase in other current assets
Due to increase in input value added tax.

15.4% increase in property and equipment
Due to the Group’s continuing store expansion and renovation of existing stores.

10.1% increase in AFS financial assets
Due to the acquisition of quoted debt and equity securities during the year.

155.2% increase in investment in shares of stock
Due to the equity in net earnings and share in fair value changes of AFS investments of RBC.

35.5% increase in intangible assets
Due to increase in goodwill resulting from the acquisition of Savers.

6.2% increase in deferred tax asset-net
Primarily due to the benefit on tax from remeasurement losses on defined benefit plans.

9.2% increase in other noncurrent assets
Due to additional security deposit for new stores.

5,020.8% increase in current portion of loans payable
Due to short term loans acquired during the year.

9.3% increase in income tax payable
Increase is due to movements in taxable income during the year.

100.0% decrease in noncurrent portion of loans payable
Due to reclassification of SSD's bank loans noncurrent portion amounting to P56 million to current portion.

20.1% increase in deferred tax liability
Movement is due to deferred tax liability recognized due to acquisition of Savers.

25.4% decrease in pension liability
Primarily due to contributions to the plan assets of the Group.

1165.2% decrease in other comprehensive income
Increase is due to movements in fair value of AFS.

30.2% increase in retained earnings
Movement is due to net income during the year, net of dividends declared.

24.7% increase in non-controlling interest in consolidated subsidiaries
Primarily due to non-controlling interest's share in net income.

Key Performance Indicators

A summary of RRHI's key performance indicators follows:

Key Performance Indicators	**2015**	**2014**	**2013**
	(in millions)		
Net sales	₱90,883	₱80,400	₱67,254
EBIT	4,729	4,490	4,063
EBITDA	6,376	5,770	5,063
Core Net Earnings	3,624	3,422	2,901
Ratios			
Liquidity ratio:			
Current ratio	1.28	1.58	2.96
Profitability ratio:			
Operating margin	0.22	0.06	0.06
Debt to equity ratio	0.43	0.39	0.38
Asset to equity ratio	1.43	1.39	1.38
Interest rate coverage ratio	321.29	372.39	52.55

The manner in which the Company calculates the above key performance indicators is as follows:

Key Performance Indicators

Net sales	= Gross sales net of VAT, less sales returns and allowances and sales discounts
EBIT	= Operating income
EBITDA	= Operating income add depreciation and amortization expense.
Core Net Earnings	= Net income less equity in net earnings of an associate less interest income on bond investments less unrealized foreign currency exchange gain (loss)
Current ratio	= Total current assets over current liabilities
Operating margin	= Operating income over net sales
Debt to equity ratio	= Total liabilities over total equity
Asset to equity ratio	= Total assets over total equity
Interest coverage ratio	= EBIT over interest expense

The Company pursued its efforts in converting the proceeds from its IPO into acquisition of investments and network expansion, thus lowering its current ratio from 1.58 to 1.29 times in 2014 and 2015, respectively. The Company does not expect any liquidity problems that may arise in the near future.

Trends, Events or Uncertainties that have had or that are reasonably expected to affect revenues and income

a.) The Philippine retail industry has experienced strong growth in recent years, primarily due to robust domestic economic growth as well as the population's growing desire to upgrade their lifestyles. However, market concentration of the Philippines' store-based retailing industry remains relatively low, with only a few major retail chain operators having a sizeable presence. The leading incumbent domestic retailers have created high barriers to entry based on their nationwide network of stores, brand equity as well as deep understanding of the market. In addition, foreign retail presence is also relatively limited as foreign entry was highly regulated until 2000.

As one of the most underpenetrated markets in Asia, the Philippine store-based retail industry presents strong growth potential in the foreseeable future. Similarly, total retail space per capita in the Philippines is behind that of other emerging Asian economies such as China, Thailand, Malaysia and Vietnam.

Penetration level of the modern retail format is currently low in the Philippines, with only a few major retail chains. Small traditional sari-sari stores remain the dominant channel for the entire grocery retail market, especially in lower-tier cities where the level of economic activity does not yet justify significant development by the larger retail chains. Sari-sari, which means "variety", indicates the wide array of grocery products sold by these small shops, which are prevalent, both in urban and rural areas. In provincial areas, the absence of supermarket chains and independent small grocers highlights the importance of sari-sari stores as the primary source of grocery products including packaged food, home care, and beauty and personal care, especially among the lower-income population.

With the rapid emergence of modern retail formats driven by increasing affluence in urban areas as well as the creation of a wider pool of higher-income consumers in provincial cities, the proportion of sales from traditional retail formats is expected to gradually decline and replaced by successful large-scale modern retailers.

b.) **Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.**

Not Applicable

c.) **All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entries or other persons created during the reporting period.**

Not Applicable

Item 6. Financial Statements

The Consolidated financial statements are filed as part of this report.

Item 7. Changes and Disagreements with Accountants on Accounting and Financial Disclosure

There were no disagreements with the external auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to their satisfaction, would have caused the auditors to make reference thereto in their reports on the financial statements of the Company and its subsidiaries.

(A) External Audit Fees and Services

Audit and Audit - Related Fees

The following table sets out the aggregate fees billed to the Company and its subsidiaries for the last two years for professional services rendered by SyCip, Gorres Velayo & Co.,

	2015	**2014**	**2013**
Audit and Audit-Related Fees			
Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements	₱5,813,695	₱5,092,691	₱4,506,992
Professional Fees related to the Initial Public Offering	None	None	15,000,000
Tax Fees	None	None	None
All Other Fees	None	None	None
Total	₱5,813,695	₱5,092,691	₱19,506,992

No other service was provided by external auditors to the Company for the calendar years 2015, 2014 and 2013.

(B) The audit committee's approval policies and procedures for the services rendered by the external auditors:

The Corporate Governance Manual of the Company provides that the audit committee shall, among others:

1. Evaluate all significant issues reported by the external auditors relating to the adequacy, efficiency, and effectiveness of policies, controls, processes and activities of the Company.
2. Ensure that other non-audit work provided by the external auditors is not in conflict with their functions as external auditors.
3. Ensure the compliance of the Company with acceptable auditing and accounting standards and regulations.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 8. Directors and Executive Officers of the Registrant

(A) Board of Directors and Executive Officers of the Registrant

Currently, the Board consists of nine members, of two of which independent directors. The table below sets forth certain information regarding the members of our Board.

Name	Age	Position	Citizenship
John L. Gokongwei, Jr.	89	Chairman and Chief Executive Officer	Filipino
James L. Go	76	Vice Chairman and Deputy Chief Executive Officer	Filipino
Lance Y. Gokongwei	49	Vice Chairman	Filipino
Robina Y. Gokongwei-Pe	54	President and Chief Operating Officer	Filipino
Lisa Y. Gokongwei-Cheng	47	Director	Filipino
Faith Y. Gokongwei-Lim	45	Director	Filipino
Hope Y. Gokongwei-Tang	45	Director	Filipino
Antonio L. Go*	75	Independent Director	Filipino
Roberto R. Romulo	77	Independent Director	Filipino

* *He is not related to any of the other directors*

All of the above directors have served their respective offices since July 16, 2015. There are no other directors who resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of the stockholders for any reason whatsoever.

Messrs. Antonio L. Go and Roberto R. Romulo are the independent directors of the Company.

The table below sets forth certain information regarding our executive officers.

Name	Age	Position	Citizenship
Bach Johann M. Sebastian	54	Senior Vice President, Chief Strategy Officer and Compliance Officer	Filipino
Diosdado Felix A. Zapata III	53	Chief Financial Officer	Filipino
Rosalinda F. Rivera	45	Corporate Secretary	Filipino
Gilbert S. Millado, Jr.	42	Assistant Corporate Secretary	Filipino

A brief description of the directors and executive officers' business experience and other directorships held in other reporting companies are provided as follows:

John L. Gokongwei, Jr., 89, is the Chairman and Chief Executive Officer of the Company. He is also the Chairman Emeritus and a director of Robinson's Incorporated, Robinsons Convenience Stores, Inc., Robinsons Supermarket Corporation, Robinsons Specialty Stores, Inc., and Robinsons Toys, Inc. He is the Chairman Emeritus and a member of the Board of Directors of JG Summit Holdings, Inc. and certain of its subsidiaries. He also continues to be a member of the Executive Committee of JG Summit Holdings, Inc. He is currently the Chairman of the Gokongwei Brothers Foundation, Inc., Deputy Chairman and Director of United Industrial Corporation Limited and a director of Cebu Air, Inc. and Oriental Petroleum and Minerals Corporation. He was elected a director of Manila Electric Company on March 31, 2014. He is also a non-executive director of A. Soriano Corporation. Mr. John L. Gokongwei, Jr. received a Masters degree in Business Administration from the De La Salle University and attended the Advanced Management Program at Harvard Business School.

James L. Go, 76, is the Vice Chairman of the Company. He is the Chairman and Chief Executive Officer of JG Summit Holdings, Inc. and Oriental Petroleum and Minerals Corporation. He is the Chairman of Universal Robina Corporation, Robinsons Land Corporation, JG Summit Petrochemical Corporation and JG Summit Olefins Corporation. He is a director of Marina Center Holdings Private Limited, United Industrial Corporation Limited and Hotel Marina City Private Limited. He is also the President and Trustee of the Gokongwei Brothers Foundation, Inc. He has been a director of the Philippine Long Distance Telephone Company (PLDT) since November 3, 2011. He is a member of the Technology Strategy Committee and Advisor of the Audit Committee of the Board of Directors of PLDT. He was elected a director of Manila Electric Company on December 16, 2013. Mr. James L. Go received his Bachelor of Science Degree and Master of Science Degree in Chemical Engineering from Massachusetts Institute of Technology, USA.

Lance Y. Gokongwei, 49, is the Vice Chairman of the Company. He is the Chairman and Chief Executive Officer of Robinsons Supermarket Corporation, Robinson's Incorporated, Robinsons Convenience Stores, Inc., and Robinsons Handyman, Inc., Handyman Express Mart, Inc., Robinsons Appliances Corp., Robinsons Daiso Diversified Corp., Robinsons Specialty Stores, Inc., Robinsons Toys, Inc., Robinsons Ventures Corporation, South Star Drug, Inc., Waltermart-Handyman, Inc., Angeles Supercenter, Inc., Everyday Convenience Stores, Inc., and Robinsons True Serve Hardware Philippines, Inc. He is the President and Chief Operating Officer of JG Summit Holdings, Inc. He is the President and Chief Executive Officer of Universal Robina Corporation, JG Summit Petrochemical Corporation and JG Summit Olefins Corporation. He is the Vice Chairman and Chief Executive Officer of Robinsons Land Corporation. He is also the Chairman of Robinsons Bank Corporation, and a director of Oriental Petroleum and Minerals Corporation, and United Industrial Corporation Limited. He is a director and Vice Chairman of Manila Electric Company. He is also a trustee and secretary of the Gokongwei Brothers

Foundation, Inc. Mr. Lance Y. Gokongwei received a Bachelor of Science degree in Finance and a Bachelor of Science degree in Applied Science from the University of Pennsylvania.

Robina Y. Gokongwei-Pe, 54, is the President and Chief Operating Officer of the Company. She is a Director of JG Summit Holdings, Inc., Robinsons Land Corporation, Cebu Air, Inc., and Robinsons Bank Corporation. She is a Trustee of the Gokongwei Brothers Foundation Inc. and the Immaculate Conception Academy Scholarship Fund. She was also a member of the University of the Philippines Centennial Commission and a Trustee of the Ramon Magsaysay Awards Foundation. She attended the University of the Philippines-Diliman from 1978 to 1981 and obtained a Bachelor of Arts degree (Journalism) from New York University in 1984. Ms. Pe joined the group in 1984 as a management trainee. She is a daughter of Mr. John L. Gokongwei, Jr.

Lisa Y. Gokongwei-Cheng, 47, is a Director of the Company. She is also the President of Summit Media, Director and President of Summit Media Informatix Holdings, Inc. and General Manager of GBFI. She graduated from Ateneo de Manila University with a Bachelor of Arts degree (Communications) in 1990 and obtained a Master of Science degree (Journalism) from Columbia University in 1993. She is the daughter of Mr. John L. Gokongwei, Jr.

Faith Y. Gokongwei-Lim, 45, is a Director of the Company. She is also the Vice President-Merchandising for Ministop since 2006. She has assumed various key roles in other Robinsons business units as follows: Department Head of Robinsons Department Store and Merchandising Head of Robinsons Supermarket from 1997 to 2006. She is also currently the General Manager of Chic Centre Corporation, a cosmetics business and also an official distributor of Universal Robina Corporation's slush and juice drinks. Ms. Faith graduated from the De La Salle University with a Bachelor of Arts degree (English Literature). She has over 24 years of retail experience obtained from the Company. She is a daughter of Mr. John L. Gokongwei, Jr.

Hope Y. Gokongwei-Tang, 45, is a Director of the Company. She is also the General Manager of Robinsons Appliances, effective as of April 1, 2012. She had been with the Robinsons Department Store for 21 years and was promoted from the Department Head to Vice President of the merchandising department of the Department Store. Ms. Hope graduated from De La Salle University with a Bachelor of Arts degree (English Literature). She has over 24 years of retail experience obtained from our Company. She is a daughter of Mr. John L. Gokongwei, Jr.

Antonio L. Go, 75, was elected as an independent director of the Company on July 4, 2013. He also currently serves as Director and President of Equitable Computer Services, Inc. and is the Chairman of Equicom Savings Bank and ALGO Leasing and Finance, Inc. He is also a director of Medilink Network, Inc., Maxicare Healthcare Corporation, Equicom Manila Holdings, Equicom Inc., Equitable Development Corporation, United Industrial Corporation Limited, Oriental Petroleum and Minerals Corporation, Pin-An Holdings, Inc., Equicom Information Technology, Cebu Air, Inc., and Steel Asia Manufacturing Corporation. He is also a Trustee of Go Kim Pah Foundation, Equitable Foundation, Inc., and Gokongwei Brothers Foundation, Inc. He graduated from Youngstown University, United States with a Bachelor Science Degree in Business Administration. He attended the International Advance Management program at the International Management Institute, Geneva, Switzerland as well as the Financial Planning/Control program at the ABA National School of Bankcard Management, Northwestern University, United States.

Roberto R. Romulo, 77, was elected as an independent director of the Company on July 4, 2013. He is the Chairman of AIG Philippines Insurance Inc. (formerly Chartis Philippines Insurance Inc.), PETNET, Inc, Medilink Network Inc., Nationwide Development Corporation, and Romulo Asia Pacific Advisory. He is currently a board member of A. Soriano Corporation, Equicom Savings Bank, Philippine Long

Distance Telephone Co. and Maxicare Healthcare Corporation. He was also a board member of United Industrial Corporation Limited from January 2003 to April 2010 and of Singapore Land Limited from January 2003 to August 2014. He is a Member of the Board of Counselors of McLarty Associates (formerly Kissinger McLarty Associates). He is also the Chairman of several non-profit organizations, namely, Zuellig Family Foundation, Carlos P. Romulo Foundation for Peace and Development, Foundation for Information Technology Education and Development and Asia Europe Foundation of the Philippines. He graduated with a Bachelor of Arts degree (Political Science) from Georgetown University, Washington, D.C. and a Bachelor of Laws degree from Ateneo de Manila University.

(i) Officers

John L. Gokongwei Jr., see "i. Directors".
James L. Go, see "i. Directors".
Robina Y. Gokongwei-Pe, see "i. Directors".

Bach Johann M. Sebastian, 54, is Senior Vice President and Chief Strategy Officer of the Company. In addition, he is also Senior Vice President and Chief Strategy Officer of JG Summit Holdings Inc., Universal Robina Corporation, Robinsons Land Corporation and Cebu Air, Inc. Prior to joining JG Summit in 2002, he was Senior Vice President and Chief Corporate Strategist of RFM Corporation, Swift Foods Inc., Selecta Dairy Products Inc., Cosmos Bottling Corporation, and PSI Technologies Inc. Between 1981 and 1991, he was with the Department of Trade and Industry as Chief of Economic Research, and Director of Operational Planning. He received a Bachelor of Arts in Economics from the University of the Philippines in 1981, and a Master in Business Administration degree from the Asian Institute of Management in 1986.

Diosdado Felix A. Zapata III, 54, is the Vice President and Chief Financial Officer for the Company and all of its subsidiaries. He joined the group in 1991. He started his career as a junior auditor of SGV in 1983. He graduated Cum Laude with a Bachelor of Accountancy degree from Polytechnic University of the Philippines. He became a Certified Public Accountant in 1983. He has more than 24 years of experience in the retail industry, all of which were obtained from the Company.

Rosalinda F. Rivera, 45, is the Corporate Secretary of the Company. She is also the Corporate Secretary of JG Summit Holdings, Inc., Universal Robina Corporation, Robinsons Land Corporation, Cebu Air, Inc., JG Summit Petrochemical Corporation, and JG Summit Olefins Corporation. Prior to joining the Company, she was a Senior Associate at Puno and Puno Law Offices. She received a Juris Doctor degree from the Ateneo de Manila University School of Law and a Masters of Law degree in International Banking from the Boston University School of Law. She was admitted to the Philippine Bar in 1995.

Atty. Gilbert S. Millado Jr., 42, is the General Counsel and Assistant Corporate Secretary of the Company and the General Counsel and Corporate Secretary of all subsidiaries under the Company. He was previously the Corporate Legal Counsel of RLC from 2003 to 2012. He also served as the Corporate Legal Counsel of the Araneta Properties from 2000 to 2003. He received a Bachelor of Laws degree from Far Eastern University and was admitted to the Philippine Bar in 2000.

(B) Significant Employees

The Company does not believe that its business is dependent on the services of any particular employee.

(C) Family Relationships

Mr. James L. Go is the brother of Mr. John L. Gokongwei, Jr.
Mr. Lance Y. Gokongwei is the son of Mr. John L. Gokongwei, Jr.
Ms. Robina Y. Gokongwei-Pe is the daughter of Mr. John L. Gokongwei, Jr.
Ms. Hope Y. Gokongwei-Tang is the daughter of Mr. John L. Gokongwei, Jr.
Ms. Faith Y. Gokongwei-Lim is the daughter of Mr. John L. Gokongwei, Jr.
Ms. Lisa Y. Gokongwei-Cheng is the daughter of Mr. John L. Gokongwei, Jr.

(D) Involvement in certain Legal Proceedings of Directors and Executive Officers

As of December 31, 2015, and to the best of the Company's knowledge and belief and after due inquiry, none of the Company's directors, nominees for election as director, or executive officers, in the past five years up to the date of this report: (i) have had any petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a three-year period of that time; (ii) have been convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offences; (iii) have been subjected to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities; or (iv) been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

Item 9. Executive Compensation

Key management personnel of the Group include the President and Chief Operating Officer.

(A) Summary Compensation Table

The following table sets out the Company's chief operating officer and four most highly compensated senior officers for the last three years and projected for the ensuing year (2016).

Name	**Position**
Robina Y. Gokongwei-Pe.	President and Chief Operating Officer
Dahlia T. Dy	Managing Director - SSDI
Justiniano S. Gadia	General Manager - Robinsons Supermarket
Johnson T. Go	General Manager - Robinsons Department Store
Roena P. Sarte.	General Manager - Ministop

The aggregate compensation of executive officers and directors of the Company for last year and projected for the year 2016 are as follows:

(in ₱ million)

ACTUAL	Year	Salaries	Bonuses	Total
President and Chief Operating Officer and four (4) most highly compensated senior officers of certain business segments of the Corporation: 1. Robina Y. Gokongwei-Pe – President and Chief Operating Officer 2. Dahlia T. Dy – Managing Director - South Star Drug, Inc. 3. Justiniano S. Gadia – General Manager - Robinsons Supermarket 4. Johnson T. Go – General Manager - Robinsons Department Store 5. Roena P. Sarte – General Manager - Ministop	2013 2014 2015	34.45 36.61 38.51	2.37 2.52 2.66	36.82 39.13 41.17
Aggregate compensation paid to all other general managers, heads for shared services and directors as a group unnamed	2013 2014 2015	45.06 48.30 55.71	3.29 3.57 4.51	48.35 51.86 60.22

(in ₱ million)

PROJECTED 2016	Salaries	Bonuses	Total
President and Chief Operating Officer and four (4) most highly compensated senior officers of certain business segments of the Corporation: 1. Robina Y. Gokongwei-Pe – President and Chief Operating Officer 2. Dahlia T. Dy – Managing Director - South Star Drug, Inc. 3. Justiniano S. Gadia – General Manager - Robinsons Supermarket 4. Johnson T. Go – General Manager - Robinsons Department Store 5. Roena P. Sarte – General Manager - Ministop	40.27	2.81	43.08
Aggregate compensation paid to all other general managers, heads for shared services and directors as a group unnamed	57.82	5.78	63.60

(B) Standard Arrangements

Other than payment of reasonably per diem as may be determined by the Board for every meeting, there are no standard arrangements pursuant to which the directors are compensated directly or indirectly, for any services provided as a director.

(C) Other Arrangements

There are no other arrangements pursuant to which any of the directors is compensated, directly or indirectly, for any service provided as a director.

(D) Terms and Conditions of any Employment Contract or any Compensatory Plan or Arrangement between the Company and the Executive Officers

Not applicable.

(E) Outstanding Warrants or Options Held by the Company's CEO, the Executive Officers and Directors.

Not applicable.

Item 10. Security Ownership of Certain Record and Beneficial Owners and Management

(A) Security Ownership of Certain Record and Beneficial Owners holding more than 5% of the Company's voting securities as of March 31, 2016

As of March 31, 2016, the Company knows no one who beneficially owns in excess of 5% of the Company's common stock except as set forth in the table below.

Title of Class	Names and addresses of record owners and relationship with the Company	Name of beneficial owner and relationship with record owner	Citizenship	Number of shares held	% to Total Outstanding
Common	JE Holdings, Inc. 43/F Robinsons Equitable Tower, ADB Avenue corner Poveda Street Ortigas Center, Pasig City (stockholder)	Same as record owner (See note 1)	Filipino	484,749,997	35.00%
Common	PCD Nominee Corporation (Non-Filipino) 37/F Tower 1, The Enterprise Center, Ayala Ave. cor. Paseo de Roxas, Makati City (stockholder)	PDTC Participants and their clients (See note 2)	Non-Filipino	385,426,481 (See note 3)	27.83%
Common	Lance Y. Gokongwei 43/F Robinsons Equitable Tower, ADB Avenue corner Poveda Street Ortigas Center, Pasig City	Same as record owner	Filipino	126,727,500	9.15%
Common	Robina Y. Gokongwei-Pe 43/F Robinsons Equitable Tower, ADB Avenue corner Poveda Street Ortigas Center, Pasig City	Same as record owner	Filipino	105,952,500	7.65%
Common	PCD Nominee Corporation (Filipino) 37/F Tower 1, The Enterprise Center, Ayala Ave. cor. Paseo de Roxas, Makati City (stockholder)	PDTC Participants and their clients (See note 2)	Filipino	97,189,566	7.02%

Notes:

1. JE Holdings, Inc. is a company owned by members of the Gokongwei family. Under the By-Laws of JE Holdings, Inc., the President is authorized to represent the Corporation at all functions and proceedings. The incumbent President of JE Holdings, Inc. is Mr. John L. Gokongwei, Jr.

2. PCD Nominee Corporation is the registered owner of the shares in the books of the Corporation's transfer agent. PCD Nominee Corporation is a corporation wholly-owned by Philippine Depository and Trust Corporation, Inc. (formerly the Philippine Central Depository) ("PDTC"), whose sole purpose is to act as nominee and legal title holder of all shares of

stock lodged in the PDTC. PDTC is a private corporation organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. Under the current PDTC system, only participants (brokers and custodians) will be recognized by PDTC as the beneficial owners of the lodged shares. Each beneficial owner of shares though his participant will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee.

3. Out of the PCD Nominee Corporation (Non-Filipino) account, "The Hongkong and Shanghai Banking Corp. Ltd. –Clients' Acct." and "Deutsche Bank Manila-Clients A/C" hold for various trust accounts the following shares of the Corporation as of March 31, 2016:

	No. of shares	% to Outstanding
The Hongkong and Shanghai Banking Corp. Ltd. –Clients' Acct.	205,493,510	14.84%
Deutsche Bank Manila-Clients A/C	103,985,638	7.51%

The securities are voted by the trustee's designated officers who are not known to the Corporation.

(B) Security Ownership of Management as of March 31, 2016

Title of Class	Name of beneficial owner	Position	Amount & nature of beneficial ownership: Direct	Indirect	Citizenship	% to Total Outstanding
Named Executive Officers (Note 1)						
Common	1. John L. Gokongwei, Jr.	Director	1	-	Filipino	*
Common	2. Lance Y. Gokongwei	Director, Chairman and Chief Executive Officer	162,044,999 (Note 2)	-	Filipino	11.70%
Common	3. Robina Y. Gokongwei-Pe	Director, President and Chief Operating Officer	105,952,500	-	Filipino	7.65%
	Sub-Total		267,997,500	-		19.35%
Other Directors and Executive Officers						
Common	4. James L. Go	Director and Vice Chairman	41,550,000	-	Filipino	3.00%
Common	5. Lisa Y. Gokongwei-Cheng	Director	35,317,500	-	Filipino	2.55%
Common	6. Faith Y. Gokongwei-Lim	Director	35,317,500	-	Filipino	2.55%
Common	7. Hope Y. Gokongwei-Tang	Director	1	-	Filipino	*
Common	8. Antonio L. Go	Director (Independent)	1	-	Filipino	*
Common	9. Roberto R. Romulo	Director (Independent)	1	-	Filipino	*
-	10. Bach Johann M. Sebastian	Senior Vice President, Chief Strategy Officer and Compliance Officer	-	-	Filipino	-
-	11. Diosdado Felix A. Zapata III	Chief Financial Officer	-	-	Filipino	-
-	12. Graciela A. Banatao	Treasurer	-	-	Filipino	-
-	13. Rosalinda F. Rivera	Corporate Secretary	-	-	Filipino	-
Common	14. Gilbert S. Millado, Jr.	Assistant Corporate Secretary	500	-	Filipino	*
	Sub-Total		112,185,503	-		8.10%
All directors and executive officers as a group unnamed			380,183,003	-		27.45%

Notes:

1. As defined under Part IV (B) (1) (b) of Annex "C" of SRC Rule 12, the "named executive officers" to be listed refer to the Chief Executive Officer and those that are the four (4) most highly compensated executive officers as of March 31, 2016.
2. Sum of the shares in the name of "Lance Y. Gokongwei" for 126,727,500 shares and "Lance Y. Gokongwei &/or Elizabeth Gokongwei" for 35,317,499 shares.

* less than 0.01%

(C) Voting Trust Holders of 5% or more - as of March 31, 2016

There are no persons holding more than 5% of a class under a voting trust or similar agreement.

(D) Changes in Control

As of March 31, 2016, there has been no change in the control of the Corporation since the beginning of its last fiscal year.

Item 11. Use of Proceeds from Initial Public Offering

As disclosed in the Company's prospectus, gross and net proceeds were estimated at ₱26.79 billion and ₱26.07 billion, respectively for the Primary Offer (excluding any additional expenses that may be incurred in relation to the Over-allotment Option).

The Company received actual gross proceeds amounting to ₱26.79 billion from the Primary offering of 461,897,500 shares on November 11, 2013 and an additional ₱0.23 billion from the exercised over-allotment of 3,880,550 shares, and incurred ₱745.65 million IPO-related expenses, resulting to actual net proceeds of ₱26.27 billion.

For the year ended December 31, 2015, the application of the net proceeds is broken as follows:

Use of Proceeds	Amount in Pesos
Expansion of store network	₱3,100,968,166
Renovation of existing stores	916,575,318
Repayment of bank loans	60,131,699
Other corporate purposes	213,471,964
Total	₱4,291,147,147

ROBINSONS RETAIL
HOLDINGS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

Securities and Exchange Commission
SEC Building, EDSA, Greenhills
Mandaluyong City, Metro Manila
Philippines

The management of **Robinsons Retail Holdings, Inc. and Subsidiaries** is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2015, 2014 and 2013, including the additional components attached therein, in accordance with Philippine Financial Reporting Standard (PFRS) indicated therein.

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

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

Sycip, Gorres, Velayo and Co., the independent auditors appointed by the stockholders, has examined the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its reports to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

Lance Y. Gokongwei
Chairman

Lance Y. Gokongwei
Chief Executive Officer

Robina Y. Gokongwei-Pe
President and Chief Operations Officer

Diosdado Felix A. Zapata III
Chief Financial Officer

Graciela A. Banatao
Treasurer

Signed this 18th day of March, 2016

ATTY. GILBERT S. MILLADO, JR.
Roll No. 45039
Notary Public
Until December 31, 2016
110 E. Rodriguez Jr. Ave., Bagumbayan, Quezon City
PTR No. 2286024; Jan. 14, 2016; Quezon City
IBP No. 1023802; Jan. 8, 2016; CALMANA
TIN 166-215-465
Commission-Adm. No. 174 (2015-2016)
MCLE Compliance No. V-0014038

DOC. NO. 9166 ;
PAGE NO. 194 ;
BOOK NO. I ;
SERIES OF 2016 ;

SGV
Building a better working world

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
Robinsons Retail Holdings, Inc.
110 E. Rodriguez Jr. Avenue
Bagumbayan, Quezon City

We have audited the accompanying consolidated financial statements of Robinsons Retail Holdings, Inc. and Subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 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.

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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Robinsons Retail Holdings, Inc. and its 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.

Wenda Lynn M. Loyola

Wenda Lynn M. Loyola
Partner
CPA Certificate No. 109952
SEC Accreditation No. 1540-A (Group A),
March 8, 2016, valid until March 8, 2019
Tax Identification No. 242-019-387
BIR Accreditation No. 08-001998-117-2016,
February 15, 2016, valid until February 14, 2019
PTR No. 5321650, January 4, 2016, Makati City

March 18, 2016

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2015	2014 (As restated - Note 2)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7, 18 and 28)	**₱9,757,351,816**	₱9,969,823,164
Short-term investments (Notes 8, 18 and 28)	**7,059,000**	1,852,726,333
Trade and other receivables (Notes 9, 25 and 28)	**1,773,723,242**	1,529,443,918
Merchandise inventories (Notes 9 and 10)	**10,575,687,802**	8,993,411,437
Other current assets (Notes 11 and 28)	**1,688,402,315**	1,367,073,387
Total Current Assets	**23,802,224,175**	23,712,478,239
Noncurrent Assets		
Available-for-sale (AFS) financial assets (Notes 12 and 28)	**19,511,313,846**	17,717,912,763
Property and equipment (Notes 9 and 13)	**11,149,374,301**	9,657,385,304
Investments in shares of stock (Note 14)	**5,079,302,654**	1,990,235,885
Intangible assets (Notes 15 and 20)	**4,109,178,069**	3,032,573,662
Deferred tax assets - net (Note 26)	**180,129,573**	169,670,408
Other noncurrent assets (Notes 16 and 28)	**1,328,102,855**	1,215,713,690
Total Noncurrent Assets	**41,357,401,298**	33,783,491,712
	₱65,159,625,473	₱57,495,969,951
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 17, 25 and 28)	**₱14,795,536,013**	₱14,139,144,305
Short-term loans and current portion of loans payable (Notes 18 and 28)	**2,844,872,558**	55,555,556
Income tax payable	**687,844,946**	629,586,074
Other current liabilities (Note 28)	**197,583,490**	198,062,357
Total Current Liabilities	**18,525,837,007**	15,022,348,292
Noncurrent Liabilities		
Loans payable - net of current portion (Notes 18 and 28)	–	56,131,441
Deferred tax liability - net (Note 26)	**655,165,987**	545,691,639
Net pension liabilities (Notes 23 and 24)	**473,346,631**	634,701,436
Total Noncurrent Liabilities	**1,128,512,618**	1,236,524,516
Total Liabilities	**19,654,349,625**	16,258,872,808
Equity (Note 19)		
Capital stock	**1,385,000,000**	1,385,000,000
Additional paid-in capital	**27,227,385,090**	27,227,385,090
Other comprehensive income (loss) (Notes 12, 14 and 24)	**251,829,136**	(23,641,261)
Equity reserve	**(1,027,402,846)**	(991,931,906)
Retained earnings		
Appropriated	**12,997,451,453**	10,311,451,453
Unappropriated	**2,689,501,691**	1,740,057,473
Total equity attributable to equity holders of the Parent Company	**43,523,764,524**	39,648,320,849
Non-controlling interest in consolidated subsidiaries	**1,981,511,324**	1,588,776,294
Total Equity	**45,505,275,848**	41,237,097,143
	₱65,159,625,473	₱57,495,969,951

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2015	2014	2013
SALES - net of sales discounts and returns (Notes 6, 21 and 25)	**₱90,882,627,706**	₱80,400,962,302	₱67,254,175,069
COST OF MERCHANDISE SOLD (Notes 6 and 10)	**71,133,585,364**	62,971,862,522	52,942,470,422
GROSS PROFIT (Note 6)	**19,749,042,342**	17,429,099,780	14,311,704,647
ROYALTY, RENT AND OTHER REVENUE (Notes 6, 25 and 30)	**1,862,672,949**	1,433,203,123	1,320,743,045
GROSS PROFIT INCLUDING OTHER REVENUE (Note 6)	**21,611,715,291**	18,862,302,903	15,632,447,692
OPERATING EXPENSES (Notes 22, 23, 24, 29 and 30)	**(16,882,874,569)**	(14,374,863,748)	(11,568,983,962)
OTHER INCOME (CHARGES)			
Interest income (Notes 6, 7, 8 and 12)	**798,712,436**	634,184,861	113,390,746
Foreign currency exchange gain - net	**183,603,976**	25,063,690	25,247,402
Dividend income (Notes 6 and 12)	**111,500,591**	27,875,000	3,271,519
Equity in net earnings of an associate (Note 14)	**40,292,934**	56,549,947	191,465,985
Interest expense (Notes 6 and 18)	**(14,718,429)**	(12,057,390)	(77,328,731)
	1,119,391,508	731,616,108	256,046,921
INCOME BEFORE INCOME TAX(Note 6)	**5,848,232,230**	5,219,055,263	4,319,510,651
PROVISION FOR INCOME TAX (Note 26)			
Current	**1,288,917,348**	1,313,560,861	1,146,035,321
Deferred	**(17,851,404)**	(27,789,611)	56,122,823
	1,271,065,944	1,285,771,250	1,202,158,144
NET INCOME	**4,577,166,286**	3,933,284,013	3,117,352,507
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:			
Changes in fair value and share in change in fair value of available-for-sale (AFS) financial assets (Notes 12 and 14)	**180,102,730**	125,549,751	105,431,546
Share in change in translation adjustment of an associate (Note 14)	**(184,945)**	(7,145,197)	(33,984,500)
Sale of available-for-sale (AFS) financial assets	**–**	–	(1,800,000)
Income tax effect	**30,691,934**	(39,160,923)	15,093,540
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:			
Share in an associate actuarial losses on pension liability (Note 14)	**(4,141,797)**	–	(9,186,621)
Remeasurement gain (losses) on net pension liabilities (Note 24)	**106,485,548**	(205,700,823)	(28,395,304)
Income tax effect	**(30,703,126)**	61,710,247	8,518,591
	282,250,344	(64,746,945)	55,677,252
TOTAL COMPREHENSIVE INCOME	**₱4,859,416,630**	₱3,868,537,068	₱3,173,029,759

(Forward)

	Years Ended December 31		
	2015	2014	2013
Net income attributable to:			
Equity holders of the Parent Company	**₱4,341,794,218**	₱3,560,636,968	₱2,744,964,659
Non-controlling interest in consolidated subsidiaries	**235,372,068**	372,647,045	372,387,848
	4,577,166,286	3,933,284,013	3,117,352,507
Total comprehensive income attributable to:			
Equity holders of the Parent Company	**4,617,264,615**	3,509,284,825	2,802,724,717
Non-controlling interest in consolidated subsidiaries	**242,152,015**	359,252,243	370,305,042
	₱4,859,416,630	₱3,868,537,068	₱3,173,029,759
Basic/Diluted Earnings Per Share (Note 27)	**₱3.13**	₱2.60	₱3.79

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Total Equity Attributable to Equity Holders of the Parent Company – For the Year Ended December 31, 2015									
	Capital Stock (Note 19)	Additional Paid-in Capital (Note 19)	Other Comprehensive Income (Loss) (Notes 12,14 and 24)	Equity Reserve (Note 19)	Retained Earnings – Appropriated (Note 19)	Retained Earnings – Unappropriated (Note 19)	Treasury Stock (Note 19)	Total	Non-controlling Interest in Consolidated Subsidiaries	Total
For the Year Ended December 31, 2015										
Balance at beginning of year	**₱1,385,000,000**	**₱27,227,385,090**	**(₱23,641,261)**	**(₱991,931,906)**	**₱10,311,451,453**	**₱1,740,057,473**	**₱–**	**₱39,648,320,849**	**₱1,588,776,294**	**₱41,237,097,143**
Acquisition of a subsidiary (Notes 2, 19 and 20)	–	–	–	–	–	–	–	–	**30,544,015**	**30,544,015**
Additional investment in a subsidiary (Notes 2 and 19)	–	–	–	–	–	–	–	–	**183,000,000**	**183,000,000**
Investment from non-controlling interest (Notes 2 and 19)	–	–	–	**(35,470,940)**	–	–	–	**(35,470,940)**	–	**(35,470,940)**
Dividends (Note 19)	–	–	–	–	–	**(706,350,000)**	–	**(706,350,000)**	**(62,961,000)**	**(769,311,000)**
Appropriation	–	–	–	–	**2,813,000,000**	**(2,813,000,000)**	–	–	–	–
Reversal of appropriation	–	–	–	–	**(127,000,000)**	**127,000,000**	–	–	–	–
Net income	–	–	–	–	–	**4,341,794,218**	–	**4,341,794,218**	**235,372,068**	**4,577,166,286**
Other comprehensive income	–	–	**275,470,397**	–	–	–	–	**275,470,397**	**6,779,947**	**282,250,344**
Total comprehensive income	–	–	**275,470,397**	–	–	**4,341,794,218**	–	**4,617,264,615**	**242,152,015**	**4,859,416,630**
Balance at end of year	**₱1,385,000,000**	**₱27,227,385,090**	**₱251,829,136**	**(₱1,027,402,846)**	**₱12,997,451,453**	**₱2,689,501,691**	**₱–**	**₱43,523,764,524**	**₱1,981,511,324**	**₱45,505,275,848**
For the Year Ended December 31, 2014 (As restated)										
Balance at beginning of year	₱1,385,000,000	₱27,026,913,866	₱27,710,882	₱116,459,430	₱4,340,251,453	₱4,710,692,005	(₱1,100,373,100)	₱36,506,654,536	₱1,475,814,190	₱37,982,468,726
Acquisition of a subsidiary (Notes 2, 19 and 20)	–	–	–	–	–	–	–	–	27,259,320	27,259,320
Sale of treasury shares	–	200,471,224	–	–	–	–	1,100,373,100	1,300,844,324	–	1,300,844,324
Additional investment in a subsidiary (Notes 2 and 19)	–	–	–	–	–	–	–	–	90,600,000	90,600,000
Investment from non-controlling interest (Notes 2 and 19)	–	–	–	(1,108,391,336)	–	–	–	(1,108,391,336)	(336,916,914)	(1,445,308,250)
Dividends (Note 19)	–	–	–	–	–	(560,071,500)	–	(560,071,500)	(27,232,545)	(587,304,045)
Appropriation	–	–	–	–	5,986,200,000	(5,986,200,000)	–	–	–	–
Reversal of appropriation	–	–	–	–	(15,000,000)	15,000,000	–	–	–	–
Net income	–	–	–	–	–	3,560,636,968	–	3,560,636,968	372,647,045	3,933,284,013
Other comprehensive loss	–	–	(51,352,143)	–	–	–	–	(51,352,143)	(13,394,802)	(64,746,945)
Total comprehensive income	–	–	(51,352,143)	–	–	3,560,636,968	–	3,509,284,825	359,252,243	3,868,537,068
Balance at end of year	₱1,385,000,000	₱27,227,385,090	(₱23,641,261)	(₱991,931,906)	₱10,311,451,453	₱1,740,057,473	₱–	₱39,648,320,849	₱1,588,776,294	₱41,237,097,143
For the Year Ended December 31, 2013										
Balance at beginning of year	₱415,000,000	₱141,816,919	(₱30,049,176)	₱116,459,430	₱4,716,251,453	₱1,592,394,013	₱–	₱6,951,872,639	₱1,105,509,148	₱8,057,381,787
Issuance of shares	970,000,000	27,630,750,000	–	–	–	–	–	28,600,750,000	–	28,600,750,000
Transaction costs	–	(745,653,053)	–	–	–	–	–	(745,653,053)	–	(745,653,053)
Treasury shares	–	–	–	–	–	–	(1,100,373,100)	(1,100,373,100)	–	(1,100,373,100)
Dividends (Note 19)	–	–	–	–	–	(2,666,667)	–	(2,666,667)	–	(2,666,667)
Appropriation	–	–	–	–	1,024,000,000	(1,024,000,000)	–	–	–	–
Reversal of appropriation	–	–	–	–	(1,400,000,000)	1,400,000,000	–	–	–	–
Net income	–	–	–	–	–	2,744,964,659	–	2,744,964,659	372,387,848	3,117,352,507
Other comprehensive income (loss)	–	–	57,760,058	–	–	–	–	57,760,058	(2,082,806)	55,677,252
Total comprehensive income	–	–	57,760,058	–	–	2,744,964,659	–	2,802,724,717	370,305,042	3,173,029,759
Balance at end of year	₱1,385,000,000	₱27,026,913,866	₱27,710,882	₱116,459,430	₱4,340,251,453	₱4,710,692,005	(₱1,100,373,100)	₱36,506,654,536	₱1,475,814,190	₱37,982,468,726

See accompanying Notes to Consolidated Financial Statements

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱5,848,232,230**	₱5,219,055,263	₱4,319,510,651
Adjustments for:			
Depreciation and amortization (Notes 13, 15, 16 and 22)	**1,647,365,077**	1,280,140,229	999,878,389
Interest expense (Note 18)	**14,718,429**	12,057,390	77,328,731
Equity in net earnings of an associate (Note 14)	**(40,292,934)**	(56,549,947)	(191,465,985)
Dividend income (Note 12)	**(111,500,591)**	(27,875,000)	(3,271,519)
Unrealized foreign currency exchange gain - net	**(183,603,976)**	(25,063,690)	(25,247,402)
Interest income (Notes 7, 8 and 12)	**(798,712,436)**	(634,184,861)	(113,390,746)
Operating income before working capital changes	**6,376,205,799**	5,767,579,384	5,063,342,119
Increase in:			
Trade and other receivables	**(64,361,935)**	(278,401,287)	(195,855,452)
Merchandise inventories	**(1,582,276,365)**	(1,964,601,148)	(1,023,856,670)
Other current assets	**(278,822,234)**	(358,975,045)	(279,134,408)
Increase (decrease) in:			
Trade and other payables	**614,674,862**	2,037,714,421	(252,250,054)
Pension liability (Notes 23 and 24)	**(54,869,257)**	67,818,953	47,513,813
Other current liabilities	**(478,867)**	(5,589,921)	(31,579,242)
Net cash flows generated from operations	**5,010,072,003**	5,265,545,357	3,328,180,106
Interest received	**706,942,413**	502,867,570	56,317,604
Income tax paid	**(1,267,771,819)**	(1,384,616,702)	(637,923,685)
Net cash flows provided by operating activities	**4,449,242,597**	4,383,796,225	2,746,574,025
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Investment in associate	**(3,155,222,080)**	–	–
Available-for-sale (AFS) financial assets (Note 12)	**(1,359,337,228)**	(17,704,262,593)	–
Property and equipment (Note 13)	**(3,099,102,132)**	(3,713,158,755)	(2,790,698,668)
Franchise (Note 15)	**(9,877,677)**	(13,805,165)	–
Proceeds from transfers/disposals of:			
Property and equipment (Note 13)	**–**	17,506,064	36,790,803
Available-for-sale (AFS) financial assets (Note 12)	**–**	–	50,000,000
Proceeds from (acquisition of) short-term investments	**1,845,667,333**	(1,535,631,934)	(6,780,628)
Dividends received (Note 12)	**83,625,591**	–	3,271,519

(Forward)

	Years Ended December 31		
	2015	2014	2013
Acquisition through business combination-net of cash received (Note 20)	**(₱988,350,000)**	(₱462,093,163)	(₱408,722,500)
Purchase of non-controlling interest	**(35,470,940)**	(1,300,844,324)	–
Increase in other noncurrent assets	**(116,469,758)**	(253,302,449)	(213,136,081)
Net cash flows used in investing activities	**(6,834,536,891)**	(24,965,592,319)	(3,329,275,555)
CASH FLOWS FROM FINANCING ACTIVITIES			
Additional investments from non-controlling interest (Notes 2 and 19)	**183,000,000**	90,600,000	–
Proceeds from loan availments (Note 18)	**2,939,000,000**	–	100,000,000
Dividends paid (Note 19)	**(728,516,025)**	(561,271,381)	(2,666,667)
Payment of loans (Note 18)	**(205,814,439)**	(395,728,711)	(2,120,781,856)
Interest paid (Note 18)	**(15,698,621)**	(12,057,390)	(71,500,108)
Proceeds from sale of treasury shares, net of transaction cost (Note 19)	–	1,300,844,324	–
Proceeds from stock issuance (Note 19)	–	–	28,600,750,000
Acquisition of treasury shares (Note 19)	–	–	(1,100,373,100)
Payment of transaction costs	–	–	(745,653,053)
Net cash flows provided by financing activities	**2,171,970,915**	422,386,842	24,659,775,216
EFFECTS OF FOREIGN EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	**852,031**	430,402	–
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(212,471,348)**	(20,158,978,850)	24,077,073,686
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**9,969,823,164**	30,128,802,014	6,051,728,328
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱9,757,351,816**	₱9,969,823,164	₱30,128,802,014

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Robinsons Retail Holdings, Inc., (herein referred to as either "RRHI" or the "Parent Company") is a stock corporation organized under the laws of the Philippines. The Parent Company was registered with the Philippine Securities and Exchange Commission (SEC) on February 4, 2002. The Parent Company's common stock was listed with the Philippine Stock Exchange (PSE) on November 11, 2013, the Parent Company's initial public offering (IPO).

The Parent Company is 35.00% owned by JE Holdings, Inc., 27.87% owned by PCD Nominee Corporation and the rest by the public. The primary purpose of the Parent Company and its subsidiaries (herein referred to as "the Group") is to engage in the business of trading goods, commodities and merchandise of any kind.

The registered office address and principal place of business of the Parent Company is at 110 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City.

2. Basis of Preparation

The consolidated financial statements have been prepared under the historical cost basis, except for available-for-sale (AFS) financial assets, which are measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱), the Parent Company's functional and presentation currency. All amounts are rounded to the nearest peso unless otherwise indicated.

The Group's management opted to change the presentation of its consolidated statements of comprehensive income. "Gross profit" and "Gross profit including other revenue" have been presented to assist users in making economic decisions, especially by allowing the assessment of trends in financial information for predictive purposes and computation of financial ratios. The Group's management believes that the inclusion of "Gross profit" and "Gross profit including other revenue", which included the "royalty, rent and other revenue" line item, for the years ended December 31, 2015, 2014 and 2013 would be more useful to the users of the consolidated financial statements.

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

Finalization of Purchase Price Allocation
In 2015, the Group finalized the purchase price allocation of its acquisitions of GNC Pharma Corporation (GPC) and RHI Builders and Contractors Depot Corp. (RHIB) through business combinations on June 2, 2014 and July 3, 2014, respectively. The December 31, 2014 comparative information was restated to reflect the adjustments to the provisional amounts and the effects to the consolidated financial statements (Note 20).

Basis of Consolidation
The consolidated financial statements as of December 31, 2015, 2014 and 2013 represent the consolidation of the financial statements of RRHI and the following subsidiaries directly and indirectly owned by the Parent Company.

Investee Companies	2015 Direct	2015 Indirect	2014 Direct	2014 Indirect	2013 Direct	2013 Indirect
	Effective Percentages of Ownership					
Robinson's, Incorporated. (RI)	**100.00%**	–	100.00%	–	100.00%	–
Robinsons Ventures Corporation (RVC)	–	**65.00%**	–	65.00%	–	65.00%
Robinsons Toys, Inc. (RTI)	–	**100.00%**	–	100.00%	–	100.00%
Robinsons Convenience Stores, Inc. (RCSI)	–	**51.00%**	–	51.00%	–	51.00%
South Star Drug, Inc. (SSDI)	–	**45.00%**	–	45.00%	–	45.00%
GNC Pharma Corporation (GPC)	–	**100.00%**	–	100.00%	–	–
Robinsons Gourmet Food and Beverages, Inc. (RGFBI)	–	**100.00%**	–	100.00%	–	100.00%
Savers Electronic World, Inc. (SEWI)	–	**90.00%**	–	–	–	–
Robinson's Supermarket Corporation (RSC)	**100.00%**	–	100.00%	–	100.00%	–
Angeles Supercenter, Inc. (ASI)	–	**67.00%**	–	67.00%	–	67.00%
Eurogrocer Corp (EC)	–	**100.00%**	–	100.00%	–	–
JAS 8 Retailing Mngt. Corporation (JRMC)	–	**100.00%**	–	100.00%	–	–
Robinsons Appliances Corp. (RAC)	–	**67.00%**	–	67.00%	–	67.00%
South Star Drugs, Inc. (SSDI)	–	**45.00%**	–	45.00%	–	45.00%
Robinsons Handyman, Inc. (RHMI)	–	**80.00%**	–	80.00%	–	55.00%
Handyman Express Mart, Inc. (HEMI)	–	**52.00%**	–	52.00%	–	35.75%
Waltermart-Handyman, Inc. (WHI)	–	**52.00%**	–	52.00%	–	35.75%
Robinsons True Serve Hardware Philippines, Inc. (RTSHPI)	–	**53.33%**	–	53.33%	–	36.67%
RHI Builders and Contractors Depot Corp (RHIB)	–	**53.60%**	–	53.60%	–	–
Everyday Convenience Stores, Inc. (ECSI)	**100.00%**	–	100.00%	–	100.00%	–
Robinsons Specialty Stores, Inc. (RSSI)	**100.00%**	–	100.00%	–	100.00%	–
Robinsons Daiso Diversified Corp. (RDDC)	**90.00%**	–	90.00%	–	90.00%	–
RHD Daiso-Saizen, Inc. (RHDDS)	**59.40%**	–	59.40%	–	59.40%	–
RHMI Management and Consulting, Inc.	**100.00%**	–	100.00%	–	100.00%	–
RRHI Management and Consulting, Inc.	**100.00%**	–	100.00%	–	100.00%	–
RRG Trademarks and Private Labels, Inc.	**100.00%**	–	100.00%	–	100.00%	–
RRHI Trademarks Management, Inc.	**100.00%**	–	100.00%	–	100.00%	–

All subsidiaries are incorporated in the Philippines.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and 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. 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.

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. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the equity holders of the Parent Company.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity as "Equity reserve" and attributed to the owners of the Parent Company. 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 non-controlling interest
- 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 other comprehensive income to profit or loss or retained earnings, as appropriate.

Additional Investments and Acquisitions
On September 18, 2015, RRHI made additional investments to RSSI amounting to ₱390.97 million.

On September 18, 2015, additional capital amounting to ₱315.00 million to SEWI was made by RI. Corresponding additional investment coming from NCI of SEWI amounted to ₱35.00 million (Note 19).

On September 1, 2015, RI acquired 90.00% ownership of SEWI, a Company engaged in the business of consumer electronics and home appliance (Note 20). The NCI is measured based on the proportionate share in fair values of the net assets acquired amounting to ₱30.54 million.

On June 8, 2015, capital call amounting to ₱202.00 million to RHIB was made by RHMI. Corresponding additional investment coming from NCI of RHIB amounted to ₱98.00 million (Note 19).

On March 6, 2015, the Subscription Contract between RRHI and RSC was executed. RRHI subscribed 108,370,796 shares of common stock of the RSC with a par value of ₱1.00 per share for a total consideration of ₱2.86 billion or at ₱26.4051 per share.

On February 23, 2015, capital call amounting to ₱100.00 million to RHIB was made by RHMI. Corresponding additional investment coming from NCI of RHIB amounted to ₱50.00 million (Note 19).

On December 17, 2014 and July 3, 2014, capital call amounting to ₱295.00 million and ₱59.40 million, respectively to RSSI and RHDDS was made by RRHI. Corresponding additional investments coming from NCI of RHDDS amounted to ₱40.60 million (Note 19).

On December 5, 2014, RSC acquired additional 25.00% ownership of RHMI increasing its total ownership to 80.00%.

In 2014, RHMI acquired 67.00% ownership of RHIB, a Company engaged in the business of hardware retailing (Note 20). The NCI is measured based on the proportionate share in fair values of the net assets acquired amounting to ₱27.72 million. Also in 2014, RHMI and NCI made additional investments amounting to ₱100.00 million and ₱50.00 million, respectively.

On June 2, 2014, SSDI acquired 100% ownership of GPC, a Company engaged in the business of pharmaceutical retailing.

On January 29, 2014, RSC acquired 100% ownership of JRMC, a Company engaged in the business of grocery retailing.

On September 14, 2013, RSC acquired 100% ownership of EC, a Company engaged in the business of grocery retailing.

On July 8, 2013, RGFBI, wholly-owned subsidiary of RI, was incorporated to engage in the business of establishing, operating and managing of retail coffee shops and espresso shops. RI provided equity funding to RGFBI amounting ₱100.00 million.

On May 23, 2013, RRG Trademarks and Private Labels, Inc., wholly-owned subsidiary of the Parent Company, was incorporated to administer and own trademarks that are registered to companies with shareholding owned by third parties. The Parent Company provided equity funding to RRG Trademarks and Private Labels, Inc. amounting ₱0.19 million.

On May 23, 2013, RRHI Trademarks Managements, Inc., wholly-owned subsidiary of the Parent Company, was incorporated to administer and own trademarks that are registered to companies that are wholly-owned by the Parent Company. The Parent Company provided equity funding to RRHI Trademarks Management, Inc. amounting ₱0.19 million.

On May 27, 2013, RHMI Management and Consulting, Inc., wholly-owned subsidiary of the Parent Company, was incorporated to handle management agreements in relation to companies with shareholdings owned by third parties. The Parent Company provided equity funding to RHMI Management and Consulting, Inc. amounting ₱0.19 million.

On May 27, 2013, RRHI Management and Consulting, Inc., wholly-owned subsidiary of the Parent Company, was incorporated to handle management agreements that are registered to companies that are wholly-owned by the Parent Company. The Parent Company provided equity funding to RRHI Management and Consulting, Inc. amounting ₱0.19 million.

On July 4, 2012, RSC and RI, wholly-owned subsidiaries of RRHI, each acquired 45.00% interest in SSDI, aggregating to 90.00%.

Mergers

Merger of EC and JRMC to RSC and GPC to SSDI

On October 24, 2014, the Board of Directors (BOD) of the Group approved the plan of the Group to merge RSC, EC and JRMC with RSC as the surviving entity. The purpose of the merger is to centralize the Group's supermarket operations. On November 14, 2014, the plan of merger was presented to and approved by the Stockholders. The Plan and Articles of Merger were filed with SEC in April 2015. In 2016, the SEC and DOJ approved the application for merger.

On October 24, 2014, the BOD approved the plan of the Group to merge SSDI with its subsidiary, GPC, whereby the entire assets and liabilities of GPC will be transferred and absorbed by SSDI doing business under the name of South Star Drugs and Manson Drug.

On November 25, 2014, the plans of merger was presented to and approved by the Stockholders. The Plan and Article of Merger were filed with the SEC and DOJ on April 24, 2015 and were approved on August 26, 2015.

Merger of RDCI to RCSI
On May 24, 2012, the SEC approved the Plans and Articles of Merger (Merger) between RDCI and RCSI, the latter being the surviving entity. The merger was approved and ratified by the respective Board of Directors (BOD) and stockholders on April 10, 2012. Under the approved merger, the entire assets and liabilities of RDCI as of December 31, 2011 were merged and absorbed by RCSI with effective date of January 1, 2012.

The merger was undertaken to enhance and promote operating efficiencies and economies, and increase financial strength through pooling of resources to achieve more favorable financing and greater credit facilities.

No RCSI shares were issued in exchange for the net assets of the RDCI, considering that the latter is a wholly-owned subsidiary of the former. The total retained earnings of RDCI amounting ₱4.37 million as of December 31, 2010 was recognized as a reduction from RCSI's deficit.

3. **Changes in Accounting Policies**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and amended PFRS and Philippine Interpretations which became effective beginning January 1, 2015. Except as otherwise indicated, the adoption of amended PFRS and Philippine Interpretations did not have any effect on the financial statements of the Group.

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. The amendments are effective for annual periods beginning on or after July 1, 2014.

These amendments are not relevant to the Group since none of the entities within the Group has defined benefit plan 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.

- 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 applicable to the Group as it has no share-based payments.

- 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 will 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.

The amendmenthas no impact on the Group's financial position or performance.

- PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation*

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. The amendment has no impact on the Group's financial position or performance.

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. The amendments have an affect in disclosures only and have no impact on the Group's financial position or performance.

Annual Improvements to PFRSs (2011-2013 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.

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.

The amendment has no impact on the Group's financial position or performance.

- 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. The amendment has no significant impact on the Group's financial position or performance.

- 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). The amendment has no significant impact on the Group's financial position or performance.

There are new PFRS, amendments, annual improvements and interpretations to existing standards that are effective for periods subsequent to 2015 and these will be adopted on their effectivity dates in accordance with the transition provisions. Except as otherwise stated, these amendments and improvements to PFRS and new standards are not expected to have any significant impact on the consolidated financial statements.

Standards Issued But Not Yet Effective
The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Deferred

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 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 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 Securities and Exchange Commission (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.

Effective January 1, 2016

PAS 1, *Presentation of Financial Statements* – Disclosure Initiative (Amendments)
The amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in PFRS. They clarify the following:

- That entities shall not reduce the understandability of their financial statements by either obscuring material information with immaterial information; or aggregating material items that have different natures or functions
- That specific line items in the statement of income and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

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 consolidated 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. The amendment will have no significant impact on the Group's financial position or performance.

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. The amendment will have no significant impact on the Group's financial position or performance.

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. These amendments are not expected to have any impact to the Group.

- 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 January 1, 2016. The amendment will have no significant impact on the Group's financial position or performance.

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 will 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.

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. The amendment will have no significant impact on the Group's financial position or performance.

- 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. The amendment will have no significant impact on the Group's financial position or performance.

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. The amendment will have no significant impact on the Group's financial position or performance.

- 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. The amendment will have no significant impact on the Group's financial position or performance.

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). The amendment will have no significant impact on the Group's financial position or performance.

Effective January 1, 2018

- PFRS 9, *Financial Instruments*
  In July 2014, the IASB issued the final version of International Financial Reporting Standards (IFRS) 9, *Financial Instruments*. The new standard (renamed as 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 providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. 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 will have an effect on the classification and measurement of the Group's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Group's financial liabilities. The Group is currently assessing the impact of adopting this standard.

In addition, the IASB has issued the following new standards that have not yet been adopted locally by the SEC and FRSC. The Group is currently assessing the impact of these new standards and plans to adopt them on their required effective dates once adopted locally.

- IFRS 15, *Revenue from Contracts with Customers* (effective January 1, 2018)
  IFRS 15 was issued in May 2014 by the IASB 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 principals 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.

- IFRS 16, *Leases* (effective January 1, 2019)
  On January 13, 2016, the IASB issued its new standard, IFRS 16, *Leases*, which replaces PAS 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 PAS 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 PAS 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 a modified retrospective approach, with options to use certain transition reliefs. The Group is currently assessing the impact IFRS 16 and plans to adopt the new standard on the required effective date once adopted locally.

4. Summary of Significant Accounting Policies

Revenue Recognition

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

The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as principal in all of its revenue agreements. The following specific recognition criteria must also be met before revenue is recognized:

Sales Revenue

Sales are recognized from retail customers at the point of sale in the stores. Sales returns and sales discounts are deducted from the sales to arrive at the net sales shown in the consolidated statement of comprehensive income.

Royalty Fee

Royalty fee is recognized as a percentage of gross profit earned by the franchisee.

Rental Income

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

Interest Income

Interest on cash in bank, cash equivalents and short-term cash investments and AFS financial assets is recognized as the interest accrues using the effective interest method.

Dividend Income and Other Income

Dividend income and other income are recognized when the Group's right to receive the payment is established.

Cost of Merchandise Sold

Cost of merchandise sold includes the purchase price of the products sold, as well as costs that are directly attributable in bringing the merchandise to its intended condition and location. Vendor returns and allowances are generally deducted from cost of merchandise sold.

Operating Expenses

Operating expenses constitute costs of administering the business. These are recognized as expenses when it is probable that a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has occurred and the decrease in economic benefits can be measured reliably.

Financial Instruments

Date of Recognition

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position 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 settlement date.

Initial Recognition of Financial Instruments

Financial instruments are recognized initially at the fair value of the consideration given. Except for financial instruments at fair value through profit or loss (FVPL), the initial measurement of financial assets includes transaction costs. The Group classifies its financial assets into the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, AFS financial assets and loans and receivables. Financial liabilities are classified into financial liabilities at FVPL and other financial liabilities carried at cost or amortized cost.

The classification depends on the purpose for which the investments were acquired and whether they are quoted 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.

Determination of Fair Value

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 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 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.

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.

As of December 31, 2015 and 2014, the financial instruments of the Group are classified as loans and receivables, AFS financial assets and other financial liabilities.

Day 1 Difference
Where the transaction price in a non-active market is different to the fair value from other observable current market transactions of the same instrument or based on a valuation technique whose variables include only data from an observable market, the Group recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the consolidated statement of comprehensive income. In cases where use is made of data which is not observable, the difference between transaction price and model value is only recognized in the consolidated statement of comprehensive income 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.

AFS Financial Assets
AFS financial assets are those which are designated as such and are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions.

After initial measurement, AFS financial assets are measured at fair value. The unrealized gains and losses arising from the fair valuation of AFS financial assets are excluded from reported earnings and are reported as OCI in the equity section of the consolidated statement of financial position.

When the security is disposed of, the cumulative gain or loss previously recognized in the consolidated statement of changes in equity is recognized in the consolidated statement of comprehensive income. Where the Group holds more than one investment in the same security, these are deemed to be disposed of on a first-in first-out basis. Dividends earned on holding AFS financial assets are recognized in the consolidated statement of comprehensive income when the right of the payment has been established. The losses arising from impairment of such investments are recognized in the consolidated statement of comprehensive income.

This accounting policy relates primarily to the Group's AFS investments in equity and debt securities (Note 12).

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or financial assets at FVPL.

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest 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 (EIR).

This accounting policy relates primarily to the Group's cash and cash equivalents, trade and other receivables, security deposits and construction bonds.

Financial Liabilities
Issued financial instruments or their components, which are not designated at FVPL are classified as other financial liabilities where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, other financial liabilities are subsequently measured at cost or amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR. Any effects of restatement of foreign currency-denominated liabilities are recognized in profit or loss.

This accounting policy relates primarily to the Group's trade and other payables, loans payable and other current liabilities that meet the above definition (other than liabilities covered by other accounting standards, such as pension liability and income tax payable).

Classification of Financial Instruments Between Debt and Equity
A financial instrument is classified as debt, if it provides for a contractual obligation to:

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

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

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount, after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

The Group has no financial instruments that contain both liability and equity elements.

Offsetting of Financial Instruments
Financial assets and liabilities are offset and the net amount reported in the consolidated statement 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. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal

course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Impairment of Financial Assets
The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers 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 where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

AFS Financial Assets
The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. 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. Interest continues to be accrued at the original EIR on the reduced carrying amount of the asset and is recorded under interest income in profit or loss. If, in a 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 profit or loss, the impairment loss is also reversed through profit or loss.

In case of equity investments classified as AFS financial assets, this 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 comprehensive income, is removed from the consolidated statement of changes in equity and recognized in the consolidated statement of comprehensive income.

Impairment losses on equity investments are not reversed through the consolidated statement of comprehensive income. Increases in fair value after impairment are recognized directly in the consolidated statement of changes in equity.

Loans and Receivables
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. 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.

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). 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 comprehensive income. Interest income continues to be recognized based on the original EIR of the asset. Loans receivables, 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 reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as the borrower's payment history, 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. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any difference between loss estimates and actual loss experience.

<u>Derecognition of Financial Assets and Liabilities</u>

Financial Asset

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

- the Group rights to receive cash flows from the asset have expired;
- the Group 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 right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of 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 Liability

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or 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 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 the consolidated statement of comprehensive income.

Embedded Derivative
The Group assesses the existence of an embedded derivative on the date it first becomes a party to the contract, and performs re-assessment where there is a change to the contract that significantly modifies the cash flows.

Embedded derivatives are bifurcated from their host contracts and carried at fair value with fair value changes being reported through profit or loss, when the entire hybrid contracts (composed of both the host contract and the embedded derivative) are not accounted for as financial instruments designated at FVPL; when their economic risks and characteristics are not clearly and closely related to those of their respective host contracts; and when a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.

The Group assesses whether embedded derivatives are required to be separated from host contracts when the Group first becomes a party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required. Embedded derivatives that are bifurcated from the host contracts are accounted for as financial assets or liabilities at FVPL. Changes in fair values are included in the profit and loss.

As of December 31, 2015 and 2014, the Group's interest rate swap is assessed as clearly and closely related and no bifurcation is required to recognize either gain or loss on embedded derivative.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from dates of placement and are subject to an insignificant risk of change in value. Cash and cash equivalents, excluding cash on hand, are classified and accounted for as loans and receivables.

Short-term Investments
Short-term investments pertains to money market placements with maturities of more than 3 months to 1 year from dates of placement and are subject to an insignificant risk of change in values.

Merchandise Inventories
Merchandise inventories are stated at the lower of cost or net realizable value (NRV). Cost is determined using the moving average method. Costs comprise of purchase price, including duties, transport and handling costs, and other incidental expenses incurred in bringing the merchandise inventory to its present location and condition.

NRV is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. In the event that NRV is lower than cost, the decline shall be recognized as an expense in the consolidated statement of comprehensive income.

Investment in an Associate/Shares of Stocks
Investment in an associate is accounted for under the equity method of accounting.

An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the associate, less any impairment in value. The profit or loss reflects the share of the results of the operations of the associate reflected as "Equity in net earnings of an associate" under "Other income (charges)" in the consolidated statement of comprehensive income. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortized. The Group's share in the investee's post acquisition movements in the investee's equity reserves is recognized directly in equity. Profit and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate and for unrealized losses to the extent that there is no evidence of impairment of the assets transferred. Dividends received are treated as a reduction of the carrying value of the investment.

The Group discontinues applying the equity method when their investment in associate is reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations of the associate. When the associate subsequently reports net income, the Group will resume applying the equity method but only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

The reporting dates of the associate and the Group are identical and associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on the Group's investment in associate. The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount under "Other expenses" in the consolidated statement of comprehensive income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining 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 retaining investment and proceeds from disposal is recognized in the consolidated statement of comprehensive income.

Business Combination and Goodwill

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the acquirer shall account for the combination using those provisional values. The acquirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within twelve months of the acquisition date as follows: (i) the carrying amount of the identifiable asset, liability or contingent liability that is recognized or adjusted as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date; (ii) goodwill or any gain recognized shall be adjusted by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted; and (iii) comparative information presented for the periods before the initial accounting for the combination is complete shall be presented as if the initial accounting has been completed from the acquisition date.

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 acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

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.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with PAS 39 either in profit or loss or as a change to OCI. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled 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 over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss as bargain purchase gain.

Following initial recognition, goodwill is measured at cost less any accumulated impairment loss. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is allocated should:

- represent the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- not be larger than an operating segment determined in accordance with PFRS 8, *Operating Segments*.

Impairment is determined by assessing the recoverable amount of the CGU (or group of CGUs), to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a CGU (or group of CGUs) 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 these circumstances is measured based on the relative values of the operation disposed of and the portion of the CGU retained. If the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the acquirer shall recognize immediately in the consolidated statement of income any excess remaining after reassessment.

Property and Equipment
Property and equipment are carried at cost less accumulated depreciation and amortization and accumulated impairment in value, if any. The initial cost of property and equipment comprises its purchase price, including any directly attributable costs of bringing the asset to its working condition and location for its intended use. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Construction in-progress are transferred to the related 'Property and equipment' account when the construction or installation and related activities necessary to prepare the property and equipment for their intended use are completed, and the property and equipment are ready for service. Construction in-progress is not depreciated until such time when the relevant assets are completed and available for use.

Depreciation and amortization is computed using the straight-line method over the estimated useful lives (EUL) of the assets. Leasehold improvements are amortized over the EUL of the improvements or the term of the related lease, whichever is shorter. The EUL of property and equipment are as follows:

	Years
Leasehold improvements	10
Store furniture and fixtures	10
Office furniture and fixtures	10
Transportation equipment	10
Building and other equipment	20
Computer equipment	10

The assets' useful lives and the depreciation and amortization method are reviewed periodically to ensure that the period and the method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

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

The assets' residual values, useful lives and methods of depreciation and amortization are reviewed and adjusted, if appropriate, at each financial year-end.

Intangible Assets
Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is recognized in the statement of comprehensive income as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite useful life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

License
The Group acquired the license to use the brand and operate its stores. The license shall be amortized using the straight-line method over a period of ten (10) years. The amortization of the license is recorded in the consolidated statement of comprehensive income under "Operating expenses" account.

Trademark
Trademark, which was acquired through business combination in 2012 (SSDI) and 2015 (SEWI), was recognized at fair value at the date of acquisition and assessed to have an indefinite useful life. Following initial recognition, the trademark is carried at cost and subject to annual impairment testing.

Franchise
The Group acquired the franchise to use the brand and operate its stores. The franchise shall be amortized using the straight-line method over a period of ten (10) years. The amortization of the franchise is recorded in the consolidated statement of comprehensive income under "Operating expenses" account.

<u>Impairment of Nonfinancial Assets</u>
This accounting policy primarily applies to the Group's property and equipment, investment in associate and intangible assets.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU'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.

Where the carrying amount of an asset exceeds its recoverable amount, the asset 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly-traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognized in the consolidated statement of comprehensive income in the expense category consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognized in equity up to the amount of any previous revaluation.

For nonfinancial assets excluding goodwill, 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 Group makes an estimate of recoverable amount. 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 comprehensive income.

The following criteria are also applied in assessing impairment of specific assets:

Investment in an Associate
After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the associate. The Group determines at each reporting date whether there is any objective evidence that the investment in an associate is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the recoverable amount and the carrying value of the investment in associate and recognizes the difference in profit or loss.

Impairment of 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 CGU (or group of CGU) to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGU) is less than the carrying amount of the CGU (or group of CGU) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statement of comprehensive income. Impairment loss recognized for goodwill shall not be reversed in future periods.

<u>Pension Cost</u>
Defined Benefit 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 date reduced by the fair value of plan assets, 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:
(a) service cost;
(b) net interest on the net defined benefit liability or asset; and
(c) 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.

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 high quality corporate 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 OCI 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).

The Group’s right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Income Tax

Current Tax

Current 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 amount are those that are enacted or substantively enacted at the reporting date.

Deferred Tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess of minimum corporate income tax (MCIT) over regular corporate income tax and net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward of unused tax credits from excess MCIT and NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rate that is 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 reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in profit or loss or other comprehensive income.

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

Capital Stock
Capital stock is measured at par value for all shares issued. When the Group issues shares in excess of par, the excess is recognized as additional paid-in capital (APIC) (Note 19). Incremental costs incurred directly attributable to the issuance of new shares are treated as deduction from APIC. If APIC is not sufficient, the excess is charged against retained earnings.

Retained Earnings
Retained earnings represent accumulated earnings of the Group less dividends declared and any adjustment arising from application of new accounting standards, policies or correction of errors applied retroactively. It includes the accumulated equity in undistributed earnings of consolidated subsidiaries which are not available for dividends until declared by subsidiaries (Note 19).

Treasury Shares
Treasury shares are own equity instruments which are reacquired, recognized at cost and deducted from equity. Any gain or loss on the purchase, sale, issue or cancellation or re-issuance is recognized in APIC. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to APIC to the extent of the specific or average APIC when the shares were issued and to retained earnings for the remaining balance. The retained earnings account is restricted to payment of dividends to the extent of the cost of treasury shares (Note 19).

Leases
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or 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 the term of the renewal or extension
c) was initially included in the lease term;
d) there is a change in the determination of whether fulfillment is dependent on a specified asset; or
e) 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 and at the date of renewal or extension period for scenario b.

Group as Lessee
Leases where the lessor does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases.

Operating lease payments are recognized as an expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term.

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.

Foreign Currency Transactions
Transactions in foreign currencies are initially recorded in the Group's functional currency using the exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency using the Philippine Dealing and Exchange Corp. (PDEX) closing rate prevailing at the reporting date. Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations for the period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the prevailing closing exchange rate as of the date of initial transaction.

Earnings Per Share (EPS)
Basic EPS is computed by dividing net income for the year applicable to common stock by the weighted average number of common shares issued and outstanding during the year, adjusted for any subsequent stock dividends declared.

Diluted EPS is calculated by dividing the net income for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. The calculation of diluted EPS does not assume conversion, exercise, or other issue of potential common shares that would have an antidilutive effect on EPS.

The Parent Company does not have any potential dilutive ordinary shares for the years ended December 31, 2015, 2014 and 2013 (Note 27).

Provisions
Provisions are recognized only when the following conditions are met: (a) there exists a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the Group expects 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. 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 in profit or loss.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These 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 disclosed when an inflow of economic benefits is probable.

Segment Reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for resource allocation and assessing performance of the operating segment, has been identified as the President. The nature of the operating segment is set out in Note 6.

Events After the Reporting Date
Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are non-adjusting events are disclosed in the consolidated financial statements when material.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in conformity with PFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

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 the amounts recognized in the consolidated financial statements:

Going Concern
The management of the Group has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the Group is not aware of any material uncertainties that may cast significant doubts upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

Operating Lease Commitments - Group as Lessee
The Group, having the ability to terminate the lease term, has entered into cancellable lease agreements as a lessee. The Group evaluates whether a lease contract is cancellable or noncancellable by assessing penalties on pretermination of lease contract. Penalties considered by the Group are not limited to those that are imposed by the contract but also include possible payment to third parties and loss of future earnings. The amount and timing of recorded rent expenses would differ if the Group determines lease contracts as noncancellable. Also, the Group has determined that it has not retained all the significant risks and rewards of ownership of the leased property.

Operating Lease Commitments - Group as Lessor
The Group has entered into lease agreements to provide store facilities and equipment (Note 29). The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out as operating leases.

Revenue Recognition
Management exercises judgment in determining whether the Group is acting as a principal or an agent. The Group is acting as a principal when it has exposure to the significant risks and rewards associated with the sale of goods, otherwise it is acting as an agent. The Group has assessed all its revenue arrangements and concluded that it is acting as a principal.

Contingencies
The Group is currently involved in certain legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe that these proceedings will have a material adverse effect on the Group's financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (Note 31).

The Group has contingent assets arising from an ongoing damage claims pending final assessment. The outcome of certain cases is not presently determinable in the opinion of the management, eventual asset, if any, will not have material or adverse effect on the Group's financial position and results of operations (Note 31).

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation and uncertainty at the reporting 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.

Determining Fair Values of Financial Assets and Liabilities
Fair value determinations for financial assets and liabilities are based generally on listed market prices or broker or dealer price quotations. If prices are not readily determinable or if liquidating the positions is reasonably expected to affect market prices, fair value is based on either internal valuation models or management's estimate of amounts that could be realized under current market conditions, assuming an orderly liquidation over a reasonable period of time (Note 28).

Allowance for Impairment Losses on Trade and Other Receivables
The Group maintains allowance for impairment losses at levels considered adequate to provide for potential uncollectible receivables. The levels of this allowance are evaluated by management on the basis of factors that affect the collectibility of the accounts. These factors include, but are not limited to, the length of the Group's relationship with the debtor, the debtor's payment behavior and known market factors. The Group reviews the age and status of receivables, and identifies accounts that are to be provided with allowance on a continuous basis. The Group provides full allowance for receivables that it deems uncollectible.

The amount and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in the allowance for impairment losses would increase the recorded operating expenses and decrease the current assets.

As of December 31, 2015 and 2014, the carrying value of the Group's trade and other receivables amounted to ₱1.77 billion and ₱1.53 billion, respectively (Note 9).

Impairment of AFS Financial Assets
The Group determines that AFS financial assets are impaired when there has been a significant or prolonged decline in the fair value of the investment below its cost or whether other objective evidence of impairment exists. The determination of what is significant or prolonged requires

judgment. The Group treats ‘significant’ generally as 20% or more and ‘prolonged’ greater than six (6) months. In making this judgment, the Group evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

The carrying value of AFS financial assets amounted to ₱19.51 billion and ₱17.72 billion as of December 31, 2015 and 2014 (Note 12).

Estimating Net Realizable Value (NRV) of Merchandise Inventories
The Group carries merchandise inventory at NRV whenever the utility of it becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels, losses or other causes. The estimate of the NRV is reviewed regularly.

Estimates of NRV are based on the most reliable evidence available at the time the estimates are made on the amount the inventories are expected to be realized. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after reporting date to the extent that such events confirm conditions existing at reporting date.

No provision for impairment losses on merchandise inventories was recognized in 2015 and 2014.

Merchandise inventories amounted to ₱10.58 billion and ₱8.99 billion as of December 31, 2015 and 2014, respectively (Note 10).

EUL of Property and Equipment
The Group estimates the useful lives of its property and equipment based on the period over which the assets are expected to be available for use. The EUL of property and equipment are reviewed annually, considering factors such as asset utilization, internal technical evaluation, technological changes, environmental changes and anticipated use of the assets.

As of December 31, 2015 and 2014, the carrying value of the Group’s property and equipment amounted to ₱11.15 billion and ₱9.66 billion, respectively (Note 13).

Evaluation of Impairment of Nonfinancial Assets
The Group reviews property and equipment, investment in associate and intangible assets with definite lives for impairment of value.

The Group estimates the recoverable amount as the higher of the fair value les cost to sell and value in use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect property and equipment, investment in an associate and intangible assets.

The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset’s performance of the CGU being tested. 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.

Based on management assessment as of December 31, 2015 and 2014, there are no additional impairment provision required for property and equipment other than those already recorded in the books while there are none for investment in an associate and intangible assets with definite useful lives.

As of December 31, 2015 and 2014, the carrying value of the Group's property and equipment amounted to ₱11.15 billion and ₱9.66 billion (Note 13), investments in share of stock amounted to ₱5.08 billion and ₱1.99 billion (Note 14), licenses amounted to ₱84.85 million and ₱96.97 million, and franchise amounted to ₱22.51 million and ₱13.81 million, respectively (Note 15).

Pension and Other Retirement Benefits
The determination of the obligation and cost of pension and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 24, and include, among others, discount rate and salary rates increase.

As of December 31, 2015 and 2014, the carrying value of the net pension liabilities amounted to ₱473.35 million and ₱634.70 million, respectively (Note 24).

Deferred Tax Assets
The Group reviews the carrying amounts of deferred taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Management has determined based on business forecast of succeeding years that there is enough taxable income against which recognized deferred tax assets will be realized.

As of December 31, 2015 and 2014, the Group has deferred tax assets amounting ₱180.13 million and ₱169.67 million respectively (Note 26).

Goodwill and Trademarks
In the course of the Group's business combinations, goodwill and trademarks were acquired (Note 15). These assets have indefinite useful lives. Below are the business segments to which goodwill and trademarks arise from:

	Trademark	Goodwill
SSDI	₱1,566,917,532	₱745,887,131
SEWI	364,914,493	715,103,869
EC	–	199,870,222
RHIB	–	145,655,320
RTSHPI	–	85,161,468
BSRI	–	83,324,691
JRMC	–	71,732,435
GPC	–	23,250,000
	₱1,931,832,025	₱2,069,985,136

Impairment Testing of Goodwill and Trademarks
The Group performed its annual impairment test for the years ended December 31, 2015 and 2014. The cash generating units (CGU) are concluded to be the entire entities invested in.The impairment testing may be performed at any time in the annual reporting period, but it must be performed at the same time every year and when circumstances indicate that the carrying amount is impaired. The impairment testing also requires an estimation of the recoverable amount, which

is the net selling price or value-in-use of the CGU to which the goodwill and intangibles are allocated. The most recent detailed calculation made in a preceding period of the recoverable amount of the CGU may be used for the impairment testing for the current period provided that:

- The assets and liabilities making up the CGU have not changes significantly from the most recent calculation;
- The most recent recoverable amount calculation resulted in an amount that exceeded the carrying amount of the CGU by a significant margin; and
- The likelihood that a current recoverable amount calculation would be less than the carrying amount of the CGU is remote based on an analysis of events that have occurred and circumstances that have changed since the most recent recoverable amount calculation.

Value in Use
The recoverable amount of the each CGU has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the demand for products and services. The pre-tax discount rate applied to cash flow projections to 10.00% in 2015(8.65% to 10.05% in 2014) and cash flows beyond the five-year period are extrapolated using a 5.00% to 10.00% growth rate (5.00% to 18.00% in 2014) that is the same as the long-term average growth rate for the respective industries. As a result of this analysis, management concluded that the goodwill and trademarks are not impaired.

The calculation of value in use of the CGUs is most sensitive to the following assumptions:

- Gross margins
- Discount rate
- Price inflation
- Growth rates used to extrapolate cash flows beyond the forecast period

Gross Margins
Gross margins are based on average values achieved in one to five years preceding the beginning of the budget period. These are increased over the budget period for anticipated efficiency improvements. An increase of 10.00% to 18.00% per annum was applied. A decreased demand can lead to a decline in gross margin. A decrease in gross margin from 11.00% to 11.60% for 2015 and 12.25% to 23.10% for 2014 would result in impairment.

Discount Rates
Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. A rise in pre-tax discount rate to 11.00% to 14.61% and 11.00% to 15.05%, in 2015 and 2014, respectively, would result in impairment.

Price Inflation
Forecast price inflation which impacts the forecast for operating expenses lies within a range of 1.00% to 5.00% in 2015 and 5.00% to 10.00% in 2014. If price increases greater than the forecast price inflation and the Group is unable to pass on or absorb these increases through efficiency improvements, then the Group will have to recognize an impairment.

Growth Rate Estimates
Rates are based on published industry research. A reduction to 3% in the long-term growth rate would result in impairment.

EV/EBITDA Multiple
The Group utilized the use of EV/EBITDA multiple in the impairment testing of its goodwill from the acquisitions of some of its subsidiaries wherein the Group obtained and selected comparable entities which closely represent each entity from which goodwill was acquired. The characteristics taken into account include, among others, the geographical area where the comparable resides, nature of business or operations of the comparable entities and economic environment from which the comparable entities operate.

As such, the Group has selected EV/EBITDA multiples limited to retail entities in the Philippines as the management of the Group believes that these entities reasonably represent each acquired entity after carefully taking into account the future viability of the assumptions used and ability of each entity to attain such position in the future as it relates to the overall growth in the industry and in the country.

In 2015, the Group used the EV/EBITDA multiple ranging from 10 to 15 multiples for impairment testing of goodwill and concluded and satisfied that goodwill from the acquired entities are not impaired.

If such EV/EBITDA multiple used falls lower than 4.45 multiple, goodwill will be impaired.

Revenue Recognition - Points for Loyalty Programme
The Group estimates the fair value of points awarded under the Robinsons Rewards Card programme by determining the equivalent peso earned for a particular level of points. These points expire after a specified period and the Group has adjusted its liability for the estimated portion that will not be redeemed, such estimates are subject to significant uncertainty. As at December 31, 2015 and 2014, the estimated liability for unredeemed points was approximately ₱81.96 million and ₱27.97 million, respectively.

6. Operating Segments

Business Segment
The business segment is determined as the primary segment reporting format as the Group’s risks and rates of return are affected predominantly by each operating segment.

Management monitors the operating results of its operating segments separately for the purpose of making decision about resource allocation and performance assessment. Group financing (including interest income, dividend income and interest expense) and income taxes are managed on a group basis and are not allocated to operating segments. The Group evaluates performance based on earnings before interest and taxes, and earnings before interest and taxes, depreciation and amortization. The Group does not report its results based on geographical segments because the Group operates only in the Philippines.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Cost and expenses exclude interest, taxes, depreciation and amortization.

The amount of segment assets and liabilities are based on the measurement principles that are similar with those used in measuring the assets and liabilities in the consolidated statement of financial position which is in accordance with PFRS.

The Group derives its revenue from the following reportable units:

Supermarket Division
The first major retailer to promote health and wellness. Robinson's Supermarket commits to bring together healthy options and affordable prices in a refreshingly clean and organized shopping destination. It makes a bold lifelong commitment to educate and empower its customers to make healthy choices.

Department Store Division
Robinson's department store is one of the premier shopping destinations in the country today. It offers an exceptional selection of merchandise from top international and local brands. From the trendiest fashion pieces, the most coveted lifestyle products, the latest items for the home, to playthings and necessities for the little ones. It provides experience that goes beyond ordinary shopping.

DIY Division
Handyman Do it Best has grown to be one of the most aggressive hardware and home improvement centers in the country. It aims to cover the Philippine landscape with more branches in key commercial centers to promote self-reliance among do-it yourselfers.

Convenience Store Division
Ministop is a 24 - hour convenience store chain and is a franchise of Ministop Co. Ltd.- Japan, one of the largest convenience store chains in Japan. The store carries a wide assortment of merchandise and an extensive selection of ready to eat products.

Drug Store Division
South Star Drug Store offers over a thousand brands from food and pharmaceuticals to personal care products.

Specialty Store Division
Specialty Store is the lifestyle retail arm of the Group. It is committed to bringing the best loved international lifestyle brands, top entertainment systems, coffee shops and unparalleled selection of toys and games.

2015

	Supermarket Division	Department Store Division	DIY Division	Convenience Store Division	Drug Store Division	SpecialtyStore Division	Parent Company	Intersegment Eliminating Adjustments	Consolidated
Segment net sales	₱43,238,713,800	₱14,906,017,159	₱9,871,828,234	₱5,493,047,709	₱8,069,514,406	₱9,303,506,398	₱–	₱–	₱90,882,627,706
Intersegment net sales	–	–	–	–	–	1,055,054,341	–	(1,055,054,341)	–
Total net sales	43,238,713,800	14,906,017,159	9,871,828,234	5,493,047,709	8,069,514,406	10,358,560,739	–	(1,055,054,341)	90,882,627,706
Segment cost of merchandise sold	35,035,520,292	9,924,617,998	6,805,032,645	4,966,339,987	6,804,453,344	7,597,621,098	–	–	71,133,585,364
Intersegment cost of merchandise sold	–	1,055,054,341	–	–	–	–	–	(1,055,054,341)	–
Total cost of merchandise sold	35,035,520,292	10,979,672,339	6,805,032,645	4,966,339,987	6,804,453,344	7,597,621,098	–	(1,055,054,341)	71,133,585,364
Gross profit	8,203,193,508	3,926,344,820	3,066,795,589	526,707,722	1,265,061,062	2,760,939,641	–	–	19,749,042,342
Segment other income	95,236,386	70,737,049	–	1,543,542,368	137,465,802	15,691,344	–	–	1,862,672,949
Intersegment other income	123,270,064	22,495,629	–	–	–	–	–	(145,765,693)	–
Total other income	218,506,450	93,232,678	–	1,543,542,368	137,465,802	15,691,344	–	(145,765,693)	1,862,672,949
Gross profit including other income	8,421,699,958	4,019,577,498	3,066,795,589	2,070,250,090	1,402,526,864	2,776,630,985	–	(145,765,693)	21,611,715,291
Segment operating expenses	5,396,919,234	2,812,033,191	2,091,104,618	1,799,517,640	1,004,500,602	2,122,094,802	9,339,405	–	15,235,509,492
Intersegment operating expenses	15,733,953	54,753,690	30,252,481	–	25,050,746	19,974,823	–	(145,765,693)	–
Total operating expenses	5,412,653,187	2,866,786,881	2,121,357,099	1,799,517,640	1,029,551,348	2,142,069,625	9,339,405	(145,765,693)	15,235,509,492
Earnings before interest, taxes and depreciation and amortization	3,009,046,771	1,152,790,617	945,438,490	270,732,450	372,975,516	634,561,360	(9,339,405)	–	6,376,205,799
Depreciation and amortization	628,825,976	233,690,307	197,712,915	264,625,181	61,492,482	261,018,216	–	–	1,647,365,077
Earnings before interest and taxes	2,380,220,795	919,100,310	747,725,575	6,107,269	311,483,034	373,543,144	(9,339,405)	–	4,728,840,722
Interest expense	(4,351,646)	(9,393,750)	(2,944,139)	(21,448,063)	(4,510,075)	(31,831,485)	–	59,760,729	(14,718,429)
Interest income	7,506,766	10,088,526	14,822,184	388,143	1,429,460	10,044,124	814,193,962	(59,760,729)	798,712,436
Dividend income	–	–	–	–	–	–	111,500,591	–	111,500,591
Unrealized forex gain (loss)	–	–	–	–	–	–	183,603,976	–	183,603,976
Equity in net earnings of an associate	–	–	–	–	–	–	40,292,934	–	40,292,934
Income before income tax	₱2,383,375,915	₱919,795,086	₱759,603,620	(₱14,952,651)	₱308,402,419	₱351,755,783	₱1,140,252,058	₱–	₱5,848,232,230
Assets and Liabilities									
Segment assets	12,785,801,296	4,417,187,627	4,744,132,190	2,446,038,333	3,316,212,493	5,852,846,433	28,197,962,656	3,437,789,121	65,158,970,149
Investment in subsidiaries - at cost	2,790,607,224	3,139,770,374	–	–	–	–	5,283,780,763	(11,214,158,361)	–
Total segment assets	₱15,576,408,520	₱7,556,958,001	₱4,744,132,190	₱2,446,038,333	₱3,316,212,493	₱5,852,846,433	₱33,481,743,419	(₱7,776,369,240)	₱65,158,970,149
Total segment liabilities	₱6,240,313,159	₱4,020,326,369	₱2,001,318,203	₱1,672,560,681	₱1,738,143,197	₱3,767,679,622	₱62,801,064	87,130,325	₱19,590,272,620
Other segment information:									
Capital expenditures	₱1,327,432,037	₱398,969,051	₱301,090,124	₱427,582,091	₱128,974,866	₱559,912,678	₱–	₱–	₱3,143,960,847

2014

	Supermarket Division	Department Store Division	DIY Division	Convenience Store Division	Drug Store Division	SpecialtyStore Division	Parent Company	Intersegment Eliminating Adjustments	Consolidated
Segment net sales	₱39,198,503,300	₱13,738,401,021	₱8,521,191,398	₱4,615,481,381	₱7,060,667,849	₱7,266,717,353	₱–	₱–	₱80,400,962,302
Intersegment net sales	–	–	–	–	–	622,344,641	–	(622,344,641)	–
Total net sales	39,198,503,300	13,738,401,021	8,521,191,398	4,615,481,381	7,060,667,849	7,889,061,994	–	(622,344,641)	80,400,962,302
Segment cost of merchandise sold	31,829,500,305	9,509,234,689	5,878,262,588	4,182,100,283	5,931,854,413	5,640,910,244	–	–	62,971,862,522
Intersegment cost of merchandise sold	6,580,467	622,344,641	1,888,478	–	–	1,121,323	–	(631,934,909)	–
Total cost of merchandise sold	31,836,080,772	10,131,579,330	5,880,151,066	4,182,100,283	5,931,854,413	5,642,031,567	–	(631,934,909)	62,971,862,522
Gross profit	7,362,422,528	3,606,821,691	2,641,040,332	433,381,098	1,128,813,436	2,247,030,427	–	9,590,268	17,429,099,780
Segment other income	89,081,203	56,674,760	–	1,170,395,135	100,483,482	16,568,543	–	–	1,433,203,123
Intersegment other income	114,510,761	9,590,268	–	–	–	–	–	(124,101,029)	–
Total other income	203,591,964	66,265,028	–	1,170,395,135	100,483,482	16,568,543	–	(124,101,029)	1,433,203,123
Gross profit including other income	7,566,014,492	3,673,086,719	2,641,040,332	1,603,776,233	1,229,296,918	2,263,598,970	–	(114,510,761)	18,862,302,903
Segment operating expenses	4,899,590,616	2,557,749,781	1,710,665,288	1,314,952,139	887,995,514	1,717,650,328	6,119,853	–	13,094,723,519
Intersegment operating expenses	2,190,004	59,651,260	19,856,668	–	20,303,635	12,509,194	–	(148,000,047)	–
Total operating expenses	4,901,780,620	2,617,401,041	1,730,521,956	1,314,952,139	908,299,149	1,730,159,522	6,119,853	(148,000,047)	13,094,723,519
Earnings before interest, taxes and depreciation and amortization	2,664,233,872	1,055,685,678	910,518,376	288,824,094	320,997,769	533,439,448	(6,119,853)	–	5,767,579,384
Depreciation and amortization	535,683,759	174,667,903	129,257,270	203,400,315	46,331,598	190,799,384	–	–	1,280,140,229
Earnings before interest and taxes	2,128,550,113	881,017,775	781,261,106	85,423,779	274,666,171	342,640,064	(6,119,853)	–	4,487,439,155
Interest expense	–	–	(1,591,150)	(7,111,597)	(4,406,929)	(19,784,223)	–	20,836,509	(12,057,390)
Interest income	6,703,881	4,963,063	11,464,086	742,508	1,731,360	4,200,051	625,216,421	(20,836,509)	634,184,861
Dividend income	–	–	–	–	–	–	327,875,000	(300,000,000)	27,875,000
Unrealized forex gain (loss)	–	–	–	–	–	–	25,063,690	–	25,063,690
Equity in net earnings of an associate	–	–	–	–	–	–	56,549,947	–	56,549,947
Income before income tax	₱2,135,253,994	₱885,980,838	₱791,134,042	₱79,054,690	₱271,990,602	₱327,055,892	₱1,028,585,205	(₱300,000,000)	₱5,219,055,263
Assets and Liabilities									
Segment assets	10,924,736,561	3,717,280,449	4,087,924,263	2,285,354,461	2,835,218,028	4,192,432,860	30,993,276,665	(1,542,228,656)	57,493,994,631
Investment in subsidiaries - at cost	2,771,636,283	1,834,770,374	–	–	–	–	2,031,274,134	(6,637,680,791)	–
Total segment assets	₱13,696,372,844	₱5,552,050,823	₱4,087,924,263	₱2,285,354,461	₱2,835,218,028	₱4,192,432,860	₱33,024,550,799	(₱8,179,909,447)	₱57,493,994,631
Total segment liabilities	₱6,301,266,770	₱2,802,810,941	₱1,946,091,733	₱1,512,863,649	₱1,456,282,356	₱2,678,479,603	₱83,064,840	(₱523,103,084)	₱16,257,756,808
Other segment information:									
Capital expenditures	₱1,616,215,223	₱513,996,144	₱436,570,364	₱582,710,117	₱135,609,024	₱590,429,057	₱–	₱–	₱3,875,529,929

2013

	Supermarket Division	Department StoreDivision	DIY Division	Convenience Store Division	Drug store Division	SpecialtyStore Division	Parent Company	Intersegment Eliminating Adjustments	Consolidated
Segment net sales	₱32,491,221,803	₱11,876,966,278	₱7,094,945,148	₱4,207,766,150	₱6,287,383,823	₱5,295,891,867	₱–	₱–	₱67,254,175,069
Intersegment net sales	–	–	–	–	–	517,554,978	–	(517,554,978)	–
Total net sales	32,491,221,803	11,876,966,278	7,094,945,148	4,207,766,150	6,287,383,823	5,813,446,845	–	(517,554,978)	67,254,175,069
Segment cost of merchandise sold	26,452,111,484	8,242,931,142	4,900,551,174	3,842,421,540	5,274,408,704	4,230,046,378	–	–	52,942,470,422
Intersegment cost of merchandise sold	–	517,554,978	–	–	–	–	–	(517,554,978)	–
Total cost of merchandise sold	26,452,111,484	8,760,486,120	4,900,551,174	3,842,421,540	5,274,408,704	4,230,046,378	–	(517,554,978)	52,942,470,422
Gross profit	6,039,110,319	3,116,480,158	2,194,393,974	365,344,610	1,012,975,119	1,583,400,467	–	–	14,311,704,647
Segment other income	85,549,016	36,222,180	–	1,093,674,442	88,821,412	16,475,995			1,320,743,045
Intersegment other income	94,687,981	–	–	–	–	–	–	(94,687,981)	–
Total other income	180,236,997	36,222,180	–	1,093,674,442	88,821,412	16,475,995	–	(94,687,981)	1,320,743,045
Gross profit including other income	6,219,347,316	3,152,702,338	2,194,393,974	1,459,019,052	1,101,796,531	1,599,876,462	–	(94,687,981)	15,632,447,692
Segment operating expenses	3,979,650,769	2,112,052,811	1,404,861,640	1,107,833,455	771,557,942	1,192,570,430	578,526	–	10,569,105,573
Intersegment operating expenses	–	54,072,680	19,411,630	–	10,433,968	10,769,703	–	(94,687,981)	–
Total operating expenses	3,979,650,769	2,166,125,491	1,424,273,270	1,107,833,455	781,991,910	1,203,340,133	578,526	(94,687,981)	10,569,105,573
Earnings before interest, taxes and depreciation and amortization	2,239,696,547	986,576,847	770,120,704	351,185,597	319,804,621	396,536,329	(578,526)	–	5,063,342,119
Depreciation and amortization	429,917,633	156,697,678	100,167,026	157,367,231	36,917,657	118,811,164	–	–	999,878,389
Earnings before interest and taxes	1,809,778,914	829,879,169	669,953,678	193,818,366	282,886,964	277,725,165	(578,526)	–	4,063,463,730
Interest expense	(27,452,902)	(19,876,725)	–	(7,698,451)	(16,086,652)	(6,214,001)	–	–	(77,328,731)
Interest income	3,625,401	15,673,289	14,947,577	4,633,347	6,023,053	5,446,387	63,041,692	–	113,390,746
Dividend income	3,271,519	–	–	–	–	–	600,000,000	(600,000,000)	3,271,519
Unrealized forex gain (loss)	–	–	–	–	–	–	25,247,402	–	25,247,402
Equity in net earnings of an associate	–	–	–	–	–	–	191,465,985	–	191,465,985
Income before income tax	₱1,789,222,932	₱825,675,733	₱684,901,255	₱190,753,262	₱272,823,365	₱276,957,551	₱879,176,553	(₱600,000,000)	₱4,319,510,651
Assets and Liabilities									
Segment assets	8,966,646,834	3,585,222,266	3,119,843,992	1,965,131,397	2,471,831,550	3,277,220,905	29,681,084,428	(716,283,344)	52,350,698,028
Investment in subsidiaries - at cost	1,326,328,033	1,834,770,374	–	–	–	–	1,676,874,134	(4,837,972,541)	–
Total segment assets	₱10,292,974,867	₱5,419,992,640	₱3,119,843,992	₱1,965,131,397	₱2,471,831,550	₱3,277,220,905	₱31,357,958,562	(₱5,554,255,885)	₱52,350,698,028
Total segment liabilities	₱6,894,073,023	₱3,174,876,168	₱1,567,961,888	₱1,237,499,026	₱1,288,897,318	₱2,737,821,786	₱57,161,317	(₱2,590,061,224)	₱14,368,229,302
Other segment information:									
Capital expenditures	₱1,422,836,578	₱424,889,966	₱215,550,405	₱315,365,266	₱78,615,191	₱505,704,047	₱–	₱–	₱2,962,961,453

The revenue of the Group consists mainly of sales to external customers. Inter-segment revenue arising from purchase arrangements amounting ₱1.06 billion, ₱0.62 billion and ₱0.52 billion in 2015, 2014 and 2013, respectively, were eliminated on consolidation.

No operating segments have been aggregated to form the above reportable segments.

Capital expenditures consist of additions to property and equipment arising from current acquisitions and those acquired through business combinations plus any adjustments made in the fair values of the acquired property and equipment.

The Group has no significant customer which contributed to 10.00% or more to the revenues of the Group.

7. Cash and Cash Equivalents

This account consists of cash on hand and in banks and short-term investments amounting to ₱9.76 billion and ₱9.97 billion as of December 31, 2015 and 2014, respectively.

Cash in banks earns interest at the respective bank deposit rates. Cash equivalents are made for varying periods of one (1) to three (3) months, depending on the immediate cash requirements of the Group, and earn annual interest at the respective short-term investment rates that ranges from 0.24% to 2.75%, 0.20% to 3.20% and 0.25% to 3.88% in 2015, 2014 and 2013, respectively.

Interest income arising from cash in banks and cash equivalents amounted to ₱66.58 million, ₱177.89 million and ₱105.60 million in 2015, 2014 and 2013, respectively.

8. Short-Term Investments

This account consists of dollar-denominated money market investments amounting to ₱7.06 million and ₱1,853 million as of December 31, 2015 and 2014, respectively.

Short-term investments are made for varying periods of up to one (1) year, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term investment rates based on annual interest rates ranging from 3.80%, 0.40% and 2.04% to 2.31% in 2015, 2014 and 2013, respectively.

Interest income arising from short-term investments amounted to ₱2.90 million, ₱31.66 million and ₱7.79 million in 2015, 2014 and 2013, respectively.

9. Trade and Other Receivables

This account consists of:

	2015	2014
Trade (Note 25)	**₱905,655,683**	₱918,921,594
Nontrade (Notes 10 and 25)	**601,820,649**	380,749,143
Due from franchisees (Note 30)	**296,289,011**	259,815,282
	1,803,765,343	1,559,486,019
Less allowance for impairment losses		
(Notes 22 and 30)	**30,042,101**	30,042,101
	₱1,773,723,242	₱1,529,443,918

Trade receivables are noninterest-bearing and are generally on a one to thirty (1-30) days' term.

Nontrade receivables include receivable from insurance companies amounting to ₱112.25 million and ₱143.79 million as of December 31, 2015 and 2014. Receivable from insurance companies represents amounts recoverable within one year from the reporting period from the latter for the insured properties that were damaged due to fire and typhoon (Notes 10 and 13). The remaining balance consists of operational advances and interest receivable arising from short-term investments.

As of December 31, 2015 and 2014, allowance for impairment losses on trade receivables and due from franchisees amounted to ₱30.04 million (Note 30).

10. Merchandise Inventories

This rollforward analysis of this account follow:

	2015	2014
Balance at beginning of year	**₱8,993,411,437**	₱7,028,810,289
Add: purchases - net of purchase discounts and allowances	**72,715,861,729**	64,936,463,670
Cost of goods available for sale	**81,709,273,166**	71,965,273,959
Cost of merchandise sold	**71,133,585,364**	62,971,862,522
Balance at end of year	**₱10,575,687,802**	₱8,993,411,437

In 2015, the Group had disposed inventories amounting to ₱69.9 million which were damaged during a fire. These amounts are fully recoverable from the insurance companies (Note 9).

There are no merchandise inventories pledged as security for liabilities.

The cost of merchandise inventories charged to the consolidated statements of comprehensive income amounted to ₱71.13 billion, ₱62.97 billion and ₱52.94 billion in 2015, 2014 and 2013, respectively.

There are no inventories which net realizable values are below cost.

11. Other Current Assets

This account consists of:

	2015	2014
Input value added tax (VAT) - net	**₱1,387,283,936**	₱1,092,694,647
Creditable withholding taxes	**174,606,863**	137,493,520
Prepayments	**110,645,602**	128,418,168
Others	**15,865,914**	8,467,052
	₱1,688,402,315	₱1,367,073,387

Input VAT will be applied against output VAT in the succeeding periods.

Creditable withholding taxes (CWT) will be applied against income tax payable in future periods.

Prepayments consist of advance payments for rental, taxes and utilities.

Others consist mainly of deferred input VAT on capital goods.

12. Available-for-Sale (AFS) Financial Assets

Roll-forward analysis of AFS financial assets follow:

	2015	2014
Cost		
At beginning of year	**₱17,704,262,593**	₱–
Additions	**1,359,337,228**	17,704,262,593
At end of year	**19,063,599,821**	17,704,262,593
Accretion of interest income from premium on debt securities	**(29,112,466)**	(24,849,243)
Change in fair value of AFS financial assets		
At beginning of year	**(12,131,857)**	–
Changes in fair value during the year	**282,224,233**	(12,131,857)
At end of year	**270,092,376**	(12,131,857)
Foreign exchange gains	**206,734,115**	50,631,270
	₱19,511,313,846	₱17,717,912,763

As of December 31, 2015 and 2014, investments in AFS financial assets consist of investment in shares amounting to ₱2.08 billion and ₱2.02 billion, respectively, and debt securities amounting to ₱17.43 billion and ₱15.70 billion, respectively (Note 28).

Dividend income earned by the Group amounted to ₱111.50 million, ₱27.88 million and ₱3.27 million in 2015, 2014 and 2013, respectively.

Quoted debt securities consist of peso and dollar-denominated corporate bonds with fixed coupon rate per annum ranging from 4.38% to 7.88% and terms of 5 to 10 years.

Interest income arising from AFS financial assets amounted to ₱728.43 million, ₱424.64 million and nil in 2015, 2014 and 2013, respectively.

Accretion of interest pertains to the amortization of interest income resulting from the difference of the carrying value and face value of AFS financial assets.

13. **Property and Equipment**

The roll-forward analysis of this account follows:

<u>2015</u>

	Leasehold Improvements	**Store Furniture and Fixtures**	**Office Furniture and Fixtures**	**Transportation Equipment**	**Building and Other Equipment**	**Computer Equipment**	**Construction in Progress**	**Total**
Cost								
At beginning of year	**₱8,991,092,550**	**₱6,939,918,610**	**₱820,876,405**	**₱114,971,723**	**₱1,483,565,334**	**₱1,577,978,948**	**₱518,599**	**₱19,928,922,169**
Additions through business combination (Note 20)	**11,151,701**	**–**	**19,431,520**	**14,275,494**	**–**	**–**	**–**	**44,858,715**
Additions	**1,555,906,189**	**765,119,424**	**326,795,089**	**19,361,658**	**107,535,209**	**317,925,045**	**6,459,518**	**3,099,102,132**
Transfers	**2,380,575**	**1,717,801**	**–**	**–**	**1,052,321**	**89,857**	**(5,240,554)**	**–**
Disposals and write-off	**(116,758,654)**	**(71,536,581)**	**(452,597)**	**–**	**–**	**(6,054,472)**	**–**	**(194,802,304)**
At end of year	**10,443,772,361**	**7,635,219,254**	**1,166,650,417**	**148,608,875**	**1,592,152,864**	**1,889,939,378**	**1,737,563**	**22,878,080,712**
Accumulated Depreciation and Amortization								
At beginning of year	**4,527,417,236**	**3,833,452,256**	**138,533,034**	**73,194,357**	**618,094,076**	**1,005,045,974**	**–**	**10,195,736,933**
Depreciation and amortization (Note 22)	**780,951,752**	**541,141,399**	**100,551,484**	**11,317,527**	**39,337,583**	**156,693,106**	**–**	**1,629,992,851**
Disposals and write-off	**(108,067,072)**	**(59,993,821)**	**(249,707)**	**–**	**–**	**(4,512,705)**	**–**	**(172,823,305)**
At end of year	**5,200,301,916**	**4,314,599,834**	**238,834,811**	**84,511,884**	**657,431,659**	**1,157,226,375**	**–**	**11,652,906,479**
Allowance for impairment losses								
At beginning and end of year	**49,567,673**	**25,882,986**	**–**	**–**	**–**	**349,273**	**–**	**75,799,932**
	₱5,193,902,772	**₱3,294,736,434**	**₱927,815,606**	**₱64,096,991**	**₱934,721,205**	**₱732,363,730**	**₱1,737,563**	**₱11,149,374,301**

<u>2014 (As Restated)</u>

	Leasehold Improvements	Store Furniture and Fixtures	Office Furniture and Fixtures	Transportation Equipment	Building and Other Equipment	Computer Equipment	Construction in Progress	Total
Cost								
At beginning of year	₱7,306,919,983	₱5,858,291,941	₱319,297,358	₱97,664,409	₱1,307,783,555	₱1,216,382,713	₱–	₱16,106,339,959
Additions through business combination (Note 20)	81,474,117	84,617,057	–	–	–	–	–	166,091,174
Additions	1,642,162,660	1,009,420,823	501,714,731	17,307,314	175,781,779	366,252,849	518,599	3,713,158,755
Disposals and write-off	(39,464,210)	(12,411,211)	(135,684)	–	–	(4,656,614)	–	(56,667,719)
At end of year	8,991,092,550	6,939,918,610	820,876,405	114,971,723	1,483,565,334	1,577,978,948	518,599	19,928,922,169
Accumulated Depreciation and Amortization								
At beginning of year	3,975,604,885	3,382,268,492	80,012,797	65,077,645	589,560,930	875,009,258	–	8,967,534,007
Depreciation and amortization (Note 22)	584,342,327	456,299,807	58,556,267	8,116,712	28,533,146	131,516,322	–	1,267,364,581
Disposals	(32,529,976)	(5,116,043)	(36,030)	–	–	(1,479,606)	–	(39,161,655)
At end of year	4,527,417,236	3,833,452,256	138,533,034	73,194,357	618,094,076	1,005,045,974	–	10,195,736,933
Allowance for impairment losses								
At beginning and end of year	49,567,673	25,882,986	–	–	–	349,273	–	75,799,932
	₱4,414,107,641	₱3,080,583,368	₱682,343,371	₱41,777,366	₱865,471,258	₱572,583,701	₱518,599	₱9,657,385,304

There are no items of property and equipment as of December 31, 2015 and 2014 that are pledged as security for liabilities.

In 2015, the Group had disposed property and equipment with net book values amounting ₱21.9 million which were damaged due to fire. These amounts are fully recoverable from the insurance company (Note 9).

Allowance for impairment losses pertain to closing of non-performing stores.

Cost of fully depreciated property and equipment still in use amounted to ₱3.51 billion and ₱4.87 billion as at December 31, 2015 and 2014, respectively.

14. **Investments in Shares of Stock**

This account consists of investments in shares of stock of Robinsons Bank Corporation (RBC):

	2015	2014
Investment in preferred stock	**₱1,654,364,339**	₱1,470,083,439
Investment in common stock	**3,424,938,315**	520,152,446
	₱5,079,302,654	₱1,990,235,885

The preferred stock has the following features:

a. Preferred stockholders are entitled to receive preferential but non-cumulative dividends at the rate to be determined by the Board of Directors (BOD) of RBC.

b. Preferred stocks are redeemable at the option of RBC at any time provided that the redemption price shall not be lower than the par value or higher than 110.00% of said par value.

c. In the event of any voluntary or involuntary liquidation, the preferred stockholders are entitled to receive the liquidation value of the said shares equivalent to 110.00% of the par value plus any unpaid but declared dividends thereon. If the net assets of RBC shall be insufficient to pay in full the liquidation value of all the preferred stock, then such net resources shall be distributed among such preferred stock ratably in accordance with the respective liquidation value of the shares they are holding.

The roll-forward of the investment in preferred stock of RBC follow:

	2015	2014
At beginning of year	**₱1,470,083,439**	₱1,470,083,439
Additional investment during the year	**184,280,900**	–
At end of year	**₱1,654,364,339**	₱1,470,083,439

In 2015, the Parent Company made additional investments in the preferred stocks of RBC for a total consideration of ₱184.28 million which was paid in cash.

The details of the investment in common stock follow:

	2015	2014
Shares of stock - at equity:		
Acquisition cost	**₱124,933,383**	₱124,933,383
Additional investment during the year	**2,970,941,180**	–
Balance at end of year	**3,095,874,563**	124,933,383
Accumulated equity in net earnings:		
Balance at beginning of year	**568,093,465**	511,543,518
Equity in net earnings	**40,292,934**	56,549,947
Balance at end of year	**608,386,399**	568,093,465
Share in fair value changes of AFS financial assets of RBC:		
Balance at beginning of year	**(122,558,084)**	(260,239,692)
Share in fair value changes of AFS investments	**(102,121,503)**	137,681,608
Balance at end of year	**(224,679,587)**	(122,558,084)

(Forward)

	2015	2014
Share in translation loss adjustments:		
Balance at beginning of year	**(₱41,129,697)**	(₱33,984,500)
Share in translation adjustments	**(184,945)**	(7,145,197)
Balance at end of year	**(41,314,642)**	(41,129,697)
Share in remeasurement loss on pension liability:		
Balance at beginning of year	**(9,186,621)**	(9,186,621)
Share in remeasurement loss on pension liability	**(4,141,797)**	–
Balance at end of year	**(13,328,418)**	(9,186,621)
	(279,322,647)	(172,874,402)
	₱3,424,938,315	₱520,152,446

RBC is incorporated in the Philippines and is engaged in commercial and thrift banking whose principal activities include deposit-taking, lending, foreign exchange dealing and fund transfers or remittance servicing. The Group has 40.00% ownership in RBC.

On December 2, 2015, the BOD of the Parent Company approved and authorized the Parent Company to subscribe to additional 297,094,118 shares of RBC for a total consideration of ₱2.97 billion in order for the Parent Company to maintain its ownership interest of 40.00%.

No dividends have been declared and paid by RBC in 2015, 2014 and 2013.

Summarized financial information of RBC follows:

	2015	2014
Total assets	**₱57,949,720,628**	₱50,074,411,821
Total liabilities	**46,069,908,888**	44,317,364,239
Net income	**100,732,335**	141,374,867
Other comprehensive losses	**(376,587,919)**	(127,338,906)

The consolidated statements of comprehensive income follow:

	2015	2014	2013
Total operating income	**₱3,172,291,682**	₱2,439,100,476	₱2,297,574,435
Total operating expenses and tax	**3,071,559,347**	2,297,725,609	1,891,418,829
Net income	**₱100,732,335**	₱141,374,867	₱406,155,606

The reconciliation of the net assets of RBC to the carrying amounts of the interest in RBC recognized in the consolidated financial statements follows:

	2015	2014
Net assets of RBC	**₱7,840,271,223**	₱578,306,550
Proportionate ownership in the associate	**40%**	40%
Carrying amount of the investment	**3,136,108,489**	231,322,620
Total share in net assets	**3,424,938,315**	520,152,446
Difference	**₱288,829,826**	₱288,829,826

The difference is attributable to the commercial banking license and goodwill.

15. **Intangible Assets**

This account consists of:

	2015	2014 (As restated)
Goodwill (Note 20)	**₱2,069,985,136**	₱1,354,881,267
Trademarks (Note 20)	**1,931,832,025**	1,566,917,532
Licenses	**84,848,486**	96,969,698
Franchise	**22,512,422**	13,805,165
	₱4,109,178,069	₱3,032,573,662

Trademarks
The trademarks were acquired through business combination in 2015 and 2012 and were recognized at fair value at the date of acquisition (Note 20).

Goodwill
The Group's goodwill pertains to the excess of the acquisition cost over the fair value of the net assets of SEWI, SSDI, EC, RHIB, RTSHPI, BSRI, JRMC and GPC as follows (Note 20):

	2015	2014 (As restated)
SEWI	**₱715,103,869**	₱–
SSDI	**745,887,131**	745,887,131
EC	**199,870,222**	199,870,222
RHIB	**145,655,320**	145,655,320
RTSHPI	**85,161,468**	85,161,468
BSRI	**83,324,691**	83,324,691
JRMC	**71,732,435**	71,732,435
GPC	**23,250,000**	23,250,000
	₱2,069,985,136	₱1,354,881,267

Acquisition of SEWI by RI
SEWI was acquired on September 1, 2015. The acquisition represents 90% ownership of interest on the shares of stock of SEWI.

Acquisition of RHIB by RHMI
RHIB was acquired on July 3, 2014. The acquisition represents 67.00% ownership interest on the shares of stock of RHIB.

Acquisition of GPC by SSDI
GPC was acquired on June 2, 2014. The acquisition represents 100% ownership interest on the shares of stock of GPC.

Acquisition of JRMC by RSC
JRMC was acquired by RSC on January 29, 2014. The acquisition represents 100% ownership interest on the shares of stock of JRMC.

Acquisition of EC by RSC
EC was acquired by RSC on September 14, 2013. The acquisition represents 100% ownership interest on the shares of stock of EC.

Acquisition of RTSHPI by RHMI
RTSHPI was acquired by RHMI on February19, 2007. The acquisition represents 66.67% ownership interest on the shares of stock of RTSHPI.

Acquisition of BSRI by RSSI
On December 5, 2013, RSSI acquired the business of BSRI. The transaction was accounted for as a business combination.

Acquisition of SSDI by RSC and RI
SSDI was acquired by RSC and RI in July 4, 2012. The acquisition represents 90% ownership interest on the shares of stock of SSDI (Note 20).

Licenses
Acquisition of Trademark by RSSI to Secure a Franchise/License
On September 21, 2012, RSSI acquired a local trademark registered in the Philippine Intellectual Property Rights Office which is similar to a known international mark for ₱121.21 million. Due to such acquisition, RSSI was able to secure a franchise/license to exclusively use the similar known international mark in the Philippines. The franchise/license agreement is for an initial period of five (5) years which can be renewed for another five (5) years upon mutual agreement of the parties. Amortization amounted to ₱12.12 million for the years ended December 31, 2015 and 2014 (Note 22).

The roll-forward analysis of this account follows:

	2015	2014
Beginning balance	**₱96,969,698**	₱109,090,910
Less: Amortization (Note 22)	**12,121,212**	12,121,212
	₱84,848,486	₱96,969,698

Franchise
On July 29, 2014, Costa International Limited granted the Group the development and operating rights to carry on the Costa business in the Philippines. The development agreement includes a development fee, 60.00% of which is payable upon execution of the agreement and the remaining 40.00% is payable one year after the date of the agreement, and service fee equal to a certain percentage of sales.

As of December 31, 2015 and 2014, the Group has franchise amounting to ₱22.51 million and ₱13.81 million, respectively.

The roll-forward analysis of the franchise follows:

	2015	2014
Beginning Balance	**₱13,805,165**	₱13,805,165
Additions	**9,877,677**	
Amortization (Note 22)	**(1,170,422)**	–
	₱22,512,420	₱13,805,165

In 2015, Group started recording amortization relating to franchise amounting to ₱1.17 million following the commencement of the Group's Costa operations.

16. **Other Noncurrent Assets**

This account consists of:

	2015	2014
Security and other deposits	**₱1,292,797,568**	₱1,181,956,719
Construction bond	**35,305,287**	33,756,971
	₱1,328,102,855	₱1,215,713,690

Security and other deposits mainly consist of advances for the lease of stores which are refundable at the end of the lease term. The account also includes franchise fees amounting to nil and ₱4.08 million as of December 31, 2015 and 2014, respectively. Amortization relating to franchise amounted to ₱4.08 million and ₱0.65 million in 2015 and 2014, respectively.

17. **Trade and Other Payables**

This account consists of:

	2015	2014
Trade	**₱11,046,137,738**	₱10,769,670,664
Nontrade (Note 25)	**3,469,168,376**	3,002,090,181
Others	**280,229,899**	367,383,460
	₱14,795,536,013	₱14,139,144,305

Trade payables are noninterest-bearing and are normally settled on forty five (45) to sixty (60) days' term arising mainly from purchases of merchandise inventories for resale.

Nontrade payables consist mainly of liabilities/obligations payable to nontrade suppliers and due to related parties.

Others consist of taxes and licenses payable.

18. **Short term and Long term loans payable**

Details of short-term loans follow:

	2015	2014
Balance at beginning of year	**₱111,686,997**	₱55,555,556
Availments	**2,939,000,000**	–
Payments	**(205,814,439)**	–
Current portion	**₱2,844,872,558**	₱55,555,556

Details of long-term loans follow:

	2015	2014
Balance at beginning of year	**₱111,686,997**	₱507,415,708
Availments	**2,939,000,000**	–
Payments	**(205,814,439)**	(395,728,711)
Balance at end of year	**2,844,872,558**	111,686,997
Less current portion	**2,844,872,558**	55,555,556
Noncurrent portion	**₱–**	₱56,131,441

The balances of loans of the subsidiaries follow:

	2015	2014
RI	**₱1,206,000,000**	₱–
RSC	**1,023,000,000**	–
RCSI	**410,000,000**	–
RHDDS	**150,000,000**	–
SSDI	**55,872,558**	111,686,997
	₱2,844,872,558	₱111,686,997

a.) RI loans payable consists of loans from local banks which will mature within three (3) months and with interest rate at 2.50% per annum. The proceeds of loans were used in the acquisition of SEWI (Note 20).

b.) RSC availed short-term promissory notes amounting to ₱1.02 billion from local banks with interest rate at 2.50% per annum which is renewable every three (3) months at the option of the Company. The short-term notes were obtained to support working capital requirements of the Company.

c.) RCSI loans payable pertains to short-term loans from a local bank amounting to ₱410.00 million. Interest on the loans is computed at prevailing market interest rates. The Parent Company acts as the guarantor of RCSI. The bank restricted ₱410.00 million from RRHI’s bank accounts as guarantee for the loan.

d.) RHDDS obtained a short-term loan from a local commercial bank which will mature within three (3) months and with interest rate at 2.50% per annum. The Parent Company acts as the guarantor for the outstanding loans of RHDDS.

e.) The SSDI loans payable represents a five-year unsecured loan at a floating rate benchmark, based on 12M PDST-F. SSDI also entered into an interest rate swap agreement with the lender bank to coincide with the changes in notional amount, amortization schedule and floating rate spread with fixed interest rate at 5.34% per annum. The interest rate swap is required to recognize either a gain or loss on profit or loss.

Total interest expense charged to operations amounted to ₱15.70 million, ₱12.06 million and ₱71.50 million in 2015, 2014 and 2013, respectively.

The above loans are not subject to any loan covenants.

19. **Equity**

Capital Stock

The details of this account follows:

	2015		2014		2013	
	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares
Common stock - ₱1 par value						
Authorized shares	**₱2,000,000,000**	**2,000,000,000**	₱2,000,000,000	2,000,000,000	₱2,000,000,000	2,000,000,000
Issued shares	**1,385,000,000**	**1,385,000,000**	1,385,000,000	1,385,000,000	1,385,000,000	1,385,000,000
Treasury shares	–	–	–	–	(1,100,373,100)	(18,971,950)

The rollforward of issued shares account follows:

	No. of Shares			Amount		
	2015	2014	2013	2015	2014	2013
At beginning of year	**1,385,000,000**	1,385,000,000	415,000,000	**₱1,385,000,000**	₱1,385,000,000	₱415,000,000
Issuance	–	–	970,000,000	–	–	970,000,000
At end of year	**1,385,000,000**	1,385,000,000	1,385,000,000	**₱1,385,000,000**	₱1,385,000,000	₱1,385,000,000

Increase in Authorized Capital Stock
As approved by the BOD on June 7, 2013, the Parent Company increased its authorized capital stock from ₱500.00 million divided into 500,000,000 common shares with par value of ₱1.00 per share to ₱2.00 billion divided into 2,000,000,000 common shares with par value of ₱1.00 per share.

Of the said increase in the authorized capital stock, 485,250,000 shares have been subscribed amounting ₱485.25 million on the same date.

The increase in authorized capital stock was approved by the SEC on July 3, 2013.

Registration Track Record
On November 11, 2013, the Parent Company listed with the Philippine Stock Exchange its common stock wherein it offered 484,750,000 shares to the public at ₱58.00 per share. All shares were sold. Of the total shares sold, 18,871,950 shares were subsequently reacquired by the Parent Company. The Parent Company incurred transaction costs incidental to the IPO amounting ₱745.65 million, charged against "Additional paid-in capital".

Equity Reserve
On December 5, 2014, RSC acquired additional 2,500,000 common shares, representing 25%, of RHMI from a non-controlling shareholder for ₱1.45 billion. As a result of the acquisition, RSC then holds 80% interest in RHMI.

The Group recognized equity reserve from the acquisition amounting to ₱1.03 billion included in "Equity Reserve" in the consolidated statement of changes in equity representing the excess of consideration paid over the carrying amount of the non-controlling interest acquired. The equity reserve from the acquisition will only be recycled to the consolidated statements of comprehensive income in the event that RSC will lose its control over RHMI.

In 2015, the total consideration was adjusted from ₱1.45 billion to ₱1.48 billion. The difference is recognized as an adjustment to equity reserve. Of the total amount, ₱1.31 billion was received and settled in 2014. As a result, outstanding balance from ₱136.44 million increased to ₱171.91 million. This was fully settled in cash in 2015.

Treasury Shares
On September 7, 2013 the BOD of the Parent Company approved the buyback of its common shares sold during the IPO. Of the total shares sold to the public, 18,971,950 common shares were reacquired by the Parent Company at ₱58.00 per share or an aggregate cost of ₱1.10 billion.

On December 9, 2014, the Parent Company sold all its treasury shares consisting of 18,971,950 common shares at ₱69.00 per share or ₱1.31 billion, incurring transaction costs amounting to ₱8.22 million.

Retained Earnings
The income of the subsidiaries and accumulated equity in net income of the associate that are recognized in the consolidated statement of comprehensive income are not available for dividend declaration unless these are declared by the subsidiaries and associates. The accumulated earnings of subsidiaries included in retained earnings amounted to ₱12.38 billion and ₱9.18 billion as at December 31, 2015 and 2014, respectively, while the accumulated equity in net income of the associate amounted to ₱608.4 million.

Also, retained earnings were restricted to payments of dividends to the extent of cost of treasury shares in the amount of ₱1.10 billion as at December 31, 2013.

On July 16, 2015, the BOD approved the declaration of cash dividend of ₱0.51 per share or an aggregate amount of ₱706.35 million to all stockholders of record as of August 7, 2015 which was paid on September 4, 2015.

On June 25, 2014, the BOD approved the declaration of cash dividend of ₱0.41 per share or an aggregate amount of ₱560.07 million to all stockholders of record as of July 17, 2014 which was paid on August 12, 2014.

Appropriation of Retained Earnings
On May 22, 2015, the BOD approved the appropriation of ASI amounting to ₱11.00 million to be used to augment new stores with the Group's nationwide expansion within 2 years in line with the Group's nationwide expansion.

On December 7, 2015, the Group's BOD approved the appropriation of ₱2.25 billion. The appropriated retained earnings shall be used to augment new stores with the Group's nationwide expansion within 2 years in line with the Group's nationwide expansion.

Entity	Amount
RSC	₱1,195,000,000
RHI	460,000,000
SSDI	300,000,000
RI	375,000,000
RTI	110,000,000
RTSHPI	70,000,000
RSSI	30,000,000
EC	13,000,000
	₱2,553,000,000

On December 7, 2015, the BOD approved the reversal of appropriated retained earnings amounting to ₱127.00 million. Details are as follows:

Entity	Amount
WHMI	₱70,000,000
RHI	50,000,000
HEMI	7,000,000
	₱127,000,000

On December 8, 2015, the Group's BOD approved the appropriation of ₱249.00 million. The appropriated retained earnings shall be used to augment new stores with the Group's nationwide expansion.

Entity	Amount
RVC	₱9,000,000
ASI	13,000,000
RAC	140,000,000
HEMI	9,000,000
WHMI	78,000,000
	₱249,000,000

On February 6, 2014, the Group's BOD approved the appropriation of ₱1.76 billion. The appropriated retained earnings shall be used to augment funds to construct 69 new stores and renovate 3 stores during the year in line with the Group's nationwide expansion.

Details follow:

Entity	Amount
RSC	₱1,000,000,000
RHMI	325,000,000
RI	200,000,000
RTSHPI	80,000,000
WHMI	55,000,000
RAC	47,000,000
RSSI	25,000,000
RTI	32,000,000
Total	₱1,764,000,000

On November 25, 2014, the Group's BOD approved the additional appropriation of ₱2.27 billion. The appropriated retained earnings shall be used to augment funds in construction, renovation and strategic acquisitions in the next 2 years in line with the Group's nationwide expansion.

Details follow:

Entity	Amount
RSC	₱900,000,000
RRHI TMI	440,200,000
RHMI	430,000,000
RI	410,000,000

(Forward)

Entity	Amount
SSDI	₱190,000,000
RAC	106,000,000
RTI	86,000,000
RTSHPI	60,000,000
WHMI	60,000,000
EC	25,000,000
RVC	10,000,000
HEMI	5,000,000
Total	₱2,722,200,000

On November 25, 2014, the BOD approved the reversal of the appropriated retained earnings of RSSI amounting ₱15.00 million.

On December 1, 2014, the BOD approved the additional appropriation of ₱1.50 billion for RRHI. The appropriated retained earnings shall be used to continue RRHI's investment programs for the next 3 years.

On July 4, 2013, the BOD approved the reversal of the appropriated retained earnings amounting ₱1.40 billion. The appropriation was made in 2011 for continuing investment in subsidiaries.

Declaration of Dividends of the Subsidiaries

On December 7, 2015, the BOD of the subsidiaries of the Group approved the declaration of cash dividends as follows:

Entity	Amount
WHMI	₱70,000,000
RHMI	50,000,000
RTI	30,000,000
RTSHPI	30,000,000
SSDI	20,000,000
HEMI	7,000,000
Total	₱207,000,000

The cash dividends above are to be paid in 2016.

On August 20, 2014, the BOD of the subsidiaries of the Group approved the declaration of cash dividends as follows:

Entity	Amount
RSC	₱200,000,000
RI	100,000,000
RTSHPI	35,000,000
Total	₱335,000,000

The cash dividends were paid early 2015.

On January 30, 2014, the BOD of the subsidiaries of the Group approved the declaration of cash dividends of RTSHPI amounting to ₱8.00 million. The dividends were paid on February 28, 2014.

On July 17, 2013, the BOD of the subsidiaries of the Group approved the declaration of cash dividends as follows:

Entity	Amount
RI	₱360,000,000
RSC	240,000,000
RTI	150,000,000
Total	₱750,000,000

On January 4, 2013, the BOD of the subsidiaries of the Group approved the declaration of cash dividends of RTHSPI amounting to ₱8.00 million. The dividends were paid on February 28, 2013.

NCI

Investment from non-controlling interest
In 2015 and 2014, transactions relating to NCI pertain to capital call for each investee summarized as follows (Note 2):

Entity	**2015**	2014
SEWI	**₱35,000,000**	₱–
RHIB	**148,000,000**	50,000,000
RHDDS	–	40,600,000
Total	**₱183,000,000**	₱90,600,000

Acquisition of NCI from Business Combinations
In 2015 and 2014, the Group has acquired NCI through business combinations on the acquisition of SEWI and RHIB amounting ₱30.54 million and ₱27.26 million, respectively.

Dividends to NCI
In 2015 and 2014, dividends declared attributable to NCI amounted to ₱62.96 million and ₱27.32 million, respectively.

20. Business Combinations

In 2015 and 2014, the Group acquired various entities through business combinations from which the Group has recognized goodwill. The goodwill is concluded to be attributable to each entity acquired and comprises the fair value of the expected synergies from each acquisition.

Acquisition of SEWI
On September 1, 2015, RI a wholly-owned subsidiary of RRHI, acquired 90% ownership of SEWI for a total consideration of ₱990.0 million.

The Group elected to measure the non-controlling interest in SEWI at the proportionate share of its interest in SEWI's identifiable net assets.

The fair values of the identifiable assets and liabilities of SEWI at the date of acquisition were:

	Fair Values recognized on acquisition
Assets	
Cash	₱1,650,000
Other current assets	5,393,351
Property and equipment (Note 13)	44,858,715
Trademarks arising on acquisition (Note 15)	364,914,493
	416,816,559
Liabilities	
Advances from stockholders*	1,902,066
Deferred tax liability	109,474,348
Net assets before non-controlling interest	305,440,145
Non-controlling interest measured at share of net assets (10%)	30,544,015
Net assets (90%)	274,896,131
Goodwill arising on acquisition (Note 15)	715,103,869
Acquisition cost	₱990,000,000

**Presented under trade and other payables account*

From the date of acquisition, SEWI contributed ₱602.10 million revenue and ₱6.06 income before income tax of the Group. If the combination had taken place at the beginning of 2015, the Group's revenue and income before tax would have been the same. SEWI is incorporated on March 4, 2015 and started its commercial operation on September 1, 2015.

The goodwill of ₱715.10 million comprises the fair value of expected synergies arising from acquisition. The goodwill recognized is not expected to be deductible for income tax purposes.

Acquisition of GPC
On June 2, 2014, SSDI acquired 100% ownership of GPC for a total consideration of ₱24.50 million.

Below are the fair values of the identifiable assets acquired:

Assets	
Property and equipment (Note 13)	₱1,250,000
Net assets	1,250,000
Goodwill (Note 15)	23,250,000
Acquisition cost	₱24,500,000

In 2015, the Group finalized the purchase price allocation and the fair value computation of goodwill. There were no adjustments to the provisional amounts that were made during the measurement period. The final purchase price allocation resulted in goodwill of ₱23.25 million.

From the date of acquisition, GPC contributed ₱602.10 million revenue and ₱6.06 million income before income tax of the Group. If the combination had taken place at the beginning of 2014, the Group's revenue and income before tax would have been the same. GPC is incorporated on December 6, 2013 and started its commercial operation on May 17, 2014.

The goodwill of ₱23.25 million comprises the fair value of expected synergies arising from acquisition. The goodwill recognized is not expected to be deductible for income tax purposes.

Acquisition of JRMC
On January 29, 2014, RSC acquired 100% ownership of JRMC for a total consideration of ₱131.71 million.

The fair values of the identifiable assets of JRMC at the date of acquisition follow:

	Fair Values recognized on acquisition
Assets	
Property and equipment (Note 13)	₱84,617,057
Liability	
Deferred tax liability	24,635,117
Net assets	59,981,940
Goodwill (Note 15)	71,732,435
Acquisition cost	₱131,714,375

As of December 31, 2014, the Group finalized the purchase price allocation and the fair value computation of goodwill. There were no adjustments to the provisional amounts that were made during the measurement period. The final purchase price allocation resulted in goodwill of ₱71.73 million.

From the date of acquisition, JRMC contributed ₱339.92 million revenue and ₱1.36 million net loss before income tax of the Group. If the combination had taken place at the beginning of 2014, the Group's revenue and income before tax would have been the same. JRMC is incorporated on November 25, 2013 and started its commercial operation on January 29, 2014.

The goodwill of ₱71.73 million comprises the fair value of expected synergies arising from acquisition. The goodwill recognized is not expected to be deductible for income tax purposes.

Acquisition of RHIB
On July 3, 2014, RHMI acquired 67.00% ownership of RHIB for a total consideration of ₱201.00 million.

In 2015, RHIB finalized the purchase price allocation of the acquisition. Below are the fair values of the identifiable assets acquired:

Assets	
Property and equipment (Note 13)	₱80,224,117
Security deposits	3,495,883
Liability	
Deferred tax liability	1,116,000
Net assets before non-controlling interest	82,604,000
Non-controlling interest measured at share of net assets (33.00%)	27,259,320
Net assets (67.00%)	55,344,680
Goodwill (Note 15)	145,655,320
Acquisition cost	₱201,000,000

As a result, property and equipment and non-controlling interest increased by ₱3.72 million and ₱0.86 million, respectively. The final purchase price allocation resulted in goodwill of ₱145.66 million from the previously determined provisional amount of ₱147.40 million.

From the date of acquisition, RHIB contributed ₱306.31 million revenue and ₱22.42 million net loss before income tax of the Group. If the combination had taken place at the beginning of 2014, the Group's revenue and income before tax would have been the same. RHIB is incorporated on May 7, 2014 and started its commercial operation on July 14, 2014.

The goodwill of ₱147.40 million comprises the fair value of expected synergies arising from acquisition. The goodwill recognized is not expected to be deductible for income tax purposes.

21. Sales Revenue

Sales are recognized from retail customers at the point of sale in the stores.

Sales returns and sales discounts deducted from the sales to arrive at the net sales amounted to ₱2.44 billion, ₱1.86 billion and ₱1.53 billion in 2015, 2014 and 2013, respectively.

22. Operating Expenses

This account consists of:

	2015	2014	2013
Rental and utilities (Notes 25, 29 and 30)	**₱7,486,059,989**	₱6,549,331,059	₱5,385,958,794
Personnel costs and contracted services (Notes 23 and 24)	**4,805,172,335**	3,965,911,963	3,224,610,213
Depreciation and amortization (Notes 13, 15 and 16)	**1,647,365,077**	1,280,140,229	999,878,389
Transportation and travel	**783,566,283**	670,446,779	481,481,164
Supplies	**567,911,150**	524,512,802	402,626,656
Bank and credit charges	**435,424,983**	378,374,220	257,875,109
Advertising	**375,111,113**	349,916,490	291,115,534
Repairs and maintenance	**321,903,797**	252,087,822	190,210,999
Royalty expense (Note 30)	**141,661,674**	119,630,395	101,535,797
Others	**318,698,168**	284,511,989	233,691,307
	₱16,882,874,569	₱14,374,863,748	₱11,568,983,962

Depreciation and amortization expense pertains to the depreciation and amortization of property and equipment and amortization of franchise fees and license fees which amounted to ₱1.63 billion and ₱17.37 million, respectively, in 2015, ₱1.27 billion and ₱12.78 million, respectively, in 2014, and ₱987.13 billion and ₱12.75 million, respectively, in 2013.

Others consist mainly of taxes and licenses, insurance and professional fees.

23. Personnel Costs and Contracted Services

This account consists of:

	2015	2014	2013
Salaries, allowances and benefits (Note 22)	**₱2,303,012,409**	₱1,976,074,249	₱1,676,726,038
Contracted services (Note 22)	**2,502,159,926**	1,989,837,714	1,547,884,175
	₱4,805,172,335	₱3,965,911,963	₱3,224,610,213

Details of salaries, allowances and benefits:

	2015	2014	2013
Salaries, wages and allowances	**₱2,187,111,921**	₱1,905,290,885	₱1,624,182,102
Net pension expense (Note 24)	**115,900,488**	70,783,364	52,543,936
	₱2,303,012,409	₱1,976,074,249	₱1,676,726,038

24. Employee Benefits

The Group has a funded, non-contributory, defined benefit pension plan covering all regular permanent employees. Benefits are dependent on years of service and the respective employee's final compensation. The benefits are paid in a lump-sum upon retirement or separation in accordance with the terms of the Robinsons Retail Multi-Employer Retirement Plan (the Plan).

The Group computes the actuarial valuation every year by hiring the services of a professional third party qualified actuary. The latest actuarial valuation report for the retirement plan was issued on February 16, 2016.

The Group is a member of the Plan which is administered separately by the Trustee, Robinsons Savings Bank, so named under the Trust Agreement. The Trustee is under the supervision of the Retirement Working Committee (the Committee) of the Plan. The Committee shall have all the powers necessary or useful in the discharge of its duties, including but not limited, to implement and administer the plan, propose changes and determine the rights of the members of the plan. However, changes or revisions in the Plan shall be approved by the Executive Retirement Committee.

The Committee may seek the advice of counsel and appoint an investment manager or managers to manage the Retirement Fund, an independent accountant to audit the Fund and an actuary to value the Plan.

Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The components of pension expense under "Operating expenses" account in the consolidated statements of comprehensive income are as follows:

	2015	2014	2013
Current service cost	**₱88,276,155**	₱51,528,036	₱36,117,176
Net interest cost	**27,624,333**	19,255,328	16,426,760
Pension expense	**₱115,900,488**	₱70,783,364	₱52,543,936

Net pension liabilities

	2015	2014
Pension obligation	**₱661,736,412**	₱652,126,801
Fair value of plan assets	**(188,389,781)**	(17,425,365)
Net pension liabilities	**₱473,346,631**	₱634,701,436

Remeasurement effects recognized in OCI

	2015	2014
Remeasurement gains (losses) in pension liability	**₱107,094,186**	(₱205,121,615)
Remeasurement losses in pension assets	**(608,638)**	(579,208)
	₱106,485,548	(₱205,700,823)

The movements in pension liability recognized in the consolidated statements of financial position follow:

	2015	2014
Balance at beginning of year	**₱634,701,436**	₱361,181,659
Pension expense	**115,900,488**	70,783,364
Remeasurement (gains) losses	**(106,485,548)**	205,700,823
Actual contribution	**(170,769,745)**	–
Benefits paid from direct payments	**–**	(2,964,410)
Balance at end of year	**₱473,346,631**	₱634,701,436

Movements in the fair value of plan assets follow:

	2015	2014
Balance at beginning of year	**₱17,425,365**	₱16,968,750
Actual contribution	**170,769,745**	–
Interest income included in net interest cost	**803,309**	1,035,823
Remeasurement losses	**(608,638)**	(579,208)
Balance at end of year	**₱188,389,781**	₱17,425,365

Changes in the present value of defined benefit obligation follow:

	2015	2014
Balance at beginning of year	**₱652,126,801**	₱378,150,409
Current service cost	**88,276,155**	51,528,036
Interest cost	**28,427,642**	20,291,151

(Forward)

	2015	2014
Remeasurement losses arising from:		
Changes in financial assumptions	**(₱174,709,623)**	₱173,467,100
Experience adjustments	**66,556,851**	32,625,715
Changes in demographic assumptions	**1,058,586**	(971,200)
Benefits paid from plan assets	**–**	(2,964,410)
Balance at end of year	**₱661,736,412**	₱652,126,801

The fair value of net plan assets of the Group by each class as at the end of the reporting period are as follows:

	2015	2014
Cash and cash equivalents		
Savings deposit	**₱170,789,617**	₱100,548
Time deposit	**1,100,611**	1,742,000
	171,890,228	1,842,548
Investments in government securities		
Fixed rate treasury notes	**9,573,392**	6,961,288
Retail treasury bonds	**6,055,657**	7,682,296
	15,629,049	14,643,584
Investments in UITF	**891,530**	878,811
Other receivables	**–**	81,051
Accrued trust fee payable	**(21,026)**	(20,629)
	₱188,389,781	₱17,425,365

The Group expects to contribute about ₱199.61 million into the pension fund in 2016.

The principal assumptions used in determining pensions for the Group's plan are shown below:

	2015	2014
Discount rates	**5.00%-5.99%**	4.55%-4.69%
Salary increase rates	**5.70%**	3.00%-7.70%

The carrying amounts disclosed above reasonably approximate fair value at each reporting period. The actual return on plan assets amounted to ₱0.19 million and ₱0.46 million in 2015 and 2014, respectively.

The sensitivity analyses that follow has been determined based on reasonably possible changes of the assumption occurring as of the end of the reporting period, assuming if all other assumptions were held constant.

		Increase (Decrease)	Effect in Defined Benefit Obligation
2015	**Salary increase**	**+1.00%**	**(₱123,209,060)**
		-1.00%	**163,963,824**
	Discount rates	**+1.00%**	**135,581,554**
		-1.00%	**(95,932,180)**
2014	Salary increase	+1.00%	₱762,168,400
		-1.00%	(560,925,800)
	Discount rates	+1.00%	(557,390,800)
		-1.00%	769,277,100

Each year, an Asset-Liability Matching Study (ALM) is performed with the result being analyzed in terms of risk-and-return profiles. The distribution of plan assets are as follow 4% of debt instruments, 5% of equity instruments, and 11% for cash and receivables. The principal technique of the Group's ALM is to ensure the expected return on assets to be sufficient to support the desired level of funding arising from the defined benefit plans.

Shown below is the maturity analysis of the undiscounted benefit payments:

	2015	2014
Less than 1 year	**₱28,803,690**	₱23,873,117
More than 1 year but less than 5 years	**85,482,842**	71,006,905
More than 5 years but less than 10 years	**290,966,650**	283,306,215
More than 10 years but less than 15 years	**390,789,771**	466,438,085
More than 15 years but less than 20 years	**524,268,277**	584,335,914
More than 20 years	**4,718,387,484**	4,806,893,545

25. Related Party Disclosures

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Significant Related Party Transactions
The Group, in the regular conduct of business, has receivables from/payables to related parties arising from the normal course of operations.

1. The following are the Group's transactions with its related parties:

	Amount		**Due from (Due to)**		**Terms and**
Category	**2015**	2014	**2015**	2014	**Conditions**
Other affiliates under common control					
a. Trade receivable and other receivables	**₱–**	₱–	**₱223,015,830**	₱155,787,553	**Noninterest bearing and due in 30 days, not impaired**
Sales	**2,657,101,055**	1,537,528,360	**–**	–	
Royalty income	**1,029,055,789**	582,384,261	**–**	–	
b. Trade and other payable		–	**(408,827,740)**	(430,547,980)	**Noninterest bearing and payable in 30 days, unsecured**
Purchases - net	**(2,345,176,138)**	(1,903,235,750)	**–**	–	
Rent and utilities	**(3,366,122,925)**	(2,401,061,241)	**–**	–	

Below are the Group's transactions with its related parties:

a. As of December 31, 2015 and 2014, the Group has outstanding balances from its other affiliates amounting to ₱223.02 million and ₱155.79 million arising primarily from sales of merchandise inventories and royalty income for grant of use and right to operate stores of the Group.

In 2015 and 2014, sales of merchandise inventories to related parties amounted to ₱2.66 billion and ₱1.54 billion, respectively, and royalty income amounted to ₱1.03 billion and ₱582.38 million, respectively (Note 30).

b. As of December 31, 2015 and 2014, the Group has outstanding payable to its other affiliates amounting to ₱408.83 million and ₱430.55 million arising from purchases of merchandise inventories for resale to its customers which are normally paid within the year and expenses for rent and utilities relative to the Group's operations. Lease agreements are cancellable and normally have terms of 5 to 20 years with escalation clauses ranging from 5% to 10% every year and renewable every year.

   In 2015 and 2014, purchases of merchandise inventories for resale to customers amounted to ₱2.35 billion and ₱1.90 billion, respectively while payment for rent and utilities amounted to ₱3.37 billion and ₱2.40 billion, respectively.

Affiliates are related parties by the Group by virtue of common ownership and representations to management where significant influence is apparent.

2. There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group's pension plans.

   The details of compensation and benefits of key management personnel for 2015 and 2014 follow:

	2015	2014	2013
Short-term employee benefits	**₱111,913,098**	₱101,192,066	₱95,899,267
Post-employment benefits	**43,264,776**	8,671,635	7,288,523
	₱155,177,874	₱109,863,701	₱103,187,790

Terms and Conditions of Transactions with Related Parties
Outstanding balances at year-end are unsecured, interest-free and settlement occurs in cash. There have been no guarantees provided or received for any related party payables or receivables. The Group has not recognized any impairment losses on amounts due from related parties for the years ended December 31, 2015, 2014 and 2013. This assessment is undertaken each financial years through a review of the financial position of the related party and the market in which the related party operates.

26. **Income Tax**

Provision for income tax for the years ended December 31 follows:

	2015	2014	2013
Current	**₱1,288,917,348**	₱1,203,483,562	₱1,146,035,321
Final	–	110,077,299	–
Deferred	**(17,851,404)**	(27,789,611)	56,122,823
	₱1,271,065,944	₱1,285,771,250	₱1,202,158,144

The components of the Group's deferred tax assets follow:

	2015	2014
Tax effects of:		
Pension liability	**₱142,003,989**	₱190,410,429
NOLCO	**41,785,925**	11,758,498
MCIT	**4,900,088**	7,325,046
Accrued rent	**4,518,461**	4,518,461
Allowance for inventory write-down	**2,052,550**	2,052,550
Derivative liability	**145,629**	869,033
Allowance for impairment losses	**25,241**	199,568
Fair value adjustment on AFS financial assets and investment in an associate	**(7,226,451)**	(39,160,923)
Unrealized foreign exchange gain	**(8,075,859)**	(8,302,254)
	₱180,129,573	₱169,670,408

As of December 31, 2015 and 2014, the deferred tax liability of the Group amounting to ₱655.17 million and ₱545.69 million, respectively, pertains to deferred taxes attributable to trademarks and difference in the fair values and carrying values of the net assets acquired through business combinations (Note 20).

The Group has the following deductible temporary differences, NOLCO and MCIT from RRHI, SSDI, ECSI, RHMI Management and Consulting, Inc. RRHI Management and Consulting, Inc., RRG Trademarks and Private Labels, Inc., RRHI Trademarks Management, Inc. that are available for offset against future taxable income or tax payable for which deferred tax assets have not been recognized:

	2015	2014
Tax effects of:		
NOLCO	**₱203,456,633**	₱228,703,352
Allowance for doubtful accounts	**22,739,980**	22,739,980
Allowance for impairment	**8,838,303**	8,838,303
MCIT	**6,943,419**	921,678
Unrealized foreign exchange loss	**–**	783,271
	₱241,978,335	₱261,986,584

Details of the Group's NOLCO follow:

Inception Year	Beginning Balance	Applied	Addition	Ending Balance	Expiry Year
2015	₱–	₱–	₱104,903,471	₱104,903,471	2018
2014	61,807,181	–	–	61,807,181	2017
2013	725,985,836	75,221,293	–	650,764,543	2016
2012	13,746,481	13,746,481	–	–	2015
Total	₱801,539,498	₱88,967,774	₱104,903,471	₱817,475,195	

Details of MCIT as follows:

Year	Amount	Applied/ Expired	Balance	Year of Expiry
2015	₱4,518,461	₱–	₱4,518,461	2018
2014	7,325,046	–	7,325,046	2017
	₱11,843,507	₱–	₱11,843,507	

The reconciliation of statutory income tax rate to the effective income tax rate follows:

	2015	2014
Statutory income tax rate	**30.00%**	30.00%
Add (deduct) tax effects of:		
Nondeductible interest expense	**1.69**	0.23
Dividend income	**(0.57)**	(0.53)
Effect of OSD	**(4.85)**	–
Interest income subject to final tax	**(4.10)**	(12.15)
Investment income	**(0.21)**	(0.48)
Change in unrecognized deferred tax assets	**(0.23)**	7.57
Effective income tax rate	**21.73%**	24.64%

Current tax regulations define expenses to be classified as entertainment, amusement and recreation (EAR) expenses and set a limit for the amount that is deductible for tax purposes. EAR expenses are limited to 0.5% of net sales for sellers of goods or properties or 1% of net revenue for sellers of services. For sellers of both goods or properties and services, an apportionment formula is used in determining the ceiling of such expenses.

27. Earnings Per Share

The following table presents information necessary to calculate EPS on net income attributable to equity holders of the Parent Company:

	2015	2014	2013
Net income attributable equity holder of the Parent Company	**₱4,341,794,218**	₱3,560,636,968	₱2,744,964,659
Weighted average number of common shares	**1,385,000,000**	1,367,379,477	724,315,563
Adjusted weighted average number EPS	**1,385,000,000**	1,367,379,477	724,315,563
Basic and Diluted EPS	**₱3.13**	₱2.60	₱3.79

The Parent Company has no dilutive potential common shares in 2015, 2014 and 2013.

The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transaction during the year.

28. **Risk Management and Financial Instruments**

Governance Framework
The primary objective of the Group's risk and financial management framework is to protect the Group's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognizes the critical importance of having efficient and effective risk management systems in place.

The BOD approves the Group's risk management policies and meets regularly to approve any commercial, regulatory and organizational requirements of such policies. These policies define the Group's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets and specify reporting requirements.

The carrying amounts approximate fair values for the Group's financial assets and liabilities due to its short-term maturities except for the AFS financial assets and noncurrent loans payable as of December 31, 2015 and 2014.

Fair Value Information
As of December 31, 2015 and 2014, the carrying values and fair values of the AFS financial assets amounted to ₱19.51 billion and ₱19.24 billion and ₱17.72 billion and ₱17.73 billion, respectively (Note 12).

As of December 31, 2015 and 2014, the carrying values of loans payable amounted to ₱2.84 billion and ₱111.69 million, respectively. Corresponding fair values amounted to ₱2.84 billion and ₱113.94 million, respectively (Note 18).

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

Financial Assets
Due to the short-term nature of the transaction, the fair value of cash and cash equivalents, trade and other receivables and security deposits approximates the carrying values at year-end. The fair value of the AFS financial assets has been determined based on prevailing market quotes.

Financial Liabilities
Due to the short-term nature of trade and other payables and other current liabilities, their carrying values approximate fair value. The fair values of loans payable are based on the discounted value of future cash flows using the applicable rates for similar types of loans.

Fair Value Hierarchy
As of December 31, 2015 and 2014, the Group has AFS financial assets valued under Level 1 amounting ₱19.51 billion and ₱17.72 billion, respectively (Note 12). These financial assets are measured at fair value.

As of December 31, 2015 and 2014, the Group has loans payable for which fair values are disclosed under level 3 amounting ₱2.84 billion and ₱113.94 million, respectively (Note 18).

There were no transfers among levels 1, 2 and 3 in 2015 and 2014.

The main purpose of the Group's financial instruments is to fund its operations and capital expenditures. The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk, foreign currency risk and equity price risk. The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Financial Risk

Interest Rate Risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to market risk for interest rates relates primarily to the amounts due to related parties at current market rates and loans payable at floating rates.

The Group manages its interest rate risk by using current rates of money market placements when computing for interest rates that will be charged to the related party.

The Group has minimal interest rate risk because the interest-bearing loans are short-term in nature.

Liquidity Risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments.

The Group seeks to manage its liquidity profile to be able to finance its capital expenditures and operations. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows.

The table below shows the maturity profile of the financial instruments of the Group as of December 31, 2015 and 2014 based on the remaining period at the reporting date to their contractual maturities and are also presented based on contractual undiscounted repayment obligations.

2015

	On Demand	1 year	More than 1 year	Total
Financial Assets				
Loans and receivables				
Cash and cash equivalents	₱9,757,351,816	₱–	₱–	₱9,757,351,816
Short -term investments	–	7,059,000	–	7,059,000
Trade receivables	–	905,655,683	–	905,655,683
Nontrade receivables	–	601,820,649		601,820,649
Due from franchises	–	266,828,000	–	266,828,000
Other noncurrent assets	–	–	–	–
Security and other deposits	–	69,172,817	1,223,624,751	1,292,797,568
Construction bond	–	–	35,305,287	35,305,287
AFS financial assets	–	–	19,511,313,846	19,511,313,846
	₱9,757,351,816	₱1,850,536,149	₱20,770,243,884	₱32,378,131,849
Financial Liabilities				
Other financial liabilities				
Trade and other payables*	₱–	₱14,580,321,689	₱–	₱14,580,321,689
Loans payable	–	2,844,872,558	–	2,844,872,558
Other current liabilities	–	197,583,490	–	197,583,490
	₱–	₱17,622,777,737	₱–	₱17,622,777,737

**excluding statutory liabilities amounting ₱215,214,324.*

2014

	On Demand	1 year	More than 1 year	Total
Financial Assets				
Loans and receivables				
Cash and cash equivalents	₱9,969,823,164	₱–	₱–	₱9,969,823,164
Short -term investments	–	1,852,726,333	–	1,852,726,333
Trade receivables	53,528,902	865,392,692	–	918,921,594
Nontrade receivables	3,650,601	377,098,542	–	380,749,143
Due from franchises	–	230,354,271	–	230,354,271
Other noncurrent assets				
Security and other deposits	–	188,248,344	993,708,375	1,181,956,719
Construction bond	–	–	33,756,971	33,756,971
AFS financial assets	–	–	17,717,912,763	17,717,912,763
	₱10,027,002,667	₱3,513,820,182	₱18,745,378,109	₱32,286,200,958
Financial Liabilities				
Other financial liabilities				
Trade and other payables*	₱–	₱13,793,848,492	₱–	₱13,793,848,492
Loans payable	–	55,555,556	56,131,441	111,686,997
Other current liabilities	–	198,062,357	–	198,062,357
	₱–	₱14,047,466,405	₱56,131,441	₱14,103,597,846

**excluding statutory liabilities amounting ₱345,295,813.*

As of December 31, 2015 and 2014, the Group has outstanding loans amounting ₱2.84 billion and ₱111.68 million, respectively (Note 18).

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group's trade and other receivables are actively monitored by the Collection Services Department to avoid significant concentrations of credit risk.

The Group has adopted a no-business policy with customers lacking an appropriate credit history where credit records are available.

The Group manages the level of credit risk it accepts through a comprehensive credit risk policy setting out the assessment and determination of what constitutes credit risk for the Group. The Group's policies include the following: setting up of exposure limits by each counterparty or group of counterparties; right of offset where counterparties are both debtors and creditors; reporting of credit risk exposures; monitoring of compliance with credit risk policy; and review of credit risk policy for pertinence and the changing environment.

The tables below show the aging analysis of loans and receivables and AFS financial assets as at December 31, 2015 and 2014.

2015

	Neither past due nor impaired	**1 year**	**More than 1 year**	**Impaired Financial Assets**	**Total**
Financial Assets					
Loans and receivables					
Cash in bank and cash equivalents	**₱9,757,351,816**	**₱–**	**₱–**	**₱–**	**₱9,757,351,816**
Short -term investments	**7,059,000**	–	–	–	**7,059,000**
Trade receivables	**845,124,849**	**59,949,744**	–	**581,090**	**905,655,683**
Nontrade receivables	**597,533,345**	**4,287,304**	–		**601,820,649**
Due from franchises	**266,828,000**	–	–	**29,461,011**	**296,289,011**
Other noncurrent assets					
Security and other deposits	**1,292,797,568**	–	–	–	**1,292,797,568**
Construction bond	**35,305,287**	–	–	–	**35,305,287**
AFS financial assets	**19,511,313,846**	–	–	–	**19,511,313,846**
	₱32,313,313,711	**₱64,237,048**	**₱–**	**₱30,042,101**	**₱32,407,592,860**

2014

	Neither past due nor impaired	1 year	More than 1 year	Impaired Financial Assets	Total
Financial Assets					
Loans and receivables					
Cash in bank and cash equivalents	₱9,969,823,164	₱–	₱–	₱–	₱9,969,823,164
Short -term investments	1,852,726,333	–	–	–	1,852,726,333
Trade receivables	864,811,602	53,528,902		581,090	918,921,594
Nontrade receivables	377,098,542	3,650,601	–		380,749,143
Due from franchises	230,354,271	–	–	29,461,011	259,815,282
Other noncurrent assets					
Security and other deposits	1,181,956,719	–	–	–	1,181,956,719
Construction bond	33,756,971	–	–	–	33,756,971
AFS financial assets	17,717,912,763	–	–	–	17,717,912,763
	₱32,228,440,365	₱57,179,503	₱–	₱30,042,101	₱32,315,661,969

As of December 31, 2015 and 2014, all trade and other receivables are expected to be settled within one (1) year.

The Group's maximum exposure in financial assets are equal to their carrying amounts. These financial assets have a maturity of up to one (1) year only, and have a high credit rating. This was determined based on the nature of the counterparty and the Group's experience.

Credit Quality
Neither past due nor impaired financial assets are graded as either "A" or "B" based on the following criteria:

- Grade A are accounts considered to be of high value. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits.

- Grade B are active accounts with minimal to regular instances of payment default, due to collection issues. These accounts are typically not impaired as the counterparties generally respond to the Group's collection efforts and update their payments accordingly.

Cash in banks and short-term investments are short-term placements and working cash fund placed, invested or deposited in reputable foreign and local banks in the Philippines. These financial assets are classified as Grade A due to the counterparties' low probability of insolvency.

The Group's financial assets considered as neither past due nor impaired amounting to ₱32.31 billion and ₱32.23 billion as of December 31, 2015 and 2014, respectively are all graded "A" based on the Group's assessment.

Foreign Currency Risk
Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's principal transactions are carried out in Philippine Peso (₱) but maintain a minimal balance of foreign currency. The Group's currency risk arise mainly from foreign currency-denominated cash and cash equivalents, interest receivable and AFS financial assets which are denominated in currency other than the Group's functional currency.

The following tables demonstrates the sensitivity to a reasonably possible change in foreign exchange rates, with all variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities)

	Increase (decrease) in foreign currency rate		**Effect on income before income tax (₱)**	
	2015	2014	**2015**	2014
USD	**+1.47%**	+0.27%	**₱51,003,252**	₱9,087,032
	-1.47%	-0.27%	**(₱51,003,252)**	(9,087,032)

The Group used foreign exchange rate of ₱47.06:US$1 and ₱44.72:US$1 as of December 31,2015 and 2014, in converting its dollar-denominated savings deposit to peso.

The foreign currency-denominated financial assets and financial liabilities in original currencies and equivalents to the functional and presentation currency in 2015 and 2014 are as follows:

	2015		2014	
	USD	**PHP**	USD	PHP
Cash and cash equivalents	**$1,397,689**	**₱317,992,658**	$1,633,742	₱73,060,938
AFS financial assets	**67,004,668**	**3,153,239,652**	65,281,322	2,919,380,724
Short-term investments	**150,000**	**7,059,000**	7,887,440	352,726,333
Receivables	**5,914**	**278,293**	922,758	41,265,750
Total	**$68,558,271**	**₱3,478,569,603**	$75,725,262	₱3,386,433,745

The effect on the Group's income before tax is computed on the carrying value of the Group's foreign currency denominated financial assets and liabilities as at December 31, 2015 and 2014.

Equity Price Risk
The Group's equity price risk exposure at year-end relates to financial assets whose values will fluctuate as a result of changes in market prices, principally, equity securities classified as AFS investments.

Quoted AFS securities are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market.

Quoted equity security consists of marketable equity security that is listed and traded on the Philippine Stock Exchange (PSE). The fair market value of the listed shares is based on the quoted market price as of December 31, 2015 and 2014.

The analyses below are performed for reasonably possible movements in the Philippine Stock Exchange (PSE) index with all other variables held constant, showing the impact on equity:

	Change in variable	**Effect on equity-Other comprehensive income**
2015	**+4.46%**	**₱264,806,327**
	-4.46%	**(264,806,327)**
2014	+20.83%	59,647,573
	-20.83%	(59,647,573)

The sensitivity analyses shown above are based on the assumption that the movement in PSE composite index and other quoted equity securities will be most likely be limited to an upward or downward fluctuation of 4.46% and 20.83% in 2015 and 2014, respectively.

For quoted securities, the Group, used as basis of these assumptions, the annual percentage change in PSE composite index.

The impact of sensitivity of equity prices on the Group's equity already excludes the impact on transactions affecting the Group's statements of income.

29. Lease Commitments

Group as Lessee
The Group has entered into cancellable lease agreements as a lessee with terms of one (1) year up to twenty five (25) years. Most leases contain renewal options and a clause enabling annual upward revision of the rental charges based on prevailing market conditions. Other leases provide for the percentage rent which is a certain percentage of actual monthly sales. Rent expense in 2015, 2014 and 2013 amounted to ₱4.50 billion, ₱3.66 billion and ₱3.16 billion, respectively (Notes 22 and 25).

30. Agreements

a) The Group has exclusive right to use the Ministop System in the Philippines which was granted to the Group by Ministop Co. Ltd., a corporation organized in Japan. In accordance with the franchise agreement, the Group agrees to pay, among others, royalties to Ministop based on a certain percentage of gross profit.

   Royalty expense amounted to ₱65.83 million, ₱54.60 million and ₱52.54 million in 2015, 2014 and 2013, respectively (Note 22). Royalty payable to Ministop included under "Nontrade payable" as of December 31, 2015, 2014 and 2013 amounted to ₱6.29 million, ₱27.32 million and ₱52.54 million, respectively (Note 17).

b) The Group has franchise agreements which mainly include providing store facilities and equipment to franchisees. Other services rendered by Ministop consist of providing personnel and utilities. The lease/royalty fee is based on a certain percentage of the gross profit of the lessee/franchisee. The related royalty income amounted to ₱1.54 billion, ₱1.15 billion and ₱1.08 billion in 2015 and 2014, respectively.

   As of December 31, 2015, 2014 and 2013, amounts due from franchisees amounted to ₱266.83 million, ₱230.35 million and ₱106.71 million, respectively. These amounts are net of allowance for impairment losses on due from franchisees amounting ₱29.46 million as of December 31, 2015, 2014 and 2013 (Note 9).

c) The Group obtained a license to use the Daiso Business Model in the Philippines that was granted to RDDC by Daiso Industries Co., Ltd. (DICL) in Japan. In accordance with the license agreement, RDDC agrees to pay, among others, royalties to DICL based on a certain percentage of monthly net sales.

   Royalty expenses amounted to ₱4.34 million, ₱5.54 million and ₱1.93 million in 2015, 2014 and 2013, respectively.

d.) On September 21, 2012, RSSI paid ₱121.21 million in exchange for the trademarks that were duly registered in the Philippine Intellectual Rights Office. The trademark allows the Group to use the brand and operate its stores in the Philippines.

Royalty expense amounted to ₱2.43 million and ₱2.36 million in 2015 and 2014, respectively.

e.) The Group is a sub-licensee of Toys R Us in the Philippines. The royalty fee is based on fixed percentage of gross monthly sales of sub-licensee. Royalty expense amounted to ₱67.80 million, ₱59.9 million and ₱47.4 million in 2015, 2014 and 2013, respectively.

f.) On July 29, 2014, Costa International Limited granted the Group the development and operating rights to carry on the Costa business in the Philippines (Note 15).

The Group started Costa operations in June 2015 and royalty expenses amounted to ₱1.26 million in 2015.

g.) The Group has other licenses and franchises to carry various global brands.

31. **Contingencies**

The Group has various contingent liabilities from legal cases arising from the ordinary course of business which are either pending decision by courts or are currently being contested by the Company, the outcome of which are not presently determinable.

In the opinion of the management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have material adverse effect in the Company's financial position and results of operations.

32. **Approval of the Consolidated Financial Statements**

The accompanying consolidated financial statements were approved and authorized for issue by the BOD on March 18, 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
Robinsons Retail Holdings, Inc.
110 E. Rodriguez Jr. Avenue
Bagumbayan, Quezon City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Robinsons Retail Holdings, Inc. and Subsidiaries (the Group) as at and for the years ended December 31, 2015 and 2014 and have issued our report thereon dated March 18, 2016. Our audits were made for the purpose of forming an opinion on the basic consolidated 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 Group's management. These schedules are presented for purposes of complying with the Securities Regulation Code Rule No. 68, As Amended (2011) and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the consolidated 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 parent company financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Wenda Lynn M. Loyola

Wenda Lynn M. Loyola
Partner
CPA Certificate No. 109952
SEC Accreditation No. 1540-A (Group A),
March 8, 2016, valid until March 8, 2019
Tax Identification No. 242-019-387
BIR Accreditation No. 08-001998-117-2016,
February 15, 2016, valid until February 14, 2019
PTR No. 5321650, January 4, 2016, Makati City

March 18, 2016

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE A: FINANCIAL ASSETS (OTHER SHORT-TERM CASH INVESTMENTS)

DECEMBER 31, 2015

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 quotation at end of reporting period	Income received and accrued
AFS Financial Assets				
Various bonds	₱15,283,566,050	₱15,745,613,846	₱15,745,613,846	₱683,783,053
Notes	1,683,700,000	1,683,700,000	1,683,700,000	45,155,688
Investment in preferred shares	4,000,000	2,082,000,000	2,082,000,000	111,500,000
Money Market Placements				
RBC	7,059,000	7,059,000	7,059,000	2,902,762
	₱16,978,325,050	₱19,518,372,846	₱19,518,372,846	₱843,341,503

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE B: AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDER (OTHER THAN RELATED PARTIES)

DECEMBER 31, 2015

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of period

NOT APPLICABLE

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE C: AMOUNTS RECEIVABLES/PAYABLES FROM/TO RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2015

Entity with Receivable Balance	Balance at Beginning of Period	Net Movement	Write-offs	Current	Noncurrent	Balance at end of period
Robinsons Retail Holdings Inc.	₱647,165,017	(₱324,010,995)	₱–	₱323,154,022	₱–	₱323,154,022
Robinsons Toys Inc.	228,074,071	(41,771,475)	–	186,302,596	–	186,302,596
Robinsons Convenience Stores Inc.	39,106,088	–	–	39,106,088	–	39,106,088
Robinsons Supermarket Corporation	15,579,310	11,703,683	–	27,282,993	–	27,282,993
Robinson's Incorporated	17,767,427	(78,169)	–	17,689,258	–	17,689,258
Robinson's Handyman Inc.	2,862,264	(2,862,264)	–	–	–	–
RHD Daiso- Saizen Inc.	70,498,671	53,404,211	–	123,902,882	–	123,902,882
Eurogrocer Corp (EC)	–	51,518	–	51,518	–	51,518
	₱1,021,052,848	(₱303,563,491)	₱–	₱717,489,357	₱–	₱717,489,357

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE D: INTANGIBLE ASSETS

DECEMBER 31, 2015

Description	Beginning balance	Additions at cost	Charged to costs and expenses	Charged to other accounts	Other changes	Ending balance
Trademarks	₱1,566,917,532	₱364,914,493	₱–	₱–	₱–	₱1,931,832,025
Goodwill	1,354,881,267	715,103,869	–	–	–	2,069,985,136
License	96,969,698		(12,121,212)	–	–	84,848,486
Franchise	13,805,165	13,958,272	(5,251,015)	–	–	22,512,422
	₱3,032,573,662	₱1,093,976,634	(₱17,372,227)	₱–	₱–	₱4,109,178,069

Other changes in the intangible assets pertain to the effects of the finalization of the fair values of the net assets acquired of the investees.

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE E: SHORT TERM AND LONG TERM DEBT

DECEMBER 31, 2015

Title of issue and type of obligation	Amount authorized by indenture	Interest rates	Current portion	Noncurrent portion
Bank loans	₱2,844,872,558	2.5%-5.4%	₱2,844,872,558	₱–
	₱2,844,872,558		₱2,844,872,558	₱–

See Note 18 of the Consolidated Financial Statements.

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE F: INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2015

Name of related party	Balance at beginning of period	Balance at end of period
Universal Robina Corporation	₱211,795,007	₱163,433,775
Robinsons Land Corporation	211,826,578	240,296,367
JG Summit Holdings, Inc.	6,926,395	5,097,598
	₱430,547,980	₱408,827,740

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE G: GUARANTEES OF SECURITIES OF OTHER ISSUERS

DECEMBER 31, 2015

Name of issuing entity of securities guaranteed by the company for which this statements is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount of owned by person for which statement is filed	Nature of guarantee

NOT APPLICABLE

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE H: CAPITAL STOCK

DECEMBER 31, 2015

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Common stock - ₱1 par value	2,000,000,000	1,385,000,000	–	484,749,997	380,182,503	520,057,500
	2,000,000,000	1,385,000,000	–	484,749,997	380,182,503	520,057,500

See Note 19 of the Consolidated Financial Statements

ROBINSONS RETAIL HOLDINGS, INC.

SUPPLEMENTARY SCHEDULE OF ALL EFFECTIVE STANDARDS AND INTERPRETATIONS

Philippine Securities and Exchange Commission (SEC) issued the amended Securities Regulation Code Rule 68 and 68.1 which consolidates the two separate rules and labeled in the amendment as "Part I" and "Part II", respectively. It also prescribed the additional schedule requirements for large entities showing a list of all effective standards and interpretations under Philippine Financial Reporting Standards (PFRS).

Below is the list of all effective PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) as at December 31, 2015:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of 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 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
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 PAS 39 and PFRS 4: Financial Guarantee Contracts			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures		✓	
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments		✓	
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures		✓	
	Hedge Accounting and Amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version)		✓	
	Classification and Measurement (2010 version)		✓	
	PFRS 9, Financial Instruments (2014 or final version)		✓	
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture		✓	
	Investment Entities (Amendments to PFRS 10, Consolidated Financial Statements, PFRS 12, Disclosure of Interests in Other Entities, and PAS 27, Separate Financial Statements)	✓		
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interest in Joint Operations		✓	
PFRS 12	Disclosure of Interests in Other Entities	✓		
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts		✓	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
IFRS 15	Revenue from Contracts with Customers		✓	
IFRS 16	Leases		✓	
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Balance Sheet Date	✓		
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 and Amortization		✓	
	Amendments to PAS 16: Bearer Plants		✓	
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions		✓	
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			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 24 (Revised)	Related Party Disclosures	✓		
	Amendments to PAS 24: Related Party Disclosures - Key Management Personnel		✓	
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✓		
PAS 27 (Amended)	Separate Financial Statements			✓
	Amendment to PAS 27: Equity Method in Separate Financial Statements		✓	
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
	Amendments to PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture		✓	
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36 (Amended)	Impairment of Assets	✓		
	Amendment to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
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 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	Amendments to Philippine Interpretation IFRIC-9 and 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 8	Scope of PFRS 2			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC - 9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 11	PFRS 2 - Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓
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	Agreement for Construction of Real Estate		✓	
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			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
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-21	Income Taxes - Recovery of Revalued Non-Depreciable Assets			✓
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			✓
Annual Improvements to PFRSs (2010-2012 cycle)			✓	
Annual Improvements to PFRSs (2011-2013 cycle)			✓	
Annual Improvements to PFRSs (2012-2014 cycle)			✓	

Standards tagged as "Not Adopted" are standards issued out but not yet effective as of December 31, 2015. The Company will adopt the Standard s and Interpretations when these become effective.

Standards tagged as "Not Applicable" have been adopted by the Company but have no significant covered transactions for the year ended December 31, 2015.

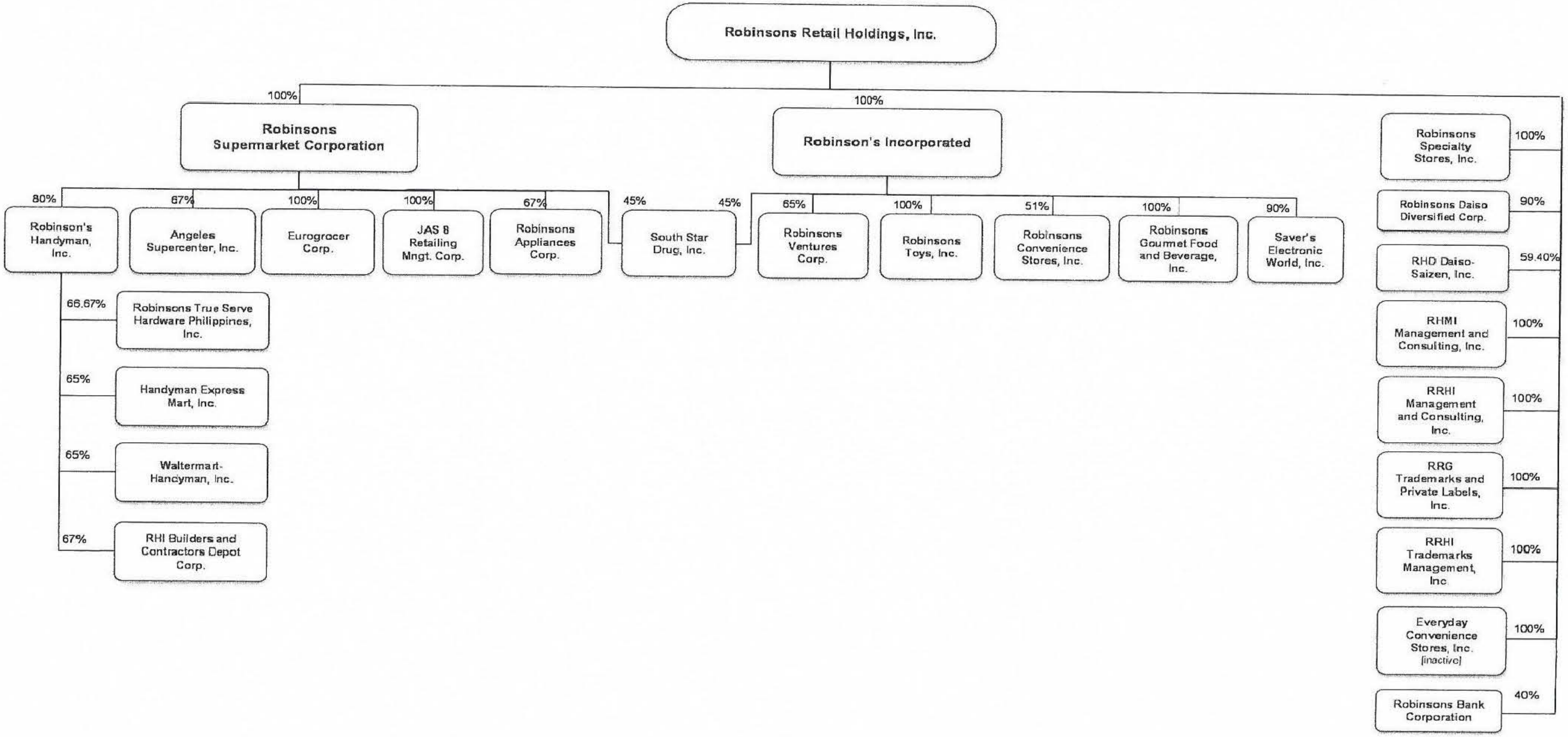
ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDENDS DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2015

Retained Earnings of the Parent Company, January 1, 2015		₱996,194,751
Adjustments		–
Unappropriated Retained Earnings, as adjusted January 1, 2015		996,194,751
Net income based on the face of audited financial statements	1,098,599,564	
Less: Non-actual/unrealized income net of tax		
Equity in net income of an associate	–	
Unrealized foreign exchange gain - net	183,603,976	
Unrealized actuarial gain	–	
Fair value adjustment (marked-to-market gains)	–	
Fair value adjustment of investment properties resulting to gain	–	
Adjustment due to deviation from PFRS/GAAP - gain	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	–	
Add: Non-actual/unrealized losses net of tax	–	
Depreciation on revaluation increment	–	
Adjustment due to deviation from PFRS/GAAP - loss	–	
Loss on fair value adjustment of investment properties	–	
Net income actual/realized		914,995,588
Less: Appropriations during the year		–
Dividend declarations during the year		(706,350,000)
Total Parent Company Unappropriated Retained Earnings Available For Dividend Distribution, December 31, 2015		₱1,204,840,339

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES
MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
DECEMBER 31, 2015

Group Structure

Below is a map showing the relationship between and among the Group and its ultimate parent company, subsidiaries, and associates as of December 31, 2015:



ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE OF SOUNDNESS INDICATORS

FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

Financial Soundness Indicator	2015	2014
i. Liquidity ratio:		
Current ratio	**1.28**	1.58
ii. Profitability ratio:		
Operating margin ratio	**0.22**	0.22
iii. Stability ratio:		
Solvency ratio	**0.32**	0.32
Net debt to equity ratio	**0.43**	0.39
Asset to equity ratio	**1.43**	1.39
Interest rate coverage rate ratio	**321.29**	372.17
iii. Other ratios		
Return on assets	**0.07**	0.07
Return on equity	**0.10**	0.10

**See attached reporting computation.*

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL RATIOS

FOR THE PERIOD ENDED DECEMBER 31, 2015 AND DECEMBER 31, 2014

	2015	2014
Current assets	**₱23,802,224,175**	₱23,712,478,239
Current liabilities	**18,525,837,007**	15,022,348,292
Current ratio	**1.28**	1.58
Operating income	**19,749,042,342**	17,429,099,780
Net sales	**90,882,627,706**	80,400,962,302
Operating margin ratio	**0.22**	0.22
After tax net profit	**4,577,166,286**	3,933,284,013
Depreciation and amortization	**1,647,365,077**	1,280,140,229
	6,224,531,363	5,213,424,242
Total liabilities	**19,654,349,625**	16,258,872,808
Solvency ratio	**0.32**	0.32
Total liabilities	**19,654,349,625**	16,258,872,808
Total equity	**45,505,275,848**	41,237,097,143
Debt to equity ratio	**0.43**	0.39
Total assets	**65,159,625,473**	57,495,969,951
Total equity	**45,505,275,848**	41,237,097,143
Asset to equity ratio	**1.43**	1.39
Earnings before interest and taxes	**4,728,840,722**	4,487,439,155
Interest expense	**14,718,429**	12,057,390
Interest rate coverage ratio	**321.29**	372.17
Net income	**4,577,166,286**	3,933,284,013
Average total assets	**61,327,797,712**	54,923,333,990
Return on assets	**0.07**	0.07
Net income	**4,577,166,286**	3,933,284,013
Average total equity	**43,371,186,496**	39,609,782,935
Return on equity	**0.11**	0.10

SGV
Building a better working world

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

REPORT OF FACTUAL FINDINGS

The Stockholders and the Board of Directors
Robinsons Retail Holdings, Inc.
110 E. Rodriguez Jr. Avenue
Libis, Quezon City

We have performed the procedures agreed with you and enumerated below with respect to the attached Annual Progress Report as at December 31, 2015 on the application of proceeds from the Initial Public Offering (IPO) of Robinsons Retail Holdings, Inc. (the Company) on November 11, 2013. The procedures were performed solely to comply with the Philippine Stock Exchange, Inc.'s (PSE) requirement to submit an external auditor's certification on the accuracy of the information being represented by the Company relating to the application of proceeds whenever a report is submitted to the PSE. Our engagement was undertaken in accordance with the Philippine Standard on Related Services 4400, *"Engagements to Perform Agreed-Upon Procedures Regarding Financial Information"* applicable to agreed-upon procedures engagements. These agreed-upon procedures and results thereof are summarized as follows:

1. Checked the mathematical accuracy of the Annual Progress Report on the Application of Proceeds from IPO (the Report) as at December 31, 2015, and agreed the amounts for expansion of store network, renovation of existing stores, repayment of bank loans and other corporate purposes to the related schedules.

2. Obtained the schedules of capitalized cost for expansion of store networks, renovation of existing stores and other corporate purposes during the period January 1 to December 31, 2015 totaling ₱4.23 billion and checked the mathematical accuracy of the schedules. On a test basis, we traced certain items of the capitalized costs to the accounting records and supporting documents.

3. Obtained the supporting documents for the payment of ₱60.13 million to Metrobank and Trust Company (MBTC) related to the repayment of bank loans and agreed the amount to the accounting records and supporting documents.

We report our findings below:

1. With respect to item 1, we found it to be mathematically correct and the amounts agreed to the respective schedules. We also noted that the amounts in the schedules consist of acquisitions and/or payments recorded in the Company's records for the period January1 to December 31, 2015.

2. With respect to item 2, we found the schedules to be in order and mathematically correct. The capitalized items tested, on a sample basis, agreed with the accounting records and supporting documents.

3. With respect to item 3, we obtained the official receipts issued by MBTC for the payments of the bank loans of South Star Drug, Inc., a subsidiary, amounting ₱60.13 million. The amount recorded agreed with the supporting documents.

Because the above procedures do not constitute either an audit or a review made in accordance with Philippine Standards on Auditing (PSAs) or Philippine Standards on Review Engagement (PSRE), respectively, we do not express any assurance on the use of proceeds from the IPO based on the said standards.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with PSA or PSRE, respectively, other matters might have come to our attention that would have been reported to you.

We have no responsibility to update this report for events or circumstances occurring after the date of this report.

Our report is intended solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. This report relates only to the updated report on the Company's use of proceeds from the IPO and items specified above and do not extend to any financial statements of Robinsons Retail Holdings, Inc., taken as whole.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
SEC Accreditation No. 1229-A (Group A),
May 31, 2012, valid until May 30, 2015
Tax Identification No. 162-410-623
BIR Accreditation No. 08-001998-74-2012,
April 11, 2012, valid until April 10, 2015
PTR No. 4751335, January 5, 2015, Makati City

January 8, 2016

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

FOR THE PERIOD ENDED DECEMBER 31, 2015

As disclosed in the Company's prospectus, gross and net proceeds were estimated at ₱26.79 billion and ₱26.07 billion, respectively for the Primary Offer (excluding any additional expenses that may be incurred in relation to the Over-allotment Option).

The Company received actual gross proceeds amounting to ₱26.79 billion from the Primary offering of 461,897,500 shares on November 11, 2013 and an additional ₱0.23 billion from the exercised over-allotment of 3,880,550 shares, and incurred ₱745.65 million IPO-related expenses, resulting to actual net proceeds of ₱26.27 billion.

For the year ended December 31, 2015, the application of the net proceeds is broken as follows:

Use of Proceeds	Amount in Pesos
Expansion of store network	₱3,100,968,166
Renovation of existing stores	916,575,318
Repayment of bank loans	60,131,699
Other corporate purposes	213,471,964
Total	₱4,291,147,147

COVER SHEET

SEC Registration Number

A	2	0	0	2	0	1	7	5	6	

Company Name

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES (FORMERLY ROBINSONS HOLDINGS INC. AND SUBSIDIARIES)

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

110 E. RODRIGUEZ, JR. AVENUE, BAGUMBAYAN, QUEZON CITY

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	633-7631	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
25	16-Jul	31-Dec

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
Diosdado Felix A. Zapata III	dong.zapata@robinsonsretail.com.ph	635-0797	09228223548

Contact Person's Address

110 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon 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 FORM 17-Q

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

1. For the quarterly period ended March 31, 2016

2. Commission identification number A200201756

3. BIR Tax Identification No 216-303-212-000

4. Exact name of issuer as specified in its charter

   ROBINSONS RETAIL HOLDINGS, INC.

5. Province, country or other jurisdiction of incorporation or organization Philippines

6. Industry Classification Code: ______ (SEC Use Only)

7. Address of issuer's principal office | Postal Code

   110 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City, Philippines | 1110

8. Issuer's telephone number, including area code

   (02) 635-07-51

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

   Not Applicable

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 Shares	1,385,000,000

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

    Yes [/] No [ ]

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

    Philippine Stock Exchange - Common Share

12. Indicate by check mark whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the

Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [/] No [ ]

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

Yes [/] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements

Please refer to the attached.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Please refer to the attached.

PART II--OTHER INFORMATION

Attachment 1 – Use of Proceeds from Initial Public Offering as of March 31, 2016

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.

Registrant: **Robinsons Retail Holdings, Inc.**

Signature and Title: Lance Y. Gokongwei
Chairman

Date: May 13, 2016

Signature and Title: Lance Y. Gokongwei
Chief Executive Officer

Date: May 13, 2016

Signature and Title: Graciela A. Banatao
Treasurer

Date: May 13, 2016

Signature and Title: Diosdado Felix A. Zapata III
Chief Financial Officer

Date: May 13, 2016

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

Securities and Exchange Commission
SEC Building, EDSA, Greenhills
Mandaluyong City, Metro Manila

The Management of **Robinsons Retail Holdings, Inc. and Subsidiaries** is responsible for the preparation and fair presentation of the financial statements for the period ended March 31, 2016 and 2015, 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 financial statements and submits the same to the stockholders.

MR. LANCE Y. GOKONGWEI
Chairman

MR. LANCE Y. GOKONGWEI
Chief Executive Officer

GRACIELA A. BANATAO
Treasurer

DIOSDADO FELIX A. ZAPATA III
Chief Financial Officer

Before me, a notary public in the city named above, personally appeared:

Name	Competent Proof of Identity	Place/Date of Issue
Lance Y. Gokongwei	TIN No. 116-312-586	
Graciela A. Banatao	TIN No. 907-401-098	
Diosdado Felix A. Zapata III	TIN No. 142-200-457	

Who is personally known to me to be the same person described in the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument.

Witness my hand and seal this MAY 1 3 2016 day of ____ 2016. QUEZON CITY

Doc. No. 86;
Page No. 18;
Book No. II;
Series of 20 2016.

ATTY. GILBERT S. MILLADO, JR.
Roll No. 45039
Notary Public
Until December 31, 2016
110 E. Rodriguez Jr. Ave., Bagumbayan, Quezon City
PTR No. 2286024; Jan. 14, 2016; Quezon City
IBP No. 1023802; Jan. 8, 2016; CALMANA
TIN 166-215-465
Commission-Adm. No. 174 (2015-2016)
MCLE Compliance No. V-0014038

PART 1 – FINANCIAL INFORMATION

Item 1 – Financial Statements

A. Unaudited Consolidated Statements of Financial Position as of March 31, 2016 and Audited Consolidated Statements of Financial Position as of December 31, 2015.

B. Unaudited Consolidated Statements of Comprehensive Income for the three Months Ended March 31, 2016 and 2015.

C. Unaudited Consolidated Statements of Changes in Equity for the Three Months Ended March 31, 2016 and 2015

D. Unaudited Consolidated Statements of Cash Flow for the Three Months Ended March 31, 2016 and 2015

E. Notes to Unaudited Consolidated Financial Statement.

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7, 18 and 28)	**₱7,196,886,142**	₱9,757,351,816
Short-term investments (Notes 8, 18 and 28)	**7,059,000**	7,059,000
Trade and other receivables (Notes 9, 25 and 28)	**1,466,948,586**	1,773,723,242
Merchandise inventories (Notes 9 and 10)	**11,011,356,332**	10,575,687,802
Other current assets (Notes 11 and 28)	**1,930,750,372**	1,688,402,315
Total Current Assets	**21,613,000,432**	23,802,224,175
Noncurrent Assets		
Available-for-sale (AFS) financial assets (Notes 12 and 28)	**19,798,899,022**	19,511,313,846
Property and equipment (Notes 9 and 13)	**11,441,112,010**	11,149,374,301
Investments in shares of stock (Note 14)	**5,203,011,535**	5,079,302,654
Intangible assets (Notes 15 and 20)	**4,106,286,396**	4,109,178,069
Deferred tax assets - net (Note 26)	**126,961,746**	180,129,573
Other noncurrent assets (Notes 16 and 28)	**1,337,486,209**	1,328,102,855
Total Noncurrent Assets	**42,013,756,918**	41,357,401,298
	₱63,626,757,350	₱65,159,625,473
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 17, 25 and 28)	**₱12,473,968,846**	₱14,795,536,013
Short-term loans and current portion of loans payable (Notes 18 and 28)	**2,244,916,615**	2,844,872,558
Income tax payable	**910,262,847**	687,844,946
Other current liabilities (Note 28)	**225,839,919**	197,583,490
Total Current Liabilities	**15,854,988,227**	18,525,837,007
Noncurrent Liabilities		
Loans payable - net of current portion (Notes 18 and 28)		–
Deferred tax liability - net (Note 26)	**655,165,987**	655,165,987
Net pension liabilities (Notes 23 and 24)	**502,903,504**	473,346,631
Total Noncurrent Liabilities	**1,158,069,491**	1,128,512,618
Total Liabilities	**17,013,057,718**	19,654,349,625
Equity (Note 19)		
Capital stock	**1,385,000,000**	1,385,000,000
Additional paid-in capital	**27,227,385,090**	27,227,385,090
Other comprehensive income (loss) (Notes 12, 14 and 24)	**526,743,417**	251,829,136
Equity reserve	**(1,027,402,846)**	(1,027,402,846)
Retained earnings		
Appropriated	**12,997,451,453**	12,997,451,453
Unappropriated	**3,474,175,208**	2,689,501,691
Total equity attributable to equity holders of the Parent Company	**44,583,352,322**	43,523,764,524
Non-controlling interest in consolidated subsidiaries	**2,030,347,310**	1,981,511,324
Total Equity	**46,613,699,632**	45,505,275,848
	₱63,626,757,350	₱65,159,625,473

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended March 31	
	2016	2015
	(Unaudited)	(Unaudited)
SALES - Net of sales discounts and returns (Notes 6, 21 and 25)	**22,695,568,954**	19,715,150,870
COST OF MERCHANDISE SOLD (Notes 6 and 10)	**17,890,681,462**	15,462,828,186
GROSS PROFIT (Note 6)	**4,804,887,492**	4,252,322,684
ROYALTY, RENT AND OTHER REVENUE (Notes 6, 25 and 30)	**488,792,910**	396,990,153
GROSS PROFIT INCLUDING OTHER REVENUE (Note 6)	**5,293,680,402**	4,649,312,837
OPERATING EXPENSES (Notes 22, 23, 24, 29 and 30)	**(4,389,526,915)**	(3,859,215,468)
OTHER INCOME (CHARGES)		
Interest income (Notes 6, 7, 8 and 12)	**203,645,332**	199,328,342
Foreign currency exchange gain –net	**(72,874,840)**	50,544
Dividend income (Notes 6 and 12)	**27,875,000**	27,875,000
Equity in net earnings of an associate (Note 14)	**26,415,439**	11,213,941
Interest expense (Notes 6 and 18)	**(16,420,331)**	(5,218,795)
	168,640,600	233,249,032
INCOME BEFORE INCOME TAX(Note 6)	**1,072,794,087**	1,023,346,401
PROVISION FOR INCOME TAX (Note 26)		
Current	**261,997,501**	235,247,600
Deferred	**(22,712,917)**	(34,177,990)
	239,284,584	201,069,610
NET INCOME	**833,509,503**	822,276,791
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:		
Changes in fair value and share in change in fair value of available-for-sale (AFS) financial assets (Notes 12 and 14)	**305,982,162**	77,563,014
Share in change in translation adjustment of an associate (Note 14)	**(1,879,848)**	370,426
Income tax effect	**(29,188,033)**	(23,380,032)
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:		
Share in an associate actuarial losses on pension liability (Note 14)	**–**	–
Remeasurement gain (losses) on net pension liabilities (Note 24)	**–**	–
Income tax effect	**–**	–
	274,914,281	54,553,408
TOTAL COMPREHENSIVE INCOME	**1,108,423,784**	876,830,199

(Forward)

	Three Months Ended March 31	
	2016	2015
Net income attributable to:		
Equity holders of the Parent Company	**784,673,517**	781,108,247
Non-controlling interest in consolidated subsidiaries	**48,835,986**	41,168,544
	833,509,503	822,276,791
Total comprehensive income attributable to:		
Equity holders of the Parent Company	**1,059,587,798**	835,661,655
Non-controlling interest in consolidated subsidiaries	**48,835,986**	41,168,544
	1,108,423,784	876,830,199
Basic/Diluted Earnings Per Share (Note 27)	**0.57**	0.56

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Total Equity Attributable to Equity Holders of the Parent Company									
					Retained Earnings					
	Capital Stock (Note 19)	**Additional Paid-in Capital** (Note 19)	**Other Comprehensive Income (Loss)** (Notes 12,14 and 24)	**Equity Reserve** (Note 19)	**Appropriated** (Note 19)	**Unappropriated** (Note 19)	**Treasury Stock** (Note 19)	**Total**	**Non-controlling Interest in Consolidated Subsidiaries**	**Total**
At January 1, 2016	**₱1,385,000,000**	**₱27,227,385,090**	**₱251,829,136**	**(₱1,027,402,846)**	**₱12,997,451,453**	**₱2,689,501,691**	**₱–**	**₱43,523,764,524**	**₱1,981,511,324**	**₱45,505,275,848**
Net income	–	–	–	–	–	**784,673,517**	–	**784,673,517**	**48,835,986**	**833,509,503**
Other comprehensive income	–	–	**274,914,281**	–	–	–	–	**274,914,281**	–	**274,914,281**
Total comprehensive income	–	–	**274,914,281**	–	–	**784,673,517**	–	**1,059,587,798**	**48,835,986**	**1,108,423,784**
Balance at March 31, 2016	**₱1,385,000,000**	**₱27,227,385,090**	**₱526,743,417**	**(₱1,027,402,846)**	**₱12,997,451,453**	**₱3,474,175,208**	**₱–**	**₱44,583,352,322**	**₱2,030,347,310**	**₱46,613,699,632**
At January 1, 2015	₱1,385,000,000	₱27,227,385,090	(₱23,641,261)	(₱991,931,906)	₱10,311,451,453	₱1,740,057,473	₱–	₱39,648,320,849	₱1,587,916,974	₱ 41,236,237,823
Additional investment in a subsidiary (Notes 2 and 19)	–	–	–	–	–	–	–	–	50,000,000	50,000,000
Net income						781,108,247		781,108,247	41,168,544	822,276,791
Other comprehensive income	–	–	54,553,408	–	–		–	54,553,408	–	54,553,408
Total comprehensive income	–	–	54,553,408	–	–	781,108,247	–	835,661,655	41,168,544	876,830,199
Balance at March 31, 2015	₱1,385,000,000	₱27,227,385,090	₱30,912,147	(₱991,931,906)	₱10,311,451,453	₱2,521,165,720	₱–	₱40,483,982,504	₱1,679,085,518	₱42,163,068,022

See accompanying Notes to Consolidated Financial Statements

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31	
	2016 (Unaudited)	2015 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱1,072,794,087**	₱1,023,346,401
Adjustments for:		
Depreciation and amortization (Notes 13, 15 and 22)	**443,352,260**	399,401,139
Interest expense (Note 18)	**16,420,331**	5,218,795
Equity in net earnings of an associate (Note 14)	**(26,415,439)**	(11,213,941)
Dividend income (Note 12)	**(27,875,000)**	(27,875,000)
Unrealized foreign currency exchange loss - net	**72,874,840**	(50,544)
Interest income (Notes 7, 8 and 12)	**(203,645,332)**	(199,328,342)
Operating income before working capital changes	**1,347,505,747**	1,189,498,508
Increase in:		
Trade and other receivables	**412,133,407**	562,507,743
Merchandise inventories	**(435,668,530)**	(753,299,132)
Other current assets	**(242,348,057)**	(219,293,701)
Short term investment	**–**	1,845,946,977
Increase (decrease) in:		
Trade and other payables	**(2,309,388,612)**	(3,479,848,206)
Pension liability (Notes 23 and 24)	**29,556,873**	22,969,662
Other current liabilities	**28,256,429**	(23,536,439)
Net cash flows generated from operations	**(1,169,952,743)**	(855,054,588)
Interest received	**157,233,933**	210,169,704
Income tax paid	**(39,579,600)**	(28,905,865)
Net cash flows provided by operating activities	**(1,052,298,410)**	(673,790,749)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Investment in associate		
Available-for-sale (AFS) financial assets (Note 12)	**(150,000,000)**	(1,264,350,000)
Property and equipment (Note 13)	**(731,483,789)**	(748,193,842)
Franchise (Note 15)	**–**	–
Proceeds from transfers/disposals of:		
Property and equipment (Note 13)	**–**	5,410,825
Available-for-sale (AFS) financial assets (Note 12)	**–**	–
Proceeds from (acquisition of) short-term investments	**–**	–
Dividends received (Note 12)	**–**	–
Additional investment from noncontrolling interest	**–**	50,000,000
Additional investment in an associate	**–**	(184,280,900)
Increase in other noncurrent assets	**(9,383,354)**	15,610,888
Net cash flows used in investing activities	**(890,867,143)**	(2,125,803,029)

(Forward)

	Three Months Ended March 31	
	2016 (Unaudited)	2015 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of loans (Note 18)	**(₱599,955,943)**	(₱13,918,160)
Interest paid (Note 18)	**(17,344,178)**	(5,218,795)
Net cash flows provided by financing activities	**(617,300,121)**	(19,136,955)
EFFECTS OF FOREIGN EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	**–**	(40,114)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(2,560,465,674)**	(2,818,770,847)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**9,757,351,816**	9,969,823,164
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱7,196,886,142**	₱7,151,052,317

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Robinsons Retail Holdings, Inc., (herein referred to as either "RRHI" or the "Parent Company") is a stock corporation organized under the laws of the Philippines. The Parent Company was registered with the Philippine Securities and Exchange Commission (SEC) on February 4, 2002. The Parent Company's common stock was listed with the Philippine Stock Exchange (PSE) on November 11, 2013, the Parent Company's initial public offering (IPO).

The Parent Company is 35.00% owned by JE Holdings, Inc., 27.87% owned by PCD Nominee Corporation and the rest by the public. The primary purpose of the Parent Company and its subsidiaries (herein referred to as "the Group") is to engage in the business of trading goods, commodities and merchandise of any kind.

The registered office address and principal place of business of the Parent Company is at 110 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City.

2. Basis of Preparation

The consolidated financial statements have been prepared under the historical cost basis, except for available-for-sale (AFS) financial assets, which are measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱), the Parent Company's functional and presentation currency. All amounts are rounded to the nearest peso unless otherwise indicated.

The Group's management opted to change the presentation of its consolidated statements of comprehensive income. "Gross profit" and "Gross profit including other revenue" have been presented to assist users in making economic decisions, especially by allowing the assessment of trends in financial information for predictive purposes and computation of financial ratios. The Group's management believes that the inclusion of "Gross profit" and "Gross profit including other revenue", which included the "royalty, rent and other revenue" line item, for the three months ended March 31, 2016 and 2015 would be more useful to the users of the consolidated financial statements.

<u>Statement of Compliance</u>
The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Finalization of Purchase Price Allocation
In 2015, the Group finalized the purchase price allocation of its acquisitions of GNC Pharma Corporation (GPC) and RHI Builders and Contractors Depot Corp. (RHIB) through business combinations on June 2, 2014 and July 3, 2014, respectively. The December 31, 2014 comparative information was restated to reflect the adjustments to the provisional amounts and the effects to the consolidated financial statements (Note 20).

<u>Basis of Consolidation</u>
The interim condensed consolidated financial statements represent the consolidation of the financial statements of RRHI and the following subsidiaries directly and indirectly owned by the Parent Company.

Investee Companies	Effective Percentages of Ownership			
	March 31, 2016		December 31, 2015	
	Direct	**Indirect**	Direct	Indirect
Robinson's, Incorporated. (RI)	**100.00%**	**–**	100.00%	–
Robinsons Ventures Corporation (RVC)	**–**	**65.00%**	–	65.00%
Robinsons Toys, Inc. (RTI)	**–**	**100.00%**	–	100.00%
Robinsons Convenience Stores, Inc. (RCSI)	**–**	**51.00%**	–	51.00%
South Star Drug, Inc. (SSDI)	**–**	**45.00%**	–	45.00%
GNC Pharma Corporation (GPC)	**–**	**100.00%**	–	100.00%
Robinsons Gourmet Food and Beverages, Inc. (RGFBI)	**–**	**100.00%**	–	100.00%
Savers Electronic World, Inc. (SEWI)	**90.00%**	**–**	90.00%	–
Robinson's Supermarket Corporation (RSC)	**100.00%**	**–**	100.00%	–
Angeles Supercenter, Inc. (ASI)	**–**	**67.00%**	–	67.00%
Robinsons Appliances Corp. (RAC)	**–**	**67.00%**	–	67.00%
South Star Drugs, Inc. (SSDI)	**–**	**45.00%**	–	45.00%
Robinsons Handyman, Inc. (RHMI)	**–**	**80.00%**	–	80.00%
Handyman Express Mart, Inc. (HEMI)	**–**	**52.00%**	–	52.00%
Waltermart-Handyman, Inc. (WHI)	**–**	**52.00%**	–	52.00%
Robinsons True Serve Hardware Philippines, Inc. (RTSHPI)	**–**	**53.33%**	–	53.33%
RHI Builders and Contractors Depot Corp (RHIB)	**–**	**53.60%**	–	53.60%
Everyday Convenience Stores, Inc. (ECSI)	**100.00%**	**–**	100.00%	–
Robinsons Specialty Stores, Inc.(RSSI)	**100.00%**	**–**	100.00%	–
Robinsons Daiso Diversified Corp. (RDDC)	**90.00%**	**–**	90.00%	–
RHD Daiso-Saizen, Inc. (RHDDS)	**59.40%**	**–**	59.40%	–
RHMI Management and Consulting, Inc.	**100.00%**	**–**	100.00%	–
RRHI Management and Consulting, Inc.	**100.00%**	**–**	100.00%	–
RRG Trademarks and Private Labels, Inc.	**100.00%**	**–**	100.00%	–
RRHI Trademarks Management, Inc.	**100.00%**	**–**	100.00%	–

All subsidiaries are incorporated in the Philippines.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and 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. 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.

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. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the equity holders of the Parent Company.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity as "Equity reserve" and attributed to the owners of the Parent Company. 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 non-controlling interest
- 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 other comprehensive income to profit or loss or retained earnings, as appropriate.

Additional Investments and Acquisitions
On September 18, 2015, RRHI made additional investments to RSSI amounting to ₱390.97 million.

On September 18, 2015, additional capital amounting to ₱315.00 million to SEWI was made by RI. Corresponding additional investment coming from NCI of SEWI amounted to ₱35.00 million (Note 19).

On September 1, 2015, RI acquired 90.00% ownership of SEWI, a Company engaged in the business of consumer electronics and home appliance (Note 20). The NCI is measured based on the proportionate share in fair values of the net assets acquired amounting to ₱30.54 million.

On June 8, 2015, capital call amounting to ₱202.00 million to RHIB was made by RHMI. Corresponding additional investment coming from NCI of RHIB amounted to ₱98.00 million (Note 19).

On March 6, 2015, the Subscription Contract between RRHI and RSC was executed. RRHI subscribed 108,370,796 shares of common stock of the RSC with a par value of ₱1.00 per share for a total consideration of ₱2.86 billion or at ₱26.4051 per share.

On February 23, 2015, capital call amounting to ₱100.00 million to RHIB was made by RHMI. Corresponding additional investment coming from NCI of RHIB amounted to ₱50.00 million (Note 19).

On December 17, 2014 and July 3, 2014, capital call amounting to ₱295.00 million and ₱59.40 million, respectively to RSSI and RHDDS was made by RRHI. Corresponding additional investments coming from NCI of RHDDS amounted to ₱40.60 million (Note 19).
On December 5, 2014, RSC acquired additional 25.00% ownership of RHMI increasing its total ownership to 80.00%.

In 2014,RHMI acquired 67.00% ownership of RHIB, a Company engaged in the business of hardware retailing (Note 20).The NCI is measured based on the proportionate share in fair values of the net assets acquired amounting to ₱27.72 million. Also in 2014, RHMI and NCI made additional investments amounting to ₱100.00 million and ₱50.00 million, respectively.

On June 2, 2014,SSDI acquired 100% ownership of GPC, a Company engaged in the business of pharmaceutical retailing.

On January 29, 2014, RSC acquired 100% ownership of JRMC, a Company engaged in the business of grocery retailing.

On September 14, 2013, RSC acquired 100% ownership of EC, a Company engaged in the business of grocery retailing.

On July 8, 2013, RGFBI, wholly-owned subsidiary of RI, was incorporated to engage in the business of establishing, operating and managing of retail coffee shops and espresso shops. RI provided equity funding to RGFBI amounting ₱100.00 million.

On May 23, 2013, RRG Trademarks and Private Labels, Inc., wholly-owned subsidiary of the Parent Company, was incorporated to administer and own trademarks that are registered to companies with shareholding owned by third parties. The Parent Company provided equity funding to RRG Trademarks and Private Labels, Inc. amounting ₱0.19 million.

On May 23, 2013, RRHI Trademarks Managements, Inc., wholly-owned subsidiary of the Parent Company, was incorporated to administer and own trademarks that are registered to companies that are wholly-owned by the Parent Company. The Parent Company provided equity funding to RRHI Trademarks Management, Inc. amounting ₱0.19 million.

On May 27, 2013, RHMI Management and Consulting, Inc., wholly-owned subsidiary of the Parent Company, was incorporated to handle management agreements in relation to companies with shareholdings owned by third parties. The Parent Company provided equity funding to RHMI Management and Consulting, Inc. amounting ₱0.19 million.

On May 27, 2013, RRHI Management and Consulting, Inc., wholly-owned subsidiary of the Parent Company, was incorporated to handle management agreements that are registered to companies that are wholly-owned by the Parent Company. The Parent Company provided equity funding to RRHI Management and Consulting, Inc. amounting ₱0.19 million.

On July 4, 2012, RSC and RI, wholly-owned subsidiaries of RRHI, each acquired 45.00% interest in SSDI, aggregating to 90.00%.

Mergers
Merger of EC and JRMC to RSC and GPC to SSDI
On October 24, 2014, the Board of Directors (BOD) of the Group approved the plan of the Group to merge RSC, EC and JRMC with RSC as the surviving entity. The purpose of the merger is to centralize the Group's supermarket operations. On November 14, 2014, the plan of merger was

presented to and approved by the Stockholders. The Plan and Articles of Merger were filed with SEC in April 2015.In 2016, the DOJ and SEC approved the application for merger.
On October 24, 2014, the BOD approved the plan of the Group to merge SSDI with its subsidiary, GPC, whereby the entire assets and liabilities of GPC will be transferred and absorbed by SSDI doing business under the name of South Star Drugs and Manson Drug.

On November 25, 2014, the plans of merger was presented to and approved by the Stockholders. The Plan and Article of Merger were filed with the DOJ and SEC on April 24, 2015 and were approved on August 26, 2015.

Merger of RDCI to RCSI
On May 24, 2012, the SEC approved the Plans and Articles of Merger (Merger) between RDCI and RCSI, the latter being the surviving entity. The merger was approved and ratified by the respective Board of Directors (BOD) and stockholders on April 10, 2012. Under the approved merger, the entire assets and liabilities of RDCI as of December 31, 2011 were merged and absorbed by RCSI with effective date of January 1, 2012.

The merger was undertaken to enhance and promote operating efficiencies and economies, and increase financial strength through pooling of resources to achieve more favorable financing and greater credit facilities.

No RCSI shares were issued in exchange for the net assets of the RDCI, considering that the latter is a wholly-owned subsidiary of the former. The total retained earnings of RDCI amounting ₱4.37 million as of December 31, 2010 was recognized as a reduction from RCSI's deficit.

3. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and amended PFRS and Philippine Interpretations which became effective beginning January 1, 2015. Except as otherwise indicated, the adoption of amended PFRS and Philippine Interpretations did not have any effect on the financial statements of the Group.

- 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. The amendments are effective for annual periods beginning on or after July 1, 2014.

  These amendments are not relevant to the Group since none of the entities within the Group has defined benefit plan 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.

- 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 applicable to the Group as it has no share-based payments.

- 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 Groupwill 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.

  The amendment has no impact on the Group's financial position or performance.

- PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation*
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. The amendment has no impact on the Group's financial position or performance.

- 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. The amendments have an affect in disclosures only and have no impact on the Group's financial position or performance.

Annual Improvements to PFRSs (2011-2013 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.

- 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.

  The amendment has no impact on the Group's financial position or performance.

- 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. The amendment has no significant impact on the Group's financial position or performance.

- 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). The amendment has no significant impact on the Group's financial position or performance.

There are new PFRS, amendments, annual improvements and interpretations to existing standards that are effective for periods subsequent to 2015 and these will be adopted on their effectivity dates in accordance with the transition provisions. Except as otherwise stated, these amendments and improvements to PFRS and new standards are not expected to have any significant impact on the consolidatedfinancial statements.

<u>Standards Issued But Not Yet Effective</u>
The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Deferred

- 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 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 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 Securities and Exchange Commission (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.

Effective January 1, 2016

- PAS 1, *Presentation of Financial Statements* – Disclosure Initiative (Amendments)
  The amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in PFRS. They clarify the following:

  - That entities shall not reduce the understandability of their financial statements by either obscuring material information with immaterial information; or aggregating material items that have different natures or functions
  - That specific line items in the statement of income and OCI and the statement of financial position may be disaggregated
  - That entities have flexibility as to the order in which they present the notes to financial statements
  - That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

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 consolidated 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. The amendment will have no significant impact on the Group's financial position or performance.

- 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. The amendment will have no significant impact on the Group's financial position or performance.

- 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. These amendments are not expected to have any impact to the Group.

- 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 January 1, 2016. The amendment will have no significant impact on the Group's financial position or performance.

- 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 will 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.

- 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. The amendment will have no significant impact on the Group's financial position or performance.

- 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. The amendment will have no significant impact on the Group's financial position or performance.

- 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. The amendment will have no significant impact on the Group's financial position or performance.

- 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. The amendment will have no significant impact on the Group's financial position or performance.

- 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). The amendment will have no significant impact on the Group's financial position or performance.

Effective January 1, 2018

- PFRS 9,*Financial Instruments*
  In July 2014, the IASB issued the final version of International Financial Reporting Standards (IFRS) 9, *Financial Instruments*. The new standard (renamed as 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 providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. 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 will have an effect on the classification and measurement of the Group's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Group's financial liabilities. The Group is currently assessing the impact of adopting this standard.

In addition, the IASB has issued the following new standards that have not yet been adopted locally by the SEC and FRSC. The Group is currently assessing the impact of these new standards and plans to adopt them on their required effective dates once adopted locally.

- IFRS 15, *Revenue from Contracts with Customers*(effective January 1, 2018)
  IFRS 15 was issued in May 2014 by the IASB 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 principals 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.

- IFRS 16, *Leases* (effective January 1, 2019)
  On January 13, 2016, the IASB issued its new standard, IFRS 16, *Leases*, which replaces PAS 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 PAS 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 PAS 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 a modified retrospective approach, with options to use certain transition reliefs. The Group is currently assessing the impact IFRS 16 and plans to adopt the new standard on the required effective date once adopted locally.

4. Summary of Significant Accounting Policies

Revenue Recognition

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

The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as principal in all of its revenue agreements. The following specific recognition criteria must also be met before revenue is recognized:

Sales Revenue

Sales are recognized from retail customers at the point of sale in the stores. Sales returns and sales discounts are deducted from the sales to arrive at the net sales shown in the consolidated statement of comprehensive income.

Royalty Fee

Royalty fee is recognized as a percentage of gross profit earned by the franchisee.

Rental Income

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

Interest Income

Interest on cash in bank, cash equivalents and short-term cash investments and AFS financial assets is recognized as the interest accrues using the effective interest method.

Dividend Income and Other Income

Dividend income and other income are recognized when the Group's right to receive the payment is established.

Cost of Merchandise Sold

Cost of merchandise sold includes the purchase price of the products sold, as well as costs that are directly attributable in bringing the merchandise to its intended condition and location. Vendor returns and allowances are generally deducted from cost of merchandise sold.

Operating Expenses

Operating expenses constitute costs of administering the business. These are recognized as expenses when it is probable that a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has occurred and the decrease in economic benefits can be measured reliably.

Financial Instruments

Date of Recognition

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position 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 settlement date.

Initial Recognition of Financial Instruments

Financial instruments are recognized initially at the fair value of the consideration given. Except for financial instruments at fair value through profit or loss(FVPL), the initial measurement of financial assets includes transaction costs. The Group classifies its financial assets into the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, AFS financial assets and loans and receivables. Financial liabilities are classified into financial liabilities at FVPL and other financial liabilities carried at cost or amortized cost.

The classification depends on the purpose for which the investments were acquired and whether they are quoted 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.

Determination of Fair Value

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 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 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.

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.

As of March 31, 2016 and December 31, 2015, the financial instruments of the Group are classified as loans and receivables, AFS financial assets and other financial liabilities.

Day 1 Difference
Where the transaction price in a non-active market is different to the fair value from other observable current market transactions of the same instrument or based on a valuation technique whose variables include only data from an observable market, the Group recognizes the difference between the transaction price and fair value (a ‘Day 1’ difference) in the consolidated statement of comprehensive income. In cases where use is made of data which is not observable, the difference between transaction price and model value is only recognized in the consolidated statement of comprehensive income 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.

AFS Financial Assets
AFS financial assets are those which are designated as such and are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions.

After initial measurement, AFS financial assets are measured at fair value. The unrealized gains and losses arising from the fair valuation of AFS financial assets are excluded from reported earnings and are reported as OCI in the equity section of the consolidated statement of financial position.

When the security is disposed of, the cumulative gain or loss previously recognized in the consolidated statement of changes in equity is recognized in the consolidated statement of comprehensive income. Where the Group holds more than one investment in the same security, these are deemed to be disposed of on a first-in first-out basis. Dividends earned on holding AFS financial assets are recognized in the consolidated statement of comprehensive income when the right of the payment has been established. The losses arising from impairment of such investments are recognized in the consolidated statement of comprehensive income.

This accounting policy relates primarily to the Group’s AFS investments in equity and debt securities (Note 12).

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or financial assets at FVPL.

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest 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 (EIR).

This accounting policy relates primarily to the Group's cash and cash equivalents, trade and other receivables, security deposits and construction bonds.

Financial Liabilities
Issued financial instruments or their components, which are not designated at FVPL are classified as other financial liabilities where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, other financial liabilities are subsequently measured at cost or amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR. Any effects of restatement of foreign currency-denominated liabilities are recognized in profit or loss.

This accounting policy relates primarily to the Group's trade and other payables, loans payable and other current liabilities that meet the above definition (other than liabilities covered by other accounting standards, such as pension liability and income tax payable).

Classification of Financial Instruments Between Debt and Equity
A financial instrument is classified as debt, if it provides for a contractual obligation to:

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

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

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount, after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

The Group has no financial instruments that contain both liability and equity elements.

Offsetting of Financial Instruments
Financial assets and liabilities are offset and the net amount reported in the consolidated statement 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. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal

course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Impairment of Financial Assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers 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 where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

AFS Financial Assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. 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. Interest continues to be accrued at the original EIR on the reduced carrying amount of the asset and is recorded under interest income in profit or loss. If, in a 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 profit or loss, the impairment loss is also reversed through profit or loss.

In case of equity investments classified as AFS financial assets, this 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 comprehensive income, is removed from the consolidated statement of changes in equity and recognized in the consolidated statement of comprehensive income.

Impairment losses on equity investments are not reversed through the consolidated statement of comprehensive income. Increases in fair value after impairment are recognized directly in the consolidated statement of changes in equity.

Loans and Receivables

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. 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.

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). 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 comprehensive income. Interest income continues to be recognized based on the original EIR of the asset. Loans receivables, 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 reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as the borrower's payment history, 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. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any difference between loss estimates and actual loss experience.

Derecognition of Financial Assets and Liabilities

Financial Asset

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

- the Group rights to receive cash flows from the asset have expired;
- the Group 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 right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of 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 Liability

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or 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 is treated as a derecognition of the original liability andthe recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Embedded Derivative
The Group assesses the existence of an embedded derivative on the date it first becomes a party to the contract, and performs re-assessment where there is a change to the contract that significantly modifies the cash flows.

Embedded derivatives are bifurcated from their host contracts and carried at fair value with fair value changes being reported through profit or loss, when the entire hybrid contracts (composed of both the host contract and the embedded derivative) are not accounted for as financial instruments designated at FVPL; when their economic risks and characteristics are not clearly and closely related to those of their respective host contracts; and when a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.

The Group assesses whether embedded derivatives are required to be separated from host contracts when the Group first becomes a party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required. Embedded derivatives that are bifurcated from the host contracts are accounted for as financial assets or liabilities at FVPL. Changes in fair values are included in the profit and loss.

As of March 31, 2016 and December 31, 2015, the Group’s interest rate swap is assessed as clearly and closely related and no bifurcation is required to recognize either gain or loss on embedded derivative.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from dates of placement and are subject to an insignificant risk of change in value. Cash and cash equivalents, excluding cash on hand, are classified and accounted for as loans and receivables.

Short-term Investments
Short-term investments pertains to money market placements with maturities of more than 3 months to 1 year from dates of placement and are subject to an insignificant risk of change in values.

Merchandise Inventories
Merchandise inventories are stated at the lower of cost or net realizable value (NRV). Cost is determined using the moving average method. Costs comprise of purchase price, including duties, transport and handling costs, and other incidental expenses incurred in bringing the merchandise inventory to its present location and condition.

NRV is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. In the event that NRV is lower than cost, the decline shall be recognized as an expense in the consolidated statement of comprehensive income.

Investment in an Associate/Shares of Stocks
Investment in an associate is accounted for under the equity method of accounting.

An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the associate, less any impairment in value. The profit or loss reflects the share of the results of the operations of the associate reflected as "Equity in net earnings of an associate" under "Other income (charges)" in the consolidated statement of comprehensive income. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortized. The Group's share in the investee's post acquisition movements in the investee's equity reserves is recognized directly in equity. Profit and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate and for unrealized losses to the extent that there is no evidence of impairment of the assets transferred. Dividends received are treated as a reduction of the carrying value of the investment.

The Group discontinues applying the equity method when their investment in associate is reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations of the associate. When the associate subsequently reports net income, the Group will resume applying the equity method but only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

The reporting dates of the associate and the Group are identical and associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on the Group's investment in associate. The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount under "Other expenses" in the consolidated statement of comprehensive income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining 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 retaining investment and proceeds from disposal is recognized in the consolidated statement of comprehensive income.

<u>Business Combination and Goodwill</u>
If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the acquirer shall account for the combination using those provisional values. The acquirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within twelve months of the acquisition date as follows: (i) the carrying amount of the identifiable asset, liability or contingent liability that is recognized or adjusted as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date; (ii) goodwill or any gain recognized shall be adjusted by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted; and (iii) comparative information presented for the periods before the initial accounting for the combination is complete shall be presented as if the initial accounting has been completed from the acquisition date.

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 acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

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.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with PAS 39 either in profit or loss or as a change to OCI. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled 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 over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss as bargain purchase gain.

Following initial recognition, goodwill is measured at cost less any accumulated impairment loss. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is allocated should:

- represent the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- not be larger than an operating segment determined in accordance with PFRS 8, *Operating Segments*.

Impairment is determined by assessing the recoverable amount of the CGU (or group of CGUs), to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a CGU (or group of CGUs) 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 these circumstances is measured based on the relative values of the operation disposed of and the portion of the CGU retained. If the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the acquirer shall recognize immediately in the consolidated statement of income any excess remaining after reassessment.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and accumulated impairment in value, if any. The initial cost of property and equipment comprises its purchase price, including any directly attributable costs of bringing the asset to its working condition and location for its intended use. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Construction in-progress are transferred to the related 'Property and equipment' account when the construction or installation and related activities necessary to prepare the property and equipment for their intended use are completed, and the property and equipment are ready for service. Construction in-progress is not depreciated until such time when the relevant assets are completed and available for use.

Depreciation and amortization is computed using the straight-line method over the estimated useful lives (EUL) of the assets. Leasehold improvements are amortized over the EUL of the improvements or the term of the related lease, whichever is shorter. The EUL of property and equipment are as follows:

	Years
Leasehold improvements	10
Store furniture and fixtures	10
Office furniture and fixtures	10
Transportation equipment	10
Building and other equipment	20
Computer equipment	10

The assets' useful lives and the depreciation and amortization method are reviewed periodically to ensure that the period and the method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

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

The assets' residual values, useful lives and methods of depreciation and amortization are reviewed and adjusted, if appropriate, at each financial year-end.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is recognized in the statement of comprehensive income as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite useful life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

License
The Group acquired the license to use the brand and operate its stores. The license shall be amortized using the straight-line method over a period of ten (10) years. The amortization of the license is recorded in the consolidated statement of comprehensive income under "Operating expenses" account.

Trademark
Trademark, which was acquired through business combination in 2012 (SSDI) and 2015 (SEWI), was recognized at fair value at the date of acquisition and assessed to have an indefinite useful life. Following initial recognition, the trademark is carried at cost and subject to annual impairment testing.

Franchise
The Group acquired the franchise to use the brand and operate its stores. The franchise shall be amortized using the straight-line method over a period of ten (10) years. The amortization of the franchise is recorded in the consolidated statement of comprehensive income under "Operating expenses" account.

<u>Impairment of Nonfinancial Assets</u>
This accounting policy primarily applies to the Group's property and equipment, investment in associate and intangible assets.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU'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.

Where the carrying amount of an asset exceeds its recoverable amount, the asset 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly-traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognized in the consolidated statement of comprehensive income in the expense category consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognized in equity up to the amount of any previous revaluation.

For nonfinancial assets excluding goodwill, 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 Group makes an estimate of recoverable amount. 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 comprehensive income.

The following criteria are also applied in assessing impairment of specific assets:

Investment in an Associate
After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the associate. The Group determines at each reporting date whether there is any objective evidence that the investment in an associate is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the recoverable amount and the carrying value of the investment in associate and recognizes the difference in profit or loss.

Impairment of 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 CGU (or group of CGU) to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGU) is less than the carrying amount of the CGU (or group of CGU) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statement of comprehensive income. Impairment loss recognized for goodwill shall not be reversed in future periods.

<u>Pension Cost</u>
Defined Benefit 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 date reduced by the fair value of plan assets, 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:
(a) service cost;
(b) net interest on the net defined benefit liability or asset; and
(c) 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.

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 high quality corporate 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 OCI 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).

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Income Tax

Current Tax

Current 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 amount are those that are enacted or substantively enacted at the reporting date.

Deferred Tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess of minimum corporate income tax (MCIT) over regular corporate income tax and net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward of unused tax credits from excess MCIT and NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rate that is 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 reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in profit or loss or other comprehensive income.

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

Capital Stock
Capital stock is measured at par value for all shares issued. When the Group issues shares in excess of par, the excess is recognized as additional paid-in capital (APIC) (Note 19). Incremental costs incurred directly attributable to the issuance of new shares are treated as deduction from APIC. If APIC is not sufficient, the excess is charged against retained earnings.

Retained Earnings
Retained earnings represent accumulated earnings of the Group less dividends declaredandany adjustment arising from application of new accounting standards, policies or correction oferrors applied retroactively. It includes the accumulated equity in undistributed earnings of consolidated subsidiaries which are not available for dividends until declared by subsidiaries (Note 19).

Treasury Shares
Treasury shares are own equity instruments which are reacquired, recognized at cost and deducted from equity. Any gain or loss on the purchase, sale, issue or cancellation or re-issuance is recognized in APIC. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to APIC to the extent of the specific or average APIC when the shares were issued and to retained earnings for the remaining balance. The retained earnings account is restricted to payment of dividends to the extent of the cost of treasury shares (Note 19).

Leases
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or 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 the term of the renewal or extension
c) was initially included in the lease term;
d) there is a change in the determination of whether fulfillment is dependent on a specified asset; or
e) 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 and at the date of renewal or extension period for scenario b.

Group as Lessee
Leases where the lessor does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases.

Operating lease payments are recognized as an expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term.

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.

Foreign Currency Transactions
Transactions in foreign currencies are initially recorded in the Group's functional currency using the exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency using the Philippine Dealing and Exchange Corp. (PDEX) closing rate prevailing at the reporting date. Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations for the period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the prevailing closing exchange rate as of the date of initial transaction.

Earnings Per Share (EPS)
Basic EPS is computed by dividing net income for the year applicable to common stock by the weighted average number of common shares issued and outstanding during the year, adjusted for any subsequent stock dividends declared.

Diluted EPS is calculated by dividing the net income for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. The calculation of diluted EPS does not assume conversion, exercise, or other issue of potential common shares that would have an antidilutive effect on EPS.

The Parent Company does not have any potential dilutive ordinary shares for the years ended March 31, 2016 and December 31, 2015(Note 27).

Provisions
Provisions are recognized only when the following conditions are met: (a) there exists a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the Group expects 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. 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 in profit or loss.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These 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 disclosed when an inflow of economic benefits is probable.

Segment Reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for resource allocation and assessing performance of the operating segment, has been identified as the President. The nature of the operating segment is set out in Note 6.

Events After the Reporting Date
Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are non-adjusting events are disclosed in the consolidated financial statements when material.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in conformity with PFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

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 the amounts recognized in the consolidated financial statements:

Going Concern
The management of the Group has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the Group is not aware of any material uncertainties that may cast significant doubts upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

Operating Lease Commitments - Group as Lessee
The Group, having the ability to terminate the lease term, has entered into cancellable lease agreements as a lessee. The Group evaluates whether a lease contract is cancellable or non cancellable by assessing penalties on pretermination of lease contract. Penalties considered by the Group are not limited to those that are imposed by the contract but also include possible payment to third parties and loss of future earnings. The amount and timing of recorded rent expenses would differ if the Group determines lease contracts as non cancellable. Also, the Group has determined that it has not retained all the significant risks and rewards of ownership of the leased property.

Operating Lease Commitments - Group as Lessor
The Group has entered into lease agreements to provide store facilities and equipment (Note 29). The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out as operating leases.

Revenue Recognition
Management exercises judgment in determining whether the Group is acting as a principal or an agent. The Group is acting as a principal when it has exposure to the significant risks and rewards associated with the sale of goods, otherwise it is acting as an agent. The Group has assessed all its revenue arrangements and concluded that it is acting as a principal.

Contingencies
The Group is currently involved in certain legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe that these proceedings will have a material adverse effect on the Group's financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (Note 31).

The Group has contingent assets arising from an ongoing damage claims pending final assessment. The outcome of certain cases is not presently determinable in the opinion of the management, eventual asset, if any, will not have material or adverse effect on the Group's financial position and results of operations (Note 31).

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation and uncertainty at the reporting 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.

Determining Fair Values of Financial Assets and Liabilities
Fair value determinations for financial assets and liabilities are based generally on listed market prices or broker or dealer price quotations. If prices are not readily determinable or if liquidating the positions is reasonably expected to affect market prices, fair value is based on either internal valuation models or management's estimate of amounts that could be realized under current market conditions, assuming an orderly liquidation over a reasonable period of time (Note 28).

Allowance for Impairment Losses on Trade and Other Receivables
The Group maintains allowance for impairment losses at levels considered adequate to provide for potential uncollectible receivables. The levels of this allowance are evaluated by management on the basis of factors that affect the collectibility of the accounts. These factors include, but are not limited to, the length of the Group's relationship with the debtor, the debtor's payment behavior and known market factors. The Group reviews the age and status of receivables, and identifies accounts that are to be provided with allowance on a continuous basis. The Group provides full allowance for receivables that it deems uncollectible.

The amount and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in the allowance for impairment losses would increase the recorded operating expenses and decrease the current assets.

As of March 31, 2016 and December 31, 2015, the carrying value of the Group's trade and other receivables amounted to ₱1.47 billion and ₱1.77 billion, respectively (Note 9).

Impairment of AFS Financial Assets
The Group determines that AFS financial assets are impaired when there has been a significant or prolonged decline in the fair value of the investment below its cost or whether other objective evidence of impairment exists. The determination of what is significant or prolonged requires

judgment. The Group treats 'significant' generally as 20% or more and 'prolonged' greater than six (6) months. In making this judgment, the Group evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

The carrying value of AFS financial assets amounted to ₱19.80 billion and ₱19.51 billion as of March 31, 2016 and December 31, 2015 (Note 12).

Estimating Net Realizable Value (NRV) of Merchandise Inventories
The Group carries merchandise inventory at NRV whenever the utility of it becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels, losses or other causes. The estimate of the NRV is reviewed regularly.

Estimates of NRV are based on the most reliable evidence available at the time the estimates are made on the amount the inventories are expected to be realized. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after reporting date to the extent that such events confirm conditions existing at reporting date.

No provision for impairment losses on merchandise inventories was recognized as of March 31, 2016 and December 31, 2015.

Merchandise inventories amounted to ₱11.01 and ₱10.58 billion as ofMarch 31, 2016 and December 31, 2015, respectively (Note 10).

EUL of Property and Equipment
The Group estimates the useful lives of its property and equipment based on the period over which the assets are expected to be available for use. The EUL of property and equipment are reviewed annually, considering factors such as asset utilization, internal technical evaluation, technological changes, environmental changes and anticipated use of the assets.

As of March 31, 2016 and December 31, 2015, the carrying value of the Group's property and equipment amounted to ₱11.44 billion and ₱11.15 billion, respectively (Note 13).

Evaluation of Impairment of Nonfinancial Assets
The Group reviews property and equipment, investment in associate and intangible assets with definite lives for impairment of value.

The Group estimates the recoverable amount as the higher of the fair value les cost to sell and value in use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect property and equipment, investment in an associate and intangible assets.

The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. 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.

Based on management assessment as of March 31, 2016 and December 31, 2015, there are no additional impairment provision required for property and equipment other than those already recorded in the books while there are none for investment in an associate and intangible assets with definite useful lives.

As of March 31, 2016 and December 31, 2015, the carrying value of the Group's property and equipment amounted to ₱11.44 billion and ₱11.15 billion (Note 13), investments in share of stock amounted to ₱5.20 billion and ₱5.08 billion (Note 14), licenses amounted to ₱81.8 million and ₱84.85 million, and franchise amounted to ₱22.65 million and ₱22.51 million, respectively (Note 15).

Pension and Other Retirement Benefits
The determination of the obligation and cost of pension and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 24, and include, among others, discount rate and salary rates increase.

As of March 31, 2016 and December 31, 2015, the carrying value of the net pension liabilities amounted to ₱502.90 million and ₱473.35 million, respectively (Note 24).

Deferred Tax Assets
The Group reviews the carrying amounts of deferred taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Management has determined based on business forecast of succeeding years that there is enough taxable income against which recognized deferred tax assets will be realized.

As of March 31, 2016 and December 31, 2015, the Group has deferred tax assets amounting ₱126.46 million and₱180.13 million respectively (Note 26).

Goodwill and Trademarks
In the course of the Group's business combinations, goodwill and trademarks were acquired (Note 15). These assets have indefinite useful lives. Below are the business segments to which goodwill and trademarks arise from:

	Trademark	Goodwill
SSDI	₱1,566,917,532	₱745,887,131
SEWI	364,914,493	715,103,869
EC	–	199,870,222
RHIB	–	145,655,320
RTSHPI	–	85,161,468
BSRI	–	83,324,691
JRMC	–	71,732,435
GPC	–	23,250,000
	₱1,931,832,025	₱2,069,985,136

<u>Impairment Testing of Goodwill and Trademarks</u>
The Group performed its annual impairment test for the years ended December 31, 2015 and 2014. The cash generating units (CGU) are concluded to be the entire entities invested in.The impairment testing may be performed at any time in the annual reporting period, but it must be performed at the same time every year and when circumstances indicate that the carrying amount

is impaired. The impairment testing also requires an estimation of the recoverable amount, which is the net selling price or value-in-use of the CGU to which the goodwill and intangibles are allocated. The most recent detailed calculation made in a preceding period of the recoverable amount of the CGU may be used for the impairment testing for the current period provided that:

- The assets and liabilities making up the CGU have not changes significantly from the most recent calculation;
- The most recent recoverable amount calculation resulted in an amount that exceeded the carrying amount of the CGU by a significant margin; and
- The likelihood that a current recoverable amount calculation would be less than the carrying amount of the CGU is remote based on an analysis of events that have occurred and circumstances that have changed since the most recent recoverable amount calculation.

Value in Use
The recoverable amount of the each CGU has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the demand for products and services. The pre-tax discount rate applied to cash flow projections to 10.00% in 2015(8.65% to 10.05% in 2014) and cash flows beyond the five-year period are extrapolated using a 5.00% to 10.00% growth rate (5.00%to 18.00% in 2014) that is the same as the long-term average growth rate for the respective industries. As a result of this analysis, management concluded that the goodwill and trademarks are not impaired.

The calculation of value in use of the CGUs is most sensitive to the following assumptions:
- Gross margins
- Discount rate
- Price inflation
- Growth rates used to extrapolate cash flows beyond the forecast period

Gross Margins
Gross margins are based on average values achieved in one to five years preceding the beginning of the budget period. These are increased over the budget period for anticipated efficiency improvements. An increase of 10.00% to 18.00% per annum was applied. A decreased demand can lead to a decline in gross margin. A decrease in gross margin from 11.00% to 11.60% for 2015 and 12.25% to 23.10% for2014 would result in impairment.

Discount Rates
Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group’s investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. A rise in pre-tax discount rate to 11.00% to 14.61% and 11.00% to 15.05%, in 2015 and 2014, respectively, would result in impairment.

Price Inflation
Forecast price inflation which impacts the forecast for operating expenses lies within a range of 1.00% to 5.00% in 2015 and 2016. If price increases greater than the forecast price inflation and the Group is unable to pass on or absorb these increases through efficiency improvements, then the Group will have to recognize an impairment.

Growth Rate Estimates
Rates are based on published industry research. A reduction to 3% in the long-term growth rate would result in impairment.

EV/EBITDA Multiple
The Group utilized the use of EV/EBITDA multiple in the impairment testing of its goodwill from the acquisitions of some of its subsidiaries wherein the Group obtained and selected comparable entities which closely represent each entity from which goodwill was acquired. The characteristics taken into account include, among others, the geographical area where the comparable resides, nature of business or operations of the comparable entities and economic environment from which the comparable entities operate.

As such, the Group has selected EV/EBITDA multiples limited to retail entities in the Philippines as the management of the Group believes that these entities reasonably represent each acquired entityafter carefully taking into account the future viability of the assumptions used and ability of each entity to attain such position in the future as it relates to the overall growth in the industry and in the country.

In 2015, the Group used the EV/EBITDA multiple ranging from 10 to 15multiples for impairment testing of goodwill and concluded and satisfied that goodwill from the acquired entities are not impaired.

If such EV/EBITDA multiple used falls lower than 4.45 multiple, goodwill will be impaired.

Revenue Recognition - Points for Loyalty Programme
The Group estimates the fair value of points awarded under the Robinsons Rewards Card programme by determining the equivalent peso earned for a particular level of points. These points expire after a specified period and the Group has adjusted its liability for the estimated portion that will not be redeemed, such estimates are subject to significant uncertainty. As of March 31, 2016 and December 31, 2015, the estimated liability for unredeemed points was approximately₱89.23 million and ₱81.96 million, respectively.

6. **Operating Segments**

Business Segment
The business segment is determined as the primary segment reporting format as the Group’s risks and rates of return are affected predominantly by each operating segment.

Management monitors the operating results of its operating segments separately for the purpose of making decision about resource allocation and performance assessment. Group financing (including interest income, dividend income and interest expense) and income taxes are managed on a group basis and are not allocated to operating segments. The Group evaluates performance based on earnings before interest and taxes, and earnings before interest and taxes, depreciation and amortization. The Group does not report its results based on geographical segments because the Group operates only in the Philippines.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Cost and expenses exclude interest, taxes, depreciation and amortization.

The amount of segment assets and liabilities are based on the measurement principles that are similar with those used in measuring the assets and liabilities in the consolidated statement of financial position which is in accordance with PFRS.

The Group derives its revenue from the following reportable units:

- *Supermarket Division*
  The first major retailer to promote health and wellness. Robinson's Supermarket commits to bring together healthy options and affordable prices in a refreshingly clean and organized shopping destination. It makes a bold lifelong commitment to educate and empower its customers to make healthy choices.

- *Department Store Division*
  Robinson's department store is one of the premier shopping destinations in the country today. It offers an exceptional selection of merchandise from top international and local brands. From the trendiest fashion pieces, the most coveted lifestyle products, the latest items for the home, to playthings and necessities for the little ones. It provides experience that goes beyond ordinary shopping.

- *DIY Division*
  Handyman Do it Best has grown to be one of the most aggressive hardware and home improvement centers in the country. It aims to cover the Philippine landscape with more branches in key commercial centers to promote self-reliance among do-it yourselfers.

- *Convenience Store Division*
  Ministop is a 24 - hour convenience store chain and is a franchise of Ministop Co. Ltd.- Japan, one of the largest convenience store chains in Japan. The store carries a wide assortment of merchandise and an extensive selection of ready to eat products.

- *Drug Store Division*
  South Star Drug Store offers over a thousand brands from food and pharmaceuticals to personal care products.

- *Specialty Store Division*
  Specialty Store is the lifestyle retail arm of the Group. It is committed to bringing the best loved international lifestyle brands, top entertainment systems, coffee shops and unparalleled selection of toys and games.

The financial information about these operating segments as of and for the three months ended March 31, 2016 and 2015 and for the year ended December 31, 2015 is summarized below:

March 31, 2016

	Supermarket Division	Department StoreDivision	DIY Division	Convenience StoreDivision	Drug Store Division	SpecialtyStore Division	Parent Company	Intersegment Eliminating Adjustments	Consolidated
Segment net sales	10,960,034,416	3,154,273,121	2,480,045,131	1,385,058,127	2,229,423,636	2,486,734,523	–	–	22,695,568,954
Intersegment net sales	–	–	–	–	–	235,648,355	–	(235,648,355)	–
Total net sales	10,960,034,416–	3,154,273,121	2,480,045,131	1,385,058,127	2,229,423,636	2,722,382,878	–	(235,648,355)	22,695,568,954
Segment cost of merchandise sold	8,948,718,404	2,111,397,914	1,688,193,655	1,254,463,873	1,867,428,807	2,020,478,809	–	–	17,890,681,462
Intersegment cost of merchandise sold	–	235,648,355					–	(235,648,355)	
Total cost of merchandise sold	8,948,718,404	2,347,046,269	1,688,193,655	1,254,463,873	1,867,428,807	2,020,478,809	–	(235,648,355)	17,890,681,462
Gross profit	2,011,316,012	807,226,852	791,851,476	130,594,254	361,994,829	701,904,069	–	–	4,804,887,492
Segment other income	26,633,049	18,642,124	–	415,562,374	25,205,328	2,750,035	–	–	488,792,910
Intersegment other income	28,768,464	8,385,648	–	–	–	–	–	(37,154,112)	–
Total other income	55,401,513	27,027,772		415,562,374	25,205,328	2,750,035	–	(37,154,112)	488,792,910
Gross profit including other income	2,066,717,525	834,254,624	791,851,476	546,156,628	387,200,157	704,654,103	–	(37,154,112)	5,293,680,402
Segment operating expenses	1,406,315,822	652,282,815	566,563,619	464,001,216	273,204,388	581,333,006	2,473,789	–	3,946,174,655
Intersegment operating expenses	5,553,482	11,323,802	7,623,378	–	6,844,035	5,809,415	–	(37,154,112)	–
Total operating expenses	1,411,869,304	663,606,617	574,186,997	464,001,216	280,048,423	587,142,421	2,473,789	(37,154,112)	3,946,174,655
Earnings before interest, taxes and depreciation and amortization	654,848,221	170,648,007	217,664,479	82,155,412	107,151,734	117,511,683	(2,473,789)	–	1,347,505,747
Depreciation and amortization	176,258,695	70,467,688	42,769,301	71,500,235	16,842,164	65,514,177	–	–	443,352,260
Earnings before interest and taxes	478,589,526	100,180,319	174,895,178	10,655,177	90,309,570	51,997,505	(2,473,789)		904,153,486
Interest expense	(3,090,428)	(7,927,500)		(5,381,250)	(669,209)	(8,668,496)		9,316,552	(16,420,331)
Interest income	3,218,115	3,120,528	4,775,036	132,219	364,535	2,800,327	198,551,123	(9,316,552)	203,645,332
Dividend income	–	–	–	–	–	–	27,875,000	–	27,875,000
Unrealized forex gain (loss)	–	–	–	–	–	–	(72,874,840)	–	(72,874,840)
Equity in net earnings of an associate	–	–	–	–	–	–	26,415,439	–	26,415,439
Income before income tax	478,717,213	95,373,347	179,670,214	5,406,146	90,004,896	46,129,336	177,492,933	–	1,072,794,087
Assets and Liabilities									
Segment assets	13,557,510,101	3,542,058,496	4,915,259,557	2,520,517,784	3,395,154,067	6,052,686,229	30,813,005,243	(1,169,434,127)	63,626,757,350
Investment in subsidiaries - at cost	2,790,607,224	3,239,770,374	–	–	–	–	5,286,030,763	(11,316,408,361)	–
Total segment assets	16,348,117,325	6,781,828,870	4,915,259,557	2,520,517,784	3,395,154,067	6,052,686,229	36,099,036,006	(12,485,842,488)	63,626,757,350
Total segment liabilities	7,277,280,980	3,320,738,761	2,045,704,588	1,743,232,525	1,754,017,093	3,695,071,163	318,105,467	(3,141,092,859)	17,013,057,718
Other segment information:									
Capital expenditures	319,284,729	151,818,311	77,141,802	80,263,252	31,870,397	71,105,298	–	–	731,483,789

March 31, 2015

	Supermarket Division	Department StoreDivision	DIY Division	Convenience StoreDivision	Drug Store Division	SpecialtyStore Division	Parent Company	Intersegment Eliminating Adjustments	Consolidated
Segment net sales	9,688,795,512	2,985,223,750	2,207,576,230	1,255,943,495	1,875,578,714	1,702,033,170	–	–	19,715,150,870
Intersegment net sales	–	–	–	–	–	215,097,473	–	(215,097,473)	–
Total net sales	9,688,795,512	2,985,223,750	2,207,576,230	1,255,943,495	1,875,578,714	1,917,130,643	–	(215,097,473)	19,715,150,870
Segment cost of merchandise sold	7,902,810,720	2,073,852,824	1,514,224,839	1,135,033,355	1,563,897,143	1,350,377,497	–	–	15,540,196,378
Intersegment cost of merchandise sold	2,927,079	137,729,281	1,109,335	–	–	763,250	–	(219,897,137)	(77,368,192)
Total cost of merchandise sold	7,905,737,799	2,211,582,105	1,515,334,174	1,135,033,355	1,563,897,143	1,351,140,747	–	(219,897,137)	15,462,828,186
Gross profit	1,783,057,713	773,641,645	692,242,056	120,910,139	311,681,571	565,989,896	–	4,799,664	4,252,322,684
Segment other income	24,695,759	17,550,048	–	333,141,841	17,753,464	3,849,042	–		396,990,153
Intersegment other income	27,982,244	4,799,664	–	–	–	–	–	(32,781,908)	–
Total other income	52,678,002	22,349,712	–	333,141,841	17,753,464	3,849,042	–	(32,781,908)	396,990,153
Gross profit including other income	1,835,735,715	795,991,357d	692,242,056	454,051,981	329,435,034	569,838,938	–	(27,982,244)	4,649,312,837
Segment operating expenses	1,277,179,517	611,207,648	475,088,174	394,853,497	236,433,986	462,559,144	2,492,363	–	3,459,814,329
Intersegment operating expenses	(760,437)	13,587,833	5,367,218	–	6,139,196	3,648,433	–	(27,982,244)	–
Total operating expenses	1,276,419,081	624,795,482	480,455,392	394,853,497	242,573,183	466,207,577	2,492,363	(27,982,244)	3,459,814,329
Earnings before interest, taxes and depreciation								–	
and amortization	559,316,635	171,195,875	211,786,664	59,198,484	86,861,852	103,631,361	(2,492,363)		1,189,498,508
Depreciation and amortization	151,049,905	50,897,303	50,361,994	52,660,854	13,667,436	80,763,648		–	399,401,139
Earnings before interest and taxes	408,266,730	120,298,572	161,424,670	6,537,630	73,194,416	22,867,714	(2,492,363)		790,097,369
Interest expense			(1,796,222)	(5,555,998)	(1,351,256)	(7,723,496)		11,208,177	(5,218,795)
Interest income	2,358,649	2,472,628	2,646,618	124,957	445,048	2,510,035	199,978,584	(11,208,177)	199,328,342
Dividend income	–	–	–	–	–	–	27,875,000	–	27,875,000
Unrealized forex gain (loss)	–	–	–	–	–	–	50,544	–	50,544
Equity in net earnings of an associate	–	–	–	–	–	–	11,213,941	–	11,213,941
Income before income tax	410,625,378	122,771,200	162,275,066	1,106,589	72,288,208	17,654,253	236,625,707	–	1,023,346,401

December 31, 2015

Assets and Liabilities									
Segment assets	12,785,801,296	4,417,187,627	4,744,132,190	2,446,038,333	3,316,212,493	5,852,846,433	28,197,962,656	3,437,789,121	65,159,625,473
Investment in subsidiaries - at cost	2,790,607,224	3,139,770,374	–	–	–	–	5,283,780,763	(11,214,158,361)	–
Total segment assets	₱15,576,408,520	₱7,556,958,001	₱4,744,132,190	₱2,446,038,333	₱3,316,212,493	₱5,852,846,433	₱33,481,743,419	(₱7,776,369,240)	₱65,159,625,473
Total segment liabilities	₱6,240,313,159	₱4,020,326,369	₱2,001,318,203	₱1,672,560,681	₱1,738,143,197	₱3,767,679,622	₱62,801,064	87,130,325	₱19,654,349,625
Other segment information:									
Capital expenditures	₱1,327,432,037	₱398,969,051	₱301,090,124	₱427,582,091	₱128,974,866	₱559,912,678	₱–	₱–	₱3,143,960,847

The revenue of the Group consists mainly of sales to external customers. Inter-segment revenue arising from purchase arrangements amounting ₱235.65 million and ₱215.10 million for the three months ended March 31, 2016 and 2015, respectively were eliminated on consolidation.

No operating segments have been aggregated to form the above reportable segments.

Capital expenditures consist of additions to property and equipment arising from current acquisitions and those acquired through business combinations plus any adjustments made in the fair values of the acquired property and equipment.

The Group has no significant customer which contributed to 10.00% or more to the revenues of the Group.

7. Cash and Cash Equivalents

This account consists of cash on hand and in banks and short-term investments amounting to ₱7.20 billion and ₱9.76 billion as of March 31, 2016 and December 31, 2015, respectively.

Cash in banks earns interest at the respective bank deposit rates. Cash equivalents are made for varying periods of one (1) to three (3) months, depending on the immediate cash requirements of the Group, and earn annual interest at the respective short-term investment rates that ranges from 0.30% to 2.20% and 0.24% to 2.75% for the three months ended March 31, 2016 and for the year ended December 31, 2015, respectively.

Interest income arising from cash in banks and cash equivalents amounted to ₱16.32 million and ₱22.98 million for the three months ended March 31, 2016 and 2015, respectively.

8. Short-Term Investments

This account consists of dollar-denominated money market investments amounting to ₱7.06 million and ₱7.06 million as of March 31, 2016 and December 31, 2015, respectively.

Short-term investments are made for varying periods of up to one (1) year, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term investment rates based on annual interest rates of 3.80% for the three months ended March 31, 2016 and for the year ended December 31, 2015, respectively.

Interest income arising from short-term investments amounted to ₱3.81 million and ₱2.9 million for the three months ended March 31, 2016 and 2015, respectively.

9. Trade and Other Receivables

This account consists of:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Trade (Note 25)	**₱492,516,361**	₱905,655,683
Nontrade (Notes 10 and 25)	**672,115,933**	601,820,649
Due from franchisees (Note 30)	**332,358,393**	296,289,011
	1,496,990,687	1,803,765,343
Less allowance for impairment losses (Notes 22 and 30)	**30,042,101**	30,042,101
	₱1,466,948,586	₱1,773,723,242

Trade receivables are noninterest-bearing and are generally on a one to thirty (1-30) days' term.

Nontrade receivables include receivable from insurance companies amounting to ₱112.25 million and ₱112.25 million as of March 31, 2016 and December 31, 2015. Receivable from insurance companies represents amounts recoverable within one year from the reporting period from the latter for the insured properties that were damaged due to fire and typhoon (Notes 10 and 13). The remaining balance consists of operational advances and interest receivable arising from short-term investments.

As of March 31, 2016 and December 31, 2015, allowance for impairment losses on trade receivables and due from franchisees amounted to₱30.04 million (Note 30).

10. Merchandise Inventories

This rollforward analysis of this account follow:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Balance at beginning of year	**₱10,575,687,802**	₱8,993,411,437
Add: purchases - net of purchase discounts and allowances	**18,326,349,992**	72,715,861,729
Cost of goods available for sale	**28,902,037,794**	81,709,273,166
Cost of merchandise sold	**17,890,681,462**	71,133,585,364
Balance at end of year	**₱11,011,356,332**	₱10,575,687,802

In 2015, the Group had disposed inventories amounting to ₱69.9 million which were damaged during a fire. These amounts are fully recoverable from the insurance companies (Note 9).

There are no merchandise inventories pledged as security for liabilities.

The cost of merchandise inventories charged to the consolidated statements of comprehensive income amounted to ₱17.87 billion and ₱15.46 billion for the three months ended March 31, 2016 and 2015, respectively.

There are no inventories which net realizable values are below cost.

11. **Other Current Assets**

This account consists of:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Input value added tax (VAT) - net	**₱1,504,302,345**	₱1,387,283,936
Creditable withholding taxes	**188,873,341**	174,606,863
Prepayments	**185,039,467**	110,645,602
Others	**52,535,219**	15,865,914
	₱1,930,750,372	₱1,688,402,315

Input VAT will be applied against output VAT in the succeeding periods.

Creditable withholding taxes (CWT) will be applied against income tax payable in future periods.

Prepayments consist of advance payments for rental, taxes and utilities.

Others consist mainly of deferred input VAT on capital goods.

12. **Available-for-Sale (AFS) Financial Assets**

Roll-forward analysis of AFS financial assets follow:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Cost		
At beginning of year	**₱19,063,599,821**	₱17,704,262,593
Additions	**150,000,000**	1,359,337,228
At end of year	**19,213,599,821**	19,063,599,821
Accretion of interest income from premium on debt securities	**(35,805,397)**	(29,112,466)
Change in fair value of AFS financial assets		
At beginning of year	**270,092,376**	(12,131,857)
Changes in fair value during the year	**206,808,872**	282,224,233
At end of year	**476,901,248**	270,092,376
Foreign exchange gains	**144,203,350**	206,734,115
	₱19,798,899,022	₱19,511,313,846

As of March 31, 2016 and December 31, 2015, investments in AFS financial assets consist of investment in shares amounting to ₱2.12 billion and ₱2.08 billion, respectively, and debt securities amounting to ₱17.69 billion and ₱17.43 billion, respectively (Note 28).

Dividend income earned by the Group amounted to ₱27.88 million and ₱27.88 million for the three months ended March 31, 2016 and 2015, respectively.

Quoted debt securities consist of peso and dollar-denominated corporate bonds with fixed coupon rate per annum ranging from 4.38% to 7.88% and terms of 5 to 10 years.

Interest income arising from AFS financial assets amounted to ₱183.52 million and ₱175.76 million for the three months ended March 31, 2016 and 2015, respectively.

Accretion of interest pertains to the amortization of interest income resulting from the difference of the carrying value and face value of AFS financial assets.

13. Property and Equipment

The roll-forward analysis of this account follows:

March 31, 2016

	Leasehold Improvements	Store Furniture and Fixtures	Office Furniture and Fixtures	Transportation Equipment	Building and Other Equipment	Computer Equipment	Construction in Progress	Total
Cost								
At January 1	₱10,443,772,361	₱7,635,219,254	₱1,166,650,417	₱148,608,875	₱1,592,152,864	₱1,889,939,378	₱1,737,563	₱22,878,080,712
Additions	313,426,085	194,195,235	66,874,937	1,355,357	13,238,683	142,393,492	–	731,483,789
Transfers	–	–	–	–	–	–	–	–
Disposals and write-off	(5,181,560)	(687,107)	–	–	–	(58,137)	(17,464)	(5,944,268)
At March 31	10,752,016,886	7,828,727,382	1,233,525,354	149,964,232	1,605,391,547	2,032,274,733	1,720,099	23,603,620,233
Accumulated Depreciation and Amortization								
At January 1	5,200,301,916	4,314,599,834	238,834,811	84,511,884	657,431,659	1,157,226,375	–	11,652,906,479
Depreciation and amortization (Note 22)	207,374,578	143,333,122	29,908,749	2,141,533	10,639,178	46,313,991	–	439,711,151
Disposals and write-off	(5,181,559)	(669,643)	–	–	–	(58,137)	–	(5,909,339)
At March 31	5,402,494,935	4,457,263,313	268,743,560	86,653,417	668,070,837	1,203,482,229	–	12,086,708,291
Allowance for impairment losses								
At beginning and end of year	49,567,673	25,882,986	–	–	–	349,273	–	75,799,932
	₱5,299,954,278	₱ 3,345,581,083	₱964,781,794	₱63,310,815	₱937,320,710	₱ 828,443,231	₱1,720,099	₱11,441,112,010

December 31, 2015

	Leasehold Improvements	Store Furniture and Fixtures	Office Furniture and Fixtures	Transportation Equipment	Building and Other Equipment	Computer Equipment	Construction in Progress	Total
Cost								
At January 1	₱8,991,092,550	₱6,939,918,610	₱820,876,405	₱114,971,723	₱1,483,565,334	₱1,577,978,948	₱518,599	₱19,928,922,169
Additions through business combination (Note 20)	11,151,701	–	19,431,520	14,275,494	–	–	–	44,858,715
Additions	1,555,906,189	765,119,424	326,795,089	19,361,658	107,535,209	317,925,045	6,459,518	3,099,102,132
Transfers	2,380,575	1,717,801	–	–	1,052,321	89,857	(5,240,554)	–
Disposals and write-off	(116,758,654)	(71,536,581)	(452,597)	–	–	(6,054,472)	–	(194,802,304)
At December 31	10,443,772,361	7,635,219,254	1,166,650,417	148,608,875	1,592,152,864	1,889,939,378	1,737,563	22,878,080,712
Accumulated Depreciation and Amortization								
At January 1	4,527,417,236	3,833,452,256	138,533,034	73,194,357	618,094,076	1,005,045,974	–	10,195,736,933
Depreciation and amortization (Note 22)	780,951,752	541,141,399	100,551,484	11,317,527	39,337,583	156,693,106	–	1,629,992,851
Disposals and write-off	(108,067,072)	(59,993,821)	(249,707)	–	–	(4,512,705)	–	(172,823,305)
At December 31	5,200,301,916	4,314,599,834	238,834,811	84,511,884	657,431,659	1,157,226,375	–	11,652,906,479
Allowance for impairment losses								
At beginning and end of year	49,567,673	25,882,986	–	–	–	349,273	–	75,799,932
	₱5,193,902,772	₱3,294,736,434	₱927,815,606	₱64,096,991	₱934,721,205	₱732,363,730	₱1,737,563	₱11,149,374,301

There are no items of property and equipment as of March 31, 2016 and December 31, 2015that are pledged as security for liabilities.

In 2015, the Group had disposed property and equipment with net book values amounting ₱21.9 million which were damaged due to fire. These amounts are fully recoverable from the insurance company (Note 9).

Allowance for impairment losses pertain to closing of non-performing stores.

Cost of fully depreciated property and equipment still in use amounted to ₱4.05 billion and ₱3.51 billion as of March 31, 2016 and December 31, 2015, respectively.

14. **Investments in Shares of Stock**

This account consists of investments in shares of stock of Robinsons Bank Corporation (RBC):

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Investment in preferred stock	**₱1,654,364,339**	₱1,654,364,339
Investment in common stock	**3,548,647,196**	3,424,938,315
	₱5,203,011,535	₱5,079,302,654

The preferred stock has the following features:

a. Preferred stockholders are entitled to receive preferential but non-cumulative dividends at the rate to be determined by the Board of Directors (BOD) of RBC.

b. Preferred stocks are redeemable at the option of RBC at any time provided that the redemption price shall not be lower than the par value or higher than 110.00% of said par value.

c. In the event of any voluntary or involuntary liquidation, the preferred stockholders are entitled to receive the liquidation value of the said shares equivalent to 110.00% of the par value plus any unpaid but declared dividends thereon. If the net assets of RBC shall be insufficient to pay in full the liquidation value of all the preferred stock, then such net resources shall be distributed among such preferred stock ratably in accordance with the respective liquidation value of the shares they are holding.

The roll-forward of the investment in preferred stock of RBC follow:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
At beginning of year	**₱1,654,364,339**	₱1,470,083,439
Additional investment during the year	**–**	184,280,900
At end of year	**₱1,654,364,339**	₱1,654,364,339

In 2015, the Parent Company made additional investments in the preferred stocks of RBC for a total consideration of ₱184.28 million which was paid in cash.

The details of the investment in common stock follow:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Shares of stock - at equity:		
Acquisition cost	**₱3,095,874,563**	₱124,933,383
Additional investment during the year	**–**	2,970,941,180
Balance at end of year	**3,095,874,563**	3,095,874,563
Accumulated equity in net earnings:		
Balance at beginning of year	**608,386,399**	568,093,465
Equity in net earnings	**26,415,439**	40,292,934
Balance at end of year	**₱634,801,838**	₱608,386,399

(forward)

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Share in fair value changes of AFS financial assets of RBC:		
Balance at beginning of year	**(₱224,679,587)**	(₱122,558,084)
Share in fair value changes of AFS investments	**99,173,290**	(102,121,503)
Balance at end of year	**(125,506,297)**	(224,679,587)
Share in translation loss adjustments:		
Balance at beginning of year	**(41,314,642)**	(41,129,697)
Share in translation adjustments	**(1,879,848)**	(184,945)
Balance at end of year	**(43,194,490)**	(41,314,642)
Share in remeasurement loss on pension liability:		
Balance at beginning of year	**(13,328,418)**	(9,186,621)
Share in remeasurement loss on pension liability	**–**	(4,141,797)
Balance at end of year	**(13,328,418)**	(13,328,418)
	(182,029,205)	(279,322,647)
	₱3,548,647,196	₱3,424,938,315

RBC is incorporated in the Philippines and is engaged in commercial and thrift banking whose principal activities include deposit-taking, lending, foreign exchange dealing and fund transfers or remittance servicing. The Group has 40.00% ownership in RBC.

On December 2, 2015, the BOD of the Parent Company approved and authorized the Parent Company to subscribe to additional 297,094,118 shares of RBC for a total consideration of ₱2.97 billion in order for the Parent Company to maintain its ownership interest of 40.00%.

No dividends have been declared and paid by RBC in 2016 and 2015.

Summarized financial information of RBC follows:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Total assets	**₱60,764,223,728**	₱57,949,720,628
Total liabilities	**48,553,864,748**	46,069,908,888
Net income	**66,038,598**	100,732,335
Other comprehensive losses	**(313,765,742)**	(376,587,919)

The consolidated statements of comprehensive income follow:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Total operating income	**₱826,599,653**	₱3,172,291,682
Total operating expenses and tax	**760,561,055**	3,071,559,347
Net income	**₱66,038,598**	₱100,732,335

The reconciliation of the net assets of RBC to the carrying amounts of the interest in RBC recognized in the consolidated financial statements follows:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Net assets of RBC	**₱8,149,543,425**	₱7,840,271,223
Proportionate ownership in the associate	**40%**	40%
Carrying amount of the investment	**3,259,817,370**	3,136,108,489
Total share in net assets	**3,548,647,196**	3,424,938,315
Difference	**₱288,829,826**	₱288,829,826

The difference is attributable to the commercial banking license and goodwill.

15. Intangible Assets

This account consists of:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Goodwill (Note 20)	**₱2,069,985,136**	₱2,069,985,136
Trademarks (Note 20)	**1,931,832,025**	1,931,832,025
Licenses	**81,818,182**	84,848,486
Franchise	**22,651,053**	22,512,422
	₱4,106,286,396	₱4,109,178,069

Trademarks
The trademarks were acquired through business combination in 2015 and 2012 and were recognized at fair value at the date of acquisition (Note 20).

Goodwill
The Group's goodwill pertains to the excess of the acquisition cost over the fair value of the net assets of SEWI, SSDI, EC, RHIB, RTSHPI, BSRI, JRMC and GPC as follows (Note 20):

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
SEWI	**₱715,103,869**	₱715,103,869
SSDI	**745,887,131**	745,887,131
EC	**199,870,222**	199,870,222
RHIB	**145,655,320**	145,655,320
RTSHPI	**85,161,468**	85,161,468
BSRI	**83,324,691**	83,324,691
JRMC	**71,732,435**	71,732,435
GPC	**23,250,000**	23,250,000
	₱2,069,985,136	₱2,069,985,136

Acquisition of SEWI by RI
SEWI was acquired on September 1, 2015. The acquisition represents 90% ownership of interest on the shares of stock of SEWI.

Acquisition of RHIB by RHMI
RHIB was acquired on July 3, 2014. The acquisition represents 67.00% ownership interest on the shares of stock of RHIB.

<u>Acquisition of GPC by SSDI</u>
GPC was acquired on June 2, 2014. The acquisition represents 100% ownership interest on the shares of stock of GPC.

<u>Acquisition of JRMC by RSC</u>
JRMC was acquired by RSC on January 29, 2014. The acquisition represents 100% ownership interest on the shares of stock of JRMC.

<u>Acquisition of EC by RSC</u>
EC was acquired by RSC on September 14, 2013. The acquisition represents 100% ownership interest on the shares of stock of EC.

<u>Acquisition of RTSHPI by RHMI</u>
RTSHPI was acquired by RHMI on February19, 2007. The acquisition represents 66.67% ownership interest on the shares of stock of RTSHPI.

<u>Acquisition of BSRI by RSSI</u>
On December 5, 2013, RSSI acquired the business of BSRI. The transaction was accounted for as a business combination.

<u>Acquisition of SSDI by RSC and RI</u>
SSDI was acquired by RSC and RI in July 4, 2012. The acquisition represents 90% ownership interest on the shares of stock of SSDI (Note 20).

Licenses
<u>Acquisition of Trademark by RSSI to Secure a Franchise/License</u>
On September 21, 2012, RSSI acquired a local trademark registered in the Philippine Intellectual Property Rights Office which is similar to a known international mark for ₱121.21 million. Due to such acquisition, RSSI was able to secure a franchise/license to exclusively use the similar known international mark in the Philippines. The franchise/license agreement is for an initial period of five (5) years which can be renewed for another five (5) years upon mutual agreement of the parties. Amortization amounted to ₱12.12 million for the years ended December 31, 2015 and 2014 (Note 22).

The roll-forward analysis of this account follows:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Beginning balance	**₱84,848,486**	**₱96,969,698**
Less: Amortization (Note 22)	**(3,030,304)**	**(12,121,212)**
	₱81,818,182	**₱84,848,486**

Franchise
On July 29, 2014, Costa International Limited granted the Group the development and operating rights to carry on the Costa business in the Philippines. The development agreement includes a development fee, 60.00% of which is payable upon execution of the agreement and the remaining 40.00% is payable one year after the date of the agreement, and service fee equal to a certain percentage of sales.

As of March 31, 2016 and December 31, 2015, the Group has franchise amounting to ₱22.65 million and ₱22.51 million, respectively.

The roll-forward analysis of the franchise follows:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Beginning Balance	**₱22,512,422**	₱13,805,165
Additions	**749,436**	9,877,677
Amortization (Note 22)	**(610,807)**	(1,170,422)
	₱22,651,051	₱22,512,420

In 2015, Group started recording amortization relating to franchise amounting to ₱1.17 million following the commencement of the Group's Costa operations.

16. Other Noncurrent Assets

This account consists of:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Security and other deposits	**₱1,304,419,478**	₱1,292,797,568
Construction bond	**33,066,731**	35,305,287
	₱1,337,486,209	₱1,328,102,855

Security and other deposits mainly consist of advances for the lease of stores which are refundable at the end of the lease term. The account also includes franchise fees amounting to nil and ₱4.08 million as of December 31, 2015 and 2014, respectively.

17. Trade and Other Payables

This account consists of:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Trade	**₱10,258,113,745**	₱11,046,137,738
Nontrade (Note 25)	**1,902,320,229**	3,469,168,376
Others	**313,534,872**	280,229,899
	₱12,473,968,846	₱14,795,536,013

Trade payables are noninterest-bearing and are normally settled on forty five (45) to sixty (60) days' term arising mainly from purchases of merchandise inventories for resale.

Nontrade payables consist mainly of liabilities/obligations payable to nontrade suppliers and due to related parties.

Others consist of taxes and licenses payable.

18. **Short term and Long term loans payable**

Details of short-term loans follow:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Balance at beginning of year	**₱2,844,872,558**	₱111,686,997
Availments	**–**	2,939,000,000
Payments	**(599,955,943)**	(205,814,439)
Current portion	**₱2,244,916,615**	₱2,844,872,558

Details of long-term loans follow:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Balance at beginning of year	**₱2,844,872,558**	₱111,686,997
Availments	**–**	2,939,000,000
Payments	**(599,955,943)**	(205,814,439)
Balance at end of year	**₱2,244,916,615**	2,844,872,558
Less current portion	**₱2,244,916,615**	2,844,872,558
Noncurrent portion	**₱–**	₱–

The balances of loans of the subsidiaries follow:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
RI	₱1,206,000,000	₱1,206,000,000
RSC	437,000,000	1,023,000,000
RCSI	410,000,000	410,000,000
RHDDS	150,000,000	150,000,000
SSDI	41,916,615	55,872,558
	₱2,244,916,615	₱2,844,872,558

a.) RI loans payable consists of loans from local banks which will mature within three (3) months and with interest rate at 2.50% per annum. The proceeds of loans were used in the acquisition of SEWI (Note 20).

b.) RSC availed short-term promissory notes amounting to ₱1.02 billion from local banks with interest rate at 2.50% per annum which is renewable every three (3) months at the option of the Company. The short-term notes were obtained to support working capital requirements of the Company.

c.) RCSI loans payable pertains to short-term loans from a local bank amounting to ₱410.00 million. Interest on the loans is computed at prevailing market interest rates. The Parent Company acts as the guarantor of RCSI. The bank restricted ₱410.00 million from RRHI's bank accounts as guarantee for the loan.

d.) RHDDS obtained a short-term loan from a local commercial bank which will mature within three (3) months and with interest rate at 2.50% per annum. The Parent Company acts as the guarantor for the outstanding loans of RHDDS.

e.) The SSDI loans payable represents a five-year unsecured loan at a floating rate benchmark, based on 12M PDST-F. SSDI also entered into an interest rate swap agreement with the lender bank to coincide with the changes in notional amount, amortization schedule and floating rate spread with fixed interest rate at 5.34% per annum. The interest rate swap is required to recognize either a gain or loss on profit or loss.

Total interest expense charged to operations amounted to ₱16.42 million and ₱5.22 million for the three months ended March 31, 2016 and 2015, respectively

The above loans are not subject to any loan covenants.

19. Equity

Capital Stock

The details of this account follows:

	March 31, 2016 (Unaudited)		December 31, 2015 (Audited)	
	Amount	**No. of shares**	Amount	No. of shares
Common stock - ₱1 par value				
Authorized shares	**₱2,000,000,000**	**2,000,000,000**	₱2,000,000,000	2,000,000,000
Issued shares	**1,385,000,000**	**1,385,000,000**	1,385,000,000	1,385,000,000
Treasury shares			–	–

The rollforward of issued shares account follows:

	No. of Shares		**Amount**	
	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)	**March 31, 2016 (Unaudited)**	December 31, 2015 (Audited)
At beginning of year	**₱1,385,000,000**	**1,385,000,000**	**₱1,385,000,000**	**₱1,385,000,000**
Issuance	**–**	**–**	**–**	**–**
At end of year	**₱1,385,000,000**	**1,385,000,000**	**₱1,385,000,000**	**₱1,385,000,000**

<u>Increase in Authorized Capital Stock</u>
As approved by the BOD on June 7, 2013, the Parent Company increased its authorized capital stock from ₱500.00 million divided into 500,000,000 common shares with par value of ₱1.00 per share to ₱2.00 billion divided into 2,000,000,000 common shares with par value of ₱1.00 per share.

Of the said increase in the authorized capital stock, 485,250,000 shares have been subscribed amounting ₱485.25 million on the same date.

The increase in authorized capital stock was approved by the SEC on July 3, 2013.

<u>Registration Track Record</u>
On November 11, 2013, the Parent Company listed with the Philippine Stock Exchange its common stock wherein it offered 484,750,000 shares to the public at ₱58.00 per share. All shares were sold. Of the total shares sold, 18,871,950 shares were subsequently reacquired by the Parent Company. The Parent Company incurred transaction costs incidental to the IPO amounting ₱745.65 million, charged against “Additional paid-in capital”.

Equity Reserve
On December 5, 2014, RSC acquired additional 2,500,000 common shares, representing 25%, of RHMI from a non-controlling shareholder for ₱1.45 billion. As a result of the acquisition, RSC then holds 80% interest in RHMI.

The Group recognized equity reserve from the acquisition amounting to ₱1.03 billion included in "Equity Reserve" in the consolidated statement of changes in equity representing the excess of consideration paid over the carrying amount of the non-controlling interest acquired. The equity reserve from the acquisition will only be recycled to the consolidated statements of comprehensive income in the event that RSC will lose its control over RHMI.

In 2015, the total consideration was adjusted from ₱1.45 billion to ₱1.48 billion. The difference is recognized as an adjustment to equity reserve. Of the total amount, ₱1.31 billion was received and settled in 2014. As a result, outstanding balance from ₱136.44 million increased to ₱171.91 million. This was fully settled in cash in 2015.

Treasury Shares
On September 7, 2013 the BOD of the Parent Company approved the buyback of its common shares sold during the IPO. Of the total shares sold to the public, 18,971,950 common shares were reacquired by the Parent Company at ₱58.00 per share or an aggregate cost of ₱1.10 billion.

On December 9, 2014, the Parent Company sold all its treasury shares consisting of 18,971,950 common shares at ₱69.00 per share or ₱1.31 billion, incurring transaction costs amounting to ₱8.22 million.

Retained Earnings
The income of the subsidiaries and accumulated equity in net income of the associate that are recognized in the consolidated statement of comprehensive income are not available for dividend declaration unless these are declared by the subsidiaries and associates. The accumulated earnings of subsidiaries included in retained earnings amounted to ₱12.38 billion and ₱9.18 billion as at December 31, 2015 and2014, respectively, while the accumulated equity in net income of the associate amounted to₱608.4 million.

Also, retained earnings were restricted to payments of dividends to the extent of cost of treasury shares in the amount of ₱1.10 billion as at December 31, 2013.

On July 16, 2015, the BOD approved the declaration of cash dividend of ₱0.51 per share or an aggregate amount of ₱706.35 million to all stockholders of record as of August 7, 2015 which was paid on September 4, 2015.

On June 25, 2014, the BOD approved the declaration of cash dividend of ₱0.41 per share or an aggregate amount of ₱560.07 million to all stockholders of record as of July 17, 2014 which was paid on August 12, 2014.

Appropriation of Retained Earnings
On May 22, 2015, the BOD approved the appropriation of ASI amounting to ₱11.00 million to be used to augment new stores with the Group's nationwide expansion within 2 years in line with the Group's nationwide expansion.

On December 7, 2015, the Group's BOD approved the appropriation of₱2.25 billion. The appropriated retained earnings shall be used to augment new stores with the Group's nationwide expansion within 2 years in line with the Group's nationwide expansion.

Entity	Amount
RSC	₱1,195,000,000
RHI	460,000,000
SSDI	300,000,000
RI	375,000,000
RTI	110,000,000
RTSHPI	70,000,000
RSSI	30,000,000
EC	13,000,000
	₱2,553,000,000

On December 7,2015, the BOD approved the reversal of appropriated retained earnings amounting to ₱127.00 million. Details are as follows:

Entity	Amount
WHMI	₱70,000,000
RHI	50,000,000
HEMI	7,000,000
	₱127,000,000

On December 8, 2015, the Group's BOD approved the appropriation of₱249.00 million. The appropriated retained earnings shall be used to augment new stores with the Group's nationwide expansion.

Entity	Amount
RVC	₱9,000,000
ASI	13,000,000
RAC	140,000,000
HEMI	9,000,000
WHMI	78,000,000
	₱249,000,000

On February 6, 2014, the Group's BOD approved the appropriation of ₱1.76 billion. The appropriated retained earnings shall be used to augment funds to construct 69 new stores and renovate 3 stores during the year in line with the Group's nationwide expansion.

Details follow:

Entity	Amount
RSC	₱1,000,000,000
RHMI	325,000,000
RI	200,000,000
RTSHPI	80,000,000
WHMI	55,000,000
RAC	47,000,000
RSSI	25,000,000
RTI	32,000,000
Total	₱1,764,000,000

On November 25, 2014, the Group's BOD approved the additional appropriation of ₱2.27 billion. The appropriated retained earnings shall be used to augment funds in construction, renovation and strategic acquisitions in the next 2 years in line with the Group's nationwide expansion.

Details follow:

Entity	Amount
RSC	₱900,000,000
RRHI TMI	440,200,000
RHMI	430,000,000
RI	410,000,000
SSDI	190,000,000
RAC	106,000,000
RTI	86,000,000
RTSHPI	60,000,000
WHMI	60,000,000
EC	25,000,000
RVC	10,000,000
HEMI	5,000,000
Total	₱2,722,200,000

On November 25, 2014, the BOD approved the reversal of the appropriated retained earnings of RSSI amounting ₱15.00 million.

On December 1, 2014, the BOD approved the additional appropriation of₱1.50 billion for RRHI. The appropriated retained earnings shall be used to continue RRHI's investment programs for the next 3 years.

On July 4, 2013, the BOD approved the reversal of the appropriated retained earnings amounting ₱1.40 billion. The appropriation was made in 2011 for continuing investment in subsidiaries.

Declaration of Dividends of the Subsidiaries
On December 7, 2015, the BOD of the subsidiaries of the Group approved the declaration of cash dividends as follows:

Entity	Amount
WHMI	₱70,000,000
RHMI	50,000,000
RTI	30,000,000
RTSHPI	30,000,000
SSDI	20,000,000
HEMI	7,000,000
Total	₱207,000,000

The cash dividends above are to be paid in 2016.

On August 20, 2014, the BOD of the subsidiaries of the Group approved the declaration of cash dividends as follows:

Entity	Amount
RSC	₱200,000,000
RI	100,000,000
RTSHPI	35,000,000
Total	₱335,000,000

The cash dividends were paid early 2015.

On January 30, 2014, the BOD of the subsidiaries of the Group approved the declaration of cash dividends of RTSHPI amounting to ₱8.00 million. The dividends were paid on February 28, 2014.

On July 17, 2013, the BOD of the subsidiaries of the Group approved the declaration of cash dividends as follows:

Entity	Amount
RI	₱360,000,000
RSC	240,000,000
RTI	150,000,000
Total	₱750,000,000

On January 4, 2013, the BOD of the subsidiaries of the Group approved the declaration of cash dividends of RTHSPI amounting to ₱8.00 million. The dividends were paid on February 28, 2013.

NCI

Investment from non-controlling interest
In 2015 and 2014, transactions relating to NCI pertain to capital call for each investee summarized as follows (Note 2):

Entity	December 31, 2015 (Audited)
SEWI	₱35,000,000
RHIB	148,000,000
RHDDS	–
Total	₱183,000,000

Acquisition of NCI from Business Combinations
In 2015 and 2014, the Group has acquired NCI through business combinations on the acquisition of SEWI and RHIB amounting ₱30.54 million and ₱27.26 million, respectively.

Dividends to NCI
In 2015 and 2014, dividends declared attributable to NCI amounted to ₱62.96 million and ₱27.32 million, respectively.

20. **Business Combinations**

In 2015 and 2014, the Group acquired various entities through business combinations from which the Group has recognized goodwill. The goodwill is concluded to be attributable to each entity acquired and comprises the fair value of the expected synergies from each acquisition.

Acquisition of SEWI
On September 1, 2015, RI a wholly-owned subsidiary of RRHI, acquired 90% ownership of SEWI for a total consideration of ₱990.0 million.

The Group elected to measure the non-controlling interest in SEWI at the proportionate share of its interest in SEWI's identifiable net assets.

The fair values of the identifiable assets and liabilities of SEWI at the date of acquisition were:

	Fair Values recognized on acquisition
Assets	
Cash	₱1,650,000
Other current assets	5,393,352
Property and equipment (Note 13)	44,858,715
Trademarks arising on acquisition (Note 15)	364,914,493
	416,816,560
Liabilities	
Advances from stockholders*	1,902,066
Deferred tax liability	109,474,348
Net assets before non-controlling interest	305,440,146
Non-controlling interest measured at share of net assets (10%)	30,544,015
Net assets (90%)	274,896,131
Goodwill arising on acquisition (Note 15)	715,103,869
Acquisition cost	₱990,000,000

**Presented under trade and other payables account*

The goodwill of ₱715.10 million comprises the fair value of expected synergies arising from acquisition. The goodwill recognized is not expected to be deductible for income tax purposes.

Acquisition of GPC
On June 2, 2014, SSDI acquired 100% ownership of GPC for a total consideration of ₱24.50 million.

Below are the fair values of the identifiable assets acquired:

Assets	
Property and equipment (Note 13)	₱1,250,000
Net assets	1,250,000
Goodwill (Note 15)	23,250,000
Acquisition cost	₱24,500,000

In 2015, the Group finalized the purchase price allocation and the fair value computation of goodwill. There were no adjustments to the provisional amounts that were made during the measurement period. The final purchase price allocation resulted in goodwill of ₱23.25 million.

GPC is incorporated on December 6, 2013 and started its commercial operation on May 17, 2014.

The goodwill of ₱23.25 million comprises the fair value of expected synergies arising from acquisition. The goodwill recognized is not expected to be deductible for income tax purposes.

Acquisition of JRMC

On January 29, 2014, RSC acquired 100% ownership of JRMC for a total consideration of ₱131.71 million.

The fair values of the identifiable assets of JRMC at the date of acquisition follow:

	Fair Values recognized on acquisition
Assets	
Property and equipment (Note 13)	₱84,617,057
Liability	
Deferred tax liability	24,635,117
Net assets	59,981,940
Goodwill (Note 15)	71,732,435
Acquisition cost	₱131,714,375

As of December 31, 2014, the Group finalized the purchase price allocation and the fair value computation of goodwill. There were no adjustments to the provisional amounts that were made during the measurement period. The final purchase price allocation resulted in goodwill of ₱71.73 million.

The goodwill of ₱71.73 million comprises the fair value of expected synergies arising from acquisition. The goodwill recognized is not expected to be deductible for income tax purposes.

Acquisition of RHIB

On July 3, 2014, RHMI acquired 67.00% ownership of RHIB for a total consideration of ₱201.00 million.

In 2015, RHIB finalized the purchase price allocation of the acquisition. Below are the fair values of the identifiable assets acquired:

Assets	
Property and equipment (Note 13)	₱80,224,117
Security deposits	3,495,883
Liability	
Deferred tax liability	1,116,000
Net assets before non-controlling interest	82,604,000
Non-controlling interest measured at share of net assets (33.00%)	27,259,320
Net assets (67.00%)	55,344,680
Goodwill (Note 15)	145,655,320
Acquisition cost	₱201,000,000

As a result, property and equipment and non-controlling interest increased by ₱3.72 million and ₱0.86 million, respectively. The final purchase price allocation resulted in goodwill of ₱145.66 million from the previously determined provisional amount of ₱147.40 million.

The goodwill of ₱147.40 million comprises the fair value of expected synergies arising from acquisition. The goodwill recognized is not expected to be deductible for income tax purposes.

21. Sales Revenue

Sales are recognized from retail customers at the point of sale in the stores.

Sales returns and sales discounts deducted from the sales to arrive at the net sales amounted to ₱497.98 million and ₱453.53 million in March 31, 2016 and 2015, respectively.

22. Operating Expenses

This account consists of:

	2016 (Unaudited)	2015 (Unaudited)
Rental and utilities (Notes 25, 29 and 30)	**₱1,920,383,405**	₱1,721,031,511
Personnel costs and contracted services (Notes 23 and 24)	**1,300,696,168**	1,111,116,339
Depreciation and amortization (Notes 13, 15 and 16)	**443,352,260**	399,401,139
Transportation and travel	**200,717,800**	153,963,709
Supplies	**126,339,702**	111,057,747
Bank and credit charges	**112,188,000**	92,695,439
Advertising	**66,934,363**	67,426,240

(Forward)

	2016 (Unaudited)	2015 (Unaudited)
Repairs and maintenance	**81,307,377**	72,502,351
Royalty expense (Note 30)	**34,834,508**	28,514,027
Others	**102,773,332**	101,506,966
	₱4,389,526,915	₱3,859,215,468

Depreciation and amortization expense pertains to the depreciation and amortization of property and equipment and amortization of franchise fees and license fees which amounted to ₱439.71 million and ₱3.64 million, respectively, in 2016 and₱392.29 million and ₱7.11 million, respectively, in 2015.

Others consist mainly of taxes and licenses, insurance and professional fees.

23. **Personnel Costs and Contracted Services**

This account consists of:

	2016 (Unaudited)	2015 (Unaudited)
Salaries, allowances and benefits (Note 22)	**₱633,134,997**	₱527,687,764
Contracted services (Note 22)	**667,561,171**	583,428,575
	₱1,300,696,168	₱1,111,116,339

Details of salaries, allowances and benefits:

	2016 (Unaudited)	2015 (Unaudited)
Salaries, wages and allowances	**₱603,430,360**	₱504,718,101
Net pension expense (Note 24)	**29,704,637**	22,969,663
	₱633,134,997	₱527,687,764

24. **Employee Benefits**

The Group has a funded, non-contributory, defined benefit pension plan covering all regular permanent employees. Benefits are dependent on years of service and the respective employee's final compensation. The benefits are paid in a lump-sum upon retirement or separation in accordance with the terms of the Robinsons Retail Multi-Employer Retirement Plan (the Plan).

The Group computes the actuarial valuation every year by hiring the services of a professional third party qualified actuary. The latest actuarial valuation report for the retirement plan was issued on February 16, 2016.

The Group is a member of the Plan which is administered separately by the Trustee, Robinsons Savings Bank, so named under the Trust Agreement. The Trustee is under the supervision of the Retirement Working Committee (the Committee) of the Plan. The Committee shall have all the powers necessary or useful in the discharge of its duties, including but not limited, to implement and administer the plan, propose changes and determine the rights of the members of the plan.

However, changes or revisions in the Plan shall be approved by the Executive Retirement Committee.

The Committee may seek the advice of counsel and appoint an investment manager or managers to manage the Retirement Fund, an independent accountant to audit the Fund and an actuary to value the Plan.

Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The components of pension expense under "Operating expenses" account in the consolidated statements of comprehensive income are as follows:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Current service cost	**₱29,073,404**	₱88,276,155
Net interest cost	**631,233**	27,624,333
Pension expense	**₱29,704,637**	₱115,900,488

Net pension liabilities

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Pension obligation	**₱691,293,285**	₱661,736,412
Fair value of plan assets	**(188,389,781)**	(188,389,781)
Net pension liabilities	**₱502,903,504**	₱473,346,631

Remeasurement effects recognized in OCI

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Remeasurement gains (losses) in pension liability	**₱–**	₱107,094,186
Remeasurement losses in pension assets	–	(608,638)
	₱–	₱106,485,548

The movements in pension liability recognized in the consolidated statements of financial position follow:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Balance at beginning of year	**₱473,346,631**	₱634,701,436
Pension expense	**29,704,637**	115,900,488
Remeasurement (gains) losses	**–**	(106,485,548)
Actual contribution	**–**	(170,769,745)
Benefits paid from direct payments	**(147,764)**	–
Balance at end of year	**₱502,903,504**	₱473,346,631

Movements in the fair value of plan assets follow:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Balance at beginning of year	**₱188,389,781**	17,425,365
Actual contribution	**–**	170,769,745
Interest income included in net interest cost	**–**	803,309
Remeasurement losses	**–**	(608,638)
Balance at end of year	**₱188,389,781**	₱188,389,781

Changes in the present value of defined benefit obligation follow:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Balance at beginning of year	**₱661,736,412**	₱652,126,801
Current service cost	**29,073,404**	88,276,155
Interest cost	**631,233**	28,427,642
Remeasurement losses arising from:		
Changes in financial assumptions	**–**	(174,709,623)
Experience adjustments	**–**	66,556,851
Changes in demographic assumptions	**–**	1,058,586
Benefits paid from plan assets	**(147,764)**	–
Balance at end of year	**₱691,293,285**	₱661,736,412

The fair value of net plan assets of the Group by each class as at the end of the reporting period are as follows:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Cash and cash equivalents		
Savings deposit	**₱170,789,617**	₱170,789,617
Time deposit	**1,100,611**	1,100,611
	171,890,228	171,890,228
Investments in government securities		
Fixed rate treasury notes	**9,573,392**	9,573,392
Retail treasury bonds	**6,055,657**	6,055,657
	15,629,049	15,629,049
Investments in UITF	**891,530**	891,530
Other receivables	**–**	–
Accrued trust fee payable	**(21,026)**	(21,026)
	₱188,389,781	₱188,389,781

The Group expects to contribute about ₱199.61 million into the pension fund in 2016.

The principal assumptions used in determining pensions for the Group's plan are shown below:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Discount rates	**5.00%-5.99%**	5.00%-5.99%
Salary increase rates	**5.70%**	5.70%

The carrying amounts disclosed above reasonably approximate fair value at each reporting period. The actual return on plan assets amounted ₱0.19 million in 2015.

The sensitivity analyses that follow has been determined based on reasonably possible changes of the assumption occurring as of the end of the reporting period, assuming if all other assumptions were held constant.

		Increase (Decrease)	Effect in Defined Benefit Obligation
2015	**Salary increase**	**+1.00%**	**(₱123,209,060)**
		-1.00%	**163,963,824**
	Discount rates	**+1.00%**	**135,581,554**
		-1.00%	**(95,932,180)**

Each year, an Asset-Liability Matching Study (ALM) is performed with the result being analyzed in terms of risk-and-return profiles. The distribution of plan assets are as follow4% of debt instruments, 5% of equity instruments, and 11% for cash and receivables. The principal technique of the Group's ALM is to ensure the expected return on assets to be sufficient to support the desired level of funding arising from the defined benefit plans.

Shown below is the maturity analysis of the undiscounted benefit payments:

	2015
Less than 1 year	**₱28,803,690**
More than 1 year but less than 5 years	**85,482,842**
More than 5 years but less than 10 years	**290,966,650**
More than 10 years but less than 15 years	**390,789,771**
More than 15 years but less than 20 years	**524,268,277**
More than 20 years	**4,718,387,484**

25. **Related Party Disclosures**

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Significant Related Party Transactions

The Group, in the regular conduct of business, has receivables from/payables to related parties arising from the normal course of operations.

1. The following are the Group's transactions with its related parties:

	Amount		Due from (Due to)		Terms and
Category	**March 31, 2016**	December 31, 2015	**March 31, 2016**	December 31, 2015	**Conditions**
Other affiliates under common control					
a. Trade receivableand other receivables		**₱–**	**215,926,353**	**₱223,015,830**	**Noninterest bearing and due in 30 days, not impaired**
Sales	**734,344,417**	**2,657,101,055**	**–**	**–**	
Royalty income	**301,350,994**	**1,029,055,789**	**–**	**–**	
b. Trade and other payable			**(400,169,794)**	**(408,827,740)**	**Noninterest bearing and payable in 30 days, unsecured**
Purchases - net	**(536,995,506)**	**(2,345,176,138)**	**–**	**–**	
Rent and utilities	**(854,277,541)**	**(3,366,122,925)**	**–**	**–**	

Below are the Group's transactions with its related parties:

a. As of March 31, 2016 and December 31, 2015, the Group has outstanding balances from its other affiliates amounting to ₱215.93 million and ₱223.02 million arising primarily from sales of merchandise inventories and royalty income for grant of use and right to operate stores of the Group.

   Sales of merchandise inventories to related parties amounted to ₱734.34 million and ₱2.66 billion, and royalty income amounted to ₱301.4 million and ₱1.03 billion for the three months ended March 31, 2016 and for the year ended December 31, 2015, respectively (Note 30).

b. As of March 31, 2016 and December 31, 2015,, the Group has outstanding payable to its other affiliates amounting to ₱400.17 million and ₱408.83million arising from purchases of merchandise inventories for resale to its customers which are normally paid within the year and expenses for rent and utilities relative to the Group's operations. Lease agreements are cancellable and normally have terms of 5 to 20 years with escalation clauses ranging from 5% to 10% every year and renewable every year.

   Purchases of merchandise inventories for resale to customers amounted to ₱537.0 million and ₱2.35 billion while payment for rent and utilities amounted to ₱854 million and ₱3.37billion for the three months ended March 31, 2016 and for the year ended December 31, 2015, respectively.

Affiliates are related parties by the Group by virtue of common ownership and representations to management where significant influence is apparent.

Terms and Conditions of Transactions with Related Parties
Outstanding balances at year-end are unsecured, interest-free and settlement occurs in cash. There have been no guarantees provided or received for any related party payables or receivables. The Group has not recognized any impairment losses on amounts due from related parties for the three months ended March 31, 2016 and for the year ended December 31, 2015. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

26. Income Tax

Provision for income tax for the three months ended March 31 follows:

	2016 (Unaudited)	2015 (Unaudited)
Current	**₱261,997,501**	₱235,247,600
Deferred	**(22,712,917)**	(34,177,990)
	₱239,284,584	₱201,069,610

The components of the Group's deferred tax assets follow:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Tax effects of:		
Pension liability	**₱150,871,055**	₱142,003,989
NOLCO	**55,632,481**	41,785,925
MCIT	**5,229,061**	4,900,088
Accrued rent	**5,409,790**	4,518,461
Allowance for inventory write-down	**2,052,545**	2,052,550
Derivative liability	**145,629**	145,629
Allowance for impairment losses	**199,568**	25,241
Fair value adjustment on AFS financial assets and investment in an associate	**(92,577,834)**	(7,226,451)
Unrealized foreign exchange gain	**(549)**	(8,075,859)
	₱126,961,746	₱180,129,573

As of March 31, 2016 and December 31, 2015, the deferred tax liability of the Group amounting to₱655.17 million and ₱655.17million, respectively, pertains to deferred taxes attributable to trademarks and difference in the fair values and carrying values of the net assets acquired through business combinations (Note 20).

27. **Earnings Per Share**

The following table presents information necessary to calculate EPS on net income attributable to equity holders of the Parent Company for the three months ended March 31, 2016 and 2015:

	2016	2015
Net income attributable equity holder of the Parent Company	**784,673,517**	781,108,247
Weighted average number of common shares	**1,385,000,000**	1,385,000,000
Adjusted weighted average number EPS	**1,385,000,000**	1,385,000,000
Basic and Diluted EPS	**₱0.57**	₱0.56

The Parent Company has no dilutive potential common shares in 2016 and 2015.

The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transaction during the year.

28. **Risk Management and Financial Instruments**

Governance Framework
The primary objective of the Group's risk and financial management framework is to protect the Group's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognizes the critical importance of having efficient and effective risk management systems in place.

The BOD approves the Group's risk management policies and meets regularly to approve any commercial, regulatory and organizational requirements of such policies. These policies define the Group's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets and specify reporting requirements.

The carrying amounts approximate fair values for the Group's financial assets and liabilities due to its short-term maturities except for the AFS financial assets and noncurrent loans payable as of March 31, 2016 and December 31, 2015.

Fair Value Information
As of March 31, 2016 and December 31, 2015, the carrying values and fair values of the AFS financial assets amounted to ₱19.80 billion and ₱19.51billion and ₱19.80 billion and ₱19.51billion, respectively (Note 12).

As of March 31, 2016 and December 31, 2015, the carrying values of loans payable amounted to ₱2.25 billion and ₱2.84 billion, respectively. Corresponding fair values amounted to ₱2.25 billion and ₱2.84 billion, respectively (Note 18).

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

Financial Assets
Due to the short-term nature of the transaction, the fair value of cash and cash equivalents, trade and other receivables and security deposits approximates the carrying values at year-end. The fair value of the AFS financial assets has been determined based on prevailing market quotes.

Financial Liabilities
Due to the short-term nature of trade and other payables and other current liabilities, their carrying values approximate fair value. The fair values of loans payable are based on the discounted value of future cash flows using the applicable rates for similar types of loans.

<u>Fair Value Hierarchy</u>
As of March 31, 2016 and December 31, 2015, the Group has AFS financial assets valued under Level 1 amounting ₱19.80 billion and ₱19.51 billion, respectively (Note 12). These financial assets are measured at fair value.

As of March 31, 2016 and December 31, 2015, the Group has loans payable for which fair values are disclosed under level 3 amounting ₱2.25 billion and ₱2.84 billion, respectively (Note 18).

There were no transfers among levels 1, 2 and 3 in 2015 and 2014.

The main purpose of the Group's financial instruments is to fund its operations and capital expenditures. The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk, foreign currency risk and equity price risk. The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

<u>Financial Risk</u>
Interest Rate Risk
Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to market risk for interest rates relates primarily to the amounts due to related parties at current market rates and loans payable at floating rates.

The Group manages its interest rate risk by using current rates of money market placements when computing for interest rates that will be charged to the related party.

The Group has minimal interest rate risk because the interest-bearing loans are short-term in nature.

Liquidity Risk
Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments.

The Group seeks to manage its liquidity profile to be able to finance its capital expenditures and operations. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows.

The table below shows the maturity profile of the financial instruments of the Group as of March 31, 2016 and December 31, 2015based on the remaining period at the reporting date to their contractual maturities and are also presented based on contractual undiscounted repayment obligations.

March 31, 2016

	On Demand	1 year	More than 1 year	Total
Financial Assets				
Loans and receivables				
Cash and cash equivalents	**₱7,196,886,142**	**₱–**	**₱–**	**₱7,196,886,142**
Short -term investments	–	**7,059,000**	–	**7,059,000**
Trade receivables	–	**492,516,361**	–	**492,516,361**
Nontrade receivables	–	**672,115,933**		**672,115,933**
Due from franchises	–	**332,358,393**	–	**332,358,393**
Other noncurrent assets	–		–	
Security and other deposits	–		**1,304,419,478**	**1,304,419,478**
Construction bond	–	–	**33,066,731**	**33,066,731**
AFS financial assets	–	–	**19,798,899,022**	**19,798,899,022**
	₱7,196,886,142	**₱1,504,049,687**	**₱21,136,385,231**	**₱29,987,321,060**
Financial Liabilities				
Other financial liabilities				
Trade and other payables*	**₱–**	**₱12,365,481,153**	**₱–**	**₱12,365,481,153**
Loans payable	–	**2,244,916,615**	–	**2,244,916,615**
Other current liabilities	–	**225,839,919**	–	**225,839,919**
	₱–	**₱14,836,237,687**	**₱–**	**₱14,836,237,687**

**excluding statutory liabilities amounting ₱108,487,693.*

December 31, 2015

	On Demand	1 year	More than 1 year	Total
Financial Assets				
Loans and receivables				
Cash and cash equivalents	₱9,757,351,816	₱–	₱–	₱9,757,351,816
Short -term investments	–	7,059,000	–	7,059,000
Trade receivables	–	905,655,683	–	905,655,683
Nontrade receivables	–	601,820,649		601,820,649
Due from franchises	–	266,828,000	–	266,828,000
Other noncurrent assets	–	–	–	–
Security and other deposits	–	69,172,817	1,223,624,751	1,292,797,568
Construction bond	–	–	35,305,287	35,305,287
AFS financial assets	–	–	19,511,313,846	19,511,313,846
	₱9,757,351,816	₱1,850,536,149	₱20,770,243,884	₱32,378,131,849
Financial Liabilities				
Other financial liabilities				
Trade and other payables*	₱–	₱14,580,321,689	₱–	₱14,580,321,689
Loans payable	–	2,844,872,558	–	2,844,872,558
Other current liabilities	–	197,583,490	–	197,583,490
	₱–	₱17,622,777,737	₱–	₱17,622,777,737

**excluding statutory liabilities amounting ₱215,214,324.*

As of March 31, 2016 and December 31, 2015, the Group has outstanding loans amounting ₱2.24 billion and ₱2.84 billion, respectively (Note 18).

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group's trade and other receivables are actively monitored by the Collection Services Department to avoid significant concentrations of credit risk.

The Group has adopted a no-business policy with customers lacking an appropriate credit history where credit records are available.

The Group manages the level of credit risk it accepts through a comprehensive credit risk policy setting out the assessment and determination of what constitutes credit risk for the Group. The

Group's policies include the following: setting up of exposure limits by each counterparty or group of counterparties; right of offset where counterparties are both debtors and creditors; reporting of credit risk exposures; monitoring of compliance with credit risk policy; and review of credit risk policy for pertinence and the changing environment.

The tables below show the aging analysis of loans and receivables and AFS financial assets as at March 31, 2016 and December 31, 2015.

March 31, 2016

	Neither past due nor impaired	**1 year**	**More than 1 year**	**Impaired Financial Assets**	**Total**
Financial Assets					
Loans and receivables					
Cash in bank and cash equivalents	**₱ 7,196,886,147**	**₱–**	**₱–**	**₱–**	**₱ 7,196,886,147**
Short -term investments	**7,059,000**	**–**	**–**	**–**	**7,059,000**
Trade receivables	**491,935,271**		**–**	**581,090**	**492,516,361**
Nontrade receivables	**672,115,933**		**–**		**672,115,933**
Due from franchises	**302,897,382**	**–**	**–**	**29,461,011**	**332,358,393**
Other noncurrent assets					
Security and other deposits	**1,304,419,478**	**–**	**–**	**–**	**1,304,419,478**
Construction bond	**33,066,731**	**–**	**–**	**–**	**33,066,731**
AFS financial assets	**19,798,899,022**	**–**	**–**	**–**	**19,798,899,022**
	₱29,807,278,964	**₱**	**₱–**	**₱30,042,101**	**₱29,837,321,065**

December 31, 2015

	Neither past due nor impaired	1 year	More than 1 year	Impaired Financial Assets	Total
Financial Assets					
Loans and receivables					
Cash in bank and cash equivalents	₱9,757,351,816	₱–	₱–	₱–	₱9,757,351,816
Short -term investments	7,059,000	–	–	–	7,059,000
Trade receivables	845,124,849	59,949,744	–	581,090	905,655,683
Nontrade receivables	597,533,345	4,287,304	–		601,820,649
Due from franchises	266,828,000	–	–	29,461,011	296,289,011
Other noncurrent assets					
Security and other deposits	1,292,797,568	–	–	–	1,292,797,568
Construction bond	35,305,287	–	–	–	35,305,287
AFS financial assets	19,511,313,846	–	–	–	19,511,313,846
	₱32,313,313,711	₱64,237,048	₱–	₱30,042,101	₱32,407,592,860

As of March 31, 2016 and December 31, 2015, all trade and other receivables are expected to be settled within one (1) year.

The Group's maximum exposure in financial assets are equal to their carrying amounts. These financial assets have a maturity of up to one (1) year only, and have a high credit rating. This was determined based on the nature of the counterparty and the Group's experience.

Credit Quality

Neither past due nor impaired financial assets are graded as either "A" or "B" based on the following criteria:

- Grade A are accounts considered to be of high value. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits.

- Grade B are active accounts with minimal to regular instances of payment default, due to collection issues. These accounts are typically not impaired as the counterparties generally respond to the Group's collection efforts and update their payments accordingly.

Cash in banks and short-term investments are short-term placements and working cash fund placed, invested or deposited in reputable foreign and local banks in the Philippines.These financial assets are classified as Grade A due to the counterparties' low probability of insolvency.

The Group's financial assets considered as neither past due nor impaired amounting to ₱21.75 billion and₱32.31billion as of March 31, 2016 and December 31, 2015, respectively are all graded "A" based on the Group's assessment.

29. Lease Commitments

Group as Lessee
The Group has entered into cancellable lease agreements as a lessee with terms of one (1) year up to twenty five(25) years. Most leases contain renewal options and a clause enabling annual upward revision of the rental charges based on prevailing market conditions. Other leases provide for the percentage rent which is a certain percentage of actual monthly sales. Rent expense for the period ended March 31, 2016 and 2015 amounted to ₱1,121.0 million and ₱968.88 million, respectively (Notes 22 and 25).

30. Agreements

a) The Group has exclusive right to use the Ministop System in the Philippines which was granted to the Group by Ministop Co. Ltd., a corporation organized in Japan. In accordance with the franchise agreement, the Group agrees to pay, among others, royalties to Ministop based on a certain percentage of gross profit.

   Royalty expense amounted to ₱17.84 million and ₱14.67 million for the period ended March 31, 2016 and 2015, respectively (Note 22). Royalty payable to Ministop included under "Nontrade payable" as of March 31, 2016 and December 31, 2015 amounted to ₱6.13 million and ₱6.29 million, respectively (Note17).

b) The Group has franchise agreements which mainly include providing store facilities and equipment to franchisees. Other services rendered by Ministop consist of providing personnel and utilities. The lease/royalty fee is based on a certain percentage of the gross profit of the lessee/franchisee. The related royalty income amounted to ₱413.4 million and ₱331.16 million for the period ended March 31, 2016 and 2015, respectively.

   As of March 31, 2016 and December 31, 2015, amounts due from franchisees amounted to ₱263.39 million and ₱266.83 million, respectively. These amounts are net of allowance for impairment losses on due from franchisees amounting ₱29.46 million as of March 31, 2016 and for the year ended December 31, 2015 (Note 9).

c) The Group obtained a license to use the Daiso Business Model in the Philippines that was granted to RDDC by Daiso Industries Co., Ltd. (DICL) in Japan. In accordance with the license agreement, RDDC agrees to pay, among others, royalties to DICL based on a certain percentage of monthly net sales.

   Royalty expenses amounted to ₱1.23 million and₱0.93 million for the three months ended March 31, 2016 and 2015, respectively.

d.) On September 21, 2012, RSSI paid ₱121.21 million in exchange for the trademarks that were duly registered in the Philippine Intellectual Rights Office. The trademark allows the Group to use the brand and operate its stores in the Philippines.

Royalty expense amounted to ₱0.60 million and ₱0.70 million for the three months ended March 31, 2016 and 2015, respectively.

e.) The Group is a sub-licensee of Toys R Us in the Philippines. The royalty fee is based on fixed percentage of gross monthly sales of sub-licensee. Royalty expense amounted to ₱14.17 million and ₱12.24 million for the three months ended March 31, 2016 and 2015, respectively.

f.) On July 29, 2014, Costa International Limited granted the Group the development and operating rights to carry on the Costa business in the Philippines (Note 15).

The Group started Costa operations in June 2015 and royalty expenses amounted to ₱1.0 million and nil for the three months ended March 31, 2016 and 2015, respectively.

g.) The Group has other licenses and franchises to carry various global brands.

31. **Contingencies**

The Group has various contingent liabilities from legal cases arising from the ordinary course of business which are either pending decision by courts or are currently being contested by the Company, the outcome of which are not presently determinable.

In the opinion of the management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have material adverse effect in the Company's financial position and results of operations.

SUPPLEMENTARY SCHEDULES

Report of Independent Auditors on Supplementary Schedules

I. Supplementary schedules required by Annex 68-E

   A. Financial Assets (Other Short-Term Cash Investments)
   B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
   C. Amounts Receivable/Payable From/To Related Parties which are Eliminated During the Consolidation of Financial Statements
   D. Intangible Assets
   E. Short term and Long term Debt
   F. Indebtedness to Related Parties
   G. Guarantees of Securities of Other Issuers
   H. Capital Stock

II. Schedule of Financial Soundness Indicators

III. Use of Proceeds from Initial Public Offering

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE A: FINANCIAL ASSETS (OTHER SHORT-TERM CASH INVESTMENTS)

MARCH 31, 2016

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 quotation at end of reporting period	Income received and accrued
AFS Financial Assets				
Various bonds	₱15,533,566,050	₱ 16,103,199,022	₱16,103,199,022	₱155,617,173
Notes	1,583,700,000	1,583,700,000	1,583,700,000	21,280,969
Investment in preferred shares	2,000,000,000	2,112,000,000	2,112,000,000	27,875,000
Money Market Placements				
RBC	7,059,000	7,059,000	7,059,000	24,706
	₱19,124,325,050	₱ 19,805,958,022	₱19,805,958,022	₱204,797,848

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE B: AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDER (OTHER THAN RELATED PARTIES)

MARCH 31, 2016

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of period

NOT APPLICABLE

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE C: AMOUNTS RECEIVABLES/PAYABLES FROM/TO RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

MARCH 31, 2016

Entity with Receivable Balance	Balance at Beginning of Period	Net Movement	Write-offs	Current	Noncurrent	Balance at end of period
Robinsons Retail Holdings Inc.	₱323,154,022	₱2,231,115,570	₱–	₱2,554,269,592	₱–	₱2,554,269,592
Robinsons Toys Inc.	186,302,596	(112,507,676)	–	73,794,920	–	73,794,920
Robinsons Supermarket Corporation	27,334,511	(6,056,558)	–	21,277,953	–	21,277,953
Robinson's Incorporated	17,689,258	(4,489,882)	–	13,199,376	–	13,199,376
RHD Daiso- Saizen Inc.	123,902,882	(47,985,624)	–	75,917,258	–	75,917,258
	₱ 678,383,269	2,060,075,830	₱–	₱2,738,459,099	₱–	₱2,738,459,099

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE D: INTANGIBLE ASSETS

MARCH 31, 2016

Description	Beginning balance	Additions at cost	Charged to costs and expenses	Charged to other accounts	Other changes	Ending balance
Trademarks	₱1,931,832,025	₱–	₱–	₱–	₱–	₱1,931,832,025
Goodwill	2,069,985,136	–	–	–	–	2,069,985,136
License	84,848,486	–	(3,030,304)	–	–	81,818,182
Franchise	22,512,422	749,438	(610,807)	–	–	22,651,053
	₱4,109,178,069	₱749,438	(₱3,641,111)	₱–	₱–	₱4,106,286,396

Other changes in the intangible assets pertain to the effects of the finalization of the fair values of the net assets acquired of the investees.

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE E: SHORT TERM AND LONG TERM DEBT

MARCH 31, 2016

Title of issue and type of obligation	Amount authorized by indenture	Interest rates	Current portion	Noncurrent portion
Bank loans	₱2,244,916,615	2.5%-5.4%	₱2,244,916,615	₱–
	₱2,244,916,615		₱2,244,916,615	₱–

See Note 18 of the Consolidated Financial Statements.

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE F: INDEBTEDNESS TO RELATED PARTIES

MARCH 31, 2016

Name of related party	Balance at beginning of period	Balance at end of period
Universal Robina Corporation	₱163,433,775	₱172,973,638
Robinsons Land Corporation	240,296,367	227,196,156
JG Summit Holdings, Inc.	5,097,598	–
	₱408,827,740	₱400,169,794

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE G: GUARANTEES OF SECURITIES OF OTHER ISSUERS

MARCH 31, 2016

Name of issuing entity of securities guaranteed by the company for which this statements is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount of owned by person for which statement is filed	Nature of guarantee

NOT APPLICABLE

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE H: CAPITAL STOCK

MARCH 31, 2016

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Common stock - ₱1 par value	2,000,000,000	1,385,000,000	–	484,749,997	380,182,503	520,057,500
	2,000,000,000	1,385,000,000	–	484,749,997	380,182,503	520,057,500

See Note 19 of the Consolidated Financial Statements

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE OF SOUNDNESS INDICATORS

FOR THE YEARS ENDED MARCH 31, 2016 and MARCH 31, 2015

Financial Soundness Indicator	**March 31, 2016**	March 31 2015
i. Liquidity ratio:		
Current ratio	**1.36**	1.66
ii. Profitability ratio:		
Operating margin ratio	**0.21**	0.22
iii. Stability ratio:		
Solvency ratio	**0.07**	0.09
Net debt to equity ratio	**0.36**	0.31
Asset to equity ratio	**1.36**	1.31
Interest rate coverage rate ratio	**65.33**	151.39
iii. Other ratios		
Return on assets	**0.01**	0.02
Return on equity	**0.02**	0.02

**See attached reporting computation.*

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL RATIOS

FOR THE PERIOD ENDED MARCH 31, 2016 AND MARCH 31, 2015

	2016	2015
Current assets	**₱21,613,000,432**	₱19,475,306,299
Current liabilities	**15,854,988,227**	11,725,305,383
Current ratio	**1.36**	1.66
Operating income	**₱4,804,887,492**	₱4,252,322,684
Net sales	**22,695,568,954**	19,715,150,870
Operating margin ratio	**0.21**	0.22
After tax net profit	**₱833,509,503**	₱822,276,791
Depreciation and amortization	**439,711,151**	399,401,139
	1,273,220,654	1,221,677,930
Total liabilities	**17,013,057,718**	12,969,765,401
Solvency ratio	**0.07**	0.09
Total liabilities	**₱17,013,057,718**	₱12,969,765,401
Total equity	**46,613,699,632**	55,132,833,423
Debt to equity ratio	**0.36**	0.24
Total assets	**₱63,626,757,350**	₱55,132,833,423
Total equity	**46,613,699,632**	42,163,068,022
Asset to equity ratio	**1.36**	1.31
Earnings before interest and taxes	**₱1,072,794,087**	₱790,097,369
Interest expense	**16,420,331**	5,218,795
Interest rate coverage ratio	**65.33**	151.39
Net income	**₱833,509,503**	₱822,276,791
Average total assets	**63,626,757,350**	53,177,177,544
Return on assets	**0.01**	0.02
Net income	**₱833,509,503**	₱822,276,791
Average total equity	**46,613,699,632**	40,383,858,526
Return on equity	**0.02**	0.02

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING
March 31, 2016

As disclosed in the Company's prospectus, gross and net proceeds were estimated at ₱26.79 billion and ₱26.07 billion, respectively for the Primary Offer (excluding any additional expenses that may be incurred in relation to the Over-allotment Option).

The Company received actual gross proceeds amounting to ₱26.79 billion from the Primary offering of 461,897,500 shares on November 11, 2013 and an additional ₱0.23 billion from the exercised over-allotment of 3,880,550 shares, and incurred ₱745.65 million IPO-related expenses, resulting to actual net proceeds of ₱26.27 billion.

The net proceeds has not been fully disbursed as of March 31, 2016. For the period covering January 1, 2016 to March 31, 2016, the application of net proceeds is broken down as follows:

Use of Proceeds	Amount in Pesos
Expansion of store network	₱406,582,850
Renovation of existing stores	156,800,762
Other corporate purposes	41,178,729
Repayment of bank loans	14,569,597
Total	₱619,131,938

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Consolidated Results of Operations

For the Three Months Ended March 31, 2016 and 2015

(Amounts in Million Pesos)

Robinsons Retail Holdings, Inc. recorded net income of ₱834 million for the three months ended March 31, 2016, an increase of 1.37% as compared to ₱822 million for the three months ended March 31, 2015. The increase was largely due to increased income from operations as a result of new store openings. Net income attributable to parent amounted to ₱785 million for the three months ended March 31, 2016, an increase of 0.46% as compared to ₱781 million for the three months ended March 31, 2015.

Consolidated revenues increased by 15.1% from ₱19,715 million for the three months ended March 31, 2015 to ₱22,696 million for the three months ended March 31, 2016. The robust revenue growth was largely due to increase in sales volume from the seven new stores that were added this year, the full year sales contribution of the stores that opened in 2015 as well as strong same stores sales growth. Royalty, rent and other income also increased from ₱397 million to ₱489 million or a 23.1% growth due to higher royalty fee income of the convenience store segment.

Gross profit for the three months ended March 31, 2016 amounted to ₱4,805 million, 13% higher than ₱4,252 million for the three months ended March 31, 2015. The increase was on the back of higher sales and vendor discounts.

Operating expenses grew by 13.7% from ₱3,859 million to ₱4,389 million for the three months ended March 31, 2016 due to higher rent and utilities expenses and the accelerated store network expansion.

Earnings before interests and taxes (EBIT) grew by 14.4% from ₱790 million to ₱904 million for the three months ended March 31, 2016. As a percentage of sales, EBIT is at 4% this year the same as last year.

Other income and charges decreased by 27.7% from ₱233 million to ₱169 million for the three months ended March 31, 2016 primarily due to the foreign currency exchange loss of ₱73.0 million.

Earnings before interests, taxes, depreciation, amortization and other non-cash items (EBITDA) expanded by 13.3% from ₱1,189 million for the three months ended March 31, 2015 to ₱1,348 million for the three months ended March 31, 2016.

Supermarket

Robinsons Supermarket, the biggest segment, posted net sales of ₱10,960 million for the three months ending March 31, 2016 and saw a net sales growth of 13.1% from the same period last year. The growth was driven by sustained performance of the existing stores and sales contribution of the 12 new stores that opened after end of March 2015 coupled with the strong same store sales growth of 8.7% for the first quarter of 2016.

The cost of merchandise sold for the first quarter of the year grew by 13.2% from ₱7,906 million to ₱8,949 million for the same period last year which was relative to the increase in the volume of sales. Gross profit improved by 12.8% to ₱2,011 million against ₱1,783 million last year. Despite competitive pressure in pricing, as a percentage to sales, gross profit this year remained stable at 18.4%.

EBIT reached ₱479 million as of end of March 2016, 17.2% jump from P408 million in the same period last year. Accordingly, EBITDA expanded by 17.1% to ₱655 million this year against ₱559 million last year which equates to 6.0% EBITDA margin this year versus 5.8% last year.

Department Store

Robinsons Department Store (RDS) registered ₱3,154 million net sales for the three months ended March 31, 2016. This year's net sales for the quarter achieved a growth of 5.7% from ₱2,985 million for the same period last year. The percentage lift in net sales was attributable to the gain in same stores sales and the sales contribution of the new stores.

RDS' cost of sales amounted to ₱2,347 million for the three months ended March 31, 2016, an increase of 6.1% from ₱2,212 million for the same period last year. The growth in cost of sales could be directly attributable to the growth in net sales. The resulting gross margins of ₱807 million for the quarter, also improved by 4.3% against ₱774 million for the same period last year.

Although RDS realized growth in revenue, this was just enough to compensate the escalation in operating expenses. As a result, RDS' EBIT (earnings before interests and taxes) for the quarter amounted to P100 million, lower by 16.7% against P120 million in the same period last year. The EBITDA for the quarter amounted to P171 million, same as that of same period last year.

DIY Division

The DIY segment ended the first quarter of 2016 with healthy increases in sales and gross profit. Net sales lifted by 12.3% from ₱2,208 million to ₱ 2,480 million for the quarter ended March 31, 2015 and March 31, 2016, respectively.

The improvement was driven primarily by the strong performance of the existing stores coupled with the six new store additions from period ended March 31, 2015.

DIY's cost of sales grew by 11.5% from ₱1,514 million in the first quarter of 2015 to ₱ 1,688 million for the first quarter of 2016, a slight decrease versus the growth in net sales. Consequently, the gross profit increased at high teens or 14.2% to ₱792 million from ₱ 693 million for the quarter ended March 31, 2016. As a percentage to sales, gross profit was at 31.9% this quarter against 31.4% in the first quarter last year. However, operating expenses as a percentage to sales swelled by 0.6 percentage points from 24.2% to 24.8% because the sales of the new stores are still ramping-up.

Consequently, EBIT was up by 10.5% at ₱177 million for the first quarter of 2016 versus ₱160 million in same period last year. EBITDA also showed a modest growth of 4.3% to ₱219 million for the quarter ended March 31, 2016 against ₱210 million for the same period in 2015.

Convenience Store

The convenience stores segment registered a system wide sales and merchandise sales of ₱2,079 million and ₱1,385 million, respectively for the first quarter of 2016, a 15.8% and 10.3% growth from ₱1,796 million and ₱1,256 million of the same period last year. The increase in sales can be attributed to the increase in number of operating stores from last year's 473 to this year's 518 and same store sales growth of 7.0%.

Other Income which mainly consist of Royalty Fee grew by 24.9% from ₱333 million last year to ₱416 million this year. Royalty Fee is computed as a percentage of system wide Gross Profit and is about 99% of the total Other Income.

Cost of Sales grew by ₱119 million or 10.5%, to ₱1,254 million for the first quarter of 2016 from ₱1,135 million in 2015. Gross Margin and Other Income is 3.2% higher from 36.2% last year to 39.4% this year. Operating expenses grew by 19.5% while gross margin and other income grew by 20.3%. Convenience stores recorded an EBIT of ₱11 million this year versus last year's ₱7 million.

EBITDA generated for the first quarter of 2016 was ₱82 million, 40.0% higher than the ₱59 million recorded in the same period last year.

Drug Store

The drug store segment registered net sales of ₱2,229.4 Million as of March 31, 2016, representing a growth of 18.9% from last year's net sales of ₱1,875.6 Million. The growth was mainly driven by the strong same store sales growth of 10.7, as well as the contribution of 48 new stores that opened from April 2015 to March 2016.

The segment's cost of sales as of March 31, 2016 reached ₱1,867.4 Million, representing an increase of 19.4% from the same period last year. Consequently, gross profit expanded by 16.1% from ₱311.7 Million in 2015 to ₱362.0 Million this year.

EBIT as of March 31, 2016 reached ₱90.3 Million, a 23.4% increase from last year. Likewise, EBITDA also grew by 23.4% from ₱86.9 Million in 2015 to ₱107.2 Million this year.

Specialty Segment

The net sales of the Specialty Stores segment increased by 42.0% from ₱1,917 million to ₱2,722 million for the three months ended March 31, 2015 and March 31, 2016, respectively. The higher net sales were attributed to sales contribution from the new stores and Savers Appliance Depot with 25 stores which was acquired last September 2015. The Specialty segment added 49 net new stores after end of March 2015 bringing the store network to 288 by the end of the first quarter of 2016.

The cost of merchandise sold of Specialty Stores segment grew by 50.3% from ₱1,351 million to ₱2,020 million for the three months ended March 31, 2015 and March 31, 2016, respectively. This resulted in gross profit rising at slightly slower clip than net sales at 24.0% from ₱566 million to ₱702 million.

For the three months ended March 31, 2016, the Specialty Stores segment generated an EBITDA of ₱118 million, an increase of 13.5% from last year's first quarter EBITDA of ₱104 million.

Financial Position

March 31,2016 versus December 31, 2015

As of March 31, 2016, the Company's balance sheet showed consolidated assets of ₱63,627 million, which is 2.4% lower than the total consolidated assets of ₱65,160 million as of December 31, 2015.

Cash and cash equivalents significantly decreased from ₱9,757 million as of December 31, 2015 to ₱7,197 million as of March 31, 2016. Net cash used for operating activities totaled ₱1,069 million. Net cash used in investing activities amounted to ₱891 million, ₱731 million of which were used to acquire properties and equipment and ₱150 million were used to acquire available-for-sale investments. Net cash paid from financing activities amounted to ₱617 million.

Trade and other receivables decreased by 17.3% from ₱1,774 million to ₱1,467 as of March 31, 2016.

Other noncurrent assets also increased from ₱1,328 million to ₱1,337 million due to additional security deposit for new stores.

Trade and other payables decreased from ₱14,796 million to ₱12,474 million as of March 31, 2016.

Current loans payable decreased due to settlement of loans during the period.

Stockholder's equity grew from ₱45,505 million as of December 31, 2015 to ₱46,614 million as of March 31, 2016 due to higher net income during the period.