ROBINSONS RETAIL HOLDINGS, INC.


HANDYMAN
Do it Best
southstar drug
MINI STOP
Robinsons
Department Store
Robinsons
Supermarket
ROBINSONS
SELECTIONS
Robinsons
Easymart
ROBINSONS BUILDERS
JAYNITH'S
SUPERMART
True Value
A.M. BUILDERS'
DEPOT
TRUE
HOME
BY True Value
SAVERS
APPLIANCES
Robinsons
Appliances

CONTENTS

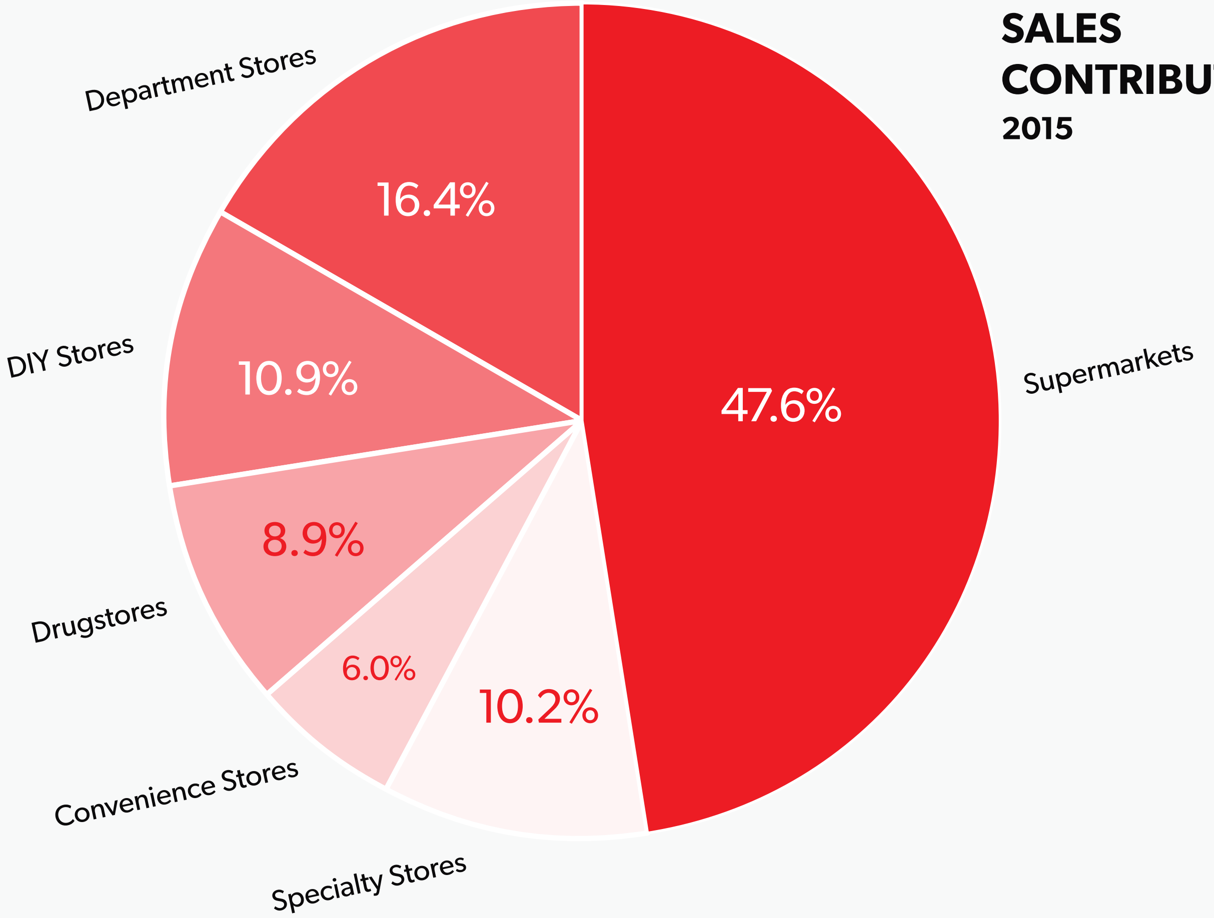
FINANCIAL HIGHLIGHTS

For the year (IN PHP MILLIONS)	2014	**2015**	2015 vs 2014 VARIANCE AMOUNT	%
Net Sales	80,401	**90,883**	10,482	13.0
Gross Profit	17,429	**19,749**	2,320	13.3
EBIT	4,487	**4,729**	242	5.4
EBITDA	5,768	**6,376**	608	10.5
Net Income	3,933	**4,577**	644	16.4
Net Income Attributable to Equity Holders of the Parent Company	3,561	**4,342**	781	21.9

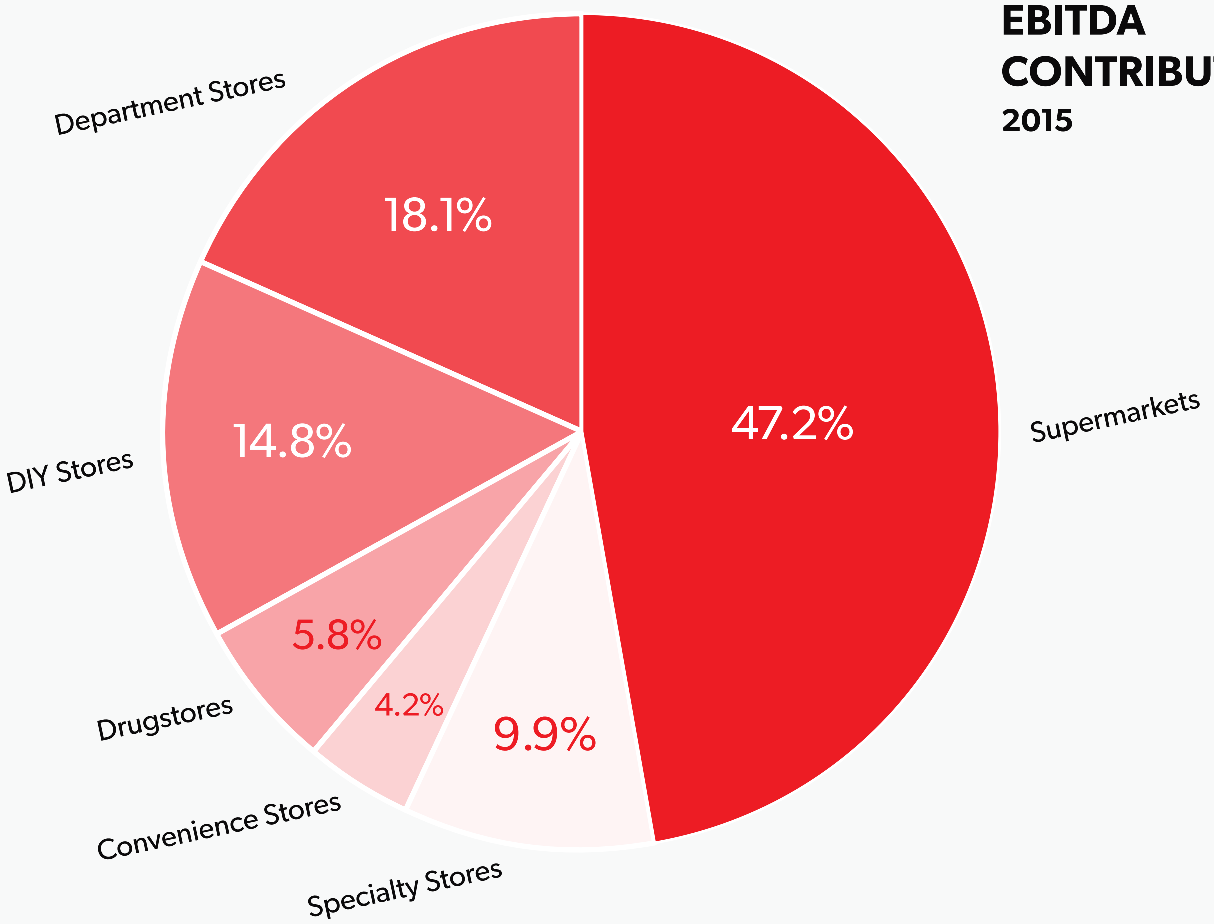
At year-end (IN PHP MILLIONS)				%
Total Assets	57,496	**65,160**	7,664	13.3
Total Liabilities	16,259	**19,654**	3,395	20.9
Total Stockholders' Equity	41,237	**45,505**	4,268	10.3

Per share (BASED ON OUTSTANDING NUMBER OF SHARES)				%
Basic Earnings	2.60	**3.13**	0.53	20.4
Book Value	29.77	**32.86**	3.09	10.4

SALES CONTRIBUTION 2015



EBITDA CONTRIBUTION 2015



CORPORATE INFORMATION

Robinsons Retail Holdings, Inc. (PSE code: RRHI) is the second largest multi-format retailer in the Philippines, operating a wide spectrum of formats and brands – supermarket (*Robinsons Supermarket*, *Robinsons Selections*, *Robinsons Easymart*, and *Jaynith's*), department store (*Robinsons Department Store*), hardware and home improvement (*Handyman Do it Best*, *True Value*, *True Home by True Value*, and *Robinsons Builders*), convenience store (*Ministop*), drugstore (*South Star Drug*), consumer electronics and appliances (*Robinsons Appliances* and *Savers Appliances*), international fashion specialty (such as *Topshop*, *Topman*, and *Dorothy Perkins*), beauty (*Shiseido* and *Benefit*), toys (*Toys "R" Us*), one-price concept store (*Daiso Japan*), and specialty coffee shops (*Costa Coffee*). Robinsons Retail is a sought-after retailer by the country's top mall developers given its diverse brand portfolio, allowing it to open stores not just in affiliate Robinsons Malls but also in other malls.

Robinsons Retail prides itself in its advanced management information systems which enables it to be efficient in its operations in terms of inventory and financial management, business analytics and supplier collaboration, as well as customer relationship management and analytics. It also has a strong supply chain with distribution centers for all formats, which ensures that stocks are delivered on-time to its network of more than 1,500 stores nationwide as of end 2015.

VISION

To strengthen our foothold as a leading and trusted multi-format retailer in the Philippines

MISSION

- Provide exceptional quality products at competitive prices and excellent service to our customers
- Offer meaningful business opportunities to our stakeholders
- Establish strong nationwide presence
- Provide a professionally-managed work environment

TIMELINE

1980	1985	1994	2000	2004	2006	2007
Robinsons Department Store	Robinsons Supermarket	HANDYMAN Do it Best	Robinsons Appliances	DOROTHY PERKINS	WAREHOUSE	True Value
			TOPSHOP		Toys"R"Us	Toys"R"Us toybox
			TOPMAN			
			MINISTOP			

2009

DAISO JAPAN

2011

Miss Selfridge

2012

manson drug Tunay At Mura Ang Gamot!

southstar drug

2013

Robinsons REWARDS

ez Mart

RIVER ISLAND

G2000

Shana

2014

Robinsons Easymart

ROBINSONS SELECTIONS

JAYNITH'S SUPERMART

A.M. BUILDERS' DEPOT

CHAVEZ Pharmacy*

SHISEIDO

benefit SAN FRANCISCO

BURTON MENSWEAR LONDON

2015

TRUE HOME BY True Value

COSTA COFFEE

ROBINSONS BUILDERS

SAVERS APPLIANCES

*Merged with South Star Drug in December 2015

AWARDS

ROBINSONS SUPERMARKET
Chairman's Award for the Highest Same Store Growth in 2015 by Unilever Philippines
11

ROBINSONS RETAIL
2015 Top 10 Retailers Certificate of Distinction for Robinsons Retail Group—Retail Asia Pacific Top 500
3

Achievement of Billings Growth for FY2014 for Robinsons Retail Holdings, Inc. from Bank of the Philippine Islands
15

ROBINSONS DEPARTMENT STORE
Top 3 Highest Growth Achievers in 2014 in Deodorants for total Philippines by Rexona
12

ROBINSONS APPLIANCES
Platinum Award for Exemplary Sales Performance for the year 2014 from Hitachi Air Conditioner
10

HANDYMAN DO IT BEST
2015 Purchase Award by Do it Best Corporation
2

Outstanding Retailer of WD-40 products in the Philippines for 2015
4

TRUE VALUE
1 Million Dollars Club from True Value International for 2015
1

Outstanding Retailer of WD-40 products in the Philippines for 2015
6

Servathon Pioneer Award by Hands on Manila in 2015 for participating in Servathon for the past 10 years
5

Handmade glass sculpture by Impy Pilapil specially crafted for Hands on Manila Foundation
5*

Pioneer Award by Shangri-La Plaza Mall in 2015 for being with the mall for 20 years
(Mother and Child limited edition plate from Angel C. Cacnio's painting, "Mother and Child," made in 2009)
9

2014 Marketing Excellence Award,
17th Annual Ayala Malls Merchant Rewards
14

2014 Best Hardware Store in Town from True Value USA
8

TOYS "R" US
Ayala Center Cebu 2015 Sustainability Leadership Awards for Merchants under the Non-Food/Foreign Brand Category—Toys "R" Us Ayala Cebu

Employee Engagement Leadership Award
7

Special Recognition for Energy Conservation and Environmental Protection
13

True Value INTERNATIONAL
1 MILLION CLUB
Robinsons True Value
Philippines
In recognition of
Total Purchases in 2015
1
Do it Best Corp.
2015
Purchase Award
Robinsons Handyman, Inc.
Philippines
$5,337,664
2
RETAIL
ASIA-PACIFIC
TOP500
2015
TOP 10 RETAILERS
CERTIFICATE OF DISTINCTION
PHILIPPINES
Robinsons Retail Group
3
WD-40
ROBINSONS HANDYMAN, INC.
4
WD-40
ROBINSONS TRUE SERVE HARDWARE PHILS. INC.
6
TRUE VALUE
SERVATHON
2015
5
7
SUSTAINABILITY
LEADERSHIP
8
2014
True Value
Home Center
9
10
HITACHI
11
12
EVERLAST
13
SUSTAINABILITY
LEADERSHIP
5*
14
15

ORGANIZATIONAL STRUCTURE as of December 31, 2015

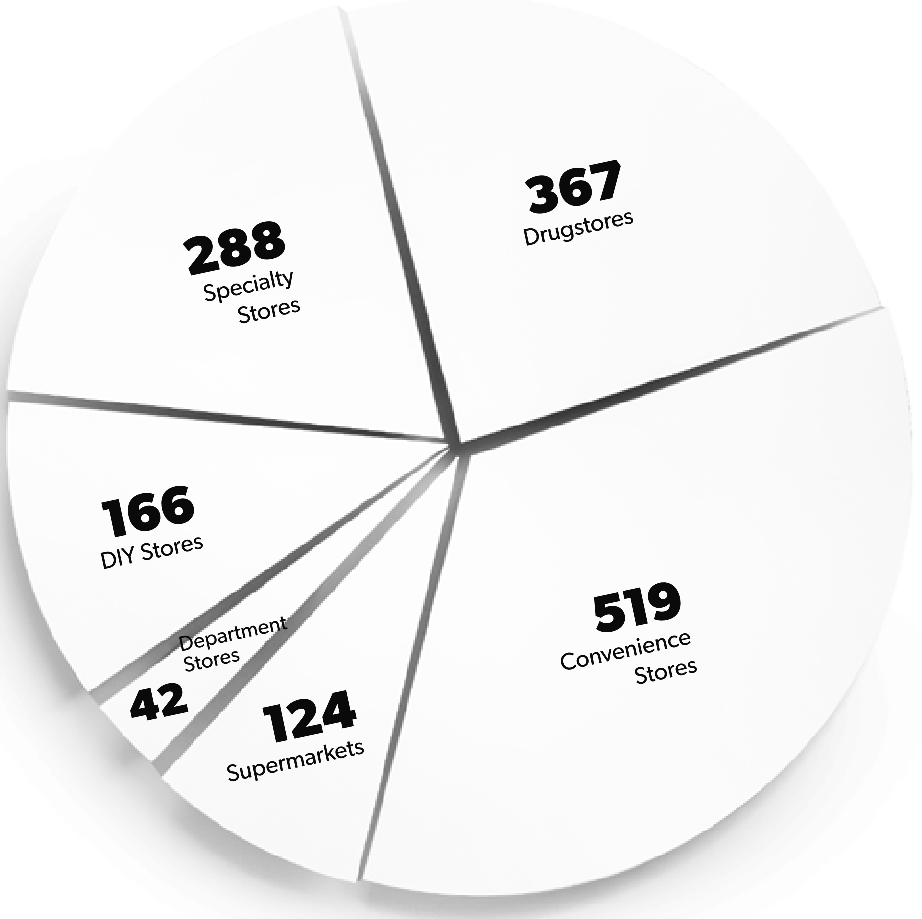
ROBINSONS RETAIL HOLDINGS, INC.

- **ROBINSON'S SUPERMARKET CORPORATION** 100%
  - Angeles Supercenter, Inc. 67%
  - Eurogrocer Corp. 100%
  - JAS 8 Retailing Mngt. Corp. 100%
  - Robinsons Appliances Corp. 67%
  - Robinson's Handyman, Inc. 80%
    - Robinsons True Serve Hardware Philippines, Inc. 66.67%
    - Handyman Express Mart, Inc. 65%
    - Waltermart-Handyman, Inc. 65%
    - RHI Builders and Contractors Depot Corp. 67%
  - South Star Drug, Inc. 45%
- **ROBINSON'S INCORPORATED** 100%
  - Robinsons Ventures Corporation 65%
  - Robinsons Convenience Stores, Inc. 51%
  - Robinsons Toys, Inc. 100%
  - Robinsons Gourmet Food and Beverage, Inc. 100%
  - Saver's Electronic World, Inc. 90%
  - South Star Drug, Inc. 45%
- **ROBINSONS SPECIALTY STORES, INC.** 100%
- **ROBINSONS DAISO DIVERSIFIED CORP.** 90%
- **RHD DAISO-SAIZEN, INC.** 59.4%
- **RHMI MANAGEMENT AND CONSULTING, INC.** 100%
- **RRHI MANAGEMENT AND CONSULTING, INC.** 100%
- **RRG TRADEMARKS AND PRIVATE LABELS, INC.** 100%
- **RRHI TRADEMARKS MANAGEMENT, INC.** 100%
- **EVERYDAY CONVENIENCE STORES, INC.** [inactive] 100%
- **ROBINSONS BANK CORPORATION** 40%

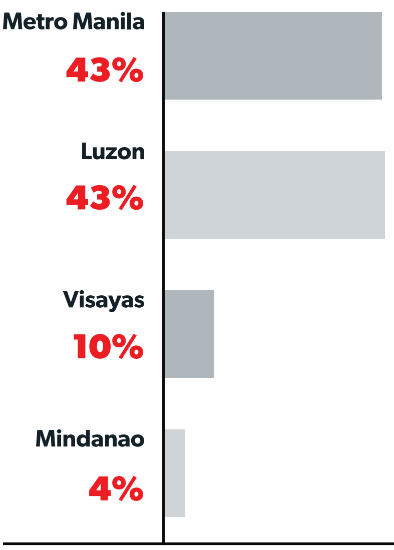
STORE NETWORK

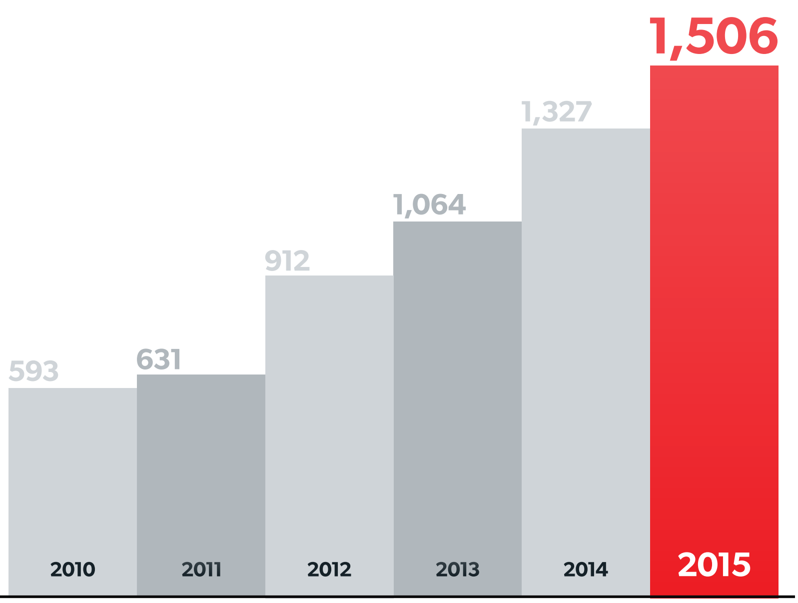
1,506

STORES NATIONWIDE
AS OF END 2015



	Supermarkets	Department Stores	DIY Stores	Convenience Stores	Drugstores	Specialty Stores	Total
Metro Manila	40	13	48	330	80	131	**642**
Luzon	56	17	68	162	243	99	**645**
Visayas	18	7	35	26	29	37	**152**
Mindanao	10	5	15	1	15	21	**67**
Total	**124**	**42**	**166**	**519**	**367**	**288**	**1,506**





Dear Shareholders,

Amidst the challenges faced by the global economy in 2015, the Philippine economy performed well above most of the Asian countries with gross domestic product (GDP) growth of 5.8%, underpinned by strong consumption and improved capital spending. The Philippines was able to maintain its investment grade status, initially accorded in 2013, from the three international credit rating agencies Standard and Poor's, Fitch Ratings and Moody's Investors Service.

Remittances from overseas Filipinos (+4.6% to US$25.8 billion) and the sustained growth of the information technology-business process outsourcing management sector (with revenues of US$21.5 billion in 2015 and 1.2 million employees) are the two main pillars of the Philippines' consumption-led growth story. In addition, the low oil prices, record low inflation of 1.4%, stable low interest rates as well as the depreciation of the Philippine peso (-5.4% to Php47.17=US$1 as of end 2015) boosted consumption.

Financial Performance

Robinsons Retail posted a 21.9% growth in net income attributable to equity holders of the parent company of Php4.34 billion in 2015 on the back of higher operating income and other income as well as the lower share of net income from non-controlling interest in consolidated subsidiaries due to the higher stake in the DIY business (from 55% in 2014 to 80% in 2015). Consolidated net sales reached Php90.88 billion (+13.0% yoy) arising mainly from the 179 net new stores added in 2015 as well as the full year sales contribution of the 263 net stores added in 2014.

CHAIRMAN AND PRESIDENT'S

MESSAGE

The company registered a remarkable 4.1% same store sales growth (SSSG) in 2015, which was higher than the 2-3% target, despite the continued intense competition in the retail industry. The strong SSSG was seen not just in Metro Manila but also in areas outside of Metro Manila. Of the total gross floor area (GFA) additions in 2015, 84% was accounted for by stores outside of Metro Manila. We ended 2015 with a total of 1,506 stores, 57% of which are located outside Metro Manila, translating to 65% share of the total GFA of 974,000 square meters (+9.7% yoy).

With the increasing scale of the business, the blended gross profit margin was sustained at 21.7% in 2015 or a gross profit of Php19.75 billion (+13.3% yoy). Operating income and earnings before interest, taxes, depreciation and amortization (EBITDA) grew by 5.4% to Php4.73 billion and by 10.6% to Php6.38 billion, respectively.

Latest Developments

In keeping with Robinsons Retail's vision—*To strengthen our foothold as a leading and trusted multi-format retailer in the Philippines*—the company introduced two new formats in 2015: True Home by True Value as well as Costa Coffee, our first foray into the food retail business. True Home, which is focused on home décor, kitchen and bathroom accessories, complements the lifestyle offerings of True Value. With more Filipinos looking for varied options, we brought in the Costa Coffee chain from the United Kingdom, ending 2015 with five stores.

In September 2015, Robinsons Retail acquired majority interest in Savers Appliances, one of the country's leading names in the appliance industry. This acquisition strengthens our market standing as one of the top five leading consumer electronics and appliances retail businesses in the country.

John L. Gokongwei, Jr.
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Robina Y. Gokongwei-Pe
PRESIDENT AND CHIEF OPERATING OFFICER

We have started the rebranding of our big box format A.M. Builders' Depot which we acquired in 2014 to Robinsons Builders. A.M. Builders' Depot is the second largest big box hardware chain in the Visayas region and Mindoro area. Improvements in store layout, merchandise display, product assortment and after-sales services are currently being implemented to provide a better shopping experience.

With Robinsons Retail's strong discipline on profitability, we exited some nonperforming brands in 2015 such as Howards Storage World in our DIY segment as well as apparel brands Ben Sherman and Basic House. We will continue with our rationalization of brands as we see fit.

Sources of Future Growth

Robinsons Retail is one of the sought-after retailers of the country's top mall developers and regional mall players for its diverse mix of retail brands. Despite this, we are likewise proactively expanding our footprint. Consequently, Robinsons Retail will continue to build its community malls called Robinsons Townville, now totalling 10, where around 60%-70% of the total leasable area would be occupied by anchor Robinsons Supermarket and other Robinsons Retail formats. Spanning an area between 5,000 to 10,000 square meters, each Robinsons Townville will have at least five Robinsons Retail formats.

We have seen how the internet has changed the way people shop around the world. Although the Philippines would continue to grow its mall network and the brick and mortar stores that go with them, we recognize the potential of e-commerce with some of Robinsons Retail's formats now selling products online as well. Robinsons Appliances and Savers Appliances have partnered with Lazada, a major regional online service provider. We have seen the number of transactions and sales generated through Lazada steadily growing each month. Some of our formats will soon set up their own e-commerce initiatives.

Membership in the Robinsons Rewards loyalty program, which was launched in May 2013, continues to expand with more than one million members as of end 2015. For the past year, our cardholders accounted for close to a third of total Robinsons Retail sales with a higher basket size than non-members. In 2015, we partnered with Chevron Philippines, Inc., thereby allowing members to earn points while fueling up at Caltex gas stations. Efforts are ongoing to add other third-party merchants and service providers we can tie up with. The Robinsons Rewards membership program is a valuable tool to further understand our customers, provide more relevant offerings and offer value-added services to our suppliers.

Corporate Social Responsibility

Robinsons Retail takes pride in giving back to the community at large. Robinsons Retail holds an annual *One Love A Day* reach out program where each business unit sponsors a charity of its choice. In addition, the business units also have their own programs such as contributing to World Vision and other organizations.

We also acknowledge the value of sports in emphasizing the importance of teamwork, good sportsmanship and character development. Some of our businesses have extended support for the basketball teams of some universities. True Value has been supporting the Men's Basketball team of Far Eastern University (FEU), the Tamaraws, since 2011. FEU was the grand champion in the University Athletic Association of the Philippines Season 78 Men's Basketball in 2015. Similarly, Robinsons Supermarket and Handyman have supported the University of the Philippines Fighting Maroons Men's Basketball Team for the past four years.

Outlook

Amidst the turmoil in the global financial markets with the slowdown in China, Japan and Europe, among others, the Philippine economy has strong fundamentals to respond to these risks. The International Monetary Fund projects the country's GDP growth to be at the 6% level in 2016 and 2017 while inflation is estimated to be between 2-4% per the Bangko Sentral ng Pilipinas (the Philippines' central bank). Additionally, the Philippines just entered the demographic window in 2015, a period wherein the working population is larger than the non-working population (i.e., those 15 years old and below as well as those 65 years old and above). This would further boost the country's consumption-led growth.

2016 is expected to be a good year. With the national elections in May coupled with the rising purchasing power of consumers fuelled by low fuel prices, we expect SSSG to stay healthy for the whole of 2016. We, however, foresee competition to remain intense as more retailers are expanding aggressively in areas outside Metro Manila to cash in on the still low modern retail penetration in these areas.

For 2016, we have allocated a budget of Php5 billion for our capital expenditures to open around 200 organic gross new stores. We will be opening more of the big format stores this year compared to last year. Given the aggressive organic store expansion coupled with the healthy SSSG, we expect our topline to grow at double-digit in 2016. We will continue to participate in the ongoing consolidation of the industry as more and more people are shifting from traditional to modern retail.

Acknowledgements

We would like to thank our partners and stakeholders for their support and confidence in the company as we continue to focus on delivering growth in sales and profitability while retaining our market position as a leading multi-format retailer in the Philippines.

Happy shopping!

John L. Gokongwei, Jr.
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Robina Y. Gokongwei-Pe
PRESIDENT AND CHIEF OPERATING OFFICER

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our Company, Robinsons Retail Holdings, Inc. ended 2015 with strong results, maintaining our momentum of growth over the past three years. Net income attributable to equity holders of the parent company in 2015 expanded by 21.9% to Php4.34 billion. This improvement was at the back of higher income from operations and other income, as well as the lower share of the net income from minority interest in our consolidated subsidiaries. We solidified our position in the DIY segment by increasing our 55% stake in 2014 to 80% in 2015.

Consolidated net sales in 2015 grew by 13.0% to Php90.88 billion, which was driven by the sales contribution from the 179 new stores opened during the twelve months of 2015, the full year sales contribution from the 263 stores added in 2014 and our robust same store sales growth (SSSG). Propelled by the strong same store sales performance of most of our retail formats, the group delivered a SSSG of 4.1%, exceeding the higher end of our target range of between 2-3% and even the growth rates recorded in the past two years.

Blended gross profit in 2015 expanded by 13.3% to Php19.75 billion, sustaining 21.7% in gross margin. Operating income increased by 5.4% to Php4.73 billion while earnings before interest, taxes, depreciation and amortization (EBITDA) improved by 10.6% to Php6.38 billion in 2015. The 16 basis points (bps) decrease in EBITDA margin to 7.0% in 2015 was a factor of the decline in EBITDA margins of Robinsons Builders, the strengthening competition in the convenience store segment and the lower margins in our fashion specialty format.

Our group continued to take on an aggressive but disciplined expansion strategy in 2015. Opening 152 new stores in 2013 and an additional 263 stores in 2014, we stretched our nationwide footprint in 2015 by another 179 new stores across all retail formats. This included the stores from our partnership with Costa Coffee and the acquisition of Savers Appliances. By the end of 2015, our total store count stood at a larger base of 1,506 stores, translating to a total gross floor area of approximately 974,000 sqm or an increase of 9.7%. In terms of geographic location, 642 stores are situated in Metro Manila, 645 are in Luzon outside of Metro Manila, 152 are in Visayas, and the remainder are in Mindanao. True to our expansion plan of exploring locations outside Metro Manila where modern retail trade penetration is still very low, we have significantly increased our store network in more underserved areas like in cities in Visayas and Mindanao, which only had 77 stores at end 2012 and now have a total of 219 stores in 2015.

Robinsons Retail's balance sheet remained solid with cash, cash equivalents and liquid marketable securities of Php29.28 billion as of end December 2015 against borrowings of only Php2.85 billion. Current ratio is at 1.3x and net cash position is at Php9.68 billion, with consolidated assets growing by 13.3% to Php65.16 billion in 2015.

Supermarket Segment

In 2015, Robinsons Supermarket reached Php43.24 billion in net sales, with a growth of 10.3% year-on-year. Despite the intensifying competition in the industry, Robinsons Supermarket achieved a robust SSSG of 3.3%, which is primarily due to increase in basket size.

It added 13 new stores to its store network, ending the year with a total of 124 supermarkets: 106 *Robinsons Supermarket* (mainstream), 12 *Robinsons Easymart* (minimart), 3 *Jaynith's Supermart* (cash & carry) and 3 *Robinsons Selections* (premium). Robinsons Supermarket is still Robinsons Retail's largest business segment in 2015, accounting for 47.6% of consolidated net sales and 47.2% of consolidated EBITDA.

As we better leveraged our growing scale and expanded the value-added services that we are offering to our trade partners, gross profit increased by 11.4% to Php8.20 billion, registering 19bps gains in gross margin to 19.0% in 2015. We started to maximize the benefits from our Robinsons Rewards loyalty card to improve sales and customer stickiness. The gain in gross profit flowed to EBITDA, which grew by 12.9% to Php3.00 billion in 2015. EBITDA margin improved by 16bps to 7.0%, on the back of efficient cost controls implemented at the store level.

Department Stores Segment

Robinsons Department Store ended the year with net sales amounting to Php14.91 billion, up by 8.5% year-on-year. Same store sales growth in 2015 was strong at 5.5%, which was largely attributable to higher basket size. The department store business operated a total of 42 stores as of end December 2015.

Gross profit margin improved by 8.9% to Php3.93 billion in 2015, maintaining a gross profit margin of 26.3%. Likewise, EBITDA increased by 9.2% to Php1.15 billion, owing to the solid same store sales performance of our department stores.

Robinsons Department Store accounted for 16.4% of consolidated net sales and 18.1% of consolidated EBITDA in 2015, and is the second largest business segment of Robinsons Retail.

DIY Stores Segment

Our DIY stores segment's net sales accelerated by 15.9% in 2015 to Php9.87 billion, which included the full year sales contribution from the Robinsons Builders chain (previously A.M. Builders' Depot) that we acquired in July 2014. This hardware and home improvement business benefitted from the general uptrend in the construction and residential sectors, as evidenced by the robust SSSG of 5.0% in 2015.

Under the do-it-yourself store portfolio, we had 129 *Handyman Do it Best* (broad middle mall-based DIY), 18 *True Value* (premium mall-based DIY), 2 *True Home by True Value* (furnishings) and 17 *Robinsons Builders* (big box), bringing the total store count to 166 at end December 2015. The DIY segment accounted for 10.9% of consolidated net sales and 14.8% of consolidated EBITDA of Robinsons Retail in 2015.

Gross profit improved by 16.1% to Php3.07 billion in 2015 with a 7bps margin improvement to 31.1% of sales. On the other hand, EBITDA grew at a slower rate of 3.8% to Php945 million, as we invest on better logistics for Robinsons Builders.

Convenience Stores Segment

Systemwide sales from our convenience stores grew by 18.6% to Php7.96 billion in 2015 while net sales demonstrated a higher increase of 19.0% to Php5.49 billion. Same store sales growth of Ministop bounced back from a negative 2.6% in 2014 to positive 5.4% in 2015, propelled by the strong sales performance of our ready-to-eat category. We opened 69 Ministop branches, closing the year with a total of 519 stores.

Due to increasing scale and higher percentage of company-managed convenience stores to total, combined gross profit and royalty income improved by 29.1% to Php2.07 billion in 2015, translating to a 300bps surge in gross profit and royalty income margin to 37.7% of sales. EBITDA, on the other hand, decreased by 6.3% to Php271 million since we have been operating more company-managed stores in order to expand more rapidly. In this case, we shouldered most of the operating expenses while recognizing bulk of the gross profit at store level. The convenience stores accounted for 6.0% of consolidated net sales and a lower 4.2% of consolidated EBITDA in 2015.

Drugstores Segment

South Star Drug completed 2015 with a net sales growth of 14.3% to Php8.07 billion, which is mainly attributable to the sales contribution of new stores. We added 47 stores and are now operating a total of 367 drugstores at end December 2015. Owing to the sales recovery of our stores affected by typhoons in 2014, the drugstores posted an improved SSSG of 3.3% in 2015.

Gross profit lifted by 12.1% to Php1.27 billion in 2015 while gross margin fell by 30bps to 15.7%, resulting mainly from timing difference in rebates collection from suppliers. Meanwhile, EBITDA margin was up by 16.2% to Php373 million or a 7bps margin expansion to 4.6%, which was driven by the strong SSSG for the year. South Star Drug accounted for 8.9% of consolidated net sales and 5.8% of consolidated EBITDA in 2015.

Specialty Stores Segment

Combined net sales from our specialty stores rose by 31.3% to Php10.36 billion in 2015, boosted by the double-digit sales growth of all formats, the robust SSSG of 4.9% and the four-months sales contribution from Savers Appliances. Compared to last year, the specialty stores segment accounted for a bigger contribution in 2015 to 10.2% of consolidated net sales and 9.9% of consolidated EBITDA. We opened a total of 45 new specialty stores in 2015, five of which are Costa Coffee shops that we launched in June 2015, 25 stores from acquired Savers Appliances in September 2015 and the rest from the remaining specialty formats.

Gross profit and EBITDA jumped by 22.9% and 19.0% to Php2.76 billion and Php635 million in 2015, respectively. Gross profit margin dipped 183bps to 26.7%, as a result of the lower margins in the consumer electronics and appliances business, coupled with some price markdowns for the fashion apparel brands. EBITDA margin declined by 63bps to 6.1%, challenged by the weaker performance of our fashion specialty format and start-up costs in our Costa Coffee venture.

The specialty stores segment operated a total of 288 stores in 2015, categorized into six formats: *Robinsons Appliances* and *Savers Appliances* (consumer electronics and appliances), *Toys "R" Us* (toys and juvenile products), *Daiso Japan* (one-price point), international fashion specialty (with brands such as *Topshop*, *Topman* and *Dorothy Perkins*), beauty (*Shiseido* and *Benefit*) and *Costa Coffee* (coffee shops). Robinsons Appliances and Savers Appliances started selling consumer electronics and appliances via Lazada, a regional online service provider.

In closing, we believe that the significant strides in our results reflected our continued efforts to better service our customers. We are pleased with our performance this year but we also acknowledge that there is still plenty of areas that we can improve on. For the coming year, our commitment is to remain focused on keeping this momentum of growth going to further strengthen our foothold as a leading multi-format retailer in the Philippines.


DISCUSSION
PER
SEGMENT

Robinsons Supermarket

ROBINSONS SELECTIONS

Robinsons Easymart

JAYNITH'S SUPERMART

Robinsons Supermarket, the country's second largest supermarket chain, marked its 30th anniversary in 2015. From its first store in 1985 at Robinsons Place Cebu City, it has expanded its network to a total of 124 stores nationwide as of end 2015, operating under four brands: Robinsons Supermarket, Robinsons Selections, Robinsons Easymart and Jaynith's. Robinsons Supermarket can be found in all Robinsons Malls and other major shopping centers nationwide. Its branches are spread across the country, serving major and secondary cities.

Robinsons Supermarket is also the first major supermarket chain to focus on health and wellness. To make known this commitment, the group launched the *I Love Wellness* campaign to promote healthy living everyday and in every way possible to its customers.

Taking this pledge by heart, Robinsons Supermarket guides customers as to their food and grocery choices through the *Shop Smart* Tag. This is a four-colored tagging system, which helps shoppers choose products wisely. The green tag represents products that have met the Food and Nutrition Research Institute's Codex Standard of Nutrition Classification. The Health and Wellness section further highlights these healthy finds. Here products are arranged according to: Choices for a Healthy Heart, Bone Builders, Weight Management, Kids Nutrition and Guilt-Free and Sugar-Free choices.

Justiniano S. Gadia
GENERAL MANAGER

ROBINSONS SELECTIONS

Robinsons Selections is a modern premium supermarket aimed to give discerning shoppers a new shopping experience through its modern design, cool ambience and wider assortment of healthy and imported gourmet products. It also prides itself by offering healthy and delicious daily prepared meals offered at the Food-to-go section and by being time-relevant for being a WiFi hotspot. Currently, there are three Robinsons Selections branches: Eight Forbes, Burgos Circle, Taguig City; Mckinley Hill, Taguig City and Robinsons Galleria Cebu.

ROBINSONS EASYMART

Located near residential areas, Robinsons Easymart is a chain of minimarts aimed to give shoppers ease and convenience of shopping for food and non-food merchandise, bills payment, telco loading station and a pharmacy. Robinsons Easymart is the family neighborhood store. There are 12 Robinsons Easymart stores in Metro Manila and Luzon with more store openings planned for the coming year.

JAYNITH'S SUPERMART

Robinsons Supermarket also manages Jaynith's Supermarket, a three-store chain catering to the lower income market. The branches are located in Pasig, San Mateo and Calamba. Jaynith's has its own Loyalty Card Program called Kasama Kard which now has more than 4,200 cardholders where members are able to earn and redeem points for their purchases and get regular promotional deals.


PRODUCE


JEANSWEST
JEANSWEST
JEANSWEST
Lee
JAG

Robinsons Department Store

Robinsons Department Store (RDS) remains focused on its vision to be the department store for the family-focused and value-oriented woman. In 2015, RDS expanded its assortment under kitchen and dining accessories, home decorative items as well as beddings and pillows while widening the product range of its exclusive label *Home Essentials*. It also introduced 13 delightful, mom-and-kid-favorite new brands to the Children's Wear Department, increasing the department's contribution to total store sales. With this, RDS continues to fulfill its promise to give women *more to love* as it provides what women want for themselves, their homes and their families and keeping its mission to satisfy their modern lifestyle by offering contemporary fashion and living essentials at a value they deserve, and the shopping experience they desire.

In 2015, RDS opened its flagship store in Visayas—Robinsons Department Store Galleria Cebu, thus bringing the combined store footprint to 293,000 square meters and total store count of 42 as of end 2015. RDS also brought in two new exclusive foreign brands: Marika, an active wear line from the US and Jeanswest, a casual wear brand from Australia.

Johnson T. Go
GENERAL MANAGER

business center

Robinsons Business Center started operating on June 1, 2010. Located in all Robinsons Department Store branches, the Business Center accepts payment for Utilities, Credit Cards, as well as online bookings of Cebu Pacific, Air Asia and Philippine Airlines. Also available are Foreign Exchange, Telco prepaid products and Robinsons Gift Certificates. It is also the accredited partner of I-Remit, Smart Padala and Metrobank for Remittance payments. Tickets for shows and special events are also available in selected branches.

New services offered are Travelbook as well as top-up loading for Smart Paymaya and the Metrobank Yazz Prepaid Card.

The Do-It-Yourself (DIY) segment is comprised of four brands: Handyman Do it Best, True Value, True Home by True Value and the big box Robinsons Builders. As of end 2015, there were 166 DIY stores.

HANDYMAN DO IT BEST

Established in July 1994, Handyman has grown to be one of the most aggressive hardware and home improvement centers in the country. In 2001, Handyman became a member of one of the biggest hardware cooperatives in the USA, Do it Best Corporation, enabling the company to provide Filipino customers with thousands of affordable and high-quality imported products. For 2015, Handyman was again given the Purchase Award by Do it Best Corporation, in recognition of being third in International Member Total Purchases. With a total of 129 stores as of end December 2015, Handyman continues to cover the Philippine landscape with more stores in key commercial centers to promote self-reliance among do-it-yourselfers.

TRUE VALUE

True Value is the first retail hardware chain to incorporate lifestyle shopping in the Philippines. As a lifestyle home improvement center, it carries an extensive assortment of imported and local brands of high-quality, hardware and houseware items. True Value is a member of True Value Company, which is organized as a cooperative and is one of USA's largest independent retailer-owned hardware cooperatives. True Value's first store in the Philippines opened in 1995. In 2007, Robinsons Retail Holdings, Inc., through a subsidiary, acquired 66.67% interest in the company.

In April 2015, True Value launched a new concept store called True Home which focuses on home décor, kitchen and bathroom accessories. It also capped its 20th year in the business in 2015 with several awards such as 1 Million Dollars Club from True Value International, Outstanding Retailer of WD-40 products in the Philippines given by WD-40 Company, Pioneer Award given by Shangri-la Plaza Mall for being with the mall for 20 years and Servathon Pioneer Award given by Hands on Manila for participating in Servathon for the past 10 years.

As of end 2015, True Value has 14 stores in Metro Manila and six stores in key provincial cities.

ROBINSONS BUILDERS

In 2014, Robinsons Retail Holdings, Inc., through a subsidiary, acquired 67% interest of A.M. Builders' Depot. Improvements were done in terms of store layout, merchandise display, product assortment and after-sales services to provide better shopping experience to home builders and contractors. These improvements were the steps that led to the official launch of Robinsons Builders as its new trade name in July 2015.

From a traditional builders hardware offering tiles, bathroom fixtures and building materials, Robinsons Builders expanded its assortment with quality hardware and construction products by bringing top local and imported brands and introducing new product categories such as LED, lighting fixtures, electrical devices, outdoor furniture and home appliances as well as after-sales services like product installation and paint-mixing.

As of end December 2015, five out of 17 stores were already converted to Robinsons Builders. These stores are located in Cebu, Dumaguete, Iloilo, and Mindoro.

Stanley C. Co
GENERAL MANAGER

True Value

TRUE HOME BY True Value

HANDYMAN Do it Best

A.M. BUILDERS' DEPOT

ROBINSONS BUILDERS


makita
SKIL
BOSCH
SKILSAW
LOTUS
DREMEL


SUNDAE DELIGHT
GREAT VALUE
TOPPERS
CHICKEN SCHNITZEL
P50
P79
The Sweetest Comeback!
Cheesecake
FRENCH FRIES
WOW MEALS

Ministop is one of the leading convenience store chains in Japan with presence in other Asian countries like Korea, China, Vietnam and Indonesia. In 2000, Robinsons Retail Holdings, Inc., through a subsidiary, partnered with Ministop Co. Ltd and Mitsubishi Corporation to bring Ministop to the Philippines. It opened its first franchised store in the same year. Ministop is the second largest convenience store chain in the country today. It marked its 15 years in operation with a store network of 519 (as of end 2015) as it expanded in the Visayas and Mindanao regions, particularly in Boracay, Dumaguete, Roxas City and Cagayan de Oro apart from the Cebu and Iloilo operations.

As the pioneer in convenience store ready-to-eat meals in the country, Ministop's in-store kitchen facility continues to produce a wide selection of hot and fresh ready-to-eat offerings that suit the varied tastes and wants of Filipinos. It continues to offer an extensive range of grocery items to cater to the growing demand of the modern market. With the improvement of store layout and additional dining spaces, Ministop offers a better and more pleasurable shopping and dining experience.

Roena P. Sarte
GENERAL MANAGER

southstar drug

South Star Drug is the third-largest drugstore chain in the Philippines. It is also the longest-operating Philippine retailer of prescription and over-the-counter medicines with 79 years in operation. In 2012, Robinsons Retail Holdings, Inc., through its subsidiaries, acquired 90% of South Star Drug, and since then has managed the chain together with the Dy family. Over the years, South Star Drug has evolved from a traditional pharmacy into a full-service pharmacy, offering a wide array of nutritional supplements, food, beverage and personal care products.

True to its vision "To be the Drugstore of Choice in Service, Trust, Accessibility and Responsibility", South Star Drug offers a full range of health, wellness, beauty and convenience products in 367 stores (as of end 2015) nationwide. The company aims to reach more towns and cities as it focuses its expansion in the provinces of Visayas and Mindanao to deliver more quality products to its shelves so that Filipino families can live better, healthier and happier lives.

Dahlia T. Dy
MANAGING DIRECTOR


Pharmacy


Robinsons Appliances
LG
SAMSUNG
PANASONIC
SHARP
SONY
Robinsons Appliances

SPECIALTY STORES

Robinsons Retail Holdings, Inc.'s Specialty Stores segment is comprised of six formats: consumer electronics and appliances retail under Robinsons Appliances and Savers Appliances, toys and juvenile products retail under Toys "R" Us, one-price point retail under Daiso Japan, coffee chain Costa Coffee and international fashion apparel specialty, and cosmetics and beauty brands. As of end 2015, there were a total of 288 specialty stores.

Robinsons Appliances

Within 15 years after it opened its first store in Cebu City, Robinsons Appliances has expanded its network to 79 stores nationwide, which includes three Sony Concept Stores in Robinsons Magnolia, Robinsons Place Lipa and the newly-opened Robinsons Galleria Cebu. Robinsons Appliances offers an extensive range of products in consumer electronics and home appliances categories. While it continues to evolve its merchandise mix, bringing up-to-date products to the Philippine market, it also caters to specific regional consumer needs and demographics. Over the years, it has also improved its store format for a more pleasurable and convenient shopping experience.

Hope Y. Gokongwei-Tang
GENERAL MANAGER

SAVERS APPLIANCES

In 2015, Robinsons Retail Holdings, Inc., through a subsidiary, acquired 90% interest in Savers Appliances, one of the country's leading names in the appliance industry. Savers Appliances offers a wide breadth of products complemented by affordable pricing, exceptional delivery, installation and after sales services which has strengthened its retail as well as corporate clientele. Savers Appliances has become a respected and reliable partner for various industrial and building solution requirements of top corporations for system air-conditioning, refrigeration, ventilating equipments and security systems. As of end 2015, Savers Appliances has a total of 25 branches with strong presence in Central Luzon and Cagayan Valley as well as stores in Metro Manila and South Luzon.

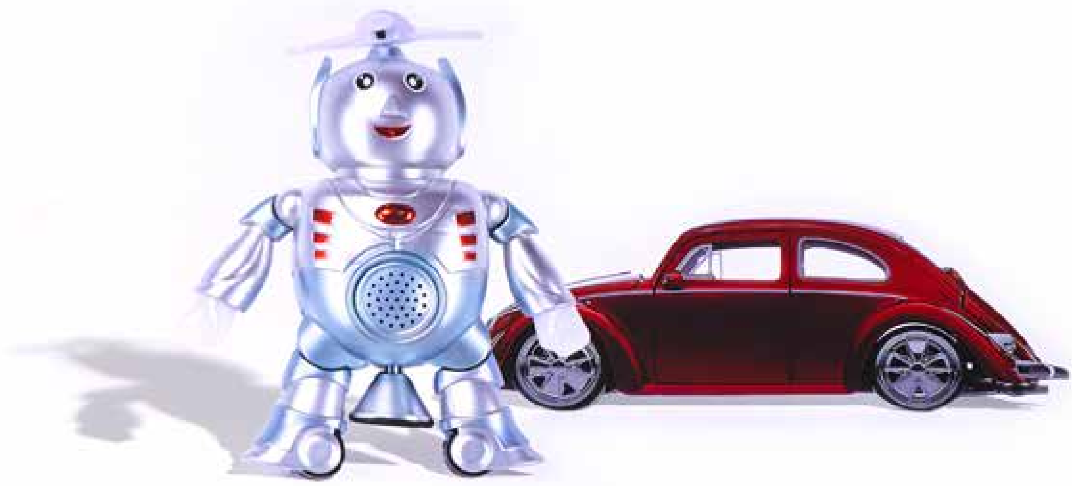
Toys "R" Us is the world's leading dedicated toy store and juvenile products retailer, offering a differentiated shopping experience through its family of brands (*Source: Toys "R" Us Inc. website*). The Philippine country franchise of the U.S.-based specialty toy chain was awarded to Robinsons Toys, Inc. in 2006 and was officially launched in the Philippines with its first stand-alone store in Robinsons Galleria.

As of end 2015, there are 27 Toys "R" Us stand-alone stores and 40 Toys "R" Us Toybox outlets found inside Robinsons Department stores.

Toys "R" Us not only provides Filipinos with a fun and unique shopping experience through innovative in-store set-ups and product displays supported by exceptional customer service from well-trained staff. It also brings to the country its strong portfolio of private brands and exclusive merchandise which gives Toys "R" Us the competitive edge against other toy retailers.

Guided by its desire to bring joy into the lives of its customers, Toys "R" Us continues to offer the right products, at the right price, at the right place, at the right time in a pleasurable and convenient shopping environment.

Celina N. Chua
GENERAL MANAGER




Let's Play
Learning & Fun
Disney
ZOOTOPIA
Action & Adventure
Barbie
TRANSFORMERS
TRANSFORMERS
Disney
ZOOTOPIA


PETITE

FASHION

Robinsons Retail Holdings, Inc.'s Robinsons Specialty Stores, Inc. – Fashion Apparel Specialty Division (RSSI-Fashion Division) is the exclusive country franchisee of leading British fashion brands such as Topshop, Topman, Dorothy Perkins, Burton Menswear, Miss Selfridge, Warehouse and River Island. It is also the exclusive distributor of G2000 of Hong Kong. It has a diverse brand portfolio from young to mainstream fashion, modern urban lifestyle and work wear fashion. With strong market knowledge and experience in brand management, it is committed to bringing the most sought after international fashion brands and delivering a delightful shopping experience. RSSI-Fashion ended the year 2015 with 53 stores and around 13,000 square meters of prime retail space.

Maria Carmina Pia G. Quizon
GENERAL MANAGER

BEAUTY

In December 2013, Robinsons Retail Holdings, Inc. through a subsidiary, entered the cosmetics business through the acquisition of the net assets of Beauty Skinnovations Retail, Inc. This paved the way for the creation of RSSI – Beauty Division, the cosmetics and fragrances arm of the group. To complement the wide range of cosmetics and skin care products of Shiseido and Benefit, these brands also offer services such as facials from Shiseido and brow and facial waxing from Benefit, making it a pleasurable shopping experience. There are now 11 Shiseido stores and three Benefit stores.

TOPSHOP TOPMAN DOROTHY PERKINS

RIVER ISLAND Shana WAREHOUSE

G2000 Miss Selfridge BURTON MENSWEAR LONDON

benefit SAN FRANCISCO SHISEIDO

DAISO JAPAN

Robinsons Retail Holdings, Inc., through a subsidiary, was granted the authority to distribute authentic Daiso Japan merchandise by Daiso Industries Co. Ltd. of Japan last 2007. Daiso Industries Co. Ltd. of Japan was founded by Mr. Hirotake Yano who first introduced in 1972 the "Yano Shoten" concept, a street vending shop dealing with 100 yen products. With headquarters in Hiroshima Prefecture, Japan, the company grew exponentially over the years. In Japan alone, Daiso has over 2,400 stores and a strong presence in at least 30 countries.

Daiso Japan offers a wide range of unique products—from home and kitchen ornaments, office knick-knacks, and beauty essentials to curious merchandise that are both practical and collectible. It makes sure that the items in store are grounded by three pillars—variety, quality and uniqueness—and strives to offer these at affordable prices starting at Php88.

After a legal battle as to who has the exclusive and preferential right over the trademark "Daiso", the Philippine Supreme Court issued in June 2015 a final ruling affirming an earlier decision by the Court of Appeals that Robinsons Retail Holdings, Inc. is the only partner of Daiso Industries Co. Ltd. to sell authentic and original Daiso Japan products and to use the Daiso Japan concept store. As of end 2015, Daiso Japan has 45 stores in the Philippines.

Katherine Michelle Q. Yu
GENERAL MANAGER

Left to right: Katherine Michelle Q. Yu, Daiso General Manager; Koji Nishigaya, General Manager for East Asian District; Robina Gokongwei-Pe, President & COO; Hirotake Yano, Daiso Industries Ltd. Japan Founder and President; Wilfred T. Co, Vice Chairman


DAISO JAPAN
yummy
cute かわいい


Costa Coffee. From our London Roastery to One World Place.
ORIGINAL BLEND
e hall of fame
coffee beans.
COSTA
Our full flavoured,
fabulous flat white.
COSTA COFFEE
CAFFÈ LATTE
ESPRESSO
Discover Mocha Italia.
Hand selected arabica
and robusta beans, roasted
to perfection #LondonStyle
COSTA COFFEE

COSTA COFFEE

Robinsons Retail Holdings, Inc., through a subsidiary, brought Costa Coffee to the shores of Manila in June 2015. Costa Coffee is the fastest growing coffee shop business in the United Kingdom and second largest coffee chain operator in the world. With over 40 years of coffee expertise, Costa Coffee operates over 3,200 stores in the UK, Europe, Middle East, North Africa, India, China and Southeast Asia including the Philippines where it has five stores as of end 2015. For five years straight, Costa Coffee has been awarded as UK's favourite coffee shop by Allegra Strategies, an independent research company in the UK.

From its London roastery to Manila, Costa Coffee proudly offers all handcrafted espresso based coffee with its signature Mocha Italia blend. Every cup of Costa coffee is freshly grounded by our trained baristas to extract the right consistency, the perfect flavor and aroma of the roasted Costa Coffee beans. At Costa, 100% of the coffee comes from sustainably grown beans sourced from the Rainforest Alliance Certified farms to ensure that only good beans make it into our coffee. Costa Coffee also offers a wide variety of gourmet sandwiches, salads, fresh baked croissants, cookies and cakes.

Corinne P. Milagan
GENERAL MANAGER

LOYALTY PROGRAM

Robinsons Rewards Card (RRC) is the loyalty card of Robinsons Retail Holdings, Inc. where customers earn points for purchases made in Robinsons Retail stores. With RRC already accepted in most of the Robinsons Retail formats except for Ministop, South Star Drug and Costa Coffee, the loyalty program continues to provide valuable insights on the member's profile and buying habits. This in turn, has resulted to a better understanding of the customer's preference and provide a basis in coming up with targeted promotions using the appropriate channels for effective communication.

Launched in May 2013, the RRC, in addition to being accepted in most of the Robinsons Retail formats, has also expanded outside of the group. In March 2015, it partnered with Chevron Philippines Inc., marketer of Caltex fuels and lubricants, whereby members can also earn points when they fuel up at Caltex. By the end of December 2015, the total member count has already reached more than 1,000,000.

Jessy Mendiola
ACTRESS


BOARD
OF DIRECTORS
& SENIOR
MANAGEMENT

John L. Gokongwei, Jr.
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

James L. Go
VICE CHAIRMAN AND
DEPUTY CHIEF EXECUTIVE OFFICER

BOARD OF

Robina Y. Gokongwei-Pe
PRESIDENT AND CHIEF OPERATING OFFICER

Lance Y. Gokongwei
VICE CHAIRMAN AND DIRECTOR

Roberto R. Romulo
INDEPENDENT DIRECTOR

Hope Y. Gokongwei-Tang
DIRECTOR

Lisa Y. Gokongwei-Cheng
DIRECTOR

DIRECTORS

Antonio L. Go
INDEPENDENT DIRECTOR

Faith Y. Gokongwei-Lim
DIRECTOR

SENIOR MANAGEMENT

Robina Y. Gokongwei-Pe
DIRECTOR, PRESIDENT, AND CHIEF OPERATING OFFICER

Bach Johann M. Sebastian
SENIOR VICE PRESIDENT AND CHIEF STRATEGY OFFICER

Diosdado Felix A. Zapata III
VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

Atty. Rosalinda F. Rivera
CORPORATE SECRETARY

Atty. Gilbert S. Millado, Jr.
ASSISTANT CORPORATE SECRETARY AND GENERAL COUNSEL

Graciela A. Banatao*
TREASURER

Justiniano S. Gadia
GENERAL MANAGER
ROBINSONS SUPERMARKET

Johnson T. Go
GENERAL MANAGER
ROBINSONS DEPARTMENT STORE

Wilfred T. Co
VICE CHAIRMAN
HANDYMAN DO IT BEST, TRUE VALUE,
ROBINSONS BUILDERS

Stanley C. Co
GENERAL MANAGER
HANDYMAN DO IT BEST, TRUE VALUE

Jose Paulo R. Lazaro**
GENERAL MANAGER
ROBINSONS BUILDERS

Roena P. Sarte
GENERAL MANAGER
MINISTOP

Faith Y. Gokongwei-Lim
VICE PRESIDENT - MERCHANDISING
MINISTOP

Dahlia T. Dy
MANAGING DIRECTOR
SOUTH STAR DRUG

Manuel T. Dy
VICE PRESIDENT - SALES AND OPERATIONS
SOUTH STAR DRUG

Hope Y. Gokongwei-Tang
GENERAL MANAGER,
ROBINSONS APPLIANCES, SAVERS APPLIANCES

Jaime J. Uy
MANAGING DIRECTOR
SAVERS APPLIANCES

Maria Carmina Pia G. Quizon
GENERAL MANAGER
ROBINSONS SPECIALTY STORES, INC.

Celina N. Chua
GENERAL MANAGER
TOYS "R" US

Katherine Michelle Q. Yu
GENERAL MANAGER
DAISO JAPAN

Corinne P. Milagan
GENERAL MANAGER
COSTA COFFEE

Thelma Teresa Roxas-Jacob
HEAD OF CUSTOMER RELATIONSHIP MANAGEMENT AND
ROBINSONS DEPARTMENT STORE BUSINESS CENTER

Mark O. Tansiongkun
VICE PRESIDENT, PROCUREMENT AND ADMINISTRATION

Stephen M. Yap
VICE PRESIDENT, CHIEF INFORMATION OFFICER

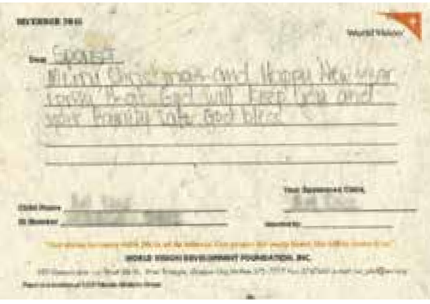
Ma. Luisa Guidote-Vargas
VICE PRESIDENT, HUMAN RESOURCES

Gina Roa-Dipaling
VICE PRESIDENT, CORPORATE PLANNING AND
INVESTOR RELATIONS OFFICER

*EFFECTIVE FEBRUARY 1, 2016
**EFFECTIVE JANUARY 1, 2016


CORPORATE
SOCIAL
RESPONSIBILITY

As part of its Corporate Social Responsibility, Robinsons Retail Holdings, Inc. holds an annual *One Love A Day* reach out program where each business unit sponsors a charity of its choice with the employees spending time with the less fortunate. In addition, the business units also have their own programs such as contributing to World Vision and other organizations.



Through cause-related marketing programs, Robinsons Supermarket was able to donate a milestone amount of Php1,188,110 to World Vision. The amount will be used to support the group's current 115 sponsored kids.

One of the Christmas greeting cards from a sponsored World Vision child of Robinsons Supermarket.

Ms. Nancy Reyes Lumen is shown demonstrating a healthy recipe using Philips products during the Ladies Night event highlighting breast cancer awareness at the re-launch of True Value Rockwell last October 2015. True Value also extended a donation to ICanServe Foundation to assist underprivileged breast cancer patients.

Robinsons Department Store celebrity endorser Erich Gonzales spent time with the kids of Right Start Foundation during the holiday season. The kids enjoyed some fun and games with their Ate Erich.

Daiso Japan team with Cribs Foundation Inc. during the turnover last April 2015 of various household furnishings like kitchen shelves, laundry hampers, organizers, and even home appliances such as a refrigerator, vacuum cleaner, and a kitchen sink in support of the foundation's planned site relocation in the near future.

The children from Manila Boystown, an exclusive haven for Manila's abandoned and voluntary surrendered children, gave a song and dance number during a fun-filled afternoon spent with Ministop employees.

Mr. John Auste, Founder of Cancer Warriors Foundation, and the supported kids pose with the rest of the Robinsons Appliances Marketing and Merchandising teams as they prepare for the start of play time at Kidzoona in Robinsons Galleria.

Handyman organized a big birthday bash for the kids of Bahay Tuluyan, a non-government organization upholding children's rights by preventing or responding to child abuse and exploitation.

Christmas came early to less privileged children of St. Paul of the Cross Parish, Marikina last November as Toys "R" Us, known to make learning a fun and enjoyable experience for kids, donated cash and educational toys. Among the many activities the kids participated in was a Meet & Greet with friendly mascots like Robocar Poli.

True Value Supports FEU Tamaraws Men's Basketball

True Value is a regular supporter of the UAAP, having sponsored the Far Eastern University (FEU) Men's Basketball team since 2011. True Value's sponsorship has greatly aided in the development of FEU's athletic department which gives opportunity and training to student-athletes, thus equipping them with the skill set to help them succeed in their chosen professions, whether in athletics or elsewhere. In the recently concluded UAAP Conference, the FEU Tamaraws were crowned the UAAP Season 78 men's basketball champions after clinching a 67-62 victory over the UST Growling Tigers. FEU has been in the finals in 2010, 2011, 2014 & 2015. This is their first championship title since 2005.

At the dug out (from left to right) with Anton Montinola, Team Manager and Member of the Board of Trustees; Bert Flores, member of the coaching team; Lani Castañeda, True Value Marketing Service Manager; and Ms. Lourdes Montinola, FEU Chair Emeritus.

At the Mall of Asia Arena, the FEU Tamaraws were crowned the UAAP Season 78 men's basketball champion in 2015.

Handyman and Robinsons Supermarket support the UP Fighting Maroons

In the recently concluded UAAP Season 78, Robinsons Supermarket and Handyman continued to stand behind the University of the Philippines (UP) Fighting Maroons Men's Basketball Team. This year marked the fourth year that the group pledged support.

This support was also a way for Robinsons Supermarket and Handyman to empower collegiate sports and young athletes as well as promote the importance of good sportsmanship and an active, healthy lifestyle.

Handyman and Robinsons Supermarket officially seal their support to the UP Fighting Maroons Men's Basketball Team prior to the start of the UAAP Season 78 in September 2015. Present in the contract signing were Ms. Robina Gokongwei-Pe, RRHI President and COO; Willy Co, Vice Chairman of Handyman; Stanley Co, Handyman General Manager; Jody Gadia, Robinsons Supermarket General Manager; Mark Tansiongkun, VP of Procurement; Michael Tan, UP Diliman Chancellor; and Mr. Dan Palami, Team Manager of the UP Men's Basketball Team.


CORPORATE
GOVERNANCE

Robinsons Retail Holdings, Inc. (RRHI) is a publicly listed company in the Philippines and as such, is covered by the rules and regulations of the Philippine Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE). RRHI adheres to corporate governance standards.

BOARD

The Board has adopted the Revised Corporate Governance Manual on June 22, 2015 for the Company in accordance with SEC Memorandum Circular No. 9 Series of 2014. The Manual elaborates the governance roles and responsibilities of the Board and its Directors. The Board ensures that all material information about the Company are disclosed to the public in a timely manner. The Board likewise is strongly committed to respect and promote the rights of stockholders in accordance with the Revised Corporate Governance Manual, the Company's Articles of Incorporation, and By-Laws.

Composition

- The Board is composed of nine directors (six executive directors, one non-executive director, and two independent directors) with varied backgrounds and work experience
- None of the independent directors own more than 2% of the Company's capital stock.
- One person assumes the role of Chairman of the Board and CEO. The roles and responsibilities of the Chairman of the Board of Directors and CEO are defined in the By-Laws and Revised Corporate Governance Manual to ensure that the Board gets independent views and perspectives.

Attendance of Directors

January 1 to December 2015
Date of Election: July 16, 2015
Number of meetings during the year: 8

Name	Position	Attended	%
John L. Gokongwei, Jr.	Chairman	7	87.5
James L. Go	Vice Chairman	8	100
Lance Y. Gokongwei	Vice Chairman	8	100
Robina Y. Gokongwei-Pe	Member	8	100
Lisa Y. Gokongwei-Cheng	Member	8	100
Faith Y. Gokongwei-Lim	Member	8	100
Hope Y. Gokongwei-Tang	Member	8	100
Antonio L. Go	Independent	8	100
Roberto R. Romulo	Independent	8	100

Role

A Director's Office is one of trust and confidence. A Director should act in the best interest of the Company in a manner characterized by transparency, accountability, and fairness. He should also exercise leadership, prudence, and integrity in directing the Company towards sustained progress.

A Director should observe the following norms of conduct:

- Conduct fair business transactions with the Company, and ensure that his personal interest does not conflict with the interests of the Company.
- Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.
- Act judiciously.
- Exercise independent judgment.
- Have a working knowledge of the statutory and regulatory requirements that affect the Company, including its Articles of Incorporation and By-Laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies.
- Observe confidentiality.
- Have a working knowledge of the Company's control systems.
- Disclose to the Philippine Stock Exchange (PSE) and the Securities and Exchange Commission (SEC) the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders.

CODE OF BUSINESS CONDUCT AND ETHICS

Conflict of Interest
The Company's Code of Business Conduct and Conflict of Interest Policy require employees to make a conscious effort to avoid conflict of interest situations; that his judgment and discretion is not influenced by considerations of personal gain or benefit. A conflict of interest may also occur because of the actions, employment, or investments of an immediate family member of an employee.

Conduct of Business and Fair Dealings
The Company's employees that recommend, endorse, or approve the procurement or sale of goods and services should make a conscious effort to avoid any conflict of interest situation in transactions that they are involved in.

Receipt of Gifts from Third Parties
The Company discourages the acceptance of gifts. However, gifts like advertising novelties may be given or accepted during the Christmas season. There is no restriction in the value of the gift accepted. However, accepted gift with estimated value over Php2,000 must be disclosed to the Conflict of Interest Committee.

Compliance with Laws & Regulations
The Company ensures that all transactions comply with relevant laws and regulations. Any deficiencies are immediately rectified.

Respect for Trade Secrets/Use of Non-public Information
The Company has policies that ensure proper and authorized disclosure of confidential information. Disclosures to the public can only be done after disclosure to the SEC and PSE by the Company's authorized officers.

Use of Company Funds, Assets and Information
Employees are required to safeguard Company resources and assets with honesty and integrity. Employees must ensure that these assets are efficiently, effectively, and responsibly utilized.

Employment and Labor Laws and Policies
The Company's Human Resources Unit ensures compliance with employment and labor laws and policies.

Disciplinary Action
Violation of any provision of the Code of Business Conduct may result to disciplinary action, including dismissal and reimbursement for any loss to the Company that result from the employee's action. If appropriate, a violation may result in legal action against the employee or referral to the appropriate government authorities.

Whistle Blower
Any employee may discuss or disclose in writing any concern on potential violation of the Code of Business Conduct with the Conflict of Interest Committee. Reports or disclosures can be made in writing or by email using the following contact details:

Email address: CICOM@robinsonsretail.com.ph
Fax number: 395-2890
Mailing address: Must be sent in a sealed envelope clearly marked "Strictly Private and Confidential-To Be Opened by Addressee Only"

CICOM
44th Flr. Robinsons Equitable Tower
ADB Avenue, Cor. Poveda Road, Pasig City

The complaint shall be filed using the Complaint/ Disclosure Form available in the company website. All information received in connection with the reports or disclosures shall be strictly confidential and shall not be disclosed to any person without prior consent of CICOM.

Conflict Resolution
The Conflict of Interest Committee submits recommendations on courses of action to be taken on conflicts of interest situations. Decision is done by the Executive Committee.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Company aims to identify measure, analyze, monitor, and control all forms of risks that would affect the Company through the Audit and Risk Management Committee.

The Audit and Risk Management Committee reviews the effectiveness of risk management systems employed by the Company. It shall assist the Group's Board of Directors in its fiduciary responsibilities by providing an independent and objective assurance to the Corporation's stakeholders for the continuous improvement of risk management systems, internal control systems, governance processes, business operations, and proper safeguarding and use of the Corporation's resources and assets.

The Audit and Risk Management Committee aims to ensure that:

A. financial reports comply with established internal policies and procedures, pertinent accounting and auditing standards and other regulatory requirements;

B. risks are properly identified, evaluated and managed, specifically in the areas of managing credit, market liquidity, operational, legal and other risks, and crisis management;

C. audit activities of internal and external auditors are done based on plan and deviations, and are explained through the performance of direct interface functions with the internal and external auditors; and

D. the Group's Board of Directors is properly assisted in the development of policies that would enhance the risk management and control systems.

Moreover, at the end of each calendar year, the Chief Executive Officer (CEO) and Chief Audit Executive (CAE) executes a written attestation that a sound internal audit, control and compliance system is in place and working effectively. The attestation is presented to and confirmed by the Audit and Risk Management during the meeting.

Enterprise Risk Management Group (ERMG)
The ERMG was created to be primarily responsible for the execution of the enterprise risk management framework.
The ERMG's main concerns include:

- recommending risk policies, strategies, principles, framework and limits;
- managing fundamental risk issues and monitoring of relevant risk decisions;
- providing support to management in implementing the risk policies and strategies; and developing a risk awareness program.

ERM Framework
The Group's BOD is also responsible for establishing and maintaining a sound risk management framework and is accountable for risks taken by the Group. The Group's BOD also shares the responsibility with the ERMG in promoting the risk awareness program enterprise-wide.

The ERM framework revolves around the following eight interrelated risk management approaches:

1. Internal Environmental Scanning - it involves the review of the overall prevailing risk profile of the business unit to determine how risks are viewed and addressed by management. This is presented during the strategic planning, annual budgeting and mid-year performance reviews of the business unit.

2. Objective Setting - the Group's BOD mandates the Group's management to set the overall annual targets through strategic planning activities, in order to ensure that management has a process in place to set objectives which are aligned with the Group's goals.

3. Risk Assessment - the identified risks are analyzed relative to the probability and severity of potential loss which serves as a basis for determining how the risks should be managed. The risks are further assessed as to which risks are controllable and uncontrollable, risks that require management's attention, and risks which may materially weaken the Group's earnings and capital.

4. Risk Response - the Group's BOD, through the oversight role of the ERMG, approves the Group's responses to mitigate risks, either to avoid, self-insure, reduce, transfer or share risk.

5. Control Activities - policies and procedures are established and approved by the Group's BOD and implemented to ensure that the risk responses are effectively carried out enterprise-wide.

6. Information and Communication - relevant risk management information are identified, captured and communicated in form and substance that enable all personnel to perform their risk management roles.

7. Monitoring - the ERMG, Internal Audit Group and Compliance Office constantly monitor the management of risks through risk limits, audit reviews, compliance checks, revalidation of risk strategies and performance reviews.

Risk Management Support Groups

The Group's BOD created the following departments within the Group to support the risk management activities of the Group and the other business units:

1. Corporate Security and Safety Board (CSSB) - under the supervision of Corporate Resources Group, the CSSB administers enterprise-wide policies affecting physical security of assets exposed to various forms of risks.
2. Corporate Supplier Accreditation Team (CORPSAT) - under the supervision of ERMG, the CORPSAT administers enterprise-wide procurement policies to ensure availability of supplies and services of high quality and standards to all business units
3. Process Risk Management Department (PRMD) - under the supervision of ERMG, the PRMD is responsible for the formulation of enterprise-wide policies and procedures.
4. Corporate Planning (CORPLAN) - the CORPLAN is responsible for the administration of strategic planning, budgeting and performance review processes of the business units.
5. Corporate Insurance Department (CID) - the CID is responsible for the administration of the insurance program of business units concerning property, public liability, business interruption, money and fidelity, and employer compensation insurances, as well as in the procurement of performance bonds.

Compliance Officer

The Compliance Officer assists the BOD in complying with the principles of good corporate governance.

He shall be responsible for monitoring actual compliance with the provisions and requirements of the Corporate Governance Manual and other requirements on good corporate governance, identifying and monitoring control compliance risks, determining violations, and recommending penalties on such infringements for further review and approval of the BOD, among others.

ROLE OF STAKEHOLDERS

Customers' Health, Safety and Welfare

The Company has Customer Relations Policy and procedures to ensure that customers' welfare are protected and questions addressed.

Supplier/Contractor Selection

We have Supplier Accreditation Policy to ensure that the Company's suppliers and contractors are qualified to meet its commitments to the Company. Moreover, a Supplier Selection Committee was created to ensure objective and fair selection of suppliers for high value purchases.

Environment and Community interaction

The Company complies with government mandated policies on the environment. It also focuses on uplifting the socio-economic condition of the country via partnerships with various organizations such as World Vision, Habitat for Humanity, and other charitable institutions.

Employees

Performance-enhancing mechanisms for employee participation

The Company abides by health, safety, and welfare standards and policies set by the Department of Labor and Employment. Likewise, the Company has Security and Safety Manuals that are implemented and regularly reviewed to ensure the security, health, safety, and welfare of the employees in the work place.

The Company continuously provides learning and development opportunities for its employees. The Retail Academy, through its Curriculum on Core Excellence (CORE), regularly offers various courses and training programs relevant to retail operations to enhance the skills of store personnel and head office staff and managers. Another avenue is through the John Gokongwei Institute for Leadership and Enterprise Development or what is commonly known as JG-ILED, the leadership platform for systematic and sustained development programs across the group. Its mission is to enable high performing organization to facilitate the learning process and develop the intellectual and personal growth of all employees through targeted and customized trainings and development programs.

DISCLOSURE AND TRANSPARENCY

Ownership Structure* (AS OF DECEMBER 31, 2015)

Shareholder	Number of Shares	%	Beneficial Owner
JE Holdings, Inc.	484,749,997	35.00	Same as record owner
PCD Nominee Corporation (Non- Filipino)	385,974,717	27.87	PCD Participants & their clients
Lance Y. Gokongwei	126,727,500	9.15	Same as record owner
Robina Y. Gokongwei-Pe	105,952,500	7.76	Same as record owner
PCD Nominee Corporation (Filipino)	96,741,441	6.98	PCD Participants & their clients

*HOLDING 5% OR MORE

External Auditor's fee

SyCip, Gorres, Velayo & Co.:
Php5,813,695

Company Website

RRHI updates the public with its operational and financial results through timely disclosures filed with the SEC and PSE. These information are available on the company's website: www.robinsonsretailholdings.com.ph


FINANCIAL
STATEMENTS

SyCip Gorres Velayo & Co.
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1226 Makati City
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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.

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.

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									
					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
					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	Effective Percentages of Ownership					
	2015		2014		2013	
	Direct	**Indirect**	Direct	Indirect	Direct	Indirect
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.

<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.

Pension Cost
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.

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

<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% 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)**		
Category	**2015**	2014	**2015**	2014	**Terms and 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.

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TOPSHOP

TOPMAN

Toys R Us

Toys R Us toybox

DOROTHY PERKINS

SHISEIDO

DAISO JAPAN

benefit SAN FRANCISCO

WAREHOUSE

Miss Selfridge

COSTA COFFEE

RIVER ISLAND

Shana

G2000

BURTON MENSWEAR LONDON