

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

**INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:
 Preliminary Information Statement
 Definitive Information Statement
2. Name of Registrant as specified in its charter:
WILCON DEPOT, INC.
3. Province, country or other jurisdiction of incorporation or organization
QUEZON CITY, PHILIPPINES
4. SEC Identification Number
CS201524712
5. BIR Tax Identification Code
009-192-878
6. Address of principal office: 90 E. RODRIGUEZ JR. AVENUE, UGONG NORTE,
QUEZON CITY
Postal Code: 1110
7. Registrant's telephone number, including area code: (02) 634 8387
8. Date, time and place of the meeting of security holders
19 JUNE 2017, 8:00 AM, WACK WACK GOLF AND COUNTRY CLUB, SHAW
BLVD., MANDALUYONG CITY
9. Approximate date on which the Information Statement is first to be sent or given to
security holders:
26 MAY 2017
11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of
the RSA (information on number of shares and amount of debt is applicable only to
corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
COMMON SHARES	4,099,724,116

12. Are any or all of registrant's securities listed in a Stock Exchange?

Yes No

If yes, disclose the name of such Stock Exchange: PHILIPPINE STOCK EXCHANGE

The class of securities listed therein: COMMON SHARES

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

19 June 2017

Notice is hereby given that the annual meeting of the stockholders of **WILCON DEPOT, INC.** (the “Company”) will be held on 19 June 2017 at 8:00 am at Banquet AB, Wack Wack Golf and Country Club, Shaw Blvd., Mandaluyong City, Metro Manila

The agenda of the meeting are as follows:

1. Call to Order
2. Certification of Notice and Determination of Quorum
3. Approval of the Minutes of the Annual Meeting of the Stockholders held on 30 March 2016.
4. Presentation and Approval of Annual Report and Financial Statements as of 31 December 2016.
5. Ratification of all acts of the Board of Directors during the preceding year.
6. Amendment of By-Laws
7. Election of Board of Directors
8. Election of External Auditor
9. Consideration of such other matters as may properly come before the meeting.
10. Adjournment

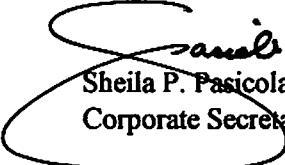
A brief explanation of each agenda item which requires stockholder’s approval is provided herein. Please refer to Appendix 1.

At the meeting please present some form of identification such as passport, driver’s license, company I.D and certification from respective brokers. Only stockholders of record as at the close of business on 25 May 2017 are entitled to notice, and to vote at the meeting. The Stock and Transfer Books of the Corporation will be closed from 25 May 2017 to 19 June 2017.

The deadline for submission of proxies is on 9 June 2017. For your convenience a sample of a proxy is attached herein. For a corporation, its proxy must be accompanied by its corporate Secretary’s sworn certification setting the corporate officer’s authority to represent the corporation in the meeting. Proxies need not be notarized. Validation of proxies will be on 14 June 2017 at the principal address at 90 E. Rodriguez Jr. Avenue, Ugong Norte, Quezon City.

Registration starts at 8:00 am and will close exactly at 9:00 am. Only stockholders of record as of 25 May 2017 shall be entitled to vote.

By Authority of the Chairman


Sheila P. Pasicolan
Corporate Secretary

We are not soliciting your proxy. However, if you would be unable to attend the meeting but would like to be represented thereat, you may accomplish the enclosed proxy form and submit the same on or before 9 June 2017 to the Office of the Corporate Secretary at 90 E. Rodriguez Jr. Avenue, Ugong Norte, Quezon City, Metro Manila, Philippines. Thank you.

BRIEF DISCUSSION OF THE AGENDA FOR STOCKHOLDERS’ APPROVAL

Approval of the Minutes of the Annual Meeting of the Stockholders held on March 30, 2016.

The minutes of the meeting held on 30 March 2016 are available at the Company’s website www.wilcon.com.ph. Copies of the minutes will also be distributed to the stockholders before the meeting.

Remarks: A resolution on this agenda item must be approved with the majority of the votes of the stockholders present and eligible to vote.

Presentation and Approval of Annual Report

The financial statements as of 31 December 2016 (FS) will be presented for approval by the stockholders. Prior thereto, the President-CEO, Ms. Lorraine Belo-Cincochan, will deliver a report to the stockholders on the performance of the company in 2016 and the outlook for 2017. The FS will be embodied in the Information Statement to be sent to the stockholders at least 15 business days prior to the meeting.

Remarks: A resolution on this agenda item must be approved with the majority of the votes of the stockholders present and eligible to vote.

Ratification of all acts of the Board during the preceding year

Ratification by the stockholders will be sought for all the acts and the resolutions of the Board of Directors and board committees taken or adopted since the annual stockholders' meeting on 30 March 2016 to date. The acts and resolutions of the Board and its committees include approval of contracts, agreements, and transaction entered during the same period, projects and investments, treasury matters and acts and resolutions covered by disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange.

Remarks: A resolution on this agenda item must be approved with the majority of the votes of the stockholders present and eligible to vote.

Amendment to By-Laws

Approval by the stockholders will be sought to amend the By-Laws to include the creation of the position of a *Chairman Emeritus* and to indicate that the composition of the Committees shall be in such composition as may be subsequently required by law.

Remarks: A resolution on this agenda item must be approved by stockholders representing at least 2/3 of the outstanding capital stock of the Company.

Election of Board of Directors

In accordance with the By-laws, the Corporate Governance Manual, and pertinent SEC rules, any stockholder, including minority stockholders, may submit to the Nomination Committee nominations to the Board by 9 June 2017. The Nomination Committee will determine whether the nominees for directors, including the nominees for independent directors, have all the qualifications and none of the disqualifications to serve as members of the Board before submitting the nominees for election by the stockholders. The profiles of the nominees to the Board will be provided in the Information Statement and in the company website for examination by the stockholders.

Remarks: Directors shall be elected by plurality of vote at the annual meeting of the stockholders for the year at which quorum is present. At each election for directors, every stock holder shall have the right to vote, in person or by proxy, the number of shares owned by him for as many person as there are directors to be elected, or to cumulate his votes by giving one candidate as many votes as the number is shares shall equal, or by distributing such votes as the same principle among any number of candidates.

Election of External Auditor

The appointment of the external auditor, Reyes Tacandong & Co, for the ensuing year will be endorsed to the stockholders. The profile of the external auditor will be provided in the Information Statement and in the company website for examination by the stockholders.

Remarks: A resolution on this agenda item must be approved with the majority of the votes of the stockholders present and eligible to vote.

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

The Chairman will inquire whether there are other relevant matters and concerns to be discussed.

Adjournment

Upon determination that there are no relevant matters to be discussed, the meeting will be adjourned on motion duly made and seconded.

PROXY

KNOW ALL MEN BY THESE PRESENTS:

The undersigned, stockholder of WILCON DEPOT, INC. do hereby constitute and appoint _____ as my attorney-in-fact and proxy, to attend and represent me at the Annual Stockholders Meeting of WILCON DEPOT, INC. on 19 June 2017, and thereat to vote upon all shares of stock owned by me on the following agenda items as I have indicated below and any and all business that may come before said meeting. If I fail to indicate my vote on the items specified below, my proxy shall vote in accordance with the recommendation of Management. Management recommends a "FOR ALL" vote for proposal 7, and a "FOR" vote for proposals 1 through 6 as well as for proposal 8.

ITEM NO.	SUBJECT MATTER	ACTION		
		For	Against	Abstain
3	<ul style="list-style-type: none"> Approval of Minutes of Previous Meeting 			
4	<ul style="list-style-type: none"> Approval of Annual Report 			
5	<ul style="list-style-type: none"> Ratification of all Acts of the Board of Directors and Officers of the Corporation 			
6	<ul style="list-style-type: none"> Amendment of By Laws 			
7	<ul style="list-style-type: none"> Election of Directors 	FOR ALL*	WITHHOLD FOR ALL*	EXCEPTION
	<p>*All nominees listed below</p> <ol style="list-style-type: none"> Ricardo S. Pascua (Independent) Rolando S. Narciso (Independent) Delfin L. Warren (Independent) Bertram B. Lim (Independent) Lorraine Belo-Cincochan Mark Andrew Y. Belo Carren Y. Belo <p><i>Note:</i></p> <p><i>To withhold authority to vote for any individual nominee(s) of Management, please mark exception box and list the name(s) under.</i></p>			
		For	Against	Abstain
8	<ul style="list-style-type: none"> Appointment of Reyes Tacandong & Co. as external auditor 			

In the absence of my proxy, this authority is hereby conferred upon the Presiding Officer of the meeting, provided that this proxy shall stand suspended where I am personally present thereat.

This proxy revokes and supersedes all previous proxies executed by me, and the power and authority herein granted shall be valid for said Stockholders Meeting and Adjournments thereof, unless earlier withdrawn by me with written notice filed with the Corporate Secretary of Wilcon Depot, Inc.

IN WITNESS WHEREOF, the undersigned has executed this PROXY this ____ of _____ 2017 in _____.

Name and Signature of Stockholder/Authorized Signatory

Witnessed by: _____

PART I

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders.

The annual stockholders meeting of Wilcon Depot, Inc. for the year 2017, has the following details:

Date: 19 June 2017
Time: 8:00 am
Place: Banquet AB, Wack Wack Golf & Country Club
Shaw Blvd, Mandaluyong City

The approximate date on which this Information Statement and accompanying Proxy Forms shall be first sent or given to the stockholders on 26 May 2017 in accordance with the by-laws of the Company and the Securities and Regulation Code.

The complete mailing address of the principal office of the Company is at:

90 E. Rodriguez Jr. Ave,
Ugong Norte, Quezon City

Item 2. Dissenters' Right of Appraisal

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

There is no matter to be voted upon during the Annual Stockholders' Meeting that will trigger the exercise by a stockholder of his/her appraisal rights provided under the Corporation Code of the Philippines

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

There is no matter to be acted upon in which any of the current and executive officers and those who will be nominated as directors during the meeting is involved or had a direct, indirect or substantial interest, other than election to office. Likewise, no director has informed the Company in writing of his/her opposition to any matter be acted upon.

Item 4. Voting Securities and Principal Holders Thereof

- (a) The Corporation has 4,099,724,116 outstanding common shares as of 30 April 2017.
- (b) All stockholders of record as of 25 May 2017 are entitled to notice and to vote at Corporation's Annual Stockholders' Meeting on 19 June 2017.

(c) Section 2.8, Article II of the By-Laws of the Corporation states that, for the purpose of determining the stockholders entitled to notice of, or to vote at, any meeting of stockholders or any adjournment thereof, or to receive payment of any dividend, or of making a determination of stockholders for any other purpose, the Board of Directors may provide that the stock and transfer books be closed for a stated period, but not to exceed, in any case, twenty five (25) days. If the stock and transfer books be closed for the purpose of determining stockholders entitled to notice of, or to vote at, a meeting of stockholders, such books shall be closed for at least ten (10) working days immediately preceding such meeting. In lieu of closing and transfer books, the Board of Directors may fix in advance a date as the record date for any such determination of stockholders. Such date shall in no case be more than twenty five days prior to the date on which the particular action requiring such determination of stockholders is to be taken, except in instances where applicable rules and regulations provide otherwise.

Election of Directors

(a) At each meeting of the stockholders, the holders of a majority of the issued outstanding capital stock of the Corporation having voting powers, who are present in person or represented by proxy, shall constitute a quorum for the transaction of business, except, where otherwise provided by the Corporation Code.

(b) Unless otherwise provided by the Corporation Code, each stockholder shall at every meeting of the stockholders be entitled to one vote per person or by proxy, for each share with voting right held by such stockholder. At all meetings of the stockholder, all matters, except in cases where other provisions is made by the Corporation Code, shall be decided by the vote of stockholders representing majority of the issued and outstanding capital stock present in person or by proxy and entitled to vote thereat, a quorum being present. Unless required by the Corporation Code, or demanded by a stockholder present in person or by proxy at any meeting and entitled to thereat, the vote on any question need not be by ballot. On a vote ballot, each ballot shall be signed by the stockholder voting or in his name by his proxy, and shall state the number of shares voted by him.

(c) The holders of common stock are entitled to one vote per share, but in connection with the cumulative voting feature applicable to the election of directors, each stockholders is entitled to as many votes as shall equal the number of shares held by such person at the close of business on record date, multiplied by the number of directors to be elected. A stockholder may cast all of such votes for a single nominee or may apportion such votes among any two or more nominees. The shares shall be voted/cast by secret balloting and/or raising of hands. In all matters included in the agenda, except, the election of directors, the stockholders are entitled to one vote per share. For the election of directors, the counting will be cumulative. The counting of votes will be done by the Corporate Secretary with the assistance of the representatives of the Corporation's independent auditor Reyes Tacandong & Co. and Stock Transfer Agent, BDO Unibank, Inc. – Trust & Investments Group. All votes attaching to the shares owned by stockholders whose proxies were received by the Corporation will be cast in accordance with the instructions given or authority granted under proxies. Discretionary authority to cumulate vote is not solicited

Security Ownership of Certain Record and Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners of more than 5% of the Corporation's voting securities as of 30 April 2017.

Title of Class	Name and addresses of record owners and relationship with the Corporation	Name of beneficial owner and relationship with record owner	Citizenship	Number of shares held	% to Total Outstanding
Common	PCD Nominee Corporation*	<p>PDTC Participants and their clients</p> <p>The following participant hold more than 5% of the registrant's voting securities:</p> <p>Wilcon Corporation, the parent company owns 2,680,317,916 common shares or 65.38%.</p>	Filipino	3,891,216,749	94.91%
Common	PCD Nominee Corporation	PDTC Participants and their clients	Non-Filipino	208,503,367	5.09%

**PCD Nominee Corporation is the registered owner of the shares in the books of the Company's transfer agent. Its sole purpose is to act as nominee and legal title holder of all shares of stock lodged in the Philippine Depository and Trust Corporation (PDTC). PDTC is a private corporation organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines.*

Security Ownership of directors and executive officers as of 30 April 2017 is as follows:

Directors

Title of Class	Beneficial Owner	Position	Citizenship	Amount & nature of	Direct (D) or	% to Total Outstanding
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				beneficial ownership	Indirect (I)	
Common	Lorraine Belo-Cincochan	Director	Filipino	5,100,000	D	0.12%
Common	Mark Andrew Y. Belo	Director	Filipino	5,100,000	D	0.12%
Common	Careen Y. Belo	Director	Filipino	5,100,000	D	0.12%
Common	Ricardo S. Pascua	Independent Director	Filipino	1	D	0.00%
Common	Rolando S. Narciso	Independent Director	Filipino	1	D	0.00%
Common	Bertram B. Lim	Independent Director	Filipino	1*	D	0.00%
Common	Delfin L. Warren	Independent Director	Filipino	1*	D	0.00%

*Acquired on 19 May 2017.

Executive Officers

Title of Class	Beneficial Owner	Position	Citizenship	Amount & nature of beneficial ownership	Direct (D) or Indirect (I)	% to Total Outstanding
Common	Rosemarie B. Ong	SEVP-Chief Operating Officer	Filipino	69,401	D	0.00%
Common	Sheila P. Pasicolan	Corporate Secretary	Filipino	19,900	D	0.00%
Common	Eden M. Godino	VP-Product Development	Filipino	267,500	D	0.00%
Common	Grace A. Tiong	VP-Human Resources	Filipino	148,700	D	0.00%
Common	Michael D. Tiong	VP-Global Operations	Filipino	148,700	D	0.00%

Voting trust holders of 5% or more

There is no person or group of persons holding more than 5% of the common shares by virtue of a voting trust or similar agreement.

Changes in control

There have been no arrangements that have been resulted in a change of control of the Company during the period covered by this information statement.

Foreign ownership as of 30 April 2017

Total number of Non-Filipino/Foreign ownership as of 30 April 2017 is 208,503,367 common shares or 5.09%.

Approximate Number of Holders of each class of common security

As of 30 April 2017 the total issued and outstanding shares is 4,099,724,116 common shares and total number of stockholders is 3.

List of Top 20 Stockholders as of 31 March 2017

	BPName	Holdings	Percentage
1.	MBTC – Trust Banking Group	2,700,238,219	65.86%
2.	S.J Roxas & Co, Inc.	204,063,300	4.98%
3.	First Metro Securities Brokerage Corp.	140,999,100	3.44%
4.	IGC Securities, Inc.	111,694,297	2.72%
5.	Government Service Insurance System	85,077,900	2.08%
6.	Citibank NA	66,270,953	1.62%
7.	The Hongkong and Shanghai Banking Corp. Ltd.- Client's Acct.	63,122,520	1.54%
8.	The Hongkong and Shanghai Banking Corp. Ltd.- Client's Acct.	57,113,247	1.39%
9.	R. Nubla Securities, Inc.	50,493,000	1.23%
10.	BDO Securities Corporation	49,230,680	1.20%
11.	Banco de Oro – Trust Banking Group	46,745,100	1.14%
12.	Abacus Securities Corporation	28,447,100	0.69%
13.	Unicapital Securities, Inc.	20,844,800	0.51%
14.	SB Equities, Inc.	19,920,400	0.49%
15.	A & A Securities, Inc.	19,689,000	0.48%
16.	Wealth Securities, Inc.	17,328,400	0.42%
17.	Intra-Invest Securities, Inc.	16,451,900	0.40%
18.	Asia United – Trust & Investment Group	12,960,000	0.32%
19.	PNB Securities Inc.	12,780,700	0.31%
20.	Triton Securities Corp.	12,131,500	0.30%

Item 5. Directors and Executive Officers

The following are the incumbent directors of the Company:

Name	Age	Nationality	Position
Bertram B. Lim	79	Filipino	Chairman of the Board/Independent Director
Lorraine Belo-Cincochan	37	Filipino	Director and Chief Executive Officer
Mark Andrew Y. Belo	34	Filipino	Director and Chief Finance Officer
Careen Y. Belo	33	Filipino	Director

Ricardo S. Pascua	68	Filipino	Independent Director
Rolando S. Narciso	70	Filipino	Independent Director
Delfin L. Warren	67	Filipino	Independent Director

The Board of Directors shall hold office for one (1) year and until their successors are elected and qualified.

The following have been endorsed for election as directors at the Annual Stockholders' Meeting:

- ❖ Bertram B. Lim, Independent Director
- ❖ Lorraine Belo-Cincochan
- ❖ Mark Andrew Y. Belo
- ❖ Careen Y. Belo
- ❖ Ricardo S. Pascua, Independent Director
- ❖ Rolando S. Narciso, Independent Director
- ❖ Delfin L. Warren, Independent Director

The nominees were formally nominated to the Nomination Committee of the Board during its meeting held on 23 May 2017.

Below are the profiles of the nominees for election as Directors of the Company at the Annual Stockholders' Meeting.

Lorraine Belo-Cincochan is the President and is a Director of the Company and a Director of WBDI (*now Wilcon Corporation "WC"*). She has held various positions in the business starting out as a trainee to the President in 2000 under WBSI, headed the IT department in 2002 before being assigned to manage the daily operations of a branch as a Depot Manager-trainee from 2003 to 2005 under WBDI. She was then appointed the Executive Vice President for Operations in 2005 and in 2006 was named Chief Finance Officer, holding the position until March, 2016. Ms. Belo-Cincochan graduated from the University of the Philippines-Diliman in 1999 with a bachelor's degree in Creative Writing.

Mark Andrew Y. Belo is the Treasurer and Chief Financial Officer of the Company and the President and Chief Executive Officer of WBDI from March 2016 to the present. Under WBDI, he was Assistant Vice President for Business Development from 2015 to March, 2016 and Executive Project Management Head from January 2013 to March 2015. He was also assigned to various positions under WBSI from July 2004 to August 2007. He graduated from the University of Asia & the Pacific in 2004 with a bachelor's degree in Industrial Economics.

Careen Y. Belo is a Director of the Company since March 2016. She is concurrently a Director of WBDI, the Executive Vice President for Sales and Product Development of Coral-Agri Venture Farm Inc., Executive Officer of *Crocodylus Porosus Phil Inc.* and President of *The Meatplace Inc.* She held various positions in the business having been a Business Development Manager from 2004 to 2007 of WBDI, Marketing and Sales Assistant from 2007 to 2014 and Executive Financial Audit Manager from 2014 to March, 2016. Ms. Belo obtained her Bachelor of Science in Management from the University of Asia & the Pacific in 2005.

Nomination and election of Independent Directors:

The following list of candidate for Independent Directors are as follows:

- ❖ Bertram B. Lim
- ❖ Ricardo S. Pascua
- ❖ Rolando S. Narciso
- ❖ Delfin L. Warren

Independent Directors

Bertram B. Lim, is an Independent Director of the Company effective 22 May 2017. He is the Chairman of the Board of United Neon Advertising, Inc., the largest outdoor advertising company in the Philippines. He is also the Chairman of the Board of the Center for Community Transformation, a Board Treasurer of Trinity University/St. Luke's Health Sciences Consortium and a Bestselling Author. He has a Bachelor of Science in Mechanical Engineering (Cum Laude) degree from the University of the Philippines and a Master of Science degree from the Massachusetts Institute of Technology.

Ricardo S. Pascua is an Independent Director of the Company since September 2016. He was Vice Chairman of the Board and President and CEO of Metro Pacific Corporation from January 2000 until his retirement in December 2001, a position he held also from January 1993 to July 1995. In between, he was Vice Chairman and CEO of Fort Bonifacio Development Corporation. He was concurrently an Executive Director of First Pacific Company Ltd. from 1982 to 2001 and as such served in the boards of companies such as Smart Communications, Inc., United Commercial Bank in San Francisco, California, First Pacific Bank in Hong Kong and 1st eBank in Manila. Mr. Pascua started his career in Bancom Development Corporation as Asst. Vice President in 1972 and was assigned in Bancom International Ltd. in Hong Kong as Senior Manager in 1975. Currently, Mr. Pascua serves as an independent director in various corporations and foundations. He is likewise involved in several businesses as Chairman of the Board of Caelum Developers Inc., Facilities & Property Management Technologies, Inc., Ascension Phildevelopers, Inc.; Chairman of the Executive Committee of Phoenix Land Inc. and a Director in Boulevard Holdings, Inc., Central Luzon Doctor's Hospital, Costa de Madera Corp. and Quicksilver Satcom Ventures, Inc.; and the President of Bancom II Consultants, Inc. Mr. Pascua has a Master of Business Management from Asian Institute of Management obtained in 1971 and he finished his bachelor's degree major in Economics (Cum Laude) from the Ateneo de Manila University in 1969.

Rolando S. Narciso is an Independent Director of the Company since September 2016. He was formerly a Director and Officer of New Kanlaon Construction, Inc. from 2004 to 2014. He was President and Chief Operating Officer of Steel Corporation of the Philippines from 1998 to 2004 and President and Chief Executive Officer of Royal Asia Multi-Properties, Inc. from 1996 to 1997. Before the National Steel Corporation was privatized, Mr. Narciso was its President and Chief Operating Officer from 1989 to 1995 and concurrently from 1989 was a Director of Refractories Corp. of the Phils. And Semirara Coal Corp. up to 1994; and Integrated Air Corp. up to 1993. From 1974 to 1988, he held various positions in National Steel and other subsidiaries of the National Development Company. He also held various positions in the Esso Group of Companies from 1967 to 1974. He is a member of professional organizations such as the Financial Executives, Inc. and the Management Association of the Philippines. He

obtained his Master in Business Management and Bachelor of Science in Business Administration degrees from the Ateneo de Manila University in 1967 and 1965, respectively.

Delfin L. Warren, is an Independent Director of the Company effective 22 May 2017. He is the Founder, Principal and current Chairman of One Incentive Systems Advocates (IISA) Group and of Warren and Nolasco Realty Corp. and a major principal and current Chairman of Procuratio, Inc. He was the former Managing Director and CEO of PT Darya-Varia Laboratia, Indonesia, former President of First Pacific Commodities, Holdings Ltd, Bermuda in Singapore, former Vice President and Asian representative of the Hibernia Bank of San Francisco, a former Founder and Executive Director of PT Indo Ayala Leasing Corporation in Indonesia and a former Vice President of Bancom Philippine Holdings, Inc. He also held various positions in different organizations. He is a licensed chemical engineer and he obtained his bachelor's degree in Chemical Engineering from De La Salle College.

Pursuant to the new Corporate Governance Code, the Company is required to have at least three (3) independent directors or at least 1/3 of the members of the Board, whichever is higher. Further, it states that the Board should be composed of a majority of non-executive directors.

The nominees for independent directors were screened in accordance with the guideline on the nominations of independent directors prescribed by SRC Sec. 38 and Rule 38.1 as amended and the new Manual on Corporate Governance prescribed by the Securities and Exchange Commission. Ricardo S. Pascua, Rolando S. Pascua and Delfin L. Warren were nominated by Careen Y. Belo. Bertram B. Lim was nominated by Rolando S. Pascua. The persons nominating are not in any way related to the person nominated. Further, they have certified that they possess all the qualifications and none of the disqualification provided in the Securities and Regulations Code and the new Corporate Governance Manual, their certifications are herein attached as "Annex A."

Only the nominees duly approved by the Nomination Committee are eligible for elections as directors. No further nominations will be entertained or allowed during the stockholders' meeting. The nominees are expected to attend the annual stockholders' meeting.

The following are the Executive Officers of the Company:

Name	Age	Nationality	Position
Rosemarie B. Ong	58	Filipino	SEVP- Chief Operating Officer
Sheila Pasicolan	30	Filipino	Corporate Secretary
Eden M. Godino	40	Filipino	Vice President - Product Development
Grace A. Tiong	43	Filipino	Vice President - Human Resources
Michael D. Tiong	43	Filipino	Vice President - Global Operations

Rosemarie B. Ong is the Senior Executive Vice President and Chief Operating Officer of the Company. She held this position since 2007 initially under WBDI, immediately prior, she was Executive Vice President for Sales and Marketing, which she held from 1988 to 2007. She started out in the business as a Purchasing Manager under WBSI from 1983 to 1988. She is also the President of the Wilcon Builders Foundation Inc., which she has headed since 2008. She is a Director of the Philippine Contractors Association and the Philippine Retailers Association and a former Treasurer of the Philippine Association of National Advertisers

(PANA) Foundation. Ms. Bosch-Ong has a Master's degree in Business Administration from De La Salle University obtained in 2010 and she graduated from the University of the East in 1986 with a bachelor's degree in Economics.

Sheila Pasicolan is the in-house legal counsel of the Company. She joined the Company in January 2016 after serving as a Senior Associate in Sycip Gorres Velayo and Co. from November 2014 to December 2015. Prior to her admission to the Philippine Bar in 2015, she served as a legal intern at the Office of the Solicitor General in 2013 and a technical assistant in the Office of the Presidential Assistant for Education of the Office of the President of the Philippines from 2009 to 2010. She completed her Bachelor of Arts in History at the University of the Philippines (Cum Laude) and she took up a Master Degree in Philippine Studies in the same university. Ms. Pasicolan completed her Bachelor of Laws in San Beda College in 2014.

Eden M. Godino is the Vice President of Product Development. She joined the department in 2007, initially as the Asst. Vice President and was appointed in her present position in 2011. Ms. Godino joined Wilcon in 1997 and was assigned in Accounting, Purchasing and later went on to become a Depot Manager in 2004, a position she held for three years prior to her promotion to AVP in Product Development in 2007. She graduated with a Bachelor of Science degree in Accountancy from the University of the Assumption in 1997 and obtained a short course diploma program from the De La Salle College of St. Benilde on Supply Chain Management major in Purchasing and Logistics Operations in 2015.

Grace A. Tiong is the Vice President for Human Resources. She has been the head of Human Resources as VP since 2008. She joined Wilcon in 1995 and was assigned in Accounting. She was promoted to various positions within the branch and eventually became a Branch Manager in 2005. She joined the Human Resources department as an Asst. HR Manager after her stint in Operations in 2005. Ms. Tiong graduated from New Era University in 1994 with a bachelor's degree in Accountancy and obtained diploma courses in Human Capital Management and Organizational Development from the School of Professional and Continuing Education of the De La Salle College of St. Benilde from 2014 to 2016.

Michael D. Tiong is the Vice President for Global Operations. Prior to his appointment as Vice President in July, 2016, he handled Sales and Operations as an Asst. Vice President since January 2011. Mr. Tiong joined Wilcon as a Salesman in 2000 and became Depot Manager in 2007 until 2009, when he was promoted to Asst. Vice President for Operations. Mr. Tiong took up Bachelor of Science in Architecture at the Far Eastern University in 1993.

Family Relationship

The Company's President, Lorraine Belo-Cincochan, Directors Mark Andrew Y. Belo and Careen Y. Belo are siblings.

The Company's Chairman, Bertram B. Lim is the uncle of Lorraine Belo-Cincochan, Mark Andrew Y. Belo and Careen Y. Belo.

Involvement in Legal Proceedings

As of date, to the best of Company's knowledge, the Company, its management, any of its subsidiaries or affiliates, is not involved in any governmental, legal or arbitration proceedings that may have a material effect on the Company's business, financial position or profitability.

Further, none of the Company's directors, nominees for election as director, or executive officers have in the five-year period prior to the date of this report: (1) had any petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a two-year period of that time, (2) have been convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses, (3) have been the subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, or (4) have been found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, such judgment having not been reversed, suspended, or vacated.

Certain Relationship and Related Party Transactions

The Company, in the ordinary course of business, engages in various transactions with related parties, particularly with its parent company, Wilcon Corporation.

The Company's material related party transactions include:

Trademark Licensing Agreements

The Company is a party to a Trademark Licensing Agreement with WBDI. WBDI granted WDI a non-exclusive, non-transferable and royalty-free license to use the trademarks in connection with WDI's trading operations in the Philippines. This licensing agreement is for a period of five years, and renewable under terms mutually agreed between the parties.

Some of the trademarks under the Licensing Agreement are: Arte Ceramiche (tiles), Heim Home Essentials (furniture), Kasch (sanitary wares), Pozzi (sanitary wares) and Sol Ceramica (tiles).

Lease Agreements

The Company has existing lease agreements with WC and other companies controlled by the Belo Family, whereby the Company leases the store buildings and warehouses including the land on which these facilities are located. The leases are generally for a period of three (3) years commencing on April 1, 2016 and renewable under terms mutually agreed between the parties.

Importing Transactions

In the conduct of its business, the Company transacts on a non-exclusive basis with various importers. Two (2) of these importers, Oriens Marketing, Inc. and Zethus

Trading, Inc., are related to the Company. The Company transact with these two (2) afore-said companies on a non-exclusive basis and driven mostly by the preference of a few of its suppliers. These transactions are made on arms-length basis. The aggregate value of such transactions comprise not more than 20% of its total sales importation.

All transactions with related parties are on an arm's length basis and under terms and conditions that are no less or more favorable than those arranged with third parties.

Significant Employees

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

Item 6.Compensation of Directors and Executive Officers

Executive Compensation

Below is the total annual compensation of the top 5 officers and other directors and officers of the company for the year 2016 and projected compensation for 2017.

Key Management Officers	Year	Salary	Bonuses/Other Compensation
William T. Belo, Chairman			
Lorraine Belo - Cincochan, Director and CEO			
Rosemarie B. Ong, Director and SEVP-COO			
Mark Andrew Y. Belo, Director and CFO			
Careen Y. Belo, Director			
Top 5 Officers	Actual 2016	10.04M	1.94 M
	Projected 2017	16.14 M	2.58 M
Other directors and officers as a group	Actual 2016	13.69M	3.3 M
	Projected 2017	19.15 M	4.4 M

Compensation of Director

Standard Arrangements

Other than payment of reasonable per diem of twenty five thousand pesos (P25,000.00) per board meeting and twelve thousand five hundred pesos (P12,500.00) per committee meeting, there are no standard arrangements pursuant to which directors of the Company are compensated, or were compensated, directly or indirectly, for any services provided as a director and for their committee participation or special assignments.

Other arrangements

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

Employment Contracts and Termination of Employment and Change in Control Arrangements

The Executive Officers of the Company are subject to policies of the company and labor laws. They are also entitled to receive retirement benefits in accordance with the retirement plan of the Company.

There is no arrangement with any executive officers to receive any compensation or benefit in case of change-in-control of the Company.

Information on all outstanding warrants or options held by directors, officers

There are no outstanding warrants or options held by the President, the CEO, the named executive officers, and all officers and directors as a group.

Item 7. Independent Public Accountants

The External Auditor of the Company is Reyes Tacandong & Co (RTCo). There has been no disagreements on any accounting and financial disclosures. The Company is compliant with SRC Rule 68, (3), (b), (iv), requiring the rotation of external auditors or engagement partners for a period of five (5) consecutive years.

The same accounting firm will be nominated for reappointment for current fiscal year at the annual stockholders' meeting. Representatives of the said firm are expected to be present at the stockholders' meeting and they will have the opportunity to make statement if they desire to do so and are expected to be available to respond to appropriate questions.

Audit Fee

Name of auditor	2016 Audit Fee
Reyes Tacandong & Co.	₱3,400,000.00

Item 8. Compensation Plans

There is no other type of compensation plan as of this date and for the annual stockholders' meeting on June 19, 2017 that will be taken up.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

There are no matters or actions to be taken up with respect to authorization or issuance of securities.

Item 10. Modification or Exchange of Securities

There are no matters or actions to be taken up with respect to the modification or exchange of securities.

Item 11. Financial and Other Information

The Company incorporated by reference the following:

1. 17-A with Management Discussions and Analysis of Plan Operations, attached as Annex "B"
2. 2016 Audited Financial Statements, attached as Annex "C"
3. SEC 17-Q Report for the quarterly period ended 31 March 2017, attached as Annex "D"

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

There are no matters or actions to be taken up with respect to merger, consolidations, acquisitions and similar matters.

Item 13. Acquisition or Disposition of Property

There are no matters or actions to be taken up with respect to the acquisition or disposition of property.

Item 14. Restatement of Accounts

There are no matters or actions to be taken up with respect to the restatement of accounts.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

The following matters will be submitted to the stockholders for their approval:

1. Approval of the Minutes of the Annual Meeting of the Stockholders held on 30 March 2016.
2. Presentation and Approval of Annual Report and Financial Statements as of 31 December 2016.
3. Ratification of all acts of the Board of Directors during the preceding year.
4. Amendment of By-Laws
5. Election of Board of Directors
6. Election of External Auditor

Item 16. Matters Not Required to be Submitted

No action is to be taken with respect to any matter, which is not required to be submitted to a cote of security holders.

Item 17. Amendment of Charter, Bylaws or Other Documents

Bylaws shall be amended to include the creation of the position of *Chairman Emeritus* and to indicate that the composition of the Committees shall be in such composition as may be subsequently required by law.

Item 18. Other Proposed Action

Other than those matters mentioned above, there are no other proposed actions to be taken up during the annual stockholders' meeting.

Item 19. Voting Procedures

A stockholder may vote in person by proxy executed in writing by the stockholders or his duly authorized attorney-in-fact. All matters subject to vote in accordance with the law shall be decided by the majority vote of the stockholders present in person or by proxy and are entitled to vote thereat and provided a quorum is present.

Directors shall be elected by plurality of vote at the annual meeting of the stockholders for the year at which quorum is present. At each election for directors, every stock holder shall have the right to vote, in person or by proxy, the number of shares owned by him for as many person as there are directors to be elected, or to cumulate his votes by giving one candidate as many votes as the number is shares shall equal, or by distributing such votes as the same principle among any number of candidates. . Provided that the number of votes cast by a stockholder shall not exceed the number of his shares multiplied by the number of directors to be elected. Discretionary authority to cumulate vote is not solicited.

PART II.

INFORMATION REQUIRED IN A PROXY FORM

(This form shall be prepared in accordance with paragraph (5) of SRC Rule 20)

Item 1. Instructions

The Proxy Form must be properly signed, dated and returned by the stockholder on or before 9 June 2017. The proxy form is not required to be notarized. Validation of proxies will be done at the Company's principal office on 14 June 2017 at 4:00 pm. For corporate shareholders, the proxy form must be accompanied by a corresponding secretary's certificate confirming the authority of the person executing the proxy and for proxies of beneficial owners or of those shares lodged with the Philippine Depository & Trust Corp, a certification from their respective brokers must be submitted. Validated proxies will be voted at the meeting in accordance with the instructions of the stockholders expressed.

Item 2. Revocability of Proxy

Proxies filed may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the Secretary at least one (1) day prior to the annual stockholders' meeting or by their personal presence at the meeting.

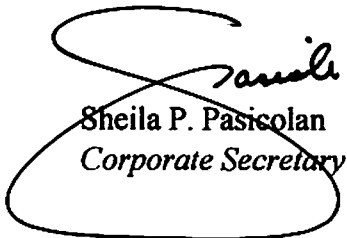
PART III.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Quezon City on 24 May 2017.

WILCON DEPOT, INC.

By:



Sheila P. Pasicolan
Corporate Secretary

CERTIFICATION OF INDEPENDENT DIRECTOR

Annex "A"

I, ROLANDO S. NARCISO, of legal age, Filipino, with postal address at Lexington Garden, Village, San Joaquin, Pasig City after being duly sworn in accordance with law, depose and state that:

1. I am a nominee for independent director of Wilcon Depot, Inc., and have been its independent director since September 13, 2016.
2. I am affiliated with the following companies or organizations (including Government Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
St. Joseph Group Inc	Chairman/Director	2014 – Present
CVM Finance Corp	Chairman/Director	2016 – Present
CVM Pawnshops Corp	Chairman/Director	2016 - Present
St. Joseph Fish Brokerage Inc	Chairman/Director	2016 - Present
Crystal Cold Chain Corp	Chairman/Director	2016 - Present
Kai-Anya Foods Inc	Chairman/Director	2016 - Present
CVM Realty Inc	Chairman/Director	2016 - Present
Info Alchemy Corp	Chairman/Director	2016 - Present
Rekom Manila Corp	Chairman/Director	2010 – Present
OWN (Rural) Bank	Director	2016 - Present
Phil. Galvanizers and Coaters Association	Executive Advisor	2010 – Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Wilcon Depot, Inc., as provided for in Section 38 of the Securities Regulation Code and its implementing rules and regulations and other issuance of the Securities and Exchange Commission (the "SEC").
4. I am related to the following director/officer/substantial shareholder of Wilcon Depot Inc., or any of its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code (where applicable)

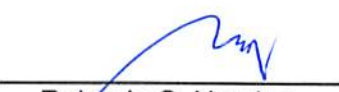
Name of Director/Officer/Substantial Shareholder	Company	Nature of Relationship
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject to any pending criminal or administrative investigation or proceeding.

Offense charged/investigated	Tribunal or agency involved	Status
N/A	N/A	N/A

6. To the best of my knowledge, I am neither an officer nor an employee of any government agency or government owned and controlled corporation.
7. I shall faithfully and diligently comply with my duties and responsibilities an independent director under the Securities Regulation Code and its implementing rules and regulations, the Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of Wilcon Depot, Inc., of any changes in the above mentioned information within five (5) days from its occurrence.

Done this _____ of May 2017 in _____.


Rolando S. Narciso


SUBSCRIBED AND SWORN to before me this 23 MAY 2017 in Quezon City affiant exhibiting to me his competent evidence of identity as follows:
Passport No. EB9034928 issued on 31 August 2013 at DFA Manila valid until 30 August 2018.

Doc. No. 153

Page No. 29

Book No. 411

Series of 2017.


ATTY. RUBEN M. AZAÑES, JR.
NOTARY PUBLIC
UNTIL DECEMBER 31, 2017
PTR No. 3802443, 01-03-2017
Roll of Attorney's No. 46427
IBP No. 0898567-Q.C. Chapter
Admin. Matter No. NP-291
MCLE No. 0022246
TIN No. 140-394-336
(PRBS) Camp Crame, Quezon City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, BERTRAM B. LIM, of legal age, Filipino, with postal address at 60 Sen. Gil Puyat Ave., Makati City, after being duly sworn in accordance with law, depose and state that:

1. I am a nominee for independent director of Wilcon Depot, Inc., and have been its independent director since May 22, 2017.
2. I am affiliated with the following companies or organizations (including Government Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
United Neon Advertising	Chairman	1971 – present
Center for Community Transformation	Chairman	1997 – present
Trinity University	Board Treasurer	2000 – present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Wilcon Depot, Inc., as provided for in Section 38 of the Securities Regulation Code and its implementing rules and regulations and other issuance of the Securities and Exchange Commission (the "SEC").
4. I am related to the following director/officer/substantial shareholder of Wilcon Depot Inc., or any of its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code (where applicable)


Name of Director/Officer/Substantial Shareholder	Company	Nature of Relationship
Lorraine Belo-Cincochan	Wilcon Depot, Inc.	Niece
Mark Andrew Y. Belo	Wilcon Depot, Inc.	Nephew
Careen Y. Belo	Wilcon Depot, Inc.	Niece

5. To the best of my knowledge, I am not the subject to any pending criminal or administrative investigation or proceeding.

Offense charged/investigated	Tribunal or agency involved	Status
N/A	N/A	N/A

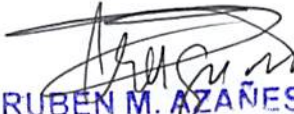
6. To the best of my knowledge, I am neither an officer nor an employee of any government agency or government owned and controlled corporation.
7. I shall faithfully and diligently comply with my duties and responsibilities an independent director under the Securities Regulation Code and its implementing rules and regulations, the Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of Wilcon Depot, Inc., of any changes in the above mentioned information within five (5) days from its occurrence.

Done this _____ of May 2017 in _____.


Bertram B. Lim

SUBSCRIBED AND SWORN to before me this 23 MAY 2017 in Quezon City affiant exhibiting to me his competent evidence of identity as follows:
Passport No. EB6249896 issued on 03 September 2012 at DFA Manila valid until 02 September 2017.

Doc. No. 151
Page No. 39
Book No. 211
Series of 2017.


ATTY. RUBEN M. AZAÑES, JR.
NOTARY PUBLIC
UNTIL DECEMBER 31, 2017
PTR No. 3802443, 01-03-2017
Roll of Attorney's No. 46427
IBP No. 0998567-Q.C. Chapter
Admin. Matter No. NP-291
MCLE No. 0022246
TIN No. 140-394-336
(PRBS) Camp Crame, Quezon City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, DELFIN L. WARREN, of legal age, Filipino, with postal address at No. 2 Sineguelas St., Valle Verde I, Pasig City, after being duly sworn in accordance with law, depose and state that:

1. I am a nominee for independent director of Wilcon Depot, Inc., and have been its independent director since May 22, 2017.
2. I am affiliated with the following companies or organizations (including Government Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
One Incentive Systems Advocates (IISA) Group	Founder, Principal, and current Chairman	1998 - Present
Warren and Nolasco Realty Corp.	Founder, Principal, and current Chairman,	1991 - Present
Procuratio, Inc. (Bugsy's Bar and Bistro)	Major Principal and current Chairman	2014 – Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Wilcon Depot, Inc., as provided for in Section 38 of the Securities Regulation Code and its implementing rules and regulations and other issuance of the Securities and Exchange Commission (the "SEC").
4. I am related to the following director/officer/substantial shareholder of Wilcon Depot Inc., or any of its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code (where applicable)


Name of Director/Officer/Substantial Shareholder	Company	Nature of Relationship
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject to any pending criminal or administrative investigation or proceeding.

Offense charged/investigated	Tribunal or agency involved	Status
N/A	N/A	N/A


6. To the best of my knowledge, I am neither an officer nor an employee of any government agency or government owned and controlled corporation.
7. I shall faithfully and diligently comply with my duties and responsibilities an independent director under the Securities Regulation Code and its implementing rules and regulations, the Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of Wilcon Depot, Inc., of any changes in the above mentioned information within five (5) days from its occurrence.

Done this _____ of May 2017 in _____.


Delfin L. Warren

SUBSCRIBED AND SWORN to before me this 23 MAY 2017 in
affiant exhibiting to me his competent evidence of identity as follows:
Passport No. EC4017350 issued on 07 May 2014 at DFA NCR Central valid until 06 May 2019

Doc. No. 157
Page No. 29
Book No. 11
Series of 2017.


ATTY. RUBEN M. AZANES, JR.
NOTARY PUBLIC
UNTIL DECEMBER 31, 2017
PTR No. 3802443, 01-03-2017
Roll of Attorney's No. 46427
IBP No. 0998567-Q.C. Chapter
Admin. Matter No. NP-291
MCLE No. 0022246
TIN No. 140-394-336
(PRBS) Camp Crame, Quezon City

Republic of the Philippines)
City of Pasig)S.S.

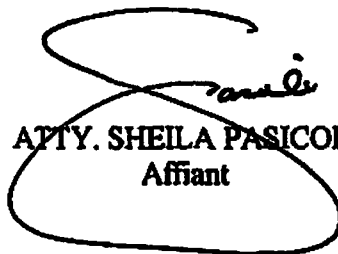
AFFIDAVIT OF UNDERTAKING

I, ATTY. SHEILA PASICOLAN, of legal age, with office address 90 E. Rodriguez Jr. Ave., Ugong Norte, Quezon City, Philippines, after having duly sworn to in accordance with law, do hereby depose and state:

That I am the Corporate Secretary of Wilcon Depot, Inc.

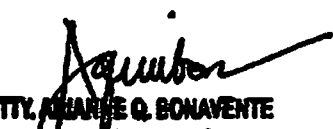
That, one of the nominees for Independent Director is out of the country since 29 April 2017 until 4 June 2017, hence, the Company undertakes to submit the Certification of Independent Director of Ricardo S. Pascua on or before 9 June 2017.

That I attest to the truthfulness of this undertaking.


ATTY. SHEILA PASICOLAN
Affiant

SUBSCRIBED AND SWORN TO before me this ___ day of MAY 24 2017, 2017 at PASIG CITY, Philippines, affiant exhibited to me her TIN with No. 247-122-295.

Docs. No. 60;
Page No. 15;
Book No. I;
Series of 2017.


ATTY. ARMANDE Q. BONAVENTE
Notary Public for Pasig City
Appointment No. 127 Until December 31, 2018
Roll No: 86027, IBP No. 1058285, Quezon City, 04 Jan 2017
PTR No. 2382211, Pasig City, 04 Jan 2017
Unit 3104 Antel Global Corporate Center,
Dofia Julia Vargas Ave., Ortigas Center, Pasig City
Admitted to the Bar 2018

COVER SHEET

Annex "B"

C	S	2	0	1	5	2	4	7	1	2	
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 S.E.C Registration No.

W	I	L	C	O	N		D	E	P	O	T		I	N	C	.		D	O	I	N	G		
B	U	S	I	N	E	S	S		U	N	D	E	R		T	H	E		A	N	D			
S	T	Y	L	E		O	F		W	I	L	C	O	N		D	E	P	O	T		A	N	D
W	I	L	C	O	N		H	O	M	E		E	S	S	E	N	T	I	A	L	S			

 (Company's Full name)

NO. 90 E. RODRIGUEZ JR. AVE., UGONG NORTE, QUEZON CITY

Contact Person

Tel. No.

FORM TYPE

Secondary License, (if applicable type)

Dept. requiring this doc

Amended Articles number

Total stockholders

Domestic	Foreign

To be accomplished by SEC personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A, *AS AMENDED*

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

1. For the fiscal year ended December 31, 2016
2. SEC Identification Number CS201524712
3. BIR Tax Identification No. 009-192-878
4. Exact name of issuer as specified in its charter

WILCON DEPOT, INC.

5. Quezon City, Philippines..... 6. (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
7. 90 E. Rodriguez Jr. Avenue, Ugong Norte, Quezon City..... 1110.....
Address of principal office Postal Code
8. (02) 634-8387.....
Issuer's telephone number, including area code
9. Not Applicable
Former name, former address, and former fiscal year, if changed since last report.

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON SHARES	2,705,817,916

11. Are any or all of these securities listed on a Stock Exchange.
Yes [] No []
If yes, state the name of such stock exchange and the classes of securities listed therein:

12. Check whether the issuer:
(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);
Yes [] No []
(b) has been subject to such filing requirements for the past ninety (90) days.

Yes

No

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

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

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PART I. BUSINESS AND GENERAL INFORMATION

Item 1. Business

Background

Wilcon Depot, Inc. (the Company/WDI/Wilcon Depot) was incorporated on December 17, 2015 as a subsidiary of Wilcon Corporation (WC), formerly known as Wilcon Builder's Depot Inc. (WBDI), to operate its home improvement retail businesses. It officially started operations on April 1, 2016 when the retail operations including all of the retail assets and liabilities were transferred from WC, thereby increasing WC's ownership in the Company to 99.06%.

The Company's retailing business, which it acquired and inherited from WC, has been in existence for over 38 years. The business, founded by Mr. William T. Belo, opened its first store in 1977, carrying a variety of local brands of tiles and flooring, plumbing and sanitary wares, electrical and lighting products, and hardware and tools. Mr. Belo gradually expanded the pioneer Wilcon branch as business picked up. He opened three more branches with an average area of 2,400 sqm from 1989 to 1995. In 2002, the first store outside of Metro Manila was established in Davao City.

The first depot format store was opened in 2003, in Las Piñas. At 10,000 sqm, the Depot format was larger than their previous five stores, which had an average size of 4,223 sqm. Its product selection was more comprehensive and included more international brands and new product lines and categories such as furniture, furnishings and houseware, paints, and building materials, among others. Over the next 13 years, operations rapidly expanded with the opening of 27 more Depot format stores around the country.

The smaller format mall-based or community-based stores were formally organized in 2009 and operated under the brand name "Wilcon Home Essentials". This concept was adopted by a few of the old stores and subsequently applied to three more new stores from 2009 to 2013.

Corporate Restructuring

The following transactions occurred on April 1, 2016 in relation to the spin-off of the retail operations of WC into the Company:

- The net assets comprising the retail business were transferred to the Company. The land, intellectual property, and investment properties remained with WC, the Parent.
- The Company entered into lease agreements with its Parent for the lease of land assets used by its stores.

The spin off resulted in a 99.06% ownership of WC in the Company.

(On March 31, 2017, the Company went public through an initial public offering on the Philippine Stock Exchange. The Company floated thirty four percent (34.00%) or 1,393,906,200 of its primary shares, increasing its issued and outstanding capital stock to 4,099,724,116 and diluting WC's effective interest in the Company to 65.38%.)

Bankruptcy, Receivership or Similar Proceedings

The Company and its parent, WC, have not been subject to: (i) any bankruptcy, receivership or similar proceedings or (ii) any material reclassification, merger (other than as a surviving entity) consolidation of purchase or sale of significant amount of assets.

Products / Business Lines

The Company caters to the fast-growing segment of middle- to high-income homeowners whose needs range from new home construction, renovation, repair and maintenance to home improvement, furnishing and design. The Company's complete spectrum of product offerings includes local and international brands of tiles and flooring, plumbing and sanitary wares, electrical and lighting products, hardware and tools, furniture, furnishings and houseware, paints, appliances and building materials, among others.

Product Categories

The Company offers a broad range of products grouped into major product categories namely plumbing and sanitary hardware and tools, tiles and flooring, electrical and lighting, furniture, furnishing and houseware, paints, appliances, and building materials. As a matter of competitiveness, the Company continues to develop new products and services for its customers as seen in the launching of several in-house and exclusive products in the past.

The table below enumerates the list of major product categories and its products.

Product Category	Description
Plumbing and Sanitary wares	Over 1,100 products that include bath and shower mixers, bath fillers, faucets, shower, water systems, bath tubs, bidet, bowl, lavatory, pedestal, shower enclosure, urinal, water closet and other accessories.
Hardware and Tools Products	Products such as door essentials, hand tools and hardware accessories, pipes, sundries, power tools and hand tools are found in this category.
Tiles / Flooring	Consists of locally made tiles and tiles from different countries such as China, Indonesia, Italy and Spain. Tiles are available in different sizes and different types such as ceramic, glass block, porcelain, and vinyl.
Electrical and Lighting	Includes electrical accessories and supplies, lamps, wiring devices, LED and lights.
Furniture, Furnishings and Houseware	Furniture products include those found in the bedroom, dining, kitchen, living room, office, and outdoor. Products include decorative items, organizers, wall hang decors, curtains, and blinds.
Paints	Provides a wide range of paints for different surface types.
Appliances	Products include air cooler, air conditioner, electric fan, entertainment appliances such as television, CD/DVD player, amplifier, kitchen appliances, washing machine, and vacuum cleaner.
Building Materials	Products include building decors and supplies, ceiling and wall, floor and roofing.

Among the major product categories, tiles and flooring products and plumbing and sanitary wares historically have the highest contribution to sales.

The Company carries over 2,000 brands across the different product categories translating to 80,000 to 310,000 stock keeping units (SKUs). The Company further classifies these brands as: (i) in-house brands owned by the Company and exclusive international brands that are solely distributed by the Company, and (ii) other locally procured local and international brands that are not exclusively distributed by the Company.

Store Formats

The Company operates 36 stores nationwide, as of December 31, 2016, and offers its products via two retail formats, namely the Depot store format and Home Essentials store format.

- **Depots.** The Company conducts its operations primarily through a format under the name “Wilcon Depot”. As of December 31, 2016, the depot format accounted for 96.7% of the Company’s net sales. Each Depot format store carries 90,000 to 200,000 SKUs and offers a broad variety of large-scale home and construction supply products. The net selling space of the Company’s depot stores ranges from 2,800 sqm to 31,000 sqm, with an average net selling space of 9,500 sqm. As of December 31, 2016, the Company had 30 depots located in all the major cities across the Philippines.
- **Home Essentials.** The Company also operates a smaller format known as “Wilcon Home Essentials”. The Home Essentials format was launched in 2009 as a community store-type outlet aimed at customers who require easy access to a basic range of tools and materials for simple housing repair and maintenance. Home Essentials stores range in size from 1,000 sqm to 5,200 sqm with an average net selling space of 2,400 sqm. As of December 31, 2016, the Company had two mall-based Home Essentials stores and four stand-alone branches for a total of six Home Essentials stores.

The Company has designed its stores to provide a comfortable atmosphere that will enhance the customers’ shopping experience. The Company’s stores offer facilities such as free parking, ample ventilation and air-conditioning, well-lit shopping areas, and a similar easy-to-navigate store layout in all its stores. For its depot-format stores the Company offers more shopping convenience like a coffee shop or a snack bar, lounges for customers and their contractors or architects and engineers, design hubs and a play area for kids. The Company continues to ensure the completeness of these features in all of its depots to keep customers satisfied.

Owing to the significantly higher store count and total selling area of depots versus home essentials, majority of the Company’s revenues or 96.7% comprised of net sales generated from the depot-format stores while the remaining 3.3% was contributed by the home essential format stores.

Distribution Methods of Products

The Company as mentioned in the preceding paragraphs, operate two store formats, the Depot and the Home Essentials. The home essential stores are confined within Metro Manila while the depots are located in different parts of the Philippines.

Below is the breakdown of the number of the Company’s stores per location and format:

Store format	Region	Number of stores
Depot	Metro Manila	11
	Luzon	16
	Visayas	2
	Mindanao	1
Total Depot		30
Home Essentials	Metro Manila	6
Total Home Essentials		6

The Company outsources various logistics and distribution functions to third parties, which the Company believes allows it to expand its store network rapidly while lowering its operating costs.

Replenishment of the Company's inventory is provided through direct store deliveries from suppliers for urgent requirements or deliveries to the Company's warehouses for regular restocking.

Competition

The Company is operating in the construction and home improvement supply industry in the Philippines. The Company's direct competitors are retailers, wholesalers and distributors of constructions and home improvement supply. The Company competes with these entities primarily in terms of the range and quality of products and services offered, pricing, target market, and sales network coverage.

Suppliers

The Company has over 400 local and multinational suppliers. Its major suppliers include Mariwasa Siam Ceramics, Inc., Hotech Philippines Corp., and Lixi Philippines Ltd., all of which are local.

The Company purchases goods on a per order basis through purchase orders issued to suppliers. These purchase orders become the binding contracts between and among the Company and its suppliers. A purchase order provides the supplier details, terms of payment up to 60 days, discounts, entry date of order, delivery date and cancellation date, if any, SKU and description of products.

The Company is not dependent on any one or few suppliers given its extensive product offerings.

Consignors

Consignors operate within the selling area of Wilcon Depot and Wilcon Home Essentials stores and occupy an average of 31% of the total selling area. The Company charges a pre-determined mark-up on a consignor's cost on its products as its margins.

Customers

Target Customers

Wilcon Depot's customers comprise of homeowners from middle to high-income households, whose buying patterns are driven by new home construction, renovation, repair, maintenance, and other types of home improvement needs. Wilcon Depot also caters to independent contractors and project developers who require construction and building materials.

Customer Segments

The Company divides its customers into two categories:

- *Retail consumers* – Consisting of homeowners and small and independent contractors. Majority of the Company's revenues are generated from its retail consumers.
- *Institutional accounts* – Consisting of big property developers. The Company generates a small portion of its revenue from institutional accounts.

There is no single customer that accounts for more than twenty percent (20%) of the Company's revenues.

Loyalty and Rewards Program – Wilcon Loyalty Card

Wilcon Depot launched its Wilcon Loyalty Card program in 2011. It is a loyalty and rewards program offered by Wilcon Depot to all its customers free of charge. Registered members can accumulate points based on the amount and quantity of their purchases from any Wilcon Depot branch. The accumulated points can be converted into its equivalent monetary value based on the program and redeemed by the Member. From a membership of 89,118 in end-2011, it has now grown to approximately 466,836 registered active members as of December 31, 2016.

Transactions with and/or Dependence on Related Parties

The Company, being a spun-off operation of WC, relies on the parent company and other related parties for the acquisition of majority of the current and all of the identified future store sites. Of the 36 branches as of December 31, 2016, only seven sites are leased from unrelated parties.

The Company likewise is a party to a royalty-free, exclusive and non-transferrable trademark licensing agreement with the parent company for the use of the in-house brands and "Wilcon" trademarks.

Further, WDI transacts with several importing companies on a non-exclusive basis in the conduct of its business and among these companies, there are related parties, primarily to address the preference of some suppliers.

Please refer to Item 12, Certain Relationships and Related Transactions, of this report for more details.

Intellectual Property

Wilcon Depot uses its other brand names and trademarks under a Trademark Licensing Agreement with its Parent. The licensing agreement grants the Company a royalty-free but non-assignable right to use the trademarks and brand names for a term of five years from April 1, 2016 to March 31, 2021, subject to renewal based on mutual agreement.

Government Approvals / Regulations

The Company is covered by various laws and regulations as a retail operation. As part of its normal course of doing business, it secures various government permits and licenses for leasing and operating store buildings.

Effect of Existing and Probable Government Regulations

The Company is not aware of any and foresees no impending change in government regulations that may have a material and adverse effect on the operations of the Company.

Research and Development

The Company has no expenditure on research and development for the year.

Costs and Effects of Compliance with Environmental Laws

The Company is compliant and incurs expenses for the purposes of complying with environmental laws such as the Environmental Clearance Certificate for total store areas of over 10,000 sqm. For stores with areas of 10,000 sqm and below, a Certificate of Non-Coverage may be obtained. Fees for procuring these clearances and permits are standard in the industry.

Employees

As of December 31, 2016, the Company has 1,900 direct hired employees. The following table sets out the breakdown of the Company's employees by rank and status.

Rank	Number of Employees
Key management, Manager & Supervisor	531
Rank and File	1,369
Total	1,900

Employment Status	Number of Employees
Regular	1,675
Probationary	135
Contractual	90
Total	1,900

The Company aims to foster a strong sense of responsibility in a motivating environment to enhance its employees' incentives and loyalty. The Company conducts various trainings for different levels of staff, including trainings tailored to specific job duty, such as trainings on product knowledge for sales personnel, a Leadership Enhancement and Development (LEAD) Program for middle management and also a Career Management Program (CMP) in order to ensure the continuous supply of competent key officers within the organization.

The rank and file employees of the Company are subject of a collective bargaining agreement effective until May 11, 2020. At present, no employees are on strike or have been on strike in the past year or are threatening to strike.

The Company anticipates that it will have approximately 2,080 employees within the next 12 months to include new hires for the planned store openings in 2017.

Risks

1. The Company's expected revenue and net income growth is highly dependent on the expansion of its store network and it may be adversely affected by the following factors:
 - identifying, hiring and training qualified employees for each site;
 - punctual commencement and completion of construction activities;
 - engaging qualified independent contractors;
 - managing construction and development costs of new stores, particularly in competitive markets;
 - securing required governmental approvals, permits and licenses (including construction and business permits) in a timely manner and responding effectively to any changes in

applicable laws and regulations that adversely affect the Company's costs or ability to open new stores;

- unforeseen engineering or environmental problems with leased premises; and,
- avoiding the impact of inclement weather, natural disasters and other calamities.

The Company has properly planned its expansion program and has worked cooperatively with the parent company to put in place contingency and corrective measures where issues especially in the construction of new stores occurred that would delay said expansion. There is no guarantee, however, that these corrective measures would totally eliminate the risk of delays in the implementation of the expansion plans.

2. The Company may encounter significant competition in key provincial cities outside Metro Manila. A significant portion of the Company's medium-term expansion strategy is to open new stores in the various regions of the Philippines, particularly in areas outside of Metro Manila. The retail market in these areas is dominated by independent local operations. Expansion into these areas exposes the Company to operational, logistical and other risks of doing business in new territories. The Company has studied the demographics and the competitive environment in the areas it has planned to enter to overcome challenges of entering new markets. There is no guarantee that the strategies the Company will employ will result in the immediate and sustainable profitability of the branches to be opened in these new areas.
3. New stores will place additional burden on Company's existing resources, which may adversely affect its business. The Company's plans for expansion will place additional burden on its existing operational, managerial, financial and administrative resources. There is a risk that the Company's existing resources could fail to accommodate the increased number of stores, which in turn could compromise the operations of existing stores through deteriorating quality of its customer service, lack of product selection, poor management of inventory, among others. Although the Company has an effective recruitment and training program in place to always have a pool of available competent personnel that can be deployed anytime and has kept a healthy financial condition to have ready access to debt and equity financing, these are not guarantees that the accelerated expansion plan will not strain existing resources.
4. The success of the Company's business is reliant on the Company's continuing capability to source and sell the appropriate mix of products that meet customer preferences. The Company's success is dependent on its ability to source and sell products that meet quality standards and at the same time satisfy customers' preferences. The Company has a team of employees primarily responsible for sourcing the right portfolio of products, studying and anticipating trends in customer behavior, and appropriately responding to these trends. Its ability to source and market such products, or to accurately forecast or quickly adapt to changing customer preferences, will affect the level of customer transactions in the Company's stores, which could have an effect on the Company's business.
5. The Company may not be able to maintain and develop good relationships with its current and future suppliers, and failure to do so may adversely affect its business. The Company's success is reliant on its relationships with current and future suppliers. The Company has had long-standing relationships with multiple local and foreign suppliers. The ability of the Company to build relationships with new suppliers and to maintain or further strengthen existing relationships with suppliers is important in enabling the Company to source its desired portfolio of products at the preferred price.
6. The Company currently relies on distributors and service providers for its logistics requirements.

The Company relies on distributors and third party service providers for transportation and deliveries of products to its stores. Any deterioration in its relationships with these distributors or service providers or other changes relating to these parties, including changes in supply and distribution chains, could have a material adverse effect on the Company's business, financial condition and results of operations. The Company has been able to establish and continues to improve its solid long-standing relationships with its service providers throughout the years. There can be no assurance, however, that these efforts will be successful.

7. The Company is party to a large number of related party transactions. Certain companies controlled by the Belo Family have significant commercial transactions with the Company. The Company's related party transactions include leases and purchases. The Company expects that it will continue to enter into transactions with companies directly or indirectly controlled by or associated with the Belo Family. These transactions may involve potential conflicts of interest which could be detrimental to the Company and/or its shareholders. Conflicts of interest may also arise between the Belo Family and the Company in a number of other areas relating to its businesses, including:
 - major business combinations involving the Company and its subsidiaries
 - transfers of affiliated companies into the Company;
 - plans to develop the respective businesses of the Company; and,
 - business opportunities that may be attractive to both the Belo Family and the Company.

A continued high level of related party transactions may have a material adverse effect on the Company's business or results of operations.

The terms of these related party transactions however, are pursuant to rates determined by an independent third party appraiser that was engaged by the Company to ensure the fairness of these transactions.

8. The Company may fail to fulfill the terms of licenses, permits and other authorizations, or fail to renew them on expiration. The Company is required to maintain licenses, permits and other authorizations, including licenses and certain construction activities. The Company is also required to obtain and renew various permits, including business permits and permits concerning, for example, health and safety, environmental standards and distribution standards. If the Company fails to meet the terms of any of its licenses, permits or other authorizations necessary for operations, these may be suspended or terminated, leading to temporary or potentially permanent closing of stores, suspension of construction activities or other adverse consequences.

In view of the foregoing, the Company in the conduct of its business has always closely monitored all its establishments to determine strict compliance with the local and national laws including amendments thereto as well as the terms and conditions of its permits and licenses. However, there can be no assurance that these efforts will be successful.

9. Changes in the retail and real estate market environment in the Philippines could affect the Company's business. The Company's home improvement business is dependent on the favorable growth and performance of the retail and real estate markets. The largest retail market of the Company is Metro Manila. The Company's stores in Metro Manila account for more than half of its total sales. Demand for the Company's products is driven by new and existing real estate projects in the market including, but not limited to, residential houses, condominiums, offices and commercial buildings.

Any changes in these markets, including further consolidation among the Company's competitors, change of consumer preferences, decline in the Company's brand recognition, adverse regulatory developments or adverse developments in consumer disposable income in Metro Manila, slow roll-out of housing and other real estate projects, in particular, could have an adverse effect on the Company's business. The Company however, as it has done throughout the years, monitors and analyzes these markets in order for it to successfully anticipate changes and sufficiently respond to any development and continue to provide more and various choices to its customers.

Item 2. Properties

The Company does not own real estate. It entered into lease agreements with WC and other third parties, to lease the land and/or buildings where its stores and warehouses are situated. The Company plans to enter into new leases in the next 12 months. The Company intends to continue to lease appropriate real estate properties that meet the Company's standards and requirements.

Item 3. Legal Proceedings

The Company and its management is not involved in any governmental, legal or arbitration proceedings that may have a material effect on the Company's business, financial position or profitability.

None of the members of the Board of Directors, executive officers and shareholders of the Company is involved in any material criminal, bankruptcy or insolvency investigations or proceedings.

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

The following items were submitted to a vote of security holders for the year:

1. Election of members of the board of directors/independent directors
2. Amendment of Articles of Incorporation to *change the corporate name of Wilcon Depot, Inc. to Wilcon Depot, Inc. (doing business under the name and style of Wilcon Depot and Wilcon Home Essentials) and to increase the Company's authorized capital stock from 200 million shares to five billion shares of common stock at ₱1.00 per share par value.*
3. Acquisition of the trading business of the Parent Company solely in exchange for shares of stock of the Company.
4. Assumption of trading loans and liabilities
5. Appointment of the external auditor
6. Confirmation of transfer value of trading assets
7. Authority to conduct initial public offering and register and list the Company's shares
8. Appointment of external advisers, counsels and other professionals in connection with the Company's initial public offering.

PART II. OPERATIONAL AND FINANCIAL INFORMATION

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

As of December 31, 2016, the common shares of the Company were still privately held and not listed with the Philippine Stock Exchange or any other exchange.

Item 6. Management's Discussion and Analysis

For the period ended December 31, 2016 compared with one-month period ended December 31, 2015

Net Sales

The Company generated net sales of ₱12,298 million for the year ended December 31, 2016, representing net sales from April 1, 2016, which was the start of commercial operations upon the spinoff of the trading business of WC to WDI. Sales from the depots still made up the bulk of total sales, accounting for 96.7% or ₱11,896 million, while sales generated by the home essentials format stores comprised the remaining 3.3% or ₱402 million. During the period, the Company opened two new stores, in Molino, Cavite in April and Sta. Rosa, Laguna in September. Both areas have seen remarkable growth in real estate development for industrial, commercial and residential purposes. Sales from these new stores already comprised 2.7% of total sales for the year and are expected to contribute more to the Company's revenues in the future given the demographics of their locations.

Cost of Sales

Cost of sales closed at ₱8,999 million, resulting in a gross profit margin of 26.8% for the year ended December 31, 2016.

Operating Expenses

The Company's operating expenses amounted to ₱2,287 million at the end of the year. Salaries and rent expense made up the bulk of operating expenses accounting for 44.1% of the total. For the one-month ended December 31, 2015, operating expenses totaled ₱0.758 million consisting of taxes and licensing and professional fees.

Interest Expense

Interest expense for the year amounted to ₱30 million for both short-term and long-term loans.

Other Income (Charges)

For the period, the Company generated a net other income of ₱34 million consisting of rent income from gondola lightings, façade billboards and display windows, interest income and other income representing amounts charged to and from suppliers for the use of billboards, signage and other reimbursable costs.

Earnings Before Interest and Tax (Operating Income/EBIT) / Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)

Operating Income for the year 2016 closed at ₱1,046 million, while EBITDA amounted to ₱1,108 million, equivalent to 8.5% and 9.1% of total sales, respectively.

Income Tax Expense (Benefit)

Income tax benefit for the year netted out at ₱128 million. This consisted of current income tax totaling ₱308 million representing regular corporate income tax and a ₱180 million deferred tax benefit. The Company has no current income tax for the one-month period ended December 31, 2015 since it was in a loss position and will only be subject to the minimum corporate income tax in 2019.

Net income

Net income for the year ended December 31, 2016 reached ₱887 million for a 7.2% net profit margin.

Financial Condition

Assets

Current assets. Cash increased by ₱588 million to close at ₱638 million by the end of the period, December 31, 2016 from the ₱50 million cash balance as at December 31, 2015. The ₱50 million cash balance in 2015 represented the initial equity infusion.

Trade and other receivables totaled ₱423 million, comprising 5.0% of current assets and representing mostly trade receivables from customers.

Merchandise inventories totaling ₱6,576 million make up the bulk of current assets, accounting for 78.2%.

Noncurrent assets. The Company's noncurrent assets totaled ₱737 million as at December 31, 2016, comprising 8.06% of total assets. Property and equipment account for 46.4% of the total noncurrent assets which consist of leasehold improvements, furniture and equipment among others transferred from the parent company.

Liabilities

Current liabilities amounted to ₱4,497 million comprising of short term borrowings of ₱445 million, current portion of long term debt of ₱278 million, trade and other payables of ₱3,620 million and income tax payable of ₱154 million. Current liabilities account for 80.9% of total liabilities. Current liabilities as at December 31, 2015 totaled ₱0.758 million.

Noncurrent liabilities totaled ₱1,064 million, representing long term debt, net of current portion, of ₱649 million and retirement liability of ₱415 million at the close of December 31, 2016.

Equity

Total equity amounted to ₱3,582 million, comprised of capital stock of ₱2,706 million, and retained earnings of ₱886 million. The parent company, WC, on April 1, 2016 subscribed 2,656 million shares of the Company's common shares in exchange for the trading business of the parent, including the related assets and liabilities, netting at ₱2,656 million. The subscription of shares and transfer of assets by the parent company was approved by the SEC on November 15, 2016.

Material Changes (+ / - 5% or more) in the 2016 Financial Statements

Since the Company started commercial operations only on April 1, 2016 upon the transfer of the trading business from the parent, all account balances in the 2016 financial statements changed materially from the balances as at December 31, 2015. The Company was incorporated only on December 17, 2015.

Key Financial Performance Indicators

Key Performance Indicators	2016	2015
Sales	12,298,415,794	-
Operating Income ¹	1,045,597,138	(757,510)
EBITDA ²	1,108,311,745	(757,510)
Operating Profit Margin ³	8.50%	N / A
Current Ratio ⁴	1.87	66.01
Debt to Equity Ratio ⁵	1.55	0.02
Interest Coverage Ratio ⁶	36.65	N / A

- 1 *Income before tax add interest expense*
- 2 *Income before tax add interest expense and depreciation and amortization*
- 3 *Operating Income / Net Sales*
- 4 *Current Assets / Current Liabilities*
- 5 *Total Liabilities / Total Equity*
- 6 *EBITDA / Interest Expense*

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

There are also no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entries or other persons that was created during the reporting period.

Any known trends, events, or uncertainties (material impact on liquidity)

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

There are also no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entries or other persons that was created during the reporting period.

Description of any material commitments for capital expenditures, general purpose of such commitments for capital expenditure, general purpose of such commitments, expected sources for such expenditures

For the year 2016 there are no material commitments for capital expenditures.

Any known trends, events, or uncertainties (material impact on sales)

There are no known trends, events or uncertainties that have material impact on sales.

Any significant elements of income or loss (from continuing operations)

There are no significant elements of income or loss,

Seasonal Aspect that has material effect on FS

There is no seasonal aspect that has material effect on FS.

Discussion on Compliance with leading practice on Corporate Governance

On 22 May 2017, the Board of Directors approved the adoption of the Revised Manual on Corporate Governance in accordance with the SEC Memorandum Circular No. 19 Series of 2016.

The Company understands that it is paramount to set the kind of corporate governance needed in the attainment of the Company's corporate goals.

The Revised Manual on Corporate Governance was designed to define the framework of rules, systems and processes that governs the performance of the Board of Directors (the Board) and Management. It establishes the structure by which the Company executes and carries out its Corporate Governance. This serves as reference by all the members of the Board as well as its Management in the conduct of their duties and responsibilities.

The Board of Directors (the "Board") and Management, employees and shareholders, believe that good governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness thereof within the organization.

With the aid of its committees, the Board of Directors shall be primarily responsible for the governance of the Corporation and shall, hence, ensure compliance with the principles of good corporate governance.

To strictly observe and implement the provisions of this Manual, corresponding penalties shall be imposed, after notice and hearing, on the Corporation's directors, officers, staff, subsidiaries, and affiliates and their respective directors, officers, and staff in case of violation of any of the provisions of this Manual.

Item 7. Financial Statements

The financial statements are incorporated in this report in the Index to the Exhibit.

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

The Company has engaged the services of Reyes Tacandong & Co. ("RT&Co.") as its external auditors since its incorporation. There has not been any material disagreements on accounting and financial disclosures with RT&Co. for the years ended December 31, 2015 and 2016.

PART III. CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of Registrant

All of the Directors and Officers named herein have served in their respective positions since March 30, 2016 except as otherwise indicated.

Name	Age	Nationality	Position
William T. Belo	71	Filipino	Chairman of the Board
Lorraine Belo-Cincochan	37	Filipino	Director and Chief Executive Officer
Rosemarie Bosch-Ong	58	Filipino	Director and Chief Operating Officer
Mark Andrew Y. Belo	34	Filipino	Director and Chief Finance Officer
Careen Y. Belo	33	Filipino	Director
Rolando S. Narciso	70	Filipino	Independent Director
Ricardo S. Pascua	68	Filipino	Independent Director
Sheila Pasicolan	30	Filipino	Corporate Secretary
Eden M. Godino	40	Filipino	Vice President - Product Development
Grace A. Tiong	43	Filipino	Vice President - Human Resources
Michael D. Tiong	43	Filipino	Vice President – Global Operations

William T. Belo is the Chairman of the Company. He is the founder of the Wilcon business and brand. He was Chairman and/or President of all Wilcon companies established and/or acquired from 1977 to 2016 including the parent, WC. Currently, he is involved in other business undertakings and serves as Director of Markeenlo Realty Inc., Lomarkeen Realty Inc.; the President of Coral-Agri Venture Farm Inc., Coral Farms, WAJ Realty Development Inc.; and Treasurer of Crocodylus Porosus Philippines Inc. He also serves as the Chairman of the Wilcon Builders Foundation Inc. He won the 2013 MVP Bossing Award, a distinction given to outstanding entrepreneurs of the country. Mr. Belo graduated from the University of Sto. Tomas in 1968 with a Bachelor of Science degree in Electronics and Communications Engineering.

Lorraine Belo-Cincochan is a Director and the President of the Company and a Director of WC. She has held various positions in the business starting out as a trainee to the President of Wilcon Builders Supply, Inc. in 2000, headed the IT department in 2002 before being assigned to manage the daily operations of a branch as a Depot Manager-trainee from 2003 to 2005 under WC. She was then appointed as Executive Vice President for Operations in 2005 and in 2006 was named Chief Finance Officer, holding the position until March, 2016. Ms. Belo-Cincochan graduated from the University of the Philippines-Diliman in 1999 with a Bachelor's degree in Creative Writing.

Rosemarie Bosch-Ong is a Director and the Senior Executive Vice President and Chief Operating Officer of the Company. She held this position since 2007 initially under WC, immediately prior, she was Executive Vice President for Sales and Marketing, which she held from 1988 to 2007. She started out in the business as a Purchasing Manager under WBSI from 1983 to 1988. She is also the President of the Wilcon Builders Foundation Inc., which she has headed since 2008. She is a Director of the Philippine Contractors Association and the Philippine Retailers Association and a former Treasurer of the Philippine Association of National Advertisers (PANA) Foundation. Ms. Bosch-Ong has a Master's degree in Business Administration from De La Salle University obtained in 2010 and she graduated from the University of the East in 1986 with a bachelor's degree in Economics.

Mark Andrew Y. Belo is the Treasurer and Chief Financial Officer of the Company and the President and Chief Executive Officer of WC from March 2016 to the present. Under WC, he was Assistant Vice-President for Business Development from 2015 to March, 2016 and Executive Project Management Head from January 2013 to March 2015. He was also assigned in various positions

under Wilcon Builders Supply, Inc. from July 2004 to August 2007. He graduated from the University of Asia & the Pacific in 2004 with a bachelor's degree in Industrial Economics.

Careen Y. Belo is a Director. She is concurrently a Director of WC, the Executive Vice President for Sales and Product Development of Coral-Agri Venture Farm Inc., Executive Officer of Crocodylus Porosus Phil Inc. and President of The Meatplace Inc. She held various positions in the business having been a Business Development Manager from 2004 to 2007 of WC, Marketing and Sales Assistant from 2007 to 2014 and Executive Financial Audit Manager from 2014 to March, 2016. Ms. Belo obtained her Bachelor of Science in Management from the University of Asia & the Pacific in 2005.

Ricardo S. Pascua is an Independent Director of the Company since September 2016. He was Vice Chairman of the Board and President and CEO of Metro Pacific Corporation from January 2000 until his retirement in December 2001, a position he held also from January 1993 to July 1995. In between, he was Vice Chairman and CEO of Fort Bonifacio Development Corporation. He was concurrently an Executive Director of First Pacific Company Ltd. from 1982 to 2001 and as such served in the boards of companies such as Smart Communications, Inc., United Commercial Bank in San Francisco, California, First Pacific Bank in Hong Kong and 1st eBank in Manila. Mr. Pascua started his career in Bancom Development Corporation as Asst. Vice President in 1972 and was assigned in Bancom International Ltd. in Hong Kong as Senior Manager in 1975. Currently, Mr. Pascua serves as an independent director in various corporations and foundations. He is likewise involved in several businesses as Chairman of the Board of Caelum Developers Inc., Facilities & Property Management Technologies, Inc., Ascension Phildevelopers, Inc.; Chairman of the Executive Committee of Phoenix Land Inc. and a Director in Boulevard Holdings, Inc., Central Luzon Doctor's Hospital, Costa de Madera Corp. and Quicksilver Satcom Ventures, Inc.; and the President of Bancom II Consultants, Inc. Mr. Pascua has a Master of Business Management from Asian Institute of Management obtained in 1971 and he finished his bachelor's degree majoring in Economics (Cum Laude) from the Ateneo de Manila University in 1969.

Rolando S. Narciso is an Independent Director of the Company since September 2016. He was formerly a Director and Officer of New Kanlaon Construction, Inc. from 2004 to 2014. He was President and Chief Operating Officer of Steel Corporation of the Philippines from 1998 to 2004 and President and Chief Executive Officer of Royal Asia Multi-Properties, Inc. from 1996 to 1997. Before the National Steel Corporation was privatized, Mr. Narciso was its President and Chief Operating Officer from 1989 to 1995 and concurrently from 1989 was a Director of Refractories Corp. of the Phils. And Semirara Coal Corp. up to 1994; and Integrated Air Corp. up to 1993. From 1974 to 1988, he held various positions in National Steel and other subsidiaries of the National Development Company. He also held various positions in the Esso Group of Companies from 1967 to 1974. He is a member of professional organizations such as the Financial Executives, Inc. and the Management Association of the Philippines. He obtained his Master in Business Management and Bachelor of Science in Business Administration degrees from the Ateneo de Manila University in 1967 and 1965, respectively.

Sheila Pascolan is the in-house legal counsel of the Company. She joined the Company in January 2016 after serving as a Senior Associate in Sycip Gorres Velayo and Co. from November 2014 to December 2015. Prior to her admission to the Philippine Bar in 2015, she served as a legal intern at

the Office of the Solicitor General in 2013 and a technical assistant in the Office of the Presidential Assistant for Education of the Office of the President of the Philippines from 2009 to 2010. She completed Bachelor of Arts in History from University of the Philippines and obtained a Master Degree in Philippine Studies in the same university. Ms. Pasicolan completed her Bachelor of Laws in San Beda College in 2014.

Eden M. Godino is the Vice President of Product Development. She joined the department in 2007, initially as the Asst. Vice President and was appointed in her present position in 2011. Ms. Godino joined Wilcon in 1997 and was assigned in Accounting, Purchasing and later went on to become a Depot Manager in 2004, a position she held for three years prior to her promotion to AVP in Product Development in 2007. She graduated with a Bachelor of Science degree in Accountancy from the University of the Assumption in 1997 and obtained a short course diploma program from the De La Salle College of St. Benilde on Supply Chain Management major in Purchasing and Logistics Operations in 2015.

Grace A. Tiong is the Vice President for Human Resources. She has been the head of Human Resources as VP since 2008. She joined Wilcon in 1995 and was assigned in Accounting. She was promoted to various positions within the branch and eventually became a Branch Manager in 2005. She joined the Human Resources department as an Asst. HR Manager after her stint in Operations in 2005. Ms. Tiong graduated from New Era University in 1994 with a bachelor's degree in Accountancy and obtained diploma courses in Human Capital Management and Organizational Development from the School of Professional and Continuing Education of the De La Salle College of St. Benilde from 2014 to 2016.

Michael D. Tiong is the Vice President for Global Operations. Prior to his appointment as Vice President in July, 2016, he handled Sales and Operations as an Asst. Vice President since January 2011. Mr. Tiong joined Wilcon as a Salesman in 2000 and became Depot Manager in 2007 until 2009, when he was promoted to Asst. Vice President for Operations. Mr. Tiong took up Bachelor of Science in Architecture at the Far Eastern University in 1993.

Significant Employees

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

Family Relationships

As of December 31, 2016, family relationships (by consanguinity or affinity within the fourth civil degree) between Directors and members of the Company's officers are as follows:

Ms. Lorraine Belo-Cincochan, Mr. Mark Andrew Y. Belo and Ms. Careen Y. Belo are children of Mr. William T. Belo and Ms. Rosy Chua Belo.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

None of the Company's directors, nominees for election as director, or executive officers have in the five-year period prior to the date of this report: (1) had any petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a two-year period of that time, (2) have been convicted by final judgment in a criminal

proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses, (3) have been the subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, or (4) have been found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, such judgment having not been reversed, suspended, or vacated.

Item 10. Executive Compensation

1. Summary of Compensation Table

The following table sets out the summary of compensation of the top 5 officers including the Chairman.

Name	Position
William T. Belo	Chairman
Lorraine Belo-Cincochan	Director and Chief Executive Officer
Rosemarie Bosch-Ong	Director and Chief Operating Officer
Mark Andrew Y. Belo	Director and Chief Finance Officer
Careen Y. Belo	Director

Below is the aggregate compensation of executive officers and directors of the Company for the year 2016 and projected for the year 2017.

Actual

Key Management Officers	Year	Compensation	Bonuses
Top 5 Officers	2016	10.04M	1.94M
Other directors and officers as a group	2016	13.69M	3.3M

Projected for 2017

Key Management Officers	Year	Compensation	Bonuses
Top 5 Officers	2017	16.14M	2.58M
Other directors and officers as a group	2017	19.15M	4.4M

Standard Arrangements

Other than payment of reasonable per diem as may be determined by the Board for every meeting, there are no standard arrangements pursuant to which directors of the Company are compensated,

or were compensated, directly or indirectly, for any services provided as a director and for their committee participation or special assignments.

Other Arrangements

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

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

The Company has no special employment contracts with the named executive officers.

Warrants and Options

There are no outstanding warrants or options held by the President, the CEO, the named executive officers, and all officers and directors as a group.

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

All shareholders of record are likewise the beneficial owners of the shares they hold.

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner	Citizenship	Number of Shares Held	% of Total Outstanding Shares
Common	William T. Belo #90 E. Rodriguez, Jr. Avenue, Libis, Quezon City Director	William T. Belo	Filipino	5,099,997	0.19%
Common	Rosy Chua Belo #90 E. Rodriguez, Jr. Avenue, Libis, Quezon City Stockholder	Rosy Chua Belo	Filipino	5,100,000	0.19%
Common	Lorraine Belo-Cincochan #90 E. Rodriguez, Jr. Avenue, Libis, Quezon City Director	Lorraine Belo-Cincochan	Filipino	5,100,000	0.19%
Common	Mark Andrew Y. Belo #90 E. Rodriguez, Jr. Avenue, Libis, Quezon City Director	Mark Andrew Y. Belo	Filipino	5,100,000	0.19%
Common	Careen Y. Belo #90 E. Rodriguez, Jr. Avenue, Libis, Quezon City	Careen Y. Belo	Filipino	5,100,000	0.19%

	Director				
Common	Rosemarie B. Ong 90 Greenmeadows Ave. Greenmeadows, Quezon City Director	Rosemarie B. Ong	Filipino	1	0.00%
Common	Rolando S. Narciso Lexington Garden Village, San Joaquin, Pasig City Independent Director	Rolando S. Narciso	Filipino	1	0.00%
Common	Ricardo S. Pascua 3 Pebblewood cor. Fairwood McKinley Hill Village, Taguig City Independent Director	Ricardo S. Pascua	Filipino	1	0.00%
Common	Wilcon Builder's Depot, Inc. <i>now Wilcon Corporation</i>	Wilcon Builder's Depot, Inc.	Filipino	2,680,317,916	99.06%

None of the shareholders of record hold any share for and on behalf of another, or beneficial owner. Neither is any shareholder acting on behalf of a beneficial owner who is non-Filipino. The table below sets forth the security ownership of certain record and beneficial owners of more than 5% of the Company's voting securities as of December 31, 2016:

Name and Address of Record Owners	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Common Shares Held	% of Total Outstanding Shares
Wilcon Corporation	Record Owner	Filipino	2,680,317,916	99.06%

As of December 31, 2016, the Company does not have any foreign shareholders.

SECURITY OWNERSHIP OF DIRECTORS AND MANAGEMENT

The following table sets forth the ownership of directors and management of the Company's Common Shares as of December 31, 2016.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	% of Total Outstanding Shares
Common	William T. Belo	₱5,099,997.00 (Direct)	Filipino	0.19%
Common	Rosy Chua Belo*	₱5,100,000.00 (Direct)	Filipino	0.19%
Common	Lorraine Belo-Cincochan	₱5,100,000.00 (Direct)	Filipino	0.19%
Common	Mark Andrew Y. Belo	₱5,100,000.00 (Direct)	Filipino	0.19%
Common	Careen Y. Belo	₱5,100,000.00 (Direct)	Filipino	0.19%

Common	Rosemarie B. Ong	₱1.00 (Direct)	Filipino	0.00%
Common	Rolando S. Narciso	₱1.00 (Direct)	Filipino	0.00%
Common	Ricardo S. Pascua	₱1.00 (Direct)	Filipino	0.00%

*Resigned as Director as of September 13, 2016

The following table sets forth ownership of directors and executive officers as a group:

Title of Class	Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	% of Total Outstanding Shares
Common	Directors and Executive Officers	₱25,500,000.00 (Direct)	Filipino	0.95%

The chart below shows the dilution of the Company's principal shareholders as a result of the Offer.

Name of Shareholder	Number of subscribed Common Shares	% of total shareholding before the Offer	% of total shareholding after the Offer
Wilcon Corporation	2,680,317,916	99.06%	65.38%

Voting Trust Holders of 5% or more

There were no persons holding more than 5% of a class of shares of the Company under a voting trust or similar agreement as of December 31, 2016.

Change in Control

There are no arrangements which may result in a change in control of the Company as of December 31, 2016.

Item 12. Certain Relationships and Related Transactions

The Company, in the ordinary course of business, engages in various transactions with related parties, particularly with its parent company, WC.

The Company's material related party transactions include:

1. Trademark Licensing Agreements

The Company is a party to a Trademark Licensing Agreement with WC. WC granted WDI an exclusive, non-transferable and royalty-free license to use the trademarks in connection with WDI's trading operations in the Philippines. This licensing agreement is for a period of five years from April 1, 2016 to March 31, 2021, and renewable under terms mutually agreed between the parties.

Some of the trademarks under the Licensing Agreement are: Arte Ceramiche (tiles), Heim Home Essentials (furniture), Kasch (sanitary wares), Pozzi (sanitary wares) and Sol Ceramica (tiles).

2. Lease Agreements

The Company has existing lease agreements with WC and other companies controlled by the Belo Family, whereby the Company leases the store buildings and warehouses including the land on which these facilities are located. The leases are generally for a period of three (3) years commencing on April 1, 2016 and renewable under terms mutually agreed between the parties. Please see discussion on page 158 under Material Contracts.

All transactions with related parties are on an arm's length basis and under terms and conditions that are no less or more favorable than those arranged with third parties.

3. Importing Transactions

In the conduct of its business, the Company transacts on a non-exclusive basis with various importers - third parties and related or under common control entities. Importing transactions under related parties are suppliers' preference driven. For 2016, imports through related parties and entities under common control amounted to ₱1,414 million.

PART IV. CORPORATE GOVERNANCE

Item 13. Corporate Governance

The Company was listed with the Philippine Stock Exchange on March 31, 2017, beyond the period covered by this report. The Company, however, undertakes that it will comply with all of the guidelines prescribed in the Code of Corporate Governance For Publicly Listed Companies.

The Company began instituting the structures necessary to comply with the Code of Corporate Governance for Public Companies in 2016. The Audit Committee was created during the Board of Directors meeting on September 16, 2016 and the Audit Committee Charter and the Corporate Governance Manual were approved during the October 19, 2016 board meeting.

The Company is also in the process of formally setting up its risk management board committee, policy and systems for the approval of the Board of Directors.

The Company, meanwhile, has the following Corporate Governance structures and initiatives in place for 2016.

PART V. EXHIBITS AND SCHEDULES

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

The Registration Statement was rendered effective by the Securities and Exchange Commission on March 17, 2017 and the Company listed in the Philippine Stock Exchange on March 31, 2017.



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT and WILCON HOME ESSENTIALS
No. 90 E. Rodriguez Jr. Avenue
Brgy. Ugong Norte, Quezon City

Opinion

We have audited the accompanying financial statements of WILCON DEPOT, INC. Doing Business under the Name and Style of WILCON DEPOT and WILCON HOME ESSENTIALS (the Company and formerly Wilcon Depot, Inc.), a subsidiary of WILCON CORPORATION Doing Business under the Name and Style of WILCON CITY CENTER, which comprise the statements of financial position as at December 31, 2016 and 2015, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended December 31, 2016 and one-month period ended December 31, 2015, and notes to the financial statements, including a summary of significant accounting policies.

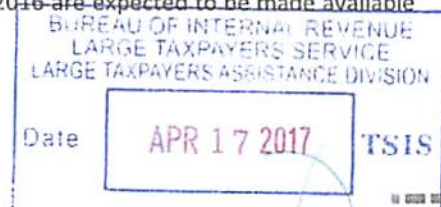
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016 and 2015, and its financial performance and its cash flows for the year ended December 31, 2016 and one-month period ended December 31, 2015, in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A (Annual Report) and Annual Report distributed to stockholders for the year ended December 31, 2016, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report distributed to stockholders for the year ended December 31, 2016 are expected to be made available to us after the date of this auditor's report.





Other Matter

The Company was registered with the Securities and Exchange Commission on December 17, 2015 and started commercial operations on April 1, 2016.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, these could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audits 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

DATE OF REPORT: APR 17 2017
DATE OF SIGNATURE: APR 17 2017
JOSSABELLE D. OFRECIO



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

REYES TACANDONG & Co.

HAYDEE M. REYES

Partner

CPA Certificate No. 83522

Tax Identification No. 102-095-265-000

BOA Accreditation No. 4782; Valid until December 31, 2018

SEC Accreditation No. 0663-AR-2 Group A

Valid until April 14, 2017

BIR Accreditation No. 08-005144-6-2017

Valid until January 13, 2020

PTR No. 5908527

Issued January 3, 2017, Makati City

April 12, 2017

Makati City, Metro Manila

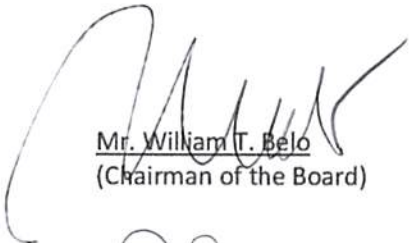
April 12, 2017

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

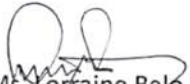
The Management of WILCON DEPOT, INC. Doing Business under the Name and Style of WILCON DEPOT and WILCON HOME ESSENTIALS (the Company) is responsible for the preparation and fair presentation of the financial statements as at December 31, 2016 and December 31, 2015 and for the twelve-month period ended December 31, 2016 and one-month period ended December 31, 2015, including the additional components attached therein, in accordance with the Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

Reyes Tacandong & Co., the independent auditors appointed by the Board of Directors as at December 31, 2016 and December 31, 2015 and for the twelve-month period ended December 31, 2016 and one-month period December 31, 2015 have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.



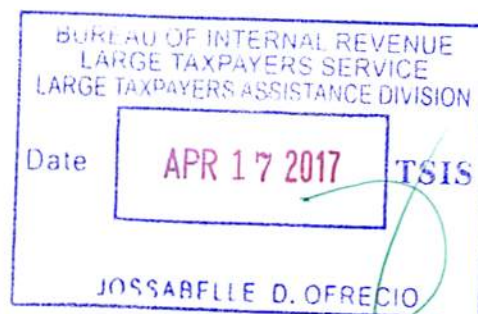
Mr. William T. Belo
(Chairman of the Board)



Ms. Lorraine Belo-Cincochan
(Chief Executive Officer)




Mr. Mark Andrew Y. Belo
(Chief Financial Officer)



SUBSCRIBED AND SWORN to before me this 1 MAY 2017 in Quezon City
affiants exhibiting to me their competent evidence of identity as follows:

Name	Gov't Issued ID	Date & Place of Issue
William T. Belo	Passport No. EC4204794	19-05-15 valid until 18-05-20/ DFA NCR Central
Lorraine Belo – Cincochan	Passport No. EC7174249	03-21-16 valid until 03-20-21/Manila
Mark Andrew Y. Belo	Passport No. EC0890220	04-22-14 valid until 04-21-19/NCR Central

Doc. No. Cel
Page No. 12
Book No. IV
Series of 2017.


ATTY. RUBEN M. AZANES, JR.
NOTARY PUBLIC
UNTIL DECEMBER 31, 2017
P. No. 802443, 01-03-2017
Roll of Attorney's No. 46427
IBF No. 0998567-Q.C. Chapter
Admin. Matter No. NP-291
E No. 0022246
No. 140-394-336
Camp Crame, Quezon City

WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT and WILCON HOME ESSENTIALS
(A Subsidiary of WILCON CORPORATION Doing Business under the
Name and Style of WILCON CITY CENTER)

STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016 AND 2015

	Note	2016	2015
ASSETS			
Current Assets			
Cash	5	P638,072,093	P50,000,000
Trade and other receivables	6	422,593,586	-
Merchandise inventories	7	6,575,843,901	-
Other current assets	8	769,937,004	-
Total Current Assets		8,406,446,584	50,000,000
Noncurrent Assets			
Property and equipment	9	341,897,899	-
Deferred tax assets	19	184,261,772	227,253
Other noncurrent assets	10	210,984,752	-
Total Noncurrent Assets		737,144,423	227,253
		P9,143,591,007	P50,227,253
LIABILITIES AND EQUITY			
Current Liabilities			
Short-term debt	11	P445,000,000	P-
Current portion of long-term debt	12	278,461,539	-
Trade and other payables	13	3,619,679,500	757,510
Income tax payable		154,094,765	-
Total Current Liabilities		4,497,235,804	757,510
Noncurrent Liabilities			
Long-term debt - net of current portion	12	649,358,974	-
Retirement liability	14	414,571,587	-
Total Noncurrent Liabilities		1,063,930,561	-
Total Liabilities		5,561,166,365	757,510
Equity			
Capital stock	15	2,705,817,916	50,000,000
Other comprehensive loss	14	(9,640,325)	-
Retained earnings (deficit)		886,247,051	(530,257)
Total Equity		3,582,424,642	49,469,743
		P9,143,591,007	P50,227,253

See accompanying Notes to Financial Statements.

DEPARTMENT OF REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date APR 17 2017 TSLS
JOSSAPFILE D. OFRECIO

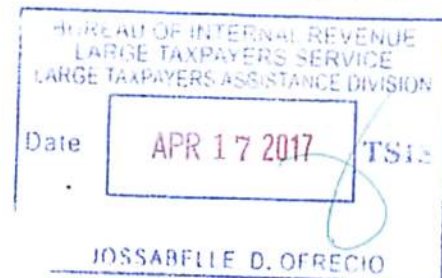
WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT and WILCON HOME ESSENTIALS
(A Subsidiary of WILCON CORPORATION Doing Business under the
Name and Style of WILCON CITY CENTER)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016 AND
FOR THE ONE-MONTH PERIOD ENDED DECEMBER 31, 2015*

	Note	2016 (One Year)	2015 (One Month)
NET SALES		P12,298,415,794	P-
COST OF SALES	16	(8,999,485,092)	-
GROSS INCOME		3,298,930,702	-
OPERATING EXPENSES	17	(2,286,996,656)	(757,510)
INTEREST EXPENSE	12	(30,239,828)	-
OTHER INCOME - Net	18	33,663,092	-
INCOME (LOSS) BEFORE INCOME TAX		1,015,357,310	(757,510)
INCOME TAX EXPENSE (BENEFIT)	19		
Current		308,482,953	-
Deferred		(179,902,951)	(227,253)
		128,580,002	(227,253)
NET INCOME (LOSS)		886,777,308	(530,257)
OTHER COMPREHENSIVE LOSS			
<i>Item not to be reclassified to profit or loss</i>			
Remeasurement loss on retirement liability, net of deferred income tax	14	(9,640,325)	-
TOTAL COMPREHENSIVE INCOME (LOSS)		P877,136,983	(P530,257)
BASIC AND DILUTIVE EARNINGS (LOSS) PER SHARE	22	P0.43	(P0.01)

See accompanying Notes to Financial Statements.

* The Company was registered with the Securities and Exchange Commission on December 17, 2015 and started commercial operations on April 1, 2016.



WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT and WILCON HOME ESSENTIALS
(A Subsidiary of WILCON CORPORATION Doing Business under the
Name and Style of WILCON CITY CENTER)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016 AND
FOR THE ONE-MONTH PERIOD ENDED DECEMBER 31, 2015*

	Note	2016 (One Year)	2015 (One Month)
CAPITAL STOCK			
Balance at beginning of period	15	P50,000,000	P50,000,000
Issuance of shares		2,655,817,916	-
Balance at end of period		2,705,817,916	50,000,000
OTHER COMPREHENSIVE LOSS			
Remeasurement loss on retirement liability, net of deferred income tax	14	(9,640,325)	-
RETAINED EARNINGS (DEFICIT)			
Balance at beginning of period		(530,257)	-
Net income (loss)		886,777,308	(530,257)
Balance at end of period		886,247,051	(530,257)
		P3,582,424,642	P49,469,743

See accompanying Notes to Financial Statements.

* The Company was registered with the Securities and Exchange Commission on December 17, 2015 and started commercial operations on April 1, 2016.



WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT and WILCON HOME ESSENTIALS
(A Subsidiary of WILCON CORPORATION Doing Business under the
Name and Style of WILCON CITY CENTER)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016 AND
FOR THE ONE-MONTH PERIOD ENDED DECEMBER 31, 2015*

	Note	2016 (One Year)	2015 (One Month)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax		P1,015,357,310	(P757,510)
Adjustments for:			
Depreciation and amortization	9	62,714,607	-
Provision for inventory write down and losses	7	51,594,828	-
Interest expense	12	30,239,828	-
Retirement benefits	14	29,745,363	-
Reversal of allowance for impairment losses on receivables	6	(10,894,782)	-
Interest income	5	(668,432)	-
Operating income (loss) before working capital changes		1,178,088,722	(757,510)
Decrease (increase) in:			
Trade and other receivables		(34,571,955)	-
Merchandise inventories		586,640,880	-
Other current assets		(755,726,076)	-
Increase in trade and other payables		157,027,599	757,510
Net cash generated from operations		1,131,459,170	-
Income tax paid		(154,388,188)	-
Interest received		668,432	-
Net cash provided by operating activities		977,739,414	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in other noncurrent assets		(151,026,332)	-
Additions to:			
Property and equipment	9	(64,796,579)	-
Computer software	10	(10,985,329)	-
Cash used in investing activities		(226,808,240)	-

(Forward)



	Note	2016 (One Year)	2015 (One month)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash transferred from Parent Company	4	P199,731,283	P-
Payments of:			
Long-term debt		(173,846,153)	-
Interest		(30,239,828)	-
Net payments of short-term debt		(158,504,383)	-
Proceeds from subscriptions of capital stock	15	-	50,000,000
Net cash provided by (used in) financing activities		(162,859,081)	50,000,000
NET INCREASE IN CASH		588,072,093	50,000,000
CASH AT BEGINNING OF YEAR		50,000,000	-
CASH AT END OF YEAR	5	P638,072,093	P50,000,000
NONCASH INVESTING ACTIVITY			
Net assets transferred from Parent Company in exchange for shares of stock of the Company, net of cash transferred of P199,731,283	4	P2,456,086,633	P-

See accompanying Notes to Financial Statements.

* The Company was registered with the Securities and Exchange Commission on December 17, 2015 and started commercial operations on April 1, 2016.



WILCON DEPOT, INC.
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NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

WILCON DEPOT, INC. Doing Business under the Name and Style of WILCON DEPOT and WILCON HOME ESSENTIALS (the Company and formerly Wilcon Depot, Inc.), was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on December 17, 2015. The change in corporate name of the Company was approved by the SEC on April 29, 2016. The Company is engaged in buying and selling of all kinds of goods, commodities, wares and merchandise at wholesale and retail.

The Company started its commercial operations on April 1, 2016.

The Company is a subsidiary of WILCON CORPORATION Doing Business under the Name and Style of WILCON CITY CENTER (the Parent Company and formerly WILCON BUILDER'S DEPOT, INC., Doing Business under the Name and Style of WILCON DEPOT; WILCON HOME ESSENTIALS; and WILCON CITY CENTER), a holding company incorporated in the Philippines. The Parent Company is previously engaged in the same line of business as the Company. The ultimate parent company is LIAM ROS HOLDINGS INC., an entity incorporated in the Philippines and is a holding company.

On March 31, 2016, the Board of Directors (BOD) and stockholders of the Parent Company approved the transfer of its Trading Business, including the related assets and liabilities, to the Company in exchange for shares of stock of the Company. On the same date, the BOD and stockholders of the Company approved the acquisition and receipt of the former's Trading Business effective April 1, 2016. The transfer of net assets in exchange for shares of stock of the Company and the increase in authorized capital stock were approved by the SEC on November 15, 2016 (see Notes 4 and 15).

The transfer of net assets, assessed to be tax free exchange, was approved by the Bureau of Internal Revenue (BIR) on January 26, 2017.

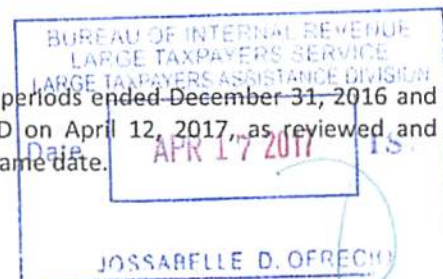
On September 13, 2016, the BOD and stockholders of the Company authorized the Company to undertake an initial public offering of its shares with the Philippine Stock Exchange, Inc. (PSE). Subsequently, on February 23 and March 8, 2017, the SEC and the PSE, respectively, approved the Company's application for initial public offering.

The shares of stock of the Company are officially listed in the PSE on March 31, 2017. The Company listed 1,393,906,200 common shares at an offer price of ₱5.05 per share.

The registered office address of the Company is at No. 90 E. Rodriguez Jr. Avenue, Brgy. Ugong Norte, Quezon City.

Approval of the Financial Statements

The financial statements of the Company as at and for the periods ended December 31, 2016 and 2015 were approved and authorized for issue by the BOD on April 12, 2017, as reviewed and recommended for approval by the Audit Committee on the same date.



2. Summary of Significant Accounting Policies

Basis of Preparation and Statement of Compliance

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial Reporting Standards Council and adopted by the SEC, including the SEC provisions.

The significant accounting policies that have been used in the preparation of the financial statements have been consistently applied to all the years presented, unless otherwise stated.

Measurement Bases

The financial statements have been presented in Philippine Peso, which is the functional currency of the Company. All amounts are in absolute values, unless otherwise stated.

The financial statements of the Company have been prepared on the historical cost basis of accounting. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and change in fair value of the consideration received in exchange for incurring a liability.

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

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

Level 1 – Quoted (unadjusted) market prices in active market for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by 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 Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Further information about the assumptions made in measuring fair value is included in the following notes:

- Note 3, Significant Accounting Judgments, Estimates and Assumptions
- Note 24, Fair Value of Financial Instruments

Adoption of New and Amended PFRS

The Company adopted the following new and amended PFRS effective January 1, 2016 as summarized below.

- Amendments to PAS 1, *Presentation of Financial Statements: Disclosure Initiative* – The amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.
- Amendments to PAS 16, *Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation*, and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Amortization* – The amendments add guidance and clarify that (i) the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset, and (ii) revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. However, presumptions can be rebutted in certain limited circumstances.
- Amendment to PAS 19, *Employee Benefits - Discount Rate: Regional Market Issue* – The amendment clarifies that in determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where the liabilities arise. Thus, the assessment of whether there is a deep market in high quality corporate bonds is based on corporate bonds in that currency (not corporate bonds in a particular country), and in the absence of a deep market in high quality corporate bonds in that currency, government bond in the relevant currency should be used.

The adoption of the foregoing new and amended PFRS did not have any material effect on the financial statements of the Company. Additional disclosures have been included in the notes to financial statements, as applicable.

New and Amended PFRS Not Yet Adopted

Relevant new and amended PFRS, which are not yet effective for the year ended December 31, 2016 and have not been applied in preparing the financial statements, are summarized below.

Effective for annual period beginning on or after January 1, 2017 –

- Amendments to PAS 7, *Statement of Cash Flows - Disclosure Initiative* – The amendments require entities to provide information that enable the users of financial statements to evaluate changes in liabilities arising from their financing activities.

Effective for annual period beginning on or after January 1, 2018 –

- PFRS 9, *Financial Instruments* – This standard will replace PAS 39, *Financial Instruments: Recognition and Measurement* (and all the previous versions of PFRS 9). It contains

requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition.

PFRS 9 requires all recognized financial assets to be subsequently measured at amortized cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which these are held and their contractual cash flow characteristics.

For financial liabilities, the most significant effect of PFRS 9 relates to cases where the fair value option is taken - the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

For the impairment of financial assets, PFRS 9 introduces an "expected credit loss" model based on the concept of providing for expected losses at inception of a contract. It will no longer be necessary to have an objective evidence of impairment before a credit loss is recognized.

For hedge accounting, PFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures.

The derecognition provisions are carried over almost unchanged from PAS 39.

Effective for annual period beginning on or after January 1, 2019 --

- PFRS 16, *Leases* – Significant change introduced by the new standard is that almost all leases will be brought onto lessees' statement of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance lease is retained.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the financial statements of the Company, except for PFRS 9 and PFRS 16. Additional disclosures will be included in the financial statements, as applicable.

The Company anticipates that the application of PFRS 9 and PFRS 16 might have a significant effect on amounts reported in respect of the Company's financial assets and liabilities. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

Financial Assets and Liabilities

Date of Recognition. Financial assets and liabilities are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of a financial instrument. All regular way purchases and sales of financial assets are recognized on the trade date (i.e., the date that the Company commits to purchase the asset). Regular way purchases or sales are purchases or sales of financial assets that require delivery of the assets within the period generally established by regulation or convention in the market place.

Initial Recognition. Financial instruments are recognized initially at fair value of the consideration given (in the case of an asset) or received (in the case of a liability). Transaction costs are included in the initial measurement of all financial instruments, except for financial instruments classified as fair value through profit or loss (FVPL). Fair value is determined by reference to the transaction price or other market prices. If such market prices are not readily determinable, the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rate of interest for similar instruments with similar maturities.

"Day 1" Difference. Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data observable from the market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss unless it qualifies for recognition as some other type of asset. For each transaction, the Company determines the appropriate method of recognizing a "Day 1" difference amount.

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

The Company classifies its financial assets into the following categories: financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments and available-for-sale (AFS) financial assets. The Company classifies its financial liabilities as either financial liabilities at FVPL or other financial liabilities.

The classification of financial instruments depends on the purpose for which these were acquired and whether these are quoted in an active market. The Company determines the classification of the financial assets and liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

The Company does not have financial instruments classified as financial assets or liabilities at FVPL, HTM investments and AFS financial assets as at December 31, 2016 and 2015.

Loans and Receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments and 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.

Subsequent to initial measurement, loans and receivables are carried at amortized cost using the effective interest method, less any allowance for impairment in value. Any interest earned on loans and receivables is recognized as part of "Interest Income" in profit or loss on an accrual basis. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral part of the effective interest rate. The periodic amortization, included as part of "Interest Income," is recognized in profit or loss. Gains or losses are recognized in profit or loss when loans and receivables are derecognized or impaired, as well as through the amortization process.

Loans and receivables are included in current assets if maturity is within 12 months from the reporting date. Otherwise, these are classified as noncurrent assets.

Cash, trade and other receivables, container deposits (presented as part of "Other current assets") and security, rental and electricity deposits and refundable cash bonds (presented as part of "Other noncurrent assets") are included in this category.

Other Financial Liabilities. Other financial liabilities pertain to financial liabilities that are not held for trading and are not designated at FVPL upon the inception of the liability. These include liabilities arising from operating and financing activities.

Payables are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established. These are measured at amortized cost, normally equal to nominal amount.

The short-term and long-term debts and trade and other payables (excluding statutory liabilities) are included in this category.

Impairment of Financial Assets

The Company assesses at the end of each reporting period whether a financial asset or a group of financial assets is impaired.

Financial Assets Carried at Amortized Cost. If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of loss is recognized in profit or loss.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Objective evidence includes observable data that comes to the attention of the Company about loss events such as, but not limited to, significant financial difficulty of the counterparty, a breach of contract, such as a default or delinquency in interest or principal payments, or the increasing probability that the borrower will enter bankruptcy or other financial reorganization. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in the Company of financial assets with similar credit risk and characteristics and that Company of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is recognized are not included in a collective assessment of impairment. The impairment assessment is performed at the end of each reporting period. For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics such as customer type, payment history, past-due status and term.

Loans and receivables, together with the related allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Derecognition of Financial Assets and Liabilities

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

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

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and benefits of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset, if any, is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Company could be required to pay.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When 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 profit or loss.

Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the 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.

Merchandise Inventories

Merchandise inventories are valued at the lower of cost and net realizable value. Cost, which includes all costs directly attributable to acquisition such as purchase price and freight-in, is determined using the weighted average method.

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

When inventories are sold, the carrying amount of those inventories is recognized to profit or loss in the period when the related revenue is recognized.

Other Current Assets

Other current assets mainly consist of input value-added tax (VAT), deferred input VAT, container deposits, and prepaid expenses.

VAT. Revenue, expenses and assets are recognized, net of the amount of VAT, except:

- where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority; or
- receivables and payables that are stated with the amount of tax included.

The net amount of VAT recoverable from the taxation authority is included as part of "Other current assets" account in the statement of financial position.

Deferred input VAT represents the unamortized amount of input VAT on capital goods and input VAT on consigned goods already sold, wherein the suppliers' invoices are received consequently. Deferred input VAT that are expected to be claimed against output VAT for no more than 12 months after the reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets.

Prepaid Expenses. Prepaid expenses are expenses paid in advance and recorded as asset before these are utilized. Prepaid expenses are apportioned over the period covered by the payment and charged to appropriate expense accounts in profit or loss when incurred. Prepaid expenses that are expected to be realized for no more than 12 months after the financial reporting period are classified as current assets. Otherwise, these are classified as noncurrent assets.

Container Deposits. Container deposits qualify as financial assets and are disclosed under financial instruments.

Property and Equipment

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

The initial cost of property and equipment comprises of its purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the asset has been put into operations, such as repairs and maintenance, are normally recognized as expense in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have improved the condition of the asset beyond the originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Construction in progress represents structures under construction and is stated at cost. Cost includes costs of construction, labor and other direct costs. Borrowing costs that are directly attributable to the construction of property and equipment are capitalized during the construction period. Construction in progress is not depreciated until such time that the relevant assets are ready for use.

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

<u>Asset Type</u>	<u>Number of Years</u>
Leasehold improvements	5 or term of lease, whichever is shorter
Furniture and equipment	5
Transportation equipment	5

The estimated useful lives and depreciation and amortization are reviewed and adjusted, if appropriate, at each reporting date to ensure that such years and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property and equipment.

Fully depreciated assets are retained in the accounts until these are no longer being used and no further depreciation and amortization are credited or charged to profit or loss.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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 from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period the item is derecognized.

Other Noncurrent Assets

Other noncurrent assets comprise of security, rental and electricity deposits, refundable cash bonds and computer software. These, except advance rental and computer software, qualify as financial assets and are disclosed under financial instruments.

Security and Rental Deposits. Security and rental deposits represent deposits made in relation to the lease agreements entered into by the Company. These are carried at cost less any impairment in value, and will generally be returned and applied at the end of the lease term.

Electricity Deposits. Electricity deposits are carried at cost less any impairment in value, and will be refunded upon termination of the contract.

Computer Software. Computer software acquired is measured on initial recognition at cost. Subsequent to initial recognition, computer software is carried at cost less accumulated amortization and any impairment losses. Internally generated computer software, excluding capitalized development costs, is not capitalized and expenditure is charged against profit or loss in the period in which the expenditure is incurred.

Computer software is amortized over the economic useful life of eight years and assessed for impairment whenever there is an indication that the computer software may be impaired. The amortization period and method for computer software are reviewed at least at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Gains or losses arising from disposition of computer software measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Impairment of Nonfinancial Assets

At each reporting date, nonfinancial assets are reviewed to determine whether there is any indication that those assets may be impaired. If there is an indication of possible impairment, the recoverable amount of any asset (or group of related assets) is estimated and compared with its carrying amount. An asset's (or group of assets') recoverable amount is the higher of an asset's fair value less cost 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 group of assets. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and impairment loss is recognized immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (or group of related assets) in prior period. A reversal of an impairment loss is recognized immediately in profit or loss.

Nonfinancial assets include property and equipment and computer software.

Equity

Capital Stock. Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction from proceeds, net of tax.

Retained Earnings (Deficit). Retained earnings (deficit) represent the cumulative balance of net income or loss.

Other Comprehensive Income (Loss). Other comprehensive income (loss) comprises items of income and expense (including items previously presented under the statement of changes in equity) that are not recognized in profit or loss for the period. Other comprehensive loss pertains to remeasurement loss on retirement liability.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must also be met before revenue is recognized.

Net Sales. Revenue is recognized when the significant risks and benefits of ownership of the goods have passed to the buyer, which is normally upon delivery, and is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, volume rebates and unearned revenue from loyalty program.

The award credits from the loyalty program are identifiable component of sale transactions in which these are granted. The fair value of the consideration received or receivable in respect to the sale is allocated between the award credits and the other components of the sale. The Company recognizes the consideration received allocated to award credits as sale when award credits are redeemed and it fulfills its obligations to supply the award credits. The amount of revenue recognized is based on the number of award credits that have been redeemed in exchange for awards, relative to the total number that are expected to be redeemed. Any unredeemed award credits as at reporting date are recognized as unearned revenue included under "Trade and other payables" account in the statement of financial position.

Rent Income. Revenue arising from rentals of property is recognized on a straight-line basis over the lease term.

Interest Income. Revenue is recognized as the interest accrues, taking into account the effective yield of the asset.

Other Income. Revenue is recognized when there is an incidental economic benefit, other than the usual business operations, that will flow to the Company through an increase in asset or reduction in liability and that can be measured reliably.

Cost and Expense Recognition

Costs and expenses are recognized in profit or loss upon receipt of goods, utilization of services or at the date the costs and expenses are incurred.

Employee Benefits

Short-term Employee Benefits. The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the period. A liability is also recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits. Retirement benefit costs are actuarially determined using the projected unit credit method, which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Company recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and non-routine settlements and net interest expense or income in profit or loss. Net interest is calculated by applying the discount rate to the net retirement liability or asset.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognizes restructuring-related costs.

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

The retirement liability is the aggregate of the present value of the defined benefit obligation and the fair value of plan assets out of which the obligations are to be settled directly. The present value of the retirement liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

Leases

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

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

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

Leases where a significant portion of the risks and reward of ownership over the asset are retained by the lessor, are classified as operating leases. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the period of the lease.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that have been enacted or substantively enacted at end of the reporting period.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of unused tax credits from unused net operating loss carry over (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused NOLCO can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate and tax laws that have been enacted or substantively enacted at the end of reporting period.

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

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

Earnings (Loss) per Share

The Company presents basic and diluted earnings (loss) per share. Basic earnings (loss) per share is calculated by dividing the net income by the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share is calculated in the same manner, adjusted for the effects of all dilutive potential common shares.

The Company has no dilutive potential common shares.

Related Party Relationship and Transactions

Related party transactions consist of transfers of resources, services or obligations between the Company and its related parties.

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

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

Segment Reporting

Operating segments are components of the Company: (a) that engage in business activities from which this may earn revenue and incur expenses, including revenue and expenses relating to transactions with other components of the Company; (b) whose operating results are regularly reviewed by the Company's senior management, its chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

For purposes of management reporting, the Company has only one reportable operating segment, which is the Trading Business. The Company has only one geographical segment as all of its assets are located in the Philippines. The Company operates and derives all its revenue from domestic operations.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that a transfer of economic benefits will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

Contingencies

Contingent liabilities are not recognized in the financial statements but are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Events after the Reporting Date

Events after the reporting date that provide additional information about the Company's financial position at the end of the reporting period (adjusting events) are reflected in the financial statements when material. Events after the reporting date that are non-adjusting events are disclosed in the notes to financial statements when material.

3. Significant Accounting Judgment, Estimates and Assumptions

The preparation of the financial statements requires the Company to exercise judgment, make estimates and use assumptions that affect the amounts reported in the financial statements and accompanying notes. The judgments and estimates are based on management's evaluation of relevant facts and circumstances as of the date of the comparative financial statements. Actual results could differ from these estimates, and as such estimates will be adjusted accordingly when the effects become determinable.

Judgments

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

Determining the Operating Segments. Determination of operating segments is based on the information about components of the Company that management uses to make decisions about the operating matters. Operating segments use internal reports that are regularly reviewed by the Company's chief operating decision maker, which is defined to be the Company's BOD, in order to allocate resources to the segment and assess its performance. The Company reports separate information about an operating segment that meets any of the following quantitative thresholds: (a) its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; (b) the

absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss; and (c) the assets of the segment are 10% or more of the combined assets of all operating segments.

The Company has only one reportable operating segment which is the Trading Business, and one geographical segment as all of the assets are located in the Philippines. The Company operates and derives all its revenue from domestic operations. Thus, no further disclosures of operating and geographical segments are necessary.

Determining the Classification of Lease Arrangements. The Company, as a lessee, has various lease agreements with related parties and third parties for land, buildings, computer software and transportation equipment. The Company has determined that the lessor retains all significant risks and benefits of ownership over the leased properties. Accordingly, the Company accounts for the lease agreements as operating leases.

Rent expense amounted to ₱502.1 million in 2016 (see Note 20).

The Company, as a lessor, has existing lease agreements for commercial spaces, gondola lightings, facade billboards, window displays and street banners. The Company has determined that the significant risks and benefits of ownership over the leased properties remain with the Company. Accordingly, the Company accounts for the lease agreements as operating leases.

Rent income amounted to ₱5.8 million in 2016 (see Note 20).

Estimates and Assumptions

The key estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances of the financial statements. Actual results could differ from those estimates. Presented below is the relevant estimate performed by management on its financial statements.

Determining Fair Values of Financial Instruments. Fair value determinations for financial assets are based generally on quoted market prices. If market prices are not available, fair value is determined using valuation techniques that make maximum use of marketable observable inputs and which the Company determines can best provide a fair value acceptable to market participants.

Fair values of financial assets and liabilities as presented in Note 24 to financial statements.

Estimating Impairment Losses on Trade and Other Receivables (including Refundable Cash Bonds). Impairment losses on receivables are provided for specific and groups of accounts, where objective evidence of impairment exists. The Company evaluates these accounts on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Company's relationship with the customers and counterparties, the customers' current credit status based on third party credit reports and known market forces, average age of accounts, collection experience, and historical loss experience.

The amount and timing of recorded expenses for any period would differ if the Company made different judgments or utilized different methodologies. An increase in allowance for impairment losses on receivables would increase the recorded expenses and decrease current assets. In addition, accounts specifically identified to be potentially uncollectible are also provided with adequate allowance.

The carrying value of trade and other receivables amounted to ₱422.6 million as at December 31, 2016 (see Note 6). Allowance for impairment losses on receivables amounted to ₱45.8 million as at December 31, 2016 (see Note 6).

As at December 31, 2016, refundable cash bonds amounting to ₱83.4 million have been assessed as unrecoverable (see Note 10). Accordingly, allowance for impairment losses amounted to ₱83.4 million as at December 31, 2016 and 2015.

Determining Net Realizable Value of Merchandise Inventories. The Company recognizes inventory write down and losses whenever net realizable value becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes.

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made of the amount the inventories are expected to be realized. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after reporting date to the extent that such events confirm conditions existing at reporting date. The allowance account is reviewed periodically to reflect the accurate valuation in the financial records.

The carrying value of merchandise inventories amounted to ₱6,575.8 million as at December 31, 2016 (see Note 7). Allowance for inventory write down and losses amounted to ₱101.7 million as at December 31, 2016 (see Note 7).

Estimating Useful Lives of Property and Equipment and Computer Software. The Company estimates the useful lives of property and equipment and computer software based on the years over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying value of property and equipment and computer software as at December 31, 2016 follows:

	Note	
Property and equipment	9	₱341,897,899
Computer software	10	10,555,309
		<u>₱352,453,208</u>

Assessing Impairment of Nonfinancial Assets. The Company assesses any impairment on its nonfinancial assets whenever events or changes in circumstances indicate that the carrying value of assets or group of assets may not be recoverable. Factors that the Company considered in deciding when to perform impairment review includes the following among others:

- significant under-performance of a business in relation to expectations;
- significant negative industry or economic trends; and
- significant changes or planned changes in the use of the assets.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The estimated recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's-length transaction. Recoverable amount represents the value in use, determined as the present value of estimated future cash flow expected to be generated from the continued use of the assets. The estimated cash flow are projected using growth rates based on historical experience and business plans and are discounted using pretax discount rates that reflect the current assessment of the time value of money and the risks specific to the asset. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash generating unit to which the assets belongs.

There were no indications that the carrying value of nonfinancial assets may be impaired. Accordingly, no impairment loss was recognized in 2016.

The carrying values of nonfinancial assets as at December 31, 2016 assessed for possible impairment are presented below.

	Note	
Property and equipment	9	₱341,897,899
Computer software	10	10,555,309
		₱352,453,208

Determining Retirement Liability. The determination of the obligation and cost of retirement benefits is dependent on the assumptions determined by management and used by the actuary in calculating such amounts. These assumptions are described in Note 14 to financial statements and include, among others, discount rate and salary increase rate. Actual results that differ from the Company's assumptions are accumulated and recognized in other comprehensive income, therefore, generally affect the recognized expense and recorded obligation in such future years.

Retirement liability amounted to ₱414.6 million as at December 31, 2016 (see Note 14).

Assessing Realizability of Deferred Tax Assets. The Company reviews the carrying amount of deferred tax assets at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets amounted to ₱184.3 million and ₱227,253 as at December 31, 2016 and 2015, respectively (see Note 19).

4. Transfer of the Trading Business from the Parent Company

As discussed in Note 1, the Parent Company transferred its Trading Business, including the related assets and liabilities, to the Company in exchange for the shares of stock, effective April 1, 2016.

Details of the assets and liabilities transferred to the Company are as follows:

	Note	
Cash	5	₱199,731,283
Trade and other receivables	6	377,126,849
Merchandise inventories	7	7,214,079,609
Other current assets	8	14,210,928
Property and equipment	9	339,385,907
Other noncurrent assets	10	49,403,111
Short-term debt	11	(603,504,383)
Long-term debt	12	(1,101,666,666)
Trade and other payables	13	(3,461,894,391)
Retirement liability	14	(371,054,331)
Net assets transferred		₱2,655,817,916

The transfer of net assets in exchange for shares of stock of the Company was approved by the SEC on November 15, 2016 (see Notes 1 and 15). Consequently, the Parent Company received 2,655.8 million shares of stock of the Company.

The transfer of net assets in exchange for shares of stock of the Company was acquired pursuant to Section 40(c) of the Tax Code, as amended.

5. Cash

This account consists of:

	2016	2015
Cash on hand	₱6,329,849	₱-
Cash in banks	631,742,244	50,000,000
	₱638,072,093	₱50,000,000

On April 1, 2016, the Parent Company transferred to the Company cash amounting to ₱199.7 million pursuant to the transfer of its Trading Business to the Company (see Notes 1 and 4).

Cash in banks earn interest at prevailing deposit rates. Interest income amounted to ₱668,432 in 2016 (see Note 18).

6. Trade and Other Receivables

Details of this account as at December 31, 2016 are as follows:

	Note	
Trade:		
Third parties		P337,631,279
Related parties	21	100,146,597
Rental	20	15,137,938
Advances to suppliers		13,796,318
Others		1,715,832
		<u>468,427,964</u>
Allowance for impairment losses		<u>(45,834,378)</u>
		<u>P422,593,586</u>

On April 1, 2016, the Parent Company transferred to the Company trade and other receivables amounting to P377.1 million pursuant to the transfer of its Trading Business to the Company (see Notes 1 and 4).

Trade receivables are unsecured, noninterest-bearing and have credit terms of 30 to 60 days.

Rental receivables, which are collectible within one year, include receivables from the lease of gondola lightings, facade billboards, window displays and street banners (see Note 20).

Advances to suppliers pertain to advance payments on purchases of goods for trading which will be refunded or applied against billings.

Movements of allowance for impairment losses on receivables as at December 31, 2016 are as follows:

	Note	
Transferred from Parent Company		P56,729,160
Reversal	17	(51,324,964)
Provision	17	40,430,182
Balance at end of year		<u>P45,834,378</u>

7. Merchandise Inventories

Details of this account as at December 31, 2016 are as follows:

At cost	P6,459,355,675
At net realizable value	116,488,226
	<u>P6,575,843,901</u>

Merchandise inventories pertain to goods being traded under the normal course of business, which include construction supplies, bathroom and kitchen supplies and equipment, furniture, among others, on wholesale and retail basis.

On April 1, 2016, the Parent Company transferred to the Company merchandise inventories amounting to ₱7,214.1 million pursuant to the transfer of its Trading Business to the Company (see Notes 1 and 4).

The cost of merchandise inventories stated at net realizable value amounted to ₱218.2 million as at December 31, 2016.

Movements of allowance for inventory write down and losses as at December 31, 2016 are as follows:

Transferred from Parent Company	₱50,056,597
Provision	51,594,828
Balance at end of year	₱101,651,425

In 2016, inventories charged to cost of sales amounted to ₱8,999.5 million (see Note 16).

8. Other Current Assets

Details of this account as at December 31, 2016 are as follows:

Input VAT	₱629,154,525
Current portion of deferred input VAT	124,614,030
Container deposits	9,034,191
Prepaid expenses	7,134,258
	₱769,937,004

On April 1, 2016, the Parent Company transferred to the Company other current assets amounting to ₱14.2 million pursuant to the transfer of its Trading Business to the Company (see Notes 1 and 4).

Deferred input VAT pertains to the current unamortized portion of input VAT on furniture and equipment and transportation equipment and input VAT on consigned goods already sold, wherein the suppliers' invoices are received subsequently.

Container deposits pertain to the refundable charges for the use of cargo containers for importations of goods. Container deposits will be refunded upon return of the empty containers to the shipping companies.

9. Property and Equipment

Details and movements of this account as at December 31, 2016 are as follows:

	Note	Leasehold Improvements	Furniture and Equipment	Transportation Equipment	Construction In Progress	Total
Cost						
Transferred from Parent Company	4	₱31,211,210	₱198,805,682	₱-	₱109,369,015	₱339,385,907
Additions		3,003,035	56,216,580	5,576,964	-	64,796,579
Reclassification		109,369,015	-	-	(109,369,015)	-
Balance at end of period		143,583,260	255,022,262	5,576,964	-	404,182,486
Depreciation and amortization for the period and balance at end of period		9,430,748	52,463,387	390,452	-	62,284,587
Net book value		₱134,152,512	₱202,558,875	₱5,186,512	₱-	₱341,897,899

On April 1, 2016, the Parent Company transferred to the Company property and equipment with a net book value of ₱339.4 million pursuant to the transfer of its Trading Business to the Company (see Notes 1 and 4).

The depreciation and amortization in 2016 are summarized below:

	Note	
Property and equipment		₱62,284,587
Computer software	10	430,020
	17	₱62,714,607

10. Other Noncurrent Assets

Details of this account as at December 31, 2016 are as follows:

	Note	
Security and rental deposits	20	₱161,334,786
Noncurrent deferred input VAT		22,292,311
Electricity deposits		16,802,346
Computer software		10,555,309
Refundable cash bonds, net of allowance for impairment losses of ₱83.4 million		-
		₱210,984,752

On April 1, 2016, the Parent Company transferred to the Company other noncurrent assets, which mainly pertain to security, rental and electricity deposits on various leases and service agreements, aggregating to ₱49.4 million, pursuant to the transfer of its Trading Business to the Company (see Notes 1 and 4).

Security and rental deposits pertain to refundable deposits and advance rentals to various lessors. These refundable deposits and advance rentals will be returned and applied at the end of the lease term, respectively. As at December 31, 2016, advance rentals to various lessors amounted to ₱64.8 million.

Electricity deposits pertain to noninterest-bearing refundable deposits to various electric companies. This will be refunded upon termination of the contract.

The Company has refundable cash bonds amounting to ₱83.4 million. These refer to payments made to the Bureau of Customs (BOC) for the release of imported goods purchased by the Parent Company with no established and published values covering importations as required in Republic Act No. 8181, *Transaction Value Act*. The amount of cash bonds to be paid by the Parent Company is determined by the BOC. The amount is refundable once the correct dutiable value or values for the importation have been established. As at December 31, 2016, the refund of cash bonds is still pending with the BOC. Refundable cash bonds, net of allowance for impairment, are part of the net assets transferred by the Parent Company (see Notes 1 and 4).

Details of computer software, which pertains to payroll software, follow:

	Note	
Addition for the year and balance at end of year		₱10,985,329
Amortization for the year and balance at end of year	9	(430,020)
		<u>₱10,555,309</u>

11. Short-term Debt

On April 1, 2016, the Parent Company assigned to the Company short-term debt amounting to ₱603.5 million pursuant to the transfer of its Trading Business to the Company (see Notes 1 and 4).

Short-term loans amounting to ₱445.0 million as at December 31, 2016 bear interest, which are being repriced monthly, ranging from 2.5% to 2.625% in 2016.

Interest expense amounted to ₱10.1 million in 2016 (see Note 12).

12. Long-term Debt

Details of long-term debt as at December 31, 2016 are as follows:

	Terms	Principal	Outstanding Balance
Loan 1	Quarterly installment payment until December 2019	₱500,000,000	₱300,000,000
Loan 2	Quarterly installment payment until March 2020	320,000,000	280,000,000
Loan 3	Monthly installment payment until August 2021	210,000,000	150,769,231
Loan 4	Monthly installment payment until August 2021	170,000,000	122,051,282
Loan 5	Monthly installment payment until March 2018	100,000,000	75,000,000
		<u>₱1,300,000,000</u>	<u>927,820,513</u>
			<u>(278,461,539)</u>
			<u>₱649,358,974</u>

On April 1, 2016, the Parent Company assigned to the Company long-term debt amounting to ₱1,101.7 million pursuant to the transfer of its Trading Business to the Company (see Notes 1 and 4).

The loans bear 2.5% interest in 2016.

Interest expense in 2016 is summarized below:

	Note	
Long-term debt		₱20,169,546
Short-term debt	11	10,070,282
		<u>₱30,239,828</u>

As at December 31, 2016, certain loans are collateralized by property and equipment and investment properties of the Parent Company with a carrying value of ₱791.8 million and ₱725.2 million, respectively.

The maturities of the long-term debt as at December 31, 2016 are as follows:

Less than one year	₱278,461,539
Between one to two years	516,923,077
Between two to five years	132,435,897
	<u>₱927,820,513</u>

13. Trade and Other Payables

Details of this account as at December 31, 2016 are as follows:

	Note	
Trade:		
Third parties		₱2,307,558,266
Related parties	21	901,164,379
Accrued expenses:		
Utilities	21	62,536,306
Rent	20	42,680,810
Trucking services		16,237,760
Others		38,184,017
Advances from customers		151,970,218
Nontrade		39,524,714
Others		59,823,030
		<u>₱3,619,679,500</u>

As at December 31, 2015, accrued expenses, which pertain to accrual of taxes and professional fees, amounted to ₱757,510.

On April 1, 2016, the Parent Company assigned to the Company trade and other payables amounting to ₱3,461.9 million pursuant to the transfer of its Trading Business to the Company (see Notes 1 and 4).

Trade payables and accrued expenses are generally settled in varying periods depending on arrangement with suppliers, normally within 30 to 90 days.

Advances from customers pertain to payments made by the customers pending the delivery of goods purchased and refundable deposits from customers. Refundable deposits amounted to ₱87.1 million as at December 31, 2016.

Nontrade payables pertain to unpaid advertising and promotions and transportation and travel which, are payable in the succeeding month.

Accrued expenses refer to accruals for utilities, trucking services, postage and telecommunications, outside services, salaries and wages and other expenses incurred which are payable in the succeeding month.

Others pertain to unearned revenue on loyalty program, unredeemed gift certificates, withholding taxes and statutory obligations.

14. Retirement Benefits

The Company has an unfunded, noncontributory defined benefit retirement plan covering all of its eligible employees. The latest actuarial valuation report was dated as at September 30, 2016.

Pursuant to the transfer of the Trading Business to the Company, effective April 1, 2016, the Parent Company transferred most of its employees to the Company (see Note 1). Accordingly, retirement benefits accruing to these employees were transferred to the Company amounting to ₱371.1 million (see Note 4).

Retirement benefits, which pertain to the current service cost amounted to ₱29.7 million in 2016.

The changes in the present value of the defined benefit obligation as at December 31, 2016 are as follows:

	Note	
Transferred from Parent Company	4	₱371,054,331
Retirement benefits		29,745,363
Remeasurement loss		13,771,893
Balance at end of year		₱414,571,587

The remeasurement loss recognized in other comprehensive loss in 2016 follows:

	Cumulative Remeasurement Loss	Deferred Tax (see Note 19)	Net
Remeasurement loss for the year and balance at end of year	(₱13,771,893)	₱4,131,568	(₱9,640,325)

The principal actuarial assumptions used to determine the retirement liability as at December 31, 2016 are as follows:

Discount rate	4.65%
Annual salary increase rate	8.00%

Sensitivity analysis on retirement liability for 2016 is as follows:

	Basis Points	Amount
Discount rate	+100	(₱71,825,943)
	-100	91,543,937
Salary rate	+100	83,336,718
	-100	(67,646,560)
Turnover rate	0%	132,750,497

As at December 31, 2016, the expected future benefits payments are as follow:

Year	Amount
2017	₱15,600,000
2018	7,344,000
2019	-
2020	382,395
2021	4,109,643
2022 to 2026	38,623,444
	<u>₱66,059,482</u>

15. Equity

Details of capital stock are as follow:

	2016		2015	
	Number of Shares	Amount	Number of Shares	Amount
Authorized - at ₱1 a share				
Balance at beginning of period	200,000,000	₱200,000,000	-	₱-
Increase	4,800,000,000	4,800,000,000	200,000,000	200,000,000
Balance at end of period	5,000,000,000	₱5,000,000,000	200,000,000	₱200,000,000
Issued and outstanding:				
Balance at beginning of period	50,000,000	₱50,000,000	-	₱-
Issuances	2,655,817,916	2,655,817,916	50,000,000	50,000,000
Balance at end of period	2,705,817,916	₱2,705,817,916	50,000,000	₱50,000,000

On April 1, 2016, the Company's BOD and stockholders approved the increase in authorized capital stock of the Company from ₱200.0 million, consisting of 200,000,000 shares of common stock with par value of ₱1.00 per share, to ₱5,000.0 million, consisting of 5,000,000,000 shares of common stock with par value of ₱1.00 per share.

On the same date, the Parent Company subscribed to 2,655.8 million shares of stock of the Company in exchange for the net assets of its Trading Business amounting to ₱2,655.8 million determined as at March 31, 2016 (see Notes 1 and 4).

On November 15, 2016, the SEC approved the increase in authorized capital stock and the transfer of net assets in exchange for shares of stock of the Company (see Notes 1 and 4).

16. Cost of Sales

Details of cost of sales in 2016 are as follows:

	Note	
Inventories transferred	4	P7,214,079,609
Net purchases		8,361,249,384
Goods available for sale		15,575,328,993
Merchandise inventories at end of period	7	(6,575,843,901)
		<u>P8,999,485,092</u>

17. Operating Expenses

This account consists of:

	Note	2016 (One Year)	2015 (One Month)
Salaries, wages and employees' benefits		P506,252,125	P-
Rent	20	502,084,363	-
Outsourced services		310,848,721	-
Utilities		258,233,463	-
Trucking services		192,066,482	-
Taxes and licenses		115,227,877	707,510
Credit card charges		99,176,655	-
Security services		84,358,542	-
Depreciation and amortization	9	62,714,607	-
Advertising and promotions		42,734,794	-
Supplies		35,583,411	-
Repairs and maintenance		33,054,848	-
Postage, telephone and telegraph		17,971,279	-
Reversal of allowance for impairment losses on receivables	6	(10,894,782)	-
Fuel and oil		8,061,465	-
Transportation and travel		6,642,676	-
Donations and contributions		5,604,997	-
Professional fees		5,573,013	50,000
Others		11,702,120	-
		<u>P2,286,996,656</u>	<u>P757,510</u>

18. Other Income

Other income in 2016 is consists of:

	Note	
Rent	20	P5,768,648
Interest	5	668,432
Others - net		27,226,012
		<u>P33,663,092</u>

Rent income pertains to lease of gondola lightings, facade billboards, window displays and street banners.

Other income includes amounts charged to and from the suppliers for the use of billboards and signage, office supplies and other reimbursable costs.

19. Income Tax

The current income tax expense in 2016 amounting to P308.5 million represents regular corporate income tax. There is no current income tax expense in 2015 because the Company is in a taxable loss position.

The Company will be subject to minimum corporate income tax in the taxable year 2019, which is the fourth taxable year immediately following the year of the Company's registration with the BIR on December 17, 2015.

The reconciliation between income tax expense (benefit) at statutory tax rate and income tax expense (benefit) presented in the statements of comprehensive income is as follows:

	2016 (One Year)	2015 (One Month)
Income tax expense (benefit) at statutory rate	P304,607,193	(P227,253)
Income tax effects of:		
Effect of net assets transferred	(174,032,434)	-
Stock transaction costs	(1,876,945)	-
Interest income already subjected to final tax	(200,530)	-
Nondeductible expenses	82,718	-
	P128,580,002	(P227,253)

Net deferred tax assets relate to the tax effect of the NOLCO and temporary differences as follows:

	2016	2015
Deferred tax assets:		
Retirement liability	P124,371,476	P-
Allowance for inventory write down and losses	30,495,428	-
Allowance for impairment of refundable cash bonds	25,022,980	-
Allowance for impairment losses on receivables	13,750,313	-
Unearned revenue from loyalty program	8,227,996	-
Accrued rent on straight-line basis	1,822,779	-
NOLCO	-	227,253
	203,690,972	227,253
Deferred tax liability -		
Advance rentals	(19,429,200)	-
	P184,261,772	P227,253

NOLCO incurred in 2015 amounting to P757,510 was applied in 2016.

The presentation of net deferred tax assets are as follows:

	Note	2016	2015
Through profit or loss		P180,130,204	P227,253
Through other comprehensive income	14	4,131,568	-
		<u>P184,261,772</u>	<u>P227,253</u>

20. Leases

The Company as a Lessee

The Company has various lease agreements with the related parties and third parties for the use of land, buildings, transportation equipment and computer software for a period of one to fifteen years. These leases are renewable upon mutual agreement. The monthly rental is subject to escalation.

Security and rental deposits, which pertains to refundable deposit and advance rentals, amounted to P161.3 million as at December 31, 2016 (see Note 10). The refundable deposits and advance rentals will be returned and applied at the end of the lease term, respectively. Accrued rent as at December 31, 2016 amounted to P42.7 million (see Note 13).

Rent expense amounted to P502.1 million in 2016 (see Note 17).

Future minimum rental payments under operating lease as at December 31, 2016 are as follows:

Within one year	P636,895,911
After one year but not more than five years	1,473,625,700
More than five years	113,199,816
	<u>P2,223,721,427</u>

The Company as a Lessor

The Company has existing lease agreements on commercial spaces, gondola lightings, facade billboards, window displays and street banners with lease terms of less than a year. The leases are renewable upon mutual agreement by the parties.

Rent income amounted to P5.8 million in 2016 (see Note 18). Rental receivables amounted to P15.1 million as at December 31, 2016 (see Note 6).

21. Related Party Transactions and Balances

The Company, in the normal course of business, has various transactions and balances with its related parties in 2016, as described below.

Related Party	Nature of Transactions	Transactions during the Period	Trade Receivables (see Note 6)	Trade Payables (see Note 13)	Accrued Expenses (see Note 13)
Parent Company	Transfer of trading business	P2,655,817,916	P-	P748,555,638	P-
	Noninterest-bearing advances	599,471,322	-	-	-
	Rental expenses	323,178,971	-	-	31,740,971
	Purchases of goods	50,604,575	-	37,169,225	-
	Reimbursement of expenses	250,276,813	-	-	62,536,306
	Sale of goods	4,420,288	1,499,537	-	-
Entities under Common Control*	Purchases of goods	1,414,492,237	-	115,439,516	-
	Trucking services	112,592,100	-	-	-
	Rental expenses	55,072,026	-	-	-
	Sale of goods	26,337,166	98,647,060	-	-
Stockholder	Rental expenses	10,939,839	-	-	10,939,839
			P100,146,597	P901,164,379	P105,217,116

*Certain entities under common control were related parties up to September 2016.

No related party transactions in 2015 and no outstanding balances with related parties as at December 31, 2015.

Transactions with related parties are as follows:

- Purchases and sales of merchandise inventories and trucking services with Parent Company and entities under common control. Purchases from entities under common control are subject to rebates based on certain percentage of sales from goods purchased from entities under common control.
- Various existing lease agreements with the Parent Company and related parties for the use of land, buildings, transportation equipment and computer software for a period of one to five years (see Note 20).
- Power and electricity, water, postage, telephone and telegraph billed by the Parent Company to the Company at cost plus mark-up.

Outstanding balance of trade and nontrade payables are generally settled in varying periods depending on arrangement with suppliers, normally within 30 to 90 days.

Compensation of Key Management Personnel

Compensation of key management personnel by benefit type, are as follows:

Short-term employee benefits	P28,963,361
Retirement benefits	52,756,009
	<u>P81,719,370</u>

22. Earnings (Loss) per Share

Basic and dilutive earnings (loss) per share were computed as follows:

	2016	2015
Net income (loss)	P886,777,308	(P530,257)
Divided by the weighted average number of outstanding shares	2,041,863,437	50,000,000
	P0.43	(P0.01)

23. Financial Risk Management Objectives and Policies

The Company's principal financial instruments consist of cash, trade receivables and payables (excluding statutory liabilities, unredeemed gift certificates and unearned revenue), and short-term and long-term debt. The main purpose of these financial instruments is to fund the Company's operations.

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's risk management is coordinated with the BOD, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial market.

The main financial risks arising from the financial instruments are credit risk, liquidity risk and interest rate risk. The BOD regularly reviews and approves the appropriate policies for managing these financial risks, as summarized below.

Credit Risk. Credit risk is the risk that the Company will incur a loss because its counterparties fail to discharge their contractual obligations. Receivables are monitored on an on-going basis with the result that the Company's exposure to possible losses is not significant.

With respect to credit risk arising from the cash in banks and trade and other receivables, exposure to credit risk arises from the default of the counter party, with a maximum exposure equal to the gross amount of these instruments as follows:

	2016	2015
Cash in banks	P631,742,244	P50,000,000
Trade and other receivables	468,427,964	-
Container deposits	9,034,191	-
Security and rental deposits*	96,570,786	-
Electricity deposits	16,802,346	-
Refundable cash bonds	83,409,934	-
	P1,305,987,465	P50,000,000

* Excluding advance rentals amounting to P64.8 million.

The Company does not have major concentration of credit risk.

The table below summarizes the Company's financial assets as at December 31, 2016 based on aging:

	Neither Past Due Nor Impaired	Past Due but not Impaired		Past Due and Impaired	Total
		Less than One Year	One Year and Over		
Cash	P638,072,093	P-	P-	P-	P638,072,093
Trade and other receivables	127,622,141	191,623,004	103,348,441	45,834,378	468,427,964
Container deposits	9,034,191	-	-	-	9,034,191
Security and rental deposits*	96,570,786	-	-	-	96,570,786
Electricity deposits	16,802,346	-	-	-	16,802,346
Refundable cash bonds	-	-	-	83,409,934	83,409,934
	P888,101,557	P191,623,004	P103,348,441	P129,244,312	P1,312,317,314

* Excluding advance rentals amounting to P64.8 million.

As at December 31, 2015, cash in bank amounting to P50.0 million is neither past due nor impaired. "Past due but not impaired" are items with history of frequent defaults, nevertheless, the amounts are still collectible.

The table below shows the credit quality of the Company's financial assets as at December 31, 2016 that are neither past due nor impaired based on their historical experience with the counter parties.

	High Grade	Standard Grade	Substandard Grade	Total
Cash	P638,072,093	P-	P-	P638,072,093
Trade and other receivables	-	127,622,141	-	127,622,141
Container deposits	-	-	9,034,191	9,034,191
Security and rental deposits*	-	96,570,786	-	96,570,786
Electricity deposits	-	16,802,346	-	16,802,346
	P638,072,093	P240,995,273	P9,034,191	P888,101,557

* Excluding advance rentals amounting to P64.8 million.

As at December 31, 2015, cash in banks amounting to P50.0 million is categorized under high grade.

High grade receivables pertain to those receivables from counter parties that consistently pay before the maturity date. Standard grade includes receivables that are collected on their due dates even without an effort from the Company to follow them up while receivables which are collected on their due dates provided that the Company made a persistent effort to collect them are included under substandard grade receivables.

Liquidity Risk. Liquidity risk is the risk that the Company will not be able to settle its obligations when these fall due. The Company monitors and maintains a level of cash deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

The table below summarizes the maturity profile of the Company's financial liabilities as at December 31, 2016 based on contractual undiscounted payments.

	On Demand	Within Three Months	More than Three Months to One Year	More than One Year but less than Five Years	Total
Short-term debt	P-	P445,000,000	P-	P-	P445,000,000
Trade and other payables*	-	-	3,559,856,470	-	3,559,856,470
Long-term debt	20,000,000	64,615,385	193,846,154	649,358,974	927,820,513
	P20,000,000	P509,615,385	P3,753,702,624	P649,358,974	P4,932,676,983

* Excluding statutory liabilities, unredeemed gift certificates and unearned revenue aggregating to P59.8 million.

As at December 31, 2015, trade and other payables amounting to ₱707,510 were due within three months.

As at December 31, 2016 and 2015, the Company had at its disposal cash amounting ₱638.1 million and ₱50.0 million, respectively. The Company's holding of cash, together with net cash flows from operations and financing, are expected to be sufficient to cover the payments due for its financial liabilities and the cost of all firm orders due in the next financial year.

Interest Rate Risk. Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates.

The Company regularly monitors interest rate movements and on the basis of current and projected economic and monetary data, decides on the best alternative to take.

The following table demonstrates the sensitivity of income before income tax due to a reasonably possible change in interest rate, with all other variables held constant.

	Increase (Decrease) in Rate	Increase (Decrease) in Amount
December 31, 2016	0.30%	(₱106,519)
	(0.30%)	106,519

Capital Management

The primary objective of the Company's management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Company monitors capital on the basis of debt-to-equity ratio and makes adjustments to it in light of changes in economic conditions and its financial position. This ratio is calculated as total debt divided by total equity. Total debt includes total liabilities and deposits for future stock subscriptions.

Total equity includes capital stock, other comprehensive loss and retained earnings (deficit). The debt-to-equity ratio as at December 31 is as follows:

	2016	2015
Total debt	₱5,561,166,365	₱757,510
Total equity	3,582,424,642	49,469,743
Debt-to-equity	1.55:1	0.02:1

24. Fair Value of Financial Instruments

The table below presents a comparison by category of carrying amounts and fair values of the financial instruments as at December 31, 2016:

	Carrying Amount	Fair Value
Financial Assets		
Cash	₱638,072,093	₱638,072,093
Trade and other receivables	422,593,586	422,593,586
Container deposits	9,034,191	9,034,191
Security and rental deposits*	96,570,786	85,685,553
Electricity deposits	16,802,346	16,802,346
	₱1,183,073,002	₱1,172,187,769
Financial Liabilities		
Short-term debt	₱445,000,000	₱445,000,000
Trade and other payables**	3,559,856,470	3,559,856,470
Long-term debt	927,820,513	927,820,513
	₱4,932,676,983	₱4,932,676,983

* Excluding advance rentals amounting to ₱64.8 million.

** Excluding statutory liabilities, unredeemed gift certificates and unearned revenue aggregating to ₱59.8 million.

As at December 31, 2015, the carrying amount of cash in bank and accrued expenses, amounting to ₱50.0 million and ₱757,510, respectively, approximate their values.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash, trade and other receivables, due from Parent Company, container, security, rental and electricity deposits, refundable cash bonds, short-term debt and trade and other payables. The carrying amounts of cash, trade and other receivables, due from a related party, container deposits, short-term borrowings, and trade and other payables approximate their fair values primarily due to the relatively short-term maturity of these financial instruments. Container, security, rental and electricity deposit are under Level 2 of the fair value measurements hierarchy for financial instruments.

Long-term debt. The carrying amount of long-term debt approximates its fair value because the interest rate that it carries approximates the interest rate for comparable instrument in the market.

In 2016, there were no transfers among Level 1, Level 2 and Level 3 fair value measurements.





**REPORT OF INDEPENDENT AUDITOR
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

The Stockholders and the Board of Directors
WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT and WILCON HOME ESSENTIALS
No. 90 E. Rodriguez Jr. Avenue
Brgy. Ugong Norte, Quezon City

We have audited the accompanying financial statements of WILCON DEPOT, INC. Doing Business under the Name and Style of WILCON DEPOT and WILCON HOME ESSENTIALS (the Company and formerly Wilcon Depot, Inc.), a subsidiary of WILCON CORPORATION Doing Business under the Name and Style of WILCON CITY CENTER, as at and for the year ended December 31, 2016, on which we have rendered our report dated April 12, 2017.

In compliance with Securities Regulation Code Rule 68, as amended, we are stating that the Company has six stockholders owning 100 or more shares each.

REYES TACANDONG & Co.

HAYDEE M. REYES

Partner

CPA Certificate No. 83522

Tax Identification No. 102-095-265-000

BOA Accreditation No. 4782; Valid until December 31, 2018

SEC Accreditation No. 0663-AR-2 Group A
Valid until April 14, 2017

BIR Accreditation No. 08-005144-6-2017
Valid until January 13, 2020

PTR No. 5908527

Issued January 3, 2017, Makati City

April 12, 2017

Makati City, Metro Manila





**REPORT OF INDEPENDENT AUDITOR
ON SUPPLEMENTARY SCHEDULE**

The Stockholders and the Board of Directors
WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT AND WILCON HOME ESSENTIALS
No. 90 E. Rodriguez Jr. Avenue
Brgy. Ugong Norte, Quezon City

We have audited in accordance with Philippine Standards on Auditing, the accompanying financial statements of WILCON DEPOT, INC. Doing Business under the Name and Style of WILCON DEPOT and WILCON HOME ESSENTIALS (the Company), a subsidiary of WILCON CORPORATION Doing Business under the Name and Style of WILCON CITY CENTER, as at and for the year ended December 31, 2016, and have issued our report dated April 12, 2017. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Supplementary Schedule of Retained Earnings Available for Dividend Declaration for the year ended December 31, 2016 is the responsibility of the Company's management. This schedule is presented for purposes of complying with the Securities Regulations Code Rule 68, as amended, and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

REYES TACANDONG & Co.

HAYDEE M. REYES

Partner

CPA Certificate No. 83522

Tax Identification No. 102-095-265-000

BOA Accreditation No. 4782; Valid until December 31, 2018

SEC Accreditation No. 0663-AR-2 Group A

Valid until April 14, 2017

BIR Accreditation No. 08-005144-6-2017

Valid until January 13, 2020

PTR No. 5908527

Issued January 3, 2017, Makati City

April 12, 2017

Makati City, Metro Manila



WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT AND WILCON HOME ESSENTIALS
(A Subsidiary of WILCON CORPORATION
Doing Business under the Name and Style of WILCON CITY CENTER)

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2016

Deficit at beginning of period as shown in the financial statements	(P530,257)
Net income during the period closed to retained earnings	886,777,308
Deferred tax assets related to temporary differences that flow through profit or loss	(180,130,204)
<hr/>	
Retained earnings as at end of year available for dividend declaration	P706,116,847
<hr/>	
Reconciliation:	
Retained earnings at end of period as shown in the financial statements	P886,247,051
Deferred tax assets related to temporary differences that flow through profit or loss	(180,130,204)
<hr/>	
Retained earnings as at end of year available for dividend declaration	P706,116,847
<hr/>	



**REPORT OF INDEPENDENT AUDITOR
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT AND WILCON HOME ESSENTIALS
No. 90 E. Rodriguez Jr. Avenue
Brgy. Ugong Norte, Quezon City

We have audited in accordance with Philippine Standards on Auditing, the the accompanying financial statements of WILCON DEPOT, INC. Doing Business under the Name and Style of WILCON DEPOT and WILCON HOME ESSENTIALS (the Company), a subsidiary of WILCON CORPORATION Doing Business under the Name and Style of WILCON CITY CENTER, as at and for the year ended December 31, 2016, and have issued our report dated April 12, 2017. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Supplementary Schedules listed in the Index to Financial Statements, Supplementary Schedules on Financial Soundness Indicators and Corporate Structure are the responsibility of the Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68 Part II, as amended, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state in all material respects, the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

REYES TACANDONG & Co.

HAYDEE M. REYES

Partner

CPA Certificate No. 83522

Tax Identification No. 102-095-265-000

BOA Accreditation No. 4782; Valid until December 31, 2018

SEC Accreditation No. 0663-AR-2 Group A

Valid until April 14, 2017

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Issued January 3, 2017, Makati City

April 12, 2017

Makati City, Metro Manila



WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT AND WILCON HOME ESSENTIALS
(A Subsidiary of WILCON CORPORATION
Doing Business under the Name and Style of WILCON CITY CENTER)

Index to Financial Statements
As at and For the Year Ended December 31, 2016

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D	Intangible Assets - Other Assets	3
E	Long-term Debt	4
F	Indebtedness to Related Parties (Long-Term Loans from Related Companies)	N/A
G	Guarantees of Securities of Other Issuers	N/A
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N/A - Not applicable

SCHEDULE A

WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT AND WILCON HOME ESSENTIALS
(A Subsidiary of WILCON CORPORATION
Doing Business under the Name and Style of WILCON CITY CENTER)

FINANCIAL ASSETS
AS AT DECEMBER 31, 2016
Amounts in Thousands

Description	Number of Shares or Principal Amount of Bonds	Amount Shown in the Statement of Financial Position	Income Received and Accrued
Cash in Banks			
Banco de Oro (BDO)	-	P211,835	P297
Rizal Commercial Banking Corporation (RCBC)	-	151,926	153
Metropolitan Bank and Trust Companies (MB)	-	104,696	77
China Banking Corporation (CBC)	-	75,695	30
Asia United Bank (AUB)	-	49,249	17
Bank of the Philippine Island (BPI)	-	30,541	85
Philippine National Bank (PNB)	-	7,800	9
		631,742	668
Trade and Other Receivables			
Trade receivables	-	391,982	-
Rental receivable	-	15,138	-
Others	-	15,512	-
		422,632	-
Other Current Assets*			
Container deposits	-	9,034	-
Other Noncurrent Assets**			
Security and rental deposits	-	96,571	-
Electricity deposits	-	16,802	-
		113,373	-
		P1,176,781	P668

* Excluding input VAT, deferred input VAT and prepaid expenses amounting to P760.9 million.

**Excluding noncurrent deferred input VAT, advance rentals and computer software amounting to P97.6 million.

SCHEDULE B

WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT AND WILCON HOME ESSENTIALS
 (A Subsidiary of WILCON CORPORATION)
Doing Business under the Name and Style of WILCON CITY CENTER)

AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS
(OTHER THAN RELATED PARTIES)

AS AT DECEMBER 31, 2016

Amounts in Thousands

Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written-off	Current		Noncurrent		Balance at End of Period
				P-	P-	P-	P-	
Due to Parent Company	P-	P599,471	P-	P-	P-	P-	P-	P-

SCHEDULE D

WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT AND WILCON HOME ESSENTIALS
 (A Subsidiary of WILCON CORPORATION)
Doing Business under the Name and Style of WILCON CITY CENTER)

INTANGIBLE ASSETS - OTHER NONCURRENT ASSETS

AS AT DECEMBER 31, 2016

Amounts in Thousands

Description	Balance at	Charged to	Charged to	Other Changes	Balance at End
	Beginning of	Cost and	Other	Additions	
	Period	Expenses	Accounts	(Deductions)	of Period
	P-	(#430)	P-	P-	P-
Computer Software	P10,985				P10,555

SCHEDULE E

WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT AND WILCON HOME ESSENTIALS
 (A Subsidiary of WILCON CORPORATION)
Doing Business under the Name and Style of WILCON CITY CENTER)

LONG-TERM DEBT

AS AT DECEMBER 31, 2016
Amounts in Thousands

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount shown under caption "Current portion of Long-term debt" in related Statement of Financial Position	Amount shown under Caption of "Long-term debt - net of current portion" in related Statement of Financial Position
Secured promissory notes:			
Bank of the Philippine Islands	P500,000	P100,000	P200,000
Rizal Commercial Banking Corporation	320,000	80,000	200,000
Banco de Oro Unibank, Inc.	210,000	32,308	118,462
Banco de Oro Unibank, Inc.	170,000	26,154	95,897
Allied Banking Corporation	100,000	40,000	35,000
	P1,300,000	P278,462	P649,359

SCHEDULE H

WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT AND WILCON HOME ESSENTIALS
 (A Subsidiary of WILCON CORPORATION)
Doing Business under the Name and Style of WILCON CITY CENTER)

CAPITAL STOCK

AS AT DECEMBER 31, 2016

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as shown under related Statement of Financial Position	Number of Shares Reserved for Options, Warrants, Conversion, and other Rights	Number of Shares held by Related Parties	Directors and Officers	Others
Common shares - at \$1 par value	5,000,000,000	2,705,817,916	-	2,680,317,916	25,500,000	-

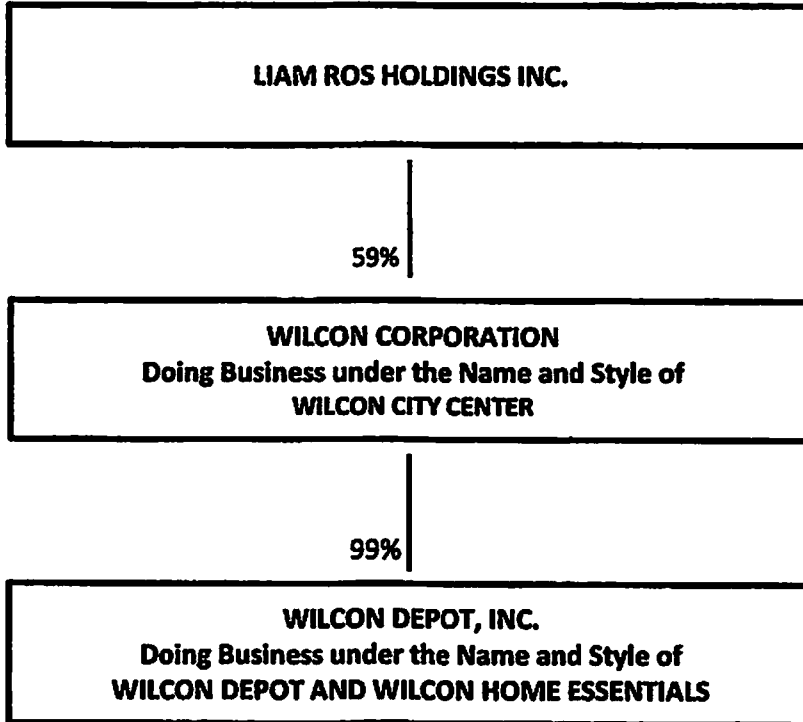
WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT AND WILCON HOME ESSENTIALS
(A Subsidiary of WILCON CORPORATION
Doing Business under the Name and Style of WILCON CITY CENTER)

FINANCIAL SOUNDNESS INDICATORS
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2016 AND AS AT AND
FOR THE ONE-MONTH PERIOD ENDED DECEMBER 31, 2015

	December 31, 2016	December 31, 2015
Liquidity Ratio		
Current ratio	1.87:1	66.01:1
Quick ratio	0.24:1	66.01:1
Solvency Ratio		
Debt to equity ratio	1.55:1	0.02:1
Profitability Ratio		
Return on assets	19.29%	(2.11%)
Return on equity	24.75%	(1.07%)
Book value per share	₱1.32	₱0.99
Gross margin	26.82%	—%
Earnings before interest, tax, depreciation and amortization (EBITDA) margin	9.01%	—%
Net income margin	7.21%	—%

WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT AND WILCON HOME ESSENTIALS
(A Subsidiary of WILCON CORPORATION
Doing Business under the Name and Style of WILCON CITY CENTER)

CORPORATE STRUCTURE
AS AT DECEMBER 31, 2016





**REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT and WILCON HOME ESSENTIALS
No. 90 E. Rodriguez Jr. Avenue
Brgy. Ugong Norte, Quezon City

We have audited in accordance with Philippine Standards on Auditing the accompanying financial statements of WILCON DEPOT, INC. Doing Business under the Name and Style of WILCON DEPOT and WILCON HOME ESSENTIALS (the Company), a subsidiary of WILCON CORPORATION Doing Business under the Name and Style of WILCON CITY CENTER, as at and for the year ended December 31, 2016, and have issued our report dated April 12, 2017. Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Adoption of Effective Accounting Standards and Interpretations is the responsibility of the management of the Company. This schedule is presented for purposes of complying with Securities Regulation Code Rule 68, as amended, and is not part of the basic financial statements. This information have been subjected to the auditing procedures applied in the audit of the financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves. In our opinion, the information is fairly stated in all material respect in relation to the financial statements taken as a whole.

REYES TACANDONG & Co.

HAYDEE M. REYES

Partner

CPA Certificate No. 83522

Tax Identification No. 102-095-265-000

BOA Accreditation No. 4782; Valid until December 31, 2018

SEC Accreditation No. 0663-AR-2 Group A

Valid until April 14, 2017

BIR Accreditation No. 08-005144-6-2017

Valid until January 13, 2020

PTR No. 5908527

Issued January 3, 2017, Makati City

April 12, 2017

Makati City, Metro Manila



WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT and WILCON HOME ESSENTIALS
(A Subsidiary of WILCON CORPORATION Doing Business under the
Name and Style of WILCON CITY CENTER)

SUPPLEMENTARY SCHEDULE OF ADOPTION OF
EFFECTIVE ACCOUNTING STANDARDS AND INTERPRETATIONS
DECEMBER 31, 2016

Title	Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements			
Conceptual Framework Phase A: Objectives and qualitative characteristics	✓		
PFRSs Practice Statement Management Commentary		✓	

Philippine Financial Reporting Standards (PFRS)

PFRS	Title	Adopted	Not Adopted	Not Applicable
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓
	Amendment to PFRS 3: Accounting for Contingent Consideration in a Business Combination			✓
	Amendment to PFRS 3: Scope Exceptions for Joint Ventures			✓
PFRS 4	Insurance Contracts			✓

PFRS	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Amendment to PFRS 5: Changes in Methods of Disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendment to PFRS 7: Servicing Contracts	✓		
	Amendment to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements			✓
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8: Aggregation of Operating Segments			✓
	Amendments to PFRS 8: Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets			✓
PFRS 10	Consolidated Financial Statements			✓
	Amendments to PFRS 10: Transition Guidance			✓
	Amendments to PFRS 10: Investment Entities			✓
	Amendments to PFRS 10: Investment Entities: Applying the Consolidation Exception			✓
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendments to PFRS 12: Transition Guidance			✓
	Amendments to PFRS 12: Investment Entities			✓

PFRS	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 12: Investment Entities: Applying the Consolidation Exception			✓
PFRS 13	Fair Value Measurement	✓		
	Amendment to PFRS 13: Short-term receivables and Payables	✓		
	Amendment to PFRS 13: Portfolio Exception			✓
PFRS 14	Regulatory Deferral Accounts			✓

Philippine Accounting Standards (PAS)

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendment to PAS 1: Clarification of the Requirements for Comparative Presentation	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendments to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
	Amendment to PAS 16: Classification of Servicing Equipment			✓
	Amendment to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Depreciation			✓
	Amendment to PAS 16: Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortization	✓		
	Amendment to PAS 16: Agriculture: Bearer Plants			✓

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendment to PAS 19: Defined Benefit Plans: Employee Contributions	✓		
	Amendment to PAS 19: Discount Rate: Regional Market Issue	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates			✓
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
	Amendment to PAS 24: Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements			✓
	Amendments to PAS 27: Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendments to PAS 28: Investment Entities: Applying the Consolidation Exception			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Financial Instruments: Presentation	✓		
	Amendments to PAS 32: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 32: Tax Effect of Distribution to Holders of Equity Instruments			✓
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓

PAS	Title	Adopted	Not Adopted	Not Applicable
	Amendment to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities			✓
	Amendment to PAS 34: Disclosure of Information 'Elsewhere in the Interim Financial Report'			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendment to PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Amortization			✓
	Amendment to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39: Financial Guarantee Contracts			✓
	Amendments to PAS 39: Reclassification of Financial Assets	✓		
	Amendments to PAS 39: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property			✓
	Amendment to PAS 40: Clarifying the Interrelationship between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner-occupied Property			✓
PAS 41	Agriculture			✓
	Amendment to PAS 41: Agriculture: Bearer Plants			✓

Philippine Interpretations

Interpretations	Title	Adopted	Not Adopted	Not Applicable
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes	✓		
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓

PHILIPPINE INTERPRETATIONS - SIC

Interpretations	Title	Adopted	Not Adopted	Not Applicable
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or Its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

COVER SHEET

C S 2 0 1 5 2 4 7 1 2

S.E.C Registration No.

W	I	L	C	O	N		D	E	P	O	T	,		I	N	C	.		D	O	I	N	G		B
U	S	I	N	E	S	S		U	N	D	E	R		T	H	E		N	A	M	E		A	N	D
	S	T	Y	L	E		O	F		W	I	L	C	O	N		D	E	P	O	T		A	N	D
W	I	L	C	O	N		H	O	M	E		E	S	S	E	N	T	I	A	L	S				

(Company's Full name)

NO. 90 E. RODRIGUEZ JR. AVE., UGONG NORTE, QUEZON CITY

Atty. Sheila Pasicolan
Contact Person

634-83-87
Tel. No.

1 7 - Q

FORM TYPE

Secondary License, (if applicable type)

S E C

Dept. requiring this doc

N/A

Amended Articles number

Total stockholders

Domestic

Foreign

To be accomplished by SEC personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended March 31, 2017
2. Commission identification number CS201524712
3. BIR Tax Identification No. 009-192-878
4. Exact name of issuer as specified in its charter
WILCON DEPOT, INC.
5. Province, country or other jurisdiction of incorporation or organization
QUEZON CITY, PHILIPPINES
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office Postal Code: 1110
90 E. RODRIGUEZ JR. AVENUE, UGONG NORTE, QUEZON CITY
8. Issuer's telephone number, including area code: (02) 634 8387
9. Former name, former address and former fiscal year, if changed since last report: N/A
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA



Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
COMMON SHARES	4,099,724,116

11. Are any or all of the securities listed on a Stock Exchange?
Yes No
If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
PHILIPPINE STOCK EXCHANGE COMMON SHARES
12. Indicate by check mark whether the registrant:
 - (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)
Yes No
 - (b) has been subject to such filing requirements for the past ninety (90) days.
Yes No

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The unaudited condensed interim financial statements of Wilcon Depot, Inc. Doing Business under the Name and Style of WILCON DEPOT and WILCON HOME ESSENTIALS as at March 31, 2017 and December 31, 2016 and for the three-month period ended March 31, 2017 are filed as part of this form 17-Q.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Wilcon Depot, Inc. (the Company) was established on December 17, 2015 and started commercial operations on April 1, 2016. As such, there are no operating results yet for the comparative quarter ended March 31, 2016.

For the three-month period ended March 31, 2017

Net Sales

The Company generated net sales of ₱4,182 million for the three-month period ended March 31, 2017, the bulk of which was accounted for by depot sales, contributing 96.7% or ₱4,045 million. Sales generated by the home essentials format stores comprised the remaining 3.3% or ₱137 million. The three new depot-format stores, two of which were opened in April and September of 2016 and one on January 31, 2017, meanwhile accounted for 5.27% or ₱220 million of total sales while sales from existing stores made up the majority with 94.7% or ₱3,962 million.

Cost of Sales

Cost of sales closed at ₱2,920 million, resulting in a gross profit margin of 30.2% for the three-month period ended March 31, 2017.

Operating Expenses

The Company's operating expenses amounted to ₱851 million for the three-month period ended March 31, 2017. Rent, outsourced services and salaries made up the majority of expenses accounting for 59.6% of the total. No expenses were recorded for the first quarter ended March 31, 2016.

Interest Expense

Interest expense for the first quarter of 2017 amounted to ₱10 million for both short-term and long-term loans.

Other Income (Charges)

For the three-month period ended March 31, 2017, the Company generated a net other income of ₱43 million consisting of rent income from gondola lightings, façade billboards and display windows, interest income and other income representing amounts charged to and from suppliers for the use of billboards, signage and other reimbursable costs.

Earnings Before Interest and Tax (Operating Income/EBIT) / Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)

Operating Income for the three-month period ended March 31, 2017 closed at ₱453 million, while sEBITDA amounted to ₱476 million, equivalent to 10.8% and 11.4% of total sales, respectively.

Income Tax Expense

Income tax expense for the three-month period ended March 31, 2017 netted out at ₱53 million.

Net income

Net income for the three-month period ended March 31, 2017 reached ₱391 million for a 9.3% net profit margin.

Financial Condition

Assets

Current assets. Cash increased by ₱6,633 million reaching ₱7,271 million by the close of the first quarter ended March 31, 2017, from the ₱638 million cash balance as at December 31, 2016. The substantial increase was accounted for mainly by the initial public offering net proceeds. The Company was listed on the Philippine Stock Exchange on March 31, 2017.

Trade and other receivables totaled ₱432 million, a 2.3% increment from the December 31, 2016 balance of ₱423 million, traced mainly to new project sales.

Merchandise inventories totaling ₱6,631 million was slightly higher than the 2016 yearend balance of ₱6,576.

Noncurrent assets. The Company's noncurrent assets totaled ₱787 million as at March 31, 2017, a 6.8% increase from the yearend 2016 balance of ₱737 million, traced mainly to additional furniture and equipment and other noncurrent assets such as refundable deposits and tax assets.

Liabilities

Current liabilities amounted to ₱4,169 million at the close of the first quarter of 2017. This represented a ₱328 million or 7.3% drop traced mainly to the decrease in trade payables of 9.6% to settle at ₱3,274 million at the end of the quarter.

Noncurrent liabilities totaled ₱1,013 million as of March 31, 2017, a ₱50 million or 4.7% decrease over the yearend balance of ₱1,064 million mainly due to the decrease in the long term debt.

Equity

Total equity amounted to ₱10,741 million, a 199.8% or ₱7,158 million jump from the December 31, 2016 balance of ₱3,582 million, attributed mainly to the equity infusion from the initial public offering of the Company.

PART II--OTHER INFORMATION

There is no other information not previously reported in SEC Form 17-C that needs to be reported in this section.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this **FIRST QUARTER FINANCIAL STATEMENTS OF WILCON DEPOT, INC.** to be signed on its behalf by the undersigned thereunto duly authorized.

15 May 2017

WILCON DEPOT, INC.

By:



WILLIAM T. BELO
Chairman



LORRAINE BELO-CINCOCHAN
President-CEO



MARK ANDREW Y. BELO
Treasurer-CFO



ANNIE E. VARGAS
Comptroller

WILCON DEPOT, INC.

**Doing Business under the Name and Style of
WILCON DEPOT and WILCON HOME ESSENTIALS**

(A Subsidiary of WILCON CORPORATION

*Doing Business under the Name and Style of
WILCON CITY CENTER)*

**Unaudited Interim Condensed Financial Statements
As at March 31, 2017 and December 31, 2016 and
For the Three-Month Period Ended March 31, 2017**

WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT and WILCON HOME ESSENTIALS
(A Subsidiary of WILCON CORPORATION
Doing Business under the Name and Style of WILCON CITY CENTER)

INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION

	Note	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
ASSETS			
Current Assets			
Cash	5	P7,271,082,466	P638,072,093
Trade and other receivables	6	432,476,791	422,593,586
Merchandise inventories	7	6,631,481,167	6,575,843,901
Other current assets	8	801,216,147	769,937,004
Total Current Assets		15,136,256,571	8,406,446,584
Noncurrent Assets			
Property and equipment	9	371,273,384	341,897,899
Deferred tax assets	19	178,384,126	184,261,772
Other noncurrent assets	10	237,588,938	210,984,752
Total Noncurrent Assets		787,246,448	737,144,423
		P15,923,503,019	P9,143,591,007
LIABILITIES AND EQUITY			
Current Liabilities			
Short-term debt	11	P445,000,000	P445,000,000
Current portion of long-term debt	12	258,461,539	278,461,539
Trade and other payables	13	3,273,762,292	3,619,679,500
Income tax payable		192,004,390	154,094,765
Total Current Liabilities		4,169,228,221	4,497,235,804
Noncurrent Liabilities			
Long-term debt - net of current portion	12	584,743,589	649,358,974
Retirement liability	14	428,713,304	414,571,587
Total Noncurrent Liabilities		1,013,456,893	1,063,930,561
Total Liabilities		5,182,685,114	5,561,166,365
Equity			
Capital stock	15	4,099,724,116	2,705,817,916
Additional paid-in capital		5,373,738,427	-
Other comprehensive loss		(9,640,325)	(9,640,325)
Retained earnings		1,276,995,687	886,247,051
Total Equity		10,740,817,905	3,582,424,642
		P15,923,503,019	P9,143,591,007

See accompanying Notes to Unaudited Interim Condensed Financial Statements.

WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT and WILCON HOME ESSENTIALS
(A Subsidiary of WILCON CORPORATION
Doing Business under the Name and Style of WILCON CITY CENTER)

UNAUDITED INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017*

	Note	
NET SALES		₱4,182,087,422
COST OF SALES	16	2,920,439,611
GROSS INCOME		1,261,647,811
OPERATING EXPENSES	17	(851,181,120)
INTEREST EXPENSE	12	(9,822,790)
OTHER INCOME – Net	18	42,940,028
INCOME BEFORE INCOME TAX		443,583,929
INCOME TAX EXPENSE	19	
Current		46,957,647
Deferred		5,877,646
		52,835,293
NET INCOME		390,748,636
OTHER COMPREHENSIVE LOSS		–
TOTAL COMPREHENSIVE INCOME		₱390,748,636
BASIC AND DILUTIVE EARNINGS PER SHARE	22	₱0.14

See accompanying Notes to Unaudited Interim Condensed Financial Statements.

* The Company was registered with the Securities and Exchange Commission on December 31, 2015 and started its commercial operations on April 1, 2016.

WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT and WILCON HOME ESSENTIALS
(A Subsidiary of WILCON CORPORATION
Doing Business under the Name and Style of WILCON CITY CENTER)

UNAUDITED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017*

	Note	
CAPITAL STOCK		
Balance at beginning of period	15	P2,705,817,916
Issuances		1,393,906,200
Balance at end of period		4,099,724,116
ADDITIONAL PAID-IN CAPITAL		
	15	5,373,738,427
OTHER COMPREHENSIVE LOSS		
Remeasurement loss on retirement liability, net of deferred income tax		(9,640,325)
RETAINED EARNINGS		
Balance at beginning of period		886,247,051
Net income		390,748,636
Balance at end of period		1,276,995,687
		P10,740,817,905

See accompanying Notes to Unaudited Interim Condensed Financial Statements.

* The Company was registered with the Securities and Exchange Commission on December 31, 2015 and started its commercial operations on April 1, 2016.

WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT and WILCON HOME ESSENTIALS

(A Subsidiary of WILCON CORPORATION)
Doing Business under the Name and Style of WILCON CITY CENTER)

UNAUDITED INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017*

	Note	
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax		P443,583,929
Adjustments for:		
Depreciation and amortization	9	22,798,556
Retirement benefits	14	14,141,717
Interest expense	12	9,822,790
Net reversal of allowance for:		
Impairment losses on receivables	6	(2,344,666)
Inventory write down and losses	7	(28,201,283)
Interest income	5	(235,039)
Operating income before working capital changes		459,566,004
Increase in:		
Trade and other receivables		(7,538,539)
Merchandise inventories		(27,435,983)
Other current assets		(31,279,143)
Decrease in trade and other payables		(345,917,208)
Net cash generated from operations		47,395,131
Income tax paid		(9,048,022)
Interest received		235,039
Net cash provided by operating activities		38,582,148
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property and equipment	9	(51,705,951)
Computer software	10	(6,297,900)
Increase in other noncurrent assets		(20,774,376)
Cash used in investing activities		(78,778,227)

(Forward)

	Note	
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of capital stock	15	₱6,767,644,627
Payments of:		
Long-term debt		(64,615,385)
Short-term debt		(20,000,000)
Interest		(9,822,790)
Net cash provided by financing activities		6,673,206,452
NET INCREASE IN CASH		6,633,010,373
CASH AT BEGINNING OF PERIOD		638,072,093
CASH AT END OF PERIOD	5	₱7,271,082,466

See accompanying Notes to Unaudited Interim Condensed Financial Statements.

* The Company was registered with the Securities and Exchange Commission on December 31, 2015 and started its commercial operations on April 1, 2016.

WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT and WILCON HOME ESSENTIALS
(A Subsidiary of WILCON CORPORATION

Doing Business under the Name and Style of WILCON CITY CENTER)

NOTES TO UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

1. Corporate Information

WILCON DEPOT, INC. Doing Business under the Name and Style of WILCON DEPOT and WILCON HOME ESSENTIALS (the Company and formerly Wilcon Depot, Inc.), was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on December 17, 2015. The change in corporate name of the Company was approved by the SEC on April 29, 2016. The Company is engaged in buying and selling of all kinds of goods, commodities, wares and merchandise at wholesale and retail.

The Company started its commercial operations on April 1, 2016.

The Company is a subsidiary of WILCON CORPORATION Doing Business under the Name and Style of WILCON CITY CENTER (the Parent Company and formerly WILCON BUILDER'S DEPOT, INC., Doing Business under the Name and Style of WILCON DEPOT; WILCON HOME ESSENTIALS; and WILCON CITY CENTER), a holding company incorporated in the Philippines. The Parent Company is previously engaged in the same line of business as the Company. The ultimate parent company is LIAM ROS HOLDINGS INC., an entity incorporated in the Philippines and is a holding company.

On March 31, 2016, the Board of Directors (BOD) and stockholders of the Parent Company approved the transfer of its Trading Business, including the related assets and liabilities, to the Company in exchange for shares of stock of the Company. On the same date, the BOD and stockholders of the Company approved the acquisition and receipt of the former's Trading Business effective April 1, 2016. The transfer of net assets in exchange for shares of stock of the Company and the increase in authorized capital stock were approved by the SEC on November 15, 2016 (see Notes 4 and 15).

The transfer of net assets, assessed to be tax free exchange, was approved by the Bureau of Internal Revenue (BIR) on January 26, 2017.

On September 13, 2016, the BOD and stockholders of the Company authorized the Company to undertake an initial public offering of its shares with the Philippine Stock Exchange, Inc. (PSE). Subsequently, on February 23 and March 8, 2017, the SEC and the PSE, respectively, approved the Company's application for initial public offering (IPO).

The shares of stock of the Company are officially listed in the PSE on March 31, 2017. The Company listed 1,393,906,200 common shares at an offer price of ₱5.05 per share. Proceeds from IPO amounted to ₱6,767.6 million (see Note 15).

The registered office address of the Company is at No. 90 E. Rodriguez Jr. Avenue, Brgy. Ugong Norte, Quezon City.

2. Summary of Significant Accounting Policies

Basis of Preparation and Statement of Compliance

The unaudited interim condensed financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial Reporting Standards Council and adopted by the SEC, including the SEC provisions.

The significant accounting policies that have been used in the preparation of the unaudited interim condensed financial statements have been consistently applied to all the periods presented, unless otherwise stated.

The unaudited interim condensed financial statements have been prepared in accordance with PAS 34, *Interim Financial Reporting*. The unaudited interim condensed financial statements do not include all the information and disclosures required in the annual audited financial statements and should be read in conjunction with the Company's annual audited financial statements as at and for the year ended December 31, 2016, which have been prepared in accordance with PFRS.

Measurement Bases

The unaudited interim condensed financial statements have been presented in Philippine Peso, which is the functional currency of the Company. All amounts are in absolute values, unless otherwise stated.

The unaudited interim condensed financial statements of the Company have been prepared on the historical cost basis of accounting. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and change in fair value of the consideration received in exchange for incurring a liability.

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

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

Level 1 – Quoted (unadjusted) market prices in active market for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by 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 Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Further information about the assumptions made in measuring fair value is included in the following notes:

- Note 3, Significant Accounting Judgments, Estimates and Assumptions
- Note 24, Fair Value of Financial Instruments

Adoption of New and Amended PFRS

The Company adopted the amendments to PAS 7, *Statement of Cash Flows - Disclosure Initiative*, effective January 1, 2017. The amendments require entities to provide information that enable the users of financial statements to evaluate changes in liabilities arising from their financing activities.

The adoption of the amended PAS 7 did not have any material effect on the unaudited interim condensed financial statements of the Company. Additional disclosures have been included in the notes to unaudited interim condensed financial statements, as applicable.

New and Amended PFRS Not Yet Adopted

Relevant new and amended PFRS, which are not yet effective for the period ended March 31, 2017 and have not been applied in preparing the unaudited interim condensed financial statements, are summarized below.

Effective for annual period beginning on or after January 1, 2018 –

- PFRS 9, *Financial Instruments* – This standard will replace PAS 39, *Financial Instruments: Recognition and Measurement* (and all the previous versions of PFRS 9). It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition.

PFRS 9 requires all recognized financial assets to be subsequently measured at amortized cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which these are held and their contractual cash flow characteristics.

For financial liabilities, the most significant effect of PFRS 9 relates to cases where the fair value option is taken - the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

For the impairment of financial assets, PFRS 9 introduces an “expected credit loss” model based on the concept of providing for expected losses at inception of a contract. It will no longer be necessary to have an objective evidence of impairment before a credit loss is recognized.

For hedge accounting, PFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures.

The derecognition provisions are carried over almost unchanged from PAS 39.

Effective for annual period beginning on or after January 1, 2019 –

- PFRS 16, *Leases* – Significant change introduced by the new standard is that almost all leases will be brought onto lessees' statement of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance lease is retained.

The Company anticipates that the application of PFRS 9 and PFRS 16 might have a significant effect on amounts reported in respect of the Company's financial assets and liabilities. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed. Additional disclosures will be included in the unaudited interim condensed financial statements, as applicable.

Financial Assets and Liabilities

Date of Recognition. Financial assets and liabilities are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of a financial instrument. All regular way purchases and sales of financial assets are recognized on the trade date (i.e., the date that the Company commits to purchase the asset). Regular way purchases or sales are purchases or sales of financial assets that require delivery of the assets within the period generally established by regulation or convention in the market place.

Initial Recognition. Financial instruments are recognized initially at fair value of the consideration given (in the case of an asset) or received (in the case of a liability). Transaction costs are included in the initial measurement of all financial instruments, except for financial instruments classified as fair value through profit or loss (FVPL). Fair value is determined by reference to the transaction price or other market prices. If such market prices are not readily determinable, the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rate of interest for similar instruments with similar maturities.

"Day 1" Difference. Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data observable from the market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss unless it qualifies for recognition as some other type of asset. For each transaction, the Company determines the appropriate method of recognizing a "Day 1" difference amount.

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

The Company classifies its financial assets into the following categories: financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments and available-for-sale (AFS) financial assets. The Company classifies its financial liabilities as either financial liabilities at FVPL or other financial liabilities.

The classification of financial instruments depends on the purpose for which these were acquired and whether these are quoted in an active market. The Company determines the classification of the financial assets and liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

The Company does not have financial instruments classified as financial assets or liabilities at FVPL, HTM investments and AFS financial assets as at March 31, 2017 and December 31, 2016.

Loans and Receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments and 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.

Subsequent to initial measurement, loans and receivables are carried at amortized cost using the effective interest method, less any allowance for impairment in value. Any interest earned on loans and receivables is recognized as part of "Interest income" in profit or loss on an accrual basis. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral part of the effective interest rate. The periodic amortization, included as part of "Interest income," is recognized in profit or loss. Gains or losses are recognized in profit or loss when loans and receivables are derecognized or impaired, as well as through the amortization process.

Loans and receivables are included in current assets if maturity is within 12 months from the reporting date. Otherwise, these are classified as noncurrent assets.

Cash, trade and other receivables, container deposits (presented as part of "Other current assets") and security, rental and electricity deposits and refundable cash bonds (presented as part of "Other noncurrent assets") are included in this category.

Other Financial Liabilities. Other financial liabilities pertain to financial liabilities that are not held for trading and are not designated at FVPL upon the inception of the liability. These include liabilities arising from operating and financing activities.

Payables are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established. These are measured at amortized cost, normally equal to nominal amount.

The short-term and long-term debts and trade and other payables (excluding statutory liabilities, unredeemed gift certificates, and unearned revenue) are included in this category.

Impairment of Financial Assets

The Company assesses at the end of each reporting period whether a financial asset or a group of financial assets is impaired.

Financial Assets Carried at Amortized Cost. If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount

of the asset is reduced through the use of an allowance account. The amount of loss is recognized in profit or loss.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Objective evidence includes observable data that comes to the attention of the Company about loss events such as, but not limited to, significant financial difficulty of the counterparty, a breach of contract, such as a default or delinquency in interest or principal payments, or the increasing probability that the borrower will enter bankruptcy or other financial reorganization. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in the Company of financial assets with similar credit risk and characteristics and that Company of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is recognized are not included in a collective assessment of impairment. The impairment assessment is performed at the end of each reporting period. For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics such as customer type, payment history, past-due status and term.

Loans and receivables, together with the related allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Derecognition of Financial Assets and Liabilities

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

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

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and benefits of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset, if any, is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Company could be required to pay.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When 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 profit or loss.

Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the 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.

Merchandise Inventories

Merchandise inventories are valued at the lower of cost and net realizable value. Cost, which includes all costs directly attributable to acquisition such as purchase price and freight-in, is determined using the weighted average method.

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

When inventories are sold, the carrying amount of those inventories is recognized to profit or loss in the period when the related revenue is recognized.

Other Current Assets

Other current assets mainly consist of input value-added tax (VAT), deferred input VAT, container deposits, and prepaid expenses.

VAT. Revenue, expenses and assets are recognized, net of the amount of VAT, except:

- where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority; or
- receivables and payables that are stated with the amount of tax included.

The net amount of VAT recoverable from the taxation authority is included as part of "Other current assets" account in the statement of financial position.

Deferred input VAT represents the unamortized amount of input VAT on capital goods and input VAT on consigned goods already sold, wherein the suppliers' invoices are received consequently. Deferred input VAT that are expected to be claimed against output VAT for no more than 12 months after the reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets.

Container Deposits. Container deposits qualify as financial assets and are disclosed under financial instruments.

Prepaid Expenses. Prepaid expenses are expenses paid in advance and recorded as asset before these are utilized. Prepaid expenses are apportioned over the period covered by the payment and charged to appropriate expense accounts in profit or loss when incurred. Prepaid expenses that are expected to be realized for no more than 12 months after the financial reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets.

Property and Equipment

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

The initial cost of property and equipment comprises of its purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the asset has been put into operations, such as repairs and maintenance, are normally recognized as expense in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have improved the condition of the asset beyond the originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Construction in progress represents structures under construction and is stated at cost. Cost includes costs of construction, labor and other direct costs. Borrowing costs that are directly attributable to the construction of property and equipment are capitalized during the construction period. Construction in progress is not depreciated until such time that the relevant assets are ready for use.

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

<u>Asset Type</u>	<u>Number of Years</u>
Leasehold improvements	5 or term of lease, whichever is shorter
Furniture and equipment	5
Transportation equipment	5

The estimated useful lives and depreciation and amortization are reviewed and adjusted, if appropriate, at each reporting date to ensure that such years and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property and equipment.

Fully depreciated assets are retained in the accounts until these are no longer being used and no further depreciation and amortization are credited or charged to profit or loss.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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 from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period the item is derecognized.

Other Noncurrent Assets

Other noncurrent assets comprise of security, rental and electricity deposits, refundable cash bonds and computer software. These, except advance rental and computer software, qualify as financial assets and are disclosed under financial instruments.

Security and Rental Deposits. Security and rental deposits represent deposits made in relation to the lease agreements entered into by the Company. These are carried at cost less any impairment in value, and will generally be returned and applied at the end of the lease term, respectively.

Electricity Deposits. Electricity deposits are carried at cost less any impairment in value, and will be refunded upon termination of the contract.

Computer Software. Computer software acquired is measured on initial recognition at cost. Subsequent to initial recognition, computer software is carried at cost less accumulated amortization and any impairment losses. Internally generated computer software, excluding capitalized development costs, is not capitalized and expenditure is charged against profit or loss in the period in which the expenditure is incurred.

Computer software is amortized over the economic useful life of eight years and assessed for impairment whenever there is an indication that the computer software may be impaired. The amortization period and method for computer software are reviewed at least at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Gains or losses arising from disposition of computer software measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Impairment of Nonfinancial Assets

At each reporting date, nonfinancial assets are reviewed to determine whether there is any indication that those assets may be impaired. If there is an indication of possible impairment, the recoverable amount of any asset (or group of related assets) is estimated and compared with its carrying amount. An asset's (or group of assets') recoverable amount is the higher of an asset's fair value less cost 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 group of assets. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and impairment loss is recognized immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (or group of related assets) in prior period. A reversal of an impairment loss is recognized immediately in profit or loss.

Nonfinancial assets include property and equipment, computer software and advance rental.

Equity

Capital Stock. Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction from proceeds, net of tax.

Retained Earnings. Retained earnings represent the cumulative balance of net income or loss.

Other Comprehensive Income (Loss). Other comprehensive income (loss) comprises items of income and expense (including items previously presented under the statement of changes in equity) that are not recognized in profit or loss for the period. Other comprehensive loss pertains to remeasurement loss on retirement liability.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must also be met before revenue is recognized.

Net Sales. Revenue is recognized when the significant risks and benefits of ownership of the goods have passed to the buyer, which is normally upon delivery, and is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, volume rebates and unearned revenue from loyalty program.

The award credits from the loyalty program are identifiable component of sale transactions in which these are granted. The fair value of the consideration received or receivable in respect to the sale is allocated between the award credits and the other components of the sale. The Company recognizes the consideration received allocated to award credits as sale when award credits are redeemed and it fulfills its obligations to supply the award credits. The amount of revenue recognized is based on the number of award credits that have been redeemed in exchange for awards, relative to the total number that are expected to be redeemed. Any unredeemed award credits as at reporting date are recognized as unearned revenue included under "Trade and other payables" account in the statement of financial position.

Rent Income. Revenue arising from rentals of property is recognized on a straight-line basis over the lease term.

Interest Income. Revenue is recognized as the interest accrues, taking into account the effective yield of the asset.

Other Income. Revenue is recognized when there is an incidental economic benefit, other than the usual business operations, that will flow to the Company through an increase in asset or reduction in liability and that can be measured reliably.

Cost and Expense Recognition

Costs and expenses are recognized in profit or loss upon receipt of goods, utilization of services or at the date the costs and expenses are incurred.

Employee Benefits

Short-term Employee Benefits. The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the period. A liability is also recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits. Retirement benefit costs are actuarially determined using the projected unit credit method, which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Company recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and non-routine settlements and net interest expense or income in profit or loss. Net interest is calculated by applying the discount rate to the net retirement liability or asset.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognizes restructuring-related costs.

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

The retirement liability is the aggregate of the present value of the defined benefit obligation and the fair value of plan assets out of which the obligations are to be settled directly. The present value of the retirement liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

Leases

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

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

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

Leases where a significant portion of the risks and reward of ownership over the asset are retained by the lessor, are classified as operating leases. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the period of the lease.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that have been enacted or substantively enacted at end of the reporting period.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of unused tax credits from unused net operating loss carry over (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused NOLCO can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate and tax laws that have been enacted or substantively enacted at the end of reporting period.

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

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

Earnings per Share

The Company presents basic and diluted earnings per share. Basic earnings per share is calculated by dividing the net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated in the same manner, adjusted for the effects of all dilutive potential common shares.

The Company has no dilutive potential common shares.

Related Party Relationship and Transactions

Related party transactions consist of transfers of resources, services or obligations between the Company and its related parties.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) individuals who, by owning directly or indirectly through one or more

intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

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

Segment Reporting

Operating segments are components of the Company: (a) that engage in business activities from which this may earn revenue and incur expenses, including revenue and expenses relating to transactions with other components of the Company; (b) whose operating results are regularly reviewed by the Company's senior management, its chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

For purposes of management reporting, the Company has only one reportable operating segment, which is the Trading Business. The Company has only one geographical segment as all of its assets are located in the Philippines. The Company operates and derives all its revenue from domestic operations.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that a transfer of economic benefits will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

Contingencies

Contingent liabilities are not recognized in the financial statements but are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Events after the Reporting Date

Events after the reporting date that provide additional information about the Company's financial position at the end of the reporting period (adjusting events) are reflected in the financial statements when material. Events after the reporting date that are non-adjusting events are disclosed in the notes to financial statements when material.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the unaudited interim condensed financial statements requires the Company to exercise judgment, make estimates and use assumptions that affect the amounts reported in the unaudited interim condensed financial statements and accompanying notes. The judgments and estimates are based on management's evaluation of relevant facts and circumstances as of the date

of the comparative financial statements. Actual results could differ from these estimates, and as such estimates will be adjusted accordingly when the effects become determinable.

Judgments

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

Determining the Operating Segments. Determination of operating segments is based on the information about components of the Company that management uses to make decisions about the operating matters. Operating segments use internal reports that are regularly reviewed by the Company's chief operating decision maker, which is defined to be the Company's BOD, in order to allocate resources to the segment and assess its performance. The Company reports separate information about an operating segment that meets any of the following quantitative thresholds: (a) its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; (b) the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss; and (c) the assets of the segment are 10% or more of the combined assets of all operating segments.

The Company has only one reportable operating segment which is the Trading Business, and one geographical segment as all of the assets are located in the Philippines. The Company operates and derives all its revenue from domestic operations. Thus, no further disclosures of operating and geographical segments are necessary.

Determining the Classification of Lease Arrangements. The Company, as a lessee, has various lease agreements with related parties and third parties for land, buildings, computer software and transportation equipment. The Company has determined that the lessor retains all significant risks and benefits of ownership over the leased properties. Accordingly, the Company accounts for the lease agreements as operating leases.

Rent expense amounted to ₱181.4 million for the three-month period ended March 31, 2017 (see Note 20).

The Company, as a lessor, has existing lease agreements for commercial spaces, gondola lightings, facade billboards, window displays and street banners. The Company has determined that the significant risks and benefits of ownership over the leased properties remain with the Company. Accordingly, the Company accounts for the lease agreements as operating leases.

Rent income amounted to ₱3.5 million for the three-month period ended March 31, 2017 (see Note 20).

Estimates and Assumptions

The key estimates and assumptions used in the unaudited interim condensed financial statements are based upon management's evaluation of relevant facts and circumstances of the unaudited interim condensed financial statements. Actual results could differ from those estimates. Presented below is the relevant estimate performed by management on its unaudited interim condensed financial statements.

Determining Fair Values of Financial Instruments. Fair value determinations for financial assets are based generally on quoted market prices. If market prices are not available, fair value is determined using valuation techniques that make maximum use of marketable observable inputs and which the Company determines can best provide a fair value acceptable to market participants.

Fair values of financial assets and liabilities as presented in Note 24 to unaudited interim condensed financial statements.

Estimating Impairment Losses on Trade and Other Receivables (including Refundable Cash Bonds). Impairment losses on receivables are provided for specific and groups of accounts, where objective evidence of impairment exists. The Company evaluates these accounts on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Company's relationship with the customers and counterparties, the customers' current credit status based on third party credit reports and known market forces, average age of accounts, collection experience, and historical loss experience.

The amount and timing of recorded expenses for any period would differ if the Company made different judgments or utilized different methodologies. An increase in allowance for impairment losses on receivables would increase the recorded expenses and decrease current assets. In addition, accounts specifically identified to be potentially uncollectible are also provided with adequate allowance.

The carrying value of trade and other receivables amounted to ₱432.5 million and ₱422.6 million as at March 31, 2017 and December 31, 2016, respectively (see Note 6). Allowance for impairment losses on receivables amounted to ₱38.8 million and ₱45.8 million as at March 31, 2017 and December 31, 2016, respectively (see Note 6).

As at March 31, 2017 and December 31, 2016, refundable cash bonds amounting to ₱83.4 million have been assessed as unrecoverable (see Note 10). Accordingly, allowance for impairment losses amounted to ₱83.4 million as at March 31, 2017 and December 31, 2016.

Determining Net Realizable Value of Merchandise Inventories. The Company recognizes inventory write down and losses whenever net realizable value becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes.

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made of the amount the inventories are expected to be realized. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after reporting date to the extent that such events confirm conditions existing at reporting date. The allowance account is reviewed periodically to reflect the accurate valuation in the financial records.

The carrying value of merchandise inventories amounted to ₱6,631.5 million and ₱6,575.8 million as at March 31, 2017 and December 31, 2016, respectively (see Note 7). Allowance for inventory write down and losses amounted to ₱73.5 million and ₱101.7 million as at March 31, 2017 and December 31, 2016, respectively (see Note 7).

Estimating Useful Lives of Property and Equipment and Computer Software. The Company estimates the useful lives of property and equipment and computer software based on the periods over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

There is no change in estimated useful lives of property and equipment and computer software as at March 31, 2017 and December 31, 2016. The carrying value of depreciable property and equipment and computer software follows:

	Note	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Property and equipment*	9	₱366,912,277	₱341,897,899
Computer software	10	16,385,119	10,555,309
		₱383,297,396	₱352,453,208

*Excludes construction in progress amounting to ₱4.4 million as at March 31, 2017.

Assessing Impairment of Nonfinancial Assets. The Company assesses any impairment on its nonfinancial assets whenever events or changes in circumstances indicate that the carrying value of assets or group of assets may not be recoverable. Factors that the Company considered in deciding when to perform impairment review includes the following among others:

- significant under-performance of a business in relation to expectations;
- significant negative industry or economic trends; and
- significant changes or planned changes in the use of the assets.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The estimated recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's-length transaction. Recoverable amount represents the value in use, determined as the present value of estimated future cash flow expected to be generated from the continued use of the assets. The estimated cash flow are projected using growth rates based on historical experience and business plans and are discounted using pretax discount rates that reflect the current assessment of the time value of money and the risks specific to the asset. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash generating unit to which the assets belongs.

There were no indications that the carrying value of nonfinancial assets may be impaired. Accordingly, no impairment loss was recognized in 2017 and 2016.

The carrying values of nonfinancial assets assessed for possible impairment are presented below.

	Note	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Property and equipment	9	₱371,273,384	₱341,897,899
Computer software	10	16,385,119	10,555,309
		₱387,658,503	₱352,453,208

Determining Retirement Liability. The determination of the obligation and cost of retirement benefits is dependent on the assumptions determined by management and used by the actuary in calculating such amounts. These assumptions are described in Note 14 to financial statements and include, among others, discount rate and salary increase rate. Actual results that differ from the Company's assumptions are accumulated and recognized in other comprehensive income, therefore, generally affect the recognized expense and recorded obligation in such future periods.

Retirement liability amounted to ₱428.7 million and ₱414.6 million as at March 31, 2017 and December 31, 2016, respectively (see Note 14).

Assessing Realizability of Deferred Tax Assets. The Company reviews the carrying amount of deferred tax assets at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets amounted to ₱178.4 million and ₱184.3 million as at March 31, 2017 and December 31, 2016, respectively (see Note 19).

4. Transfer of the Trading Business from the Parent Company

As discussed in Note 1, the Parent Company transferred its Trading Business, including the related assets and liabilities, to the Company in exchange for the shares of stock, effective April 1, 2016.

Details of the assets and liabilities transferred to the Company are as follows:

Cash	₱199,731,283
Trade and other receivables	377,126,849
Merchandise inventories	7,214,079,609
Other current assets	14,210,928
Property and equipment	339,385,907
Other noncurrent assets	49,403,111
Short-term debt	(603,504,383)
Long-term debt	(1,101,666,666)
Trade and other payables	(3,461,894,391)
Retirement liability	(371,054,331)
Net assets transferred	₱2,655,817,916

The transfer of net assets in exchange for shares of stock of the Company was approved by the SEC on November 15, 2016 (see Notes 1 and 15). Consequently, the Parent Company received 2,655.8 million shares of stock of the Company.

The transfer of net assets in exchange for shares of stock of the Company was acquired pursuant to Section 40(c) of the Tax Code, as amended.

5. Cash

This account consists of:

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Cash on hand	P5,869,742	P6,329,849
Cash in banks	7,265,212,724	631,742,244
	P7,271,082,466	P638,072,093

Cash in banks earn interest at prevailing deposit rates. Interest income amounted to P235,039 for the three-month period ended March 31, 2017 (see Note 18).

6. Trade and Other Receivables

Details of this account are as follows:

	Note	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Trade:			
Third parties		P321,531,258	P337,631,279
Related parties	21	92,866,240	100,146,597
Rental	20	2,700,277	15,137,938
Advances to suppliers		8,574,514	13,796,318
Others		45,597,514	1,715,832
		471,269,803	468,427,964
Allowance for impairment losses		(38,793,012)	(45,834,378)
		P432,476,791	P422,593,586

Trade receivables are unsecured, noninterest-bearing and have credit terms of 30 to 60 days.

Rental receivables, which are collectible within one year, include receivables from the lease of gondola lightings, facade billboards, window displays and street banners.

Advances to suppliers pertain to advance payments on purchases of goods for trading which will be refunded or applied against billings.

Movements of allowance for impairment losses on receivables are as follows:

	Note	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Balance at beginning of period		P45,834,378	P-
Reversal	17	(4,957,622)	(10,894,782)
Provision	17	2,612,956	
Write-off		(4,696,700)	-
Transferred from Parent Company		-	56,729,160
Balance at end of period		P38,793,012	P45,834,378

7. Merchandise Inventories

Details of this account are as follows:

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
At cost	P6,368,360,905	P6,459,355,675
At net realizable value	263,120,262	116,488,226
	P6,631,481,167	P6,575,843,901

Merchandise inventories pertain to goods being traded under the normal course of business, which include construction supplies, bathroom and kitchen supplies and equipment, furniture, among others, on wholesale and retail basis.

The cost of merchandise inventories stated at net realizable value amounted to P336.6 million and P218.2 million as at March 31, 2017 and December 31, 2016, respectively.

Movements of allowance for inventory write down and losses are as follows:

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Balance at beginning of period	P101,651,425	P-
Reversal	(28,201,283)	-
Provision	-	51,594,828
Transferred from Parent Company	-	50,056,597
Balance at end of period	P73,450,142	P101,651,425

Inventories charged to cost of sales amounted to P2,920.4 million for the three-month period ended March 31, 2017 (see Note 16).

8. Other Current Assets

Details of this account are as follows:

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Input VAT	P578,425,689	P629,154,525
Current portion of deferred input VAT	206,238,640	124,614,030
Container deposits	8,993,257	9,034,191
Prepaid expenses	7,558,561	7,134,258
	P801,216,147	P769,937,004

Deferred input VAT pertains to the current unamortized portion of input VAT on furniture and equipment and transportation equipment and input VAT on consigned goods already sold, wherein the suppliers' invoices are received subsequently.

Container deposits pertain to the refundable charges for the use of cargo containers for importations of goods. Container deposits will be refunded upon return of the empty containers to the shipping companies.

9. Property and Equipment

Details and movements of this account are as follows:

	March 31, 2017 (Unaudited)				Total
	Leasehold Improvements	Furniture and Equipment	Transportation Equipment	Construction in Progress	
Cost					
Balance at beginning of period	P143,583,260	P255,022,262	P5,576,964	P-	P404,182,486
Additions	-	47,344,844	-	4,361,107	51,705,951
Balance at end of period	143,583,260	302,367,106	5,576,964	4,361,107	455,888,437
Accumulated Depreciation					
Balance at beginning of period	9,430,748	52,463,387	390,452	-	62,284,587
Depreciation and amortization	2,782,028	19,269,590	278,848	-	22,330,466
Balance at end of period	12,212,776	71,732,977	669,300	-	84,615,053
Net book value	P131,370,484	P230,634,129	P4,907,664	P4,361,107	P371,273,384

	December 31, 2016 (Audited)				Total
	Leasehold Improvements	Furniture and Equipment	Transportation Equipment	Construction in Progress	
Cost					
Transferred from Parent Company	P31,211,210	P198,805,682	P-	P109,369,015	P339,385,907
Additions	3,003,035	56,216,580	5,576,964	-	64,796,579
Reclassification	109,369,015	-	-	(109,369,015)	-
Balance at end of period	143,583,260	255,022,262	5,576,964	-	404,182,486
Depreciation and amortization for the period and balance at end of period					
	9,430,748	52,463,387	390,452	-	62,284,587
Net book value	P134,152,512	P202,558,875	P5,186,512	P-	P341,897,899

The depreciation and amortization for the three-month period ended March 31, 2017 are summarized below:

	Note	
Property and equipment		P22,330,466
Computer software	10	468,090
	17	P22,798,556

10. Other Noncurrent Assets

Details of this account are as follows:

	Note	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Security and rental deposits	20	P165,426,786	P161,334,786
Noncurrent deferred input VAT		36,562,267	22,292,311
Electricity deposits		19,214,766	16,802,346
Computer software		16,385,119	10,555,309
Refundable cash bonds, net of allowance for impairment losses of P83.4 million		-	-
		P237,588,938	P210,984,752

Security and rental deposits pertain to refundable deposits and advance rentals to various lessors. These refundable deposits and advance rentals will be returned and applied at the end of the lease term, respectively. As at March 31, 2017 and December 31, 2016, advance rentals to various lessors amounted to ₱67.6 million and ₱64.8 million, respectively.

Electricity deposits pertain to noninterest-bearing refundable deposits to various electric companies. This will be refunded upon termination of the contract.

The Company has refundable cash bonds amounting to ₱83.4 million. These refer to payments made to the Bureau of Customs (BOC) for the release of imported goods purchased by the Parent Company with no established and published values covering importations as required in Republic Act No. 8181, *Transaction Value Act*. The amount of cash bonds to be paid by the Parent Company is determined by the BOC. The amount is refundable once the correct dutiable value or values for the importation have been established. As at March 31, 2017, the refund of cash bonds is still pending with the BOC.

Details of computer software follow:

	Note	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Cost			
Balance at beginning of period		₱10,985,329	₱-
Additions		6,297,900	10,985,329
Balance at end of period		17,283,229	10,985,329
Accumulated Amortization			
Balance at end of period		430,020	-
Amortization	9	468,090	430,020
Balance at end of period		898,110	430,020
Net book value		₱16,385,119	₱10,555,309

11. Short-term Debt

Short-term loans amounting to ₱445.0 million as at March 31, 2017 and December 31, 2016 bear interest, which are being repriced monthly, ranging from 2.50% to 2.90%.

Interest expense amounted to ₱3.6 million for the three-month period ended March 31, 2017 (see Note 12).

12. Long-term Debt

Details of long-term debt are as follows:

	Terms	Principal	Outstanding Balance	
			March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Loan 1	Quarterly installment payment until December 2019	₱500,000,000	₱275,000,000	₱300,000,000
Loan 2	Quarterly installment payment until March 2020	320,000,000	240,000,000	280,000,000
Loan 3	Monthly installment payment until August 2021	210,000,000	142,692,308	150,769,231
Loan 4	Monthly installment payment until August 2021	170,000,000	115,512,820	122,051,282
Loan 5	Monthly installment payment until March 2018	100,000,000	70,000,000	75,000,000
		₱1,300,000,000	843,205,128	927,820,513
Current portion			(258,461,539)	(278,461,539)
Noncurrent portion			₱584,743,589	₱649,358,974

The loans bear interest ranging from 2.50% to 2.75% for the three-month period ended March 31, 2017.

Interest expense for the three-month period ended March 31, 2017 is summarized below:

	Note	
Long-term debt		₱6,234,526
Short-term debt	11	3,588,264
		₱9,822,790

As at March 31, 2017 and December 31, 2016, certain loans are collateralized by property and equipment and investment properties of the Parent Company with a carrying value of ₱791.8 million and ₱725.2 million, respectively.

The maturities of the long-term debt as at March 31, 2017 are as follows:

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Less than one year	₱308,461,538	₱278,461,539
Between one to two years	238,461,540	516,923,077
Between two to five years	296,282,050	132,435,897
	₱843,205,128	₱927,820,513

13. Trade and Other Payables

Details of this account are as follows:

	Note	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Trade:			
Third parties		₱1,698,407,541	₱2,307,558,266
Related parties	21	920,582,283	901,164,379
Accrued expenses:			
Stock transaction costs		79,629,794	-
Rent	20	51,668,114	42,680,810
Utilities		36,491,613	62,536,306
Trucking services		20,425,490	16,237,760
Others		117,613,409	38,184,017
Advances from customers		161,347,005	151,970,218
Nontrade		120,916,808	39,524,714
Others		66,680,235	59,823,030
		₱3,273,762,292	₱3,619,679,500

Trade payables and accrued expenses are generally settled in varying periods depending on arrangement with suppliers, normally within 30 to 90 days.

Accrued expenses refer to accruals for utilities, rentals from related parties and third parties, trucking services, stock transaction costs, postage and telecommunications, outside services, salaries and wages and other expenses incurred which are payable in the succeeding month.

Advances from customers pertain to refundable payments and deposits made by the customers pending the delivery of goods purchased. Refundable deposits amounted to ₱87.6 million and ₱87.1 million as at March 31, 2017 and December 31, 2016, respectively.

Nontrade payables pertain to unpaid advertising and promotions and transportation and travel which, are payable in the succeeding month.

Others pertain to unearned revenue on loyalty program, unredeemed gift certificates, withholding taxes and statutory obligations.

14. Retirement Benefits

The Company has an unfunded, noncontributory defined benefit retirement plan covering all of its eligible employees. The latest actuarial valuation report was dated as at September 30, 2016.

Retirement benefits for the three-month period ended March 31, 2017, presented under salaries, wages and employees' benefits, are as follows:

	Amount
Current services cost	₱8,928,479
Interest cost	5,213,238
	₱14,141,717

The changes in the present value of the defined benefit obligation are as follows:

	Note	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Balance at beginning of period		₱414,571,587	₱-
Retirement benefits		14,141,717	29,745,363
Transferred from Parent Company	4	-	371,054,331
Remeasurement loss		-	13,771,893
Balance at end of year		₱428,713,304	₱414,571,587

The principal actuarial assumptions used to determine the retirement liability as at March 31, 2017 and December 31, 2016 are as follows:

Discount rate	4.65%
Annual salary increase rate	8.00%

Sensitivity analysis on retirement liability is as follows:

	Basis Points	Amount
Discount rate	+100	(₱71,825,943)
	-100	91,543,937
Salary rate	+100	83,336,718
	-100	(67,646,560)
Turnover rate	0%	132,750,497

As at March 31, 2017, the expected future benefits payments are as follow:

Year	Amount
2018	₱7,344,000
2019	-
2020	382,395
2021	4,109,643
2022 to 2026	38,623,444
	₱50,459,482

15. Equity

Capital stock

Details of capital stock are as follow:

	March 31, 2017 (Unaudited)		December 31, 2016 (Audited)	
	Number of Shares	Amount	Number of Shares	Amount
Authorized - at ₱1 a share				
Balance at beginning of period	5,000,000,000	₱5,000,000,000	200,000,000	₱200,000,000
Increase	-	-	4,800,000,000	4,800,000,000
Balance at end of period	5,000,000,000	₱5,000,000,000	5,000,000,000	₱5,000,000,000

	March 31, 2017 (Unaudited)		December 31, 2016 (Audited)	
	Number of Shares	Amount	Number of Shares	Amount
Issued and outstanding:				
Balance at beginning of period	2,705,817,916	₱2,705,817,916	50,000,000	₱50,000,000
Issuances	1,393,906,200	1,393,906,200	2,655,817,916	2,655,817,916
Balance at end of period	4,099,724,116	₱4,099,724,116	2,705,817,916	₱2,705,817,916

On April 1, 2016, the Company's BOD and stockholders approved the increase in authorized capital stock of the Company from ₱200.0 million, consisting of 200,000,000 shares of common stock with par value of ₱1.00 per share, to ₱5,000.0 million, consisting of 5,000,000,000 shares of common stock with par value of ₱1.00 per share.

On the same date, the Parent Company subscribed to 2,655.8 million shares of stock of the Company in exchange for the net assets of its Trading Business amounting to ₱2,655.8 million determined as at March 31, 2016 (see Notes 1 and 4).

On November 15, 2016, the SEC approved the increase in authorized capital stock and the transfer of net assets in exchange for shares of stock of the Company (see Notes 1 and 4).

Additional Paid-in Capital

On March 31, 2017, the Company listed 1,393,906,200 common shares in the PSE at an offer price of ₱5.05 per share. Proceeds from IPO amounted to ₱6,767.6 million. The Company incurred transaction costs incidental to the IPO amounting to ₱271.6 million which was subsequently charged against additional paid-in capital.

16. Cost of Sales

Details of this account for the three-month period ended March 31, 2017 follow:

	Note	
Merchandise inventories at beginning of period	7	₱6,575,843,901
Net purchases		2,976,076,877
Goods available for sale		9,551,920,778
Merchandise inventories at end of period	7	(6,631,481,167)
		₱2,920,439,611

17. Operating Expenses

Details of this account for the three-month period ended March 31, 2017 follow:

	Note	Amount
Rent	20	₱181,378,041
Outsourced services		152,074,321
Salaries, wages and employees' benefits		148,373,301
Utilities		95,989,737
Trucking services		59,709,536

(Forward)

	Note	Amount
Taxes and licenses		P58,047,418
Credit card charges		35,765,791
Security services		25,076,344
Depreciation and amortization	9	22,798,556
Advertising and promotions		18,495,071
Repairs and maintenance		12,178,460
Supplies		10,280,685
Professional fees		9,047,543
Postage, telephone and telegraph		7,159,446
Transportation and travel		5,940,488
Net reversal of allowance for impairment losses on receivables	6	(2,344,666)
Donations and contributions		2,254,814
Fuel and oil		2,166,284
Others		6,789,950
		P851,181,120

18. Other Income

Details of this account for the three-month period ended March 31, 2017 follow:

	Note	Amount
Rent	20	P3,528,857
Interest	5	235,039
Others - net		39,176,132
		P42,940,028

Rent income pertains to lease of gondola lightings, facade billboards, window displays and street banners.

Other income includes amounts charged to and from the suppliers for the use of billboards and signage, office supplies, promotion rebates and other reimbursable costs.

19. Income Tax

The current income tax expense for the three-month period ended March 31, 2017 amounting to P47.0 million represents regular corporate income tax.

The Company will be subject to minimum corporate income tax in the taxable year 2019, which is the fourth taxable year immediately following the year of the Company's registration with the BIR on December 17, 2015.

The reconciliation between income tax expense at statutory tax rate and income tax expense presented in the unaudited interim condensed statement of comprehensive income is as follows:

Income tax expense at statutory rate	P133,075,179
Income tax effects of:	
Stock transaction costs	(80,198,460)
Interest income already subjected to final tax	(70,512)
Nondeductible expenses	29,086
	<u>P52,835,293</u>

Net deferred tax assets relate to the tax effect of the temporary differences as follows:

	March 31, 2016 (Unaudited)	December 31, 2016 (Audited)
Deferred tax assets:		
Retirement liability	P128,613,991	P124,371,476
Allowance for impairment of refundable cash bonds	25,022,980	25,022,980
Allowance for inventory write down and losses	22,035,043	30,495,428
Allowance for impairment losses on receivables	11,637,904	13,750,313
Unearned revenue from loyalty program	8,909,563	8,227,996
Accrued rent on straight-line basis	2,437,927	1,822,779
	<u>198,657,408</u>	<u>203,690,972</u>
Deferred tax liabilities:		
Advance rentals	(20,271,600)	(19,429,200)
Unrealized foreign exchange gain	(1,682)	-
	<u>(20,273,282)</u>	<u>(19,429,200)</u>
	<u>P178,384,126</u>	<u>P184,261,772</u>

The presentation of net deferred tax assets are as follows:

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Through profit or loss	P174,252,558	P180,130,204
Through other comprehensive income	4,131,568	4,131,568
	<u>P178,384,126</u>	<u>P184,261,772</u>

20. Leases

The Company as a Lessee

The Company has various lease agreements with the related parties and third parties for the use of land, buildings, transportation equipment and computer software for a period of one to fifteen years. These leases are renewable upon mutual agreement. The monthly rental is subject to escalation.

Security and rental deposits, which pertain to refundable deposit and advance rentals, amounted to P165.4 million and P161.3 million as at March 31, 2017 and December 31, 2016, respectively (see Note 10). The refundable deposits and advance rentals will be returned and applied at the end

of the lease term, respectively. Accrued rent as at March 31, 2017 and December 31, 2016 amounted to ₱51.7 million and ₱42.7 million, respectively (see Note 13).

Rent expense amounted to ₱181.4 million for the three-month period ended March 31, 2017 (see Note 17).

Future minimum rental payments under operating lease as at March 31, 2017 are as follows:

Within one year	₱636,519,207
After one year but not more than five years	830,887,672
More than five years	122,848,504
	₱1,590,255,383

The Company as a Lessor

The Company has existing lease agreements on commercial spaces, gondola lightings, facade billboards, window displays and street banners with lease terms of less than a year. The leases are renewable upon mutual agreement by the parties.

Rent income amounted to ₱3.5 million for the three-month period ended March 31, 2017 (see Note 18). Rental receivables amounted to ₱2.7 million and ₱15.1 million as at March 31, 2017 and December 31, 2016, respectively (see Note 6).

21. Related Party Transactions and Balances

The Company, in the normal course of business, has various transactions and balances with its related parties in 2017 and 2016, as described below.

Related Party	Nature of Transactions	Period	Transactions during the Period	Trade Receivables (see Note 6)	Trade Payables (see Note 13)	Accrued Expenses
Parent Company	Transfer of trading business	March 31, 2017	₱35,978,324	₱-	₱612,390,068	₱-
		December 31, 2016	2,655,817,916	-	748,555,638	-
	Noninterest-bearing advances	March 31, 2017	-	-	-	-
		December 31, 2016	599,471,322	-	-	-
	Rental expenses	March 31, 2017	112,096,985	-	-	47,262,745
		December 31, 2016	323,178,971	-	-	31,740,971
	Purchases of goods	March 31, 2017	15,342,838	-	15,111,358	-
		December 31, 2016	50,604,575	-	37,169,225	-
	Reimbursement of expenses	March 31, 2017	87,967,403	-	-	32,008,597
		December 31, 2016	250,276,813	-	-	62,536,306
	Sale of goods	March 31, 2017	2,386,302	2,544,971	-	-
		December 31, 2016	4,420,288	1,499,537	-	-
Entities under Common Control*	Purchases of goods	March 31, 2017	339,685,924	-	293,080,857	-
		December 31, 2016	1,414,492,237	-	115,439,516	-
	Trucking services	March 31, 2017	-	-	-	-
		December 31, 2016	112,592,100	-	-	-
	Rental expenses	March 31, 2017	31,202,151	-	-	3,173,560
		December 31, 2016	55,072,026	-	-	-
Sale of goods	March 31, 2017	2,458,739	90,321,269	-	-	
	December 31, 2016	26,337,166	98,647,060	-	-	
Stockholder	Rental expenses	March 31, 2017	3,646,613	-	-	-
		December 31, 2016	10,939,839	-	-	10,939,839
		March 31, 2017		₱92,866,240	₱920,582,283	₱82,444,902
		December 31, 2016		100,146,597	901,164,379	105,217,116

*Certain entities under common control were related parties up to September 2016.

Transactions with related parties are as follows:

- a. Purchases and sales of merchandise inventories and trucking services with Parent Company and entities under common control. Purchases from entities under common control are subject to rebates based on certain percentage of sales from goods purchased from entities under common control.
- b. Various existing lease agreements with the Parent Company and related parties for the use of land, buildings, transportation equipment and computer software for a period of one to five years (see Note 20).
- c. Power and electricity, water, postage, telephone and telegraph billed by the Parent Company to the Company at cost plus mark-up.

Outstanding balance of trade and nontrade payables are generally settled in varying periods depending on arrangement with suppliers, normally within 30 to 90 days.

Compensation of Key Management Personnel

Compensation of key management personnel by benefit type, are as follows:

Short-term employee benefits	₱9,654,454
Retirement benefits	1,323,690
	<u>₱10,978,144</u>

22. Earnings per Share

Basic and dilutive earnings per share were computed as follows:

Net income	₱390,748,636
Divided by the weighted average number of outstanding shares	2,705,817,916
	<u>₱0.14</u>

23. Financial Risk Management Objectives and Policies

The Company's principal financial instruments consist of cash, trade receivables and payables (excluding statutory liabilities, unredeemed gift certificates and unearned revenue), and short-term and long-term debt. The main purpose of these financial instruments is to fund the Company's operations.

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's risk management is coordinated with the BOD, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial market.

The main financial risks arising from the financial instruments are credit risk, liquidity risk and interest rate risk. The BOD regularly reviews and approves the appropriate policies for managing these financial risks, as summarized below.

Credit Risk. Credit risk is the risk that the Company will incur a loss because its counterparties fail to discharge their contractual obligations. Receivables are monitored on an on-going basis with the result that the Company's exposure to possible losses is not significant.

With respect to credit risk arising from the cash in banks and trade and other receivables, exposure to credit risk arises from the default of the counter party, with a maximum exposure equal to the gross amount of these instruments as follows:

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Cash in banks	P7,265,212,724	P631,742,244
Trade and other receivables	471,269,803	468,427,964
Container deposits	8,993,257	9,034,191
Security and rental deposits*	97,854,786	96,570,786
Electricity deposits	19,214,766	16,802,346
Refundable cash bonds	83,409,934	83,409,934
	P7,945,955,270	P1,305,987,465

* Excluding advance rentals amounting to P67.6 million and P64.8 million as at March 31, 2017 and December 31, 2016, respectively.

The Company does not have major concentration of credit risk.

The table below summarizes the Company's financial assets based on aging:

	March 31, 2017 (Unaudited)					Total
	Neither Past Due Nor Impaired	Past Due but not Impaired			Past Due and Impaired	
		Less than One Year	One Year and Over			
Cash	P7,271,082,466	P-	P-	P-	P7,271,082,466	
Trade and other receivables	156,123,988	162,596,569	113,756,234	38,793,012	471,269,803	
Container deposits	8,993,257	-	-	-	8,993,257	
Security and rental deposits*	97,854,786	-	-	-	97,854,786	
Electricity deposits	19,214,766	-	-	-	19,214,766	
Refundable cash bonds	-	-	-	83,409,934	83,409,934	
	P7,553,269,263	P162,596,569	P113,756,234	P122,202,946	P7,951,825,012	

* Excluding advance rentals amounting to P67.6 million.

	December 31, 2016 (Audited)					Total
	Neither Past Due Nor Impaired	Past Due but not Impaired			Past Due and Impaired	
		Less than One Year	One Year and Over			
Cash	P638,072,093	P-	P-	P-	P638,072,093	
Trade and other receivables	127,622,141	191,623,004	103,348,441	45,834,378	468,427,964	
Container deposits	9,034,191	-	-	-	9,034,191	
Security and rental deposits*	96,570,786	-	-	-	96,570,786	
Electricity deposits	16,802,346	-	-	-	16,802,346	
Refundable cash bonds	-	-	-	83,409,934	83,409,934	
	P888,101,557	P191,623,004	P103,348,441	P129,244,312	P1,312,317,314	

* Excluding advance rentals amounting to P64.8 million.

“Past due but not impaired” are items with history of frequent defaults, nevertheless, the amounts are still collectible.

The table below shows the credit quality of the Company’s financial assets that are neither past due nor impaired based on their historical experience with the counter parties.

	March 31, 2017 (Unaudited)			Total
	High Grade	Standard Grade	Substandard Grade	
Cash	P7,271,082,466	P-	P-	P7,271,082,466
Trade and other receivables	-	156,123,988	-	156,123,988
Container deposits	-	-	8,993,257	8,993,257
Security and rental deposits*	-	97,854,786	-	97,854,786
Electricity deposits	-	19,214,766	-	19,214,766
	P7,271,082,466	P273,193,540	P8,993,257	P7,553,269,263

* Excluding advance rentals amounting to P67.6 million.

	December 31, 2016 (Audited)			Total
	High Grade	Standard Grade	Substandard Grade	
Cash	P638,072,093	P-	P-	P638,072,093
Trade and other receivables	-	127,622,141	-	127,622,141
Container deposits	-	-	9,034,191	9,034,191
Security and rental deposits*	-	96,570,786	-	96,570,786
Electricity deposits	-	16,802,346	-	16,802,346
	P638,072,093	P240,995,273	P9,034,191	P888,101,557

* Excluding advance rentals amounting to P64.8 million.

High grade receivables pertain to those receivables from counter parties that consistently pay before the maturity date. Standard grade includes receivables that are collected on their due dates even without an effort from the Company to follow them up while receivables which are collected on their due dates provided that the Company made a persistent effort to collect them are included under substandard grade receivables.

Liquidity Risk. Liquidity risk is the risk that the Company will not be able to settle its obligations when these fall due. The Company monitors and maintains a level of cash deemed adequate by the management to finance the Company’s operations and mitigate the effects of fluctuations in cash flows.

The table below summarizes the maturity profile of the Company’s financial liabilities based on contractual undiscounted payments.

	March 31, 2017 (Unaudited)				Total
	On Demand	Within Three Months	More than Three Months to One Year	More than One Year but less than Five Years	
Short-term debt	P-	P445,000,000	P-	P-	P445,000,000
Trade and other payables*	-	-	3,207,082,057	-	3,207,082,057
Long-term debt	20,000,000	154,615,385	133,846,153	534,743,590	843,205,128
	P20,000,000	P599,615,385	P3,340,928,210	P534,743,590	P4,495,287,185

* Excluding statutory liabilities, unredeemed gift certificates and unearned revenue aggregating to P66.7 million.

December 31, 2016 (Audited)					
	On Demand	Within Three Months	More than Three Months to One Year	More than One Year but less than Five Years	Total
Short-term debt	P-	₱445,000,000	P-	P-	₱445,000,000
Trade and other payables*	-	-	3,559,856,470	-	3,559,856,470
Long-term debt	20,000,000	64,615,385	193,846,154	649,358,974	927,820,513
	₱20,000,000	₱509,615,385	₱3,753,702,624	₱649,358,974	₱4,932,676,983

* Excluding statutory liabilities, unredeemed gift certificates and unearned revenue aggregating to ₱59.8 million.

As at March 31, 2017 and December 31, 2016, the Company had at its disposal cash amounting ₱7,271.1 million and ₱638.1 million, respectively. The Company's holding of cash, together with net cash flows from operations and financing, are expected to be sufficient to cover the payments due for its financial liabilities and the cost of all firm orders due in the next financial year.

Interest Rate Risk. Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates.

The Company regularly monitors interest rate movements and on the basis of current and projected economic and monetary data, decides on the best alternative to take.

The following table demonstrates the sensitivity of income before income tax due to a reasonably possible change in interest rate, with all other variables held constant.

	Increase (Decrease) in Rate	Increase (Decrease) in Amount
March 31, 2017	0.22%	(₱72,124)
	(0.22%)	72,124
December 31, 2016	0.30%	(106,519)
	(0.30%)	106,519

Capital Management

The primary objective of the Company's management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Company monitors capital on the basis of debt-to-equity ratio and makes adjustments to it in light of changes in economic conditions and its financial position. This ratio is calculated as total debt divided by total equity. Total debt includes total liabilities and deposits for future stock subscriptions.

Total equity includes capital stock, other comprehensive loss and retained earnings (deficit). The debt-to-equity ratio is as follows:

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Total debt	₱5,182,685,114	₱5,561,166,365
Total equity	10,740,817,905	3,582,424,642
Debt-to-equity	0.48:1	1.55:1

24. Fair Value of Financial Instruments

The table below presents a comparison by category of carrying amounts and fair values of the financial instruments:

	March 31, 2017 (Unaudited)		December 31, 2016 (Audited)	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash	₱7,271,082,466	₱7,271,082,466	₱638,072,093	₱638,072,093
Trade and other receivables	432,476,791	432,476,791	422,593,586	422,593,586
Container deposits	8,993,257	8,993,257	9,034,191	9,034,191
Security and rental deposits*	97,854,786	87,285,936	96,570,786	85,685,553
Electricity deposits	19,214,766	19,214,766	16,802,346	16,802,346
	₱7,829,622,066	₱7,819,053,216	₱1,183,073,002	₱1,172,187,769
Financial Liabilities				
Short-term debt	445,000,000	445,000,000	₱445,000,000	₱445,000,000
Trade and other payables**	3,207,082,057	3,207,082,057	3,559,856,470	3,559,856,470
Long-term debt	843,205,128	843,205,128	927,820,513	927,820,513
	₱4,495,287,185	₱4,495,287,185	₱4,932,676,983	₱4,932,676,983

* Excluding advance rentals amounting to ₱67.6 million and ₱64.8 million as at March 31, 2017 and December 31, 2016, respectively.

** Excluding statutory liabilities, unredeemed gift certificates and unearned revenue aggregating to ₱66.7 million and ₱59.8 million as at March 31, 2017 and December 31, 2016, respectively.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash, trade and other receivables, container, security, rental and electricity deposits, refundable cash bonds, short-term debt and trade and other payables. The carrying amounts of cash, trade and other receivables, due from a related party, container deposits, short-term borrowings, and trade and other payables approximate their fair values primarily due to the relatively short-term maturity of these financial instruments. Container, security, rental and electricity deposit are under Level 2 of the fair value measurements hierarchy for financial instruments.

Long-term debt. The carrying amount of long-term debt approximates its fair value because the interest rate that it carries approximates the interest rate for comparable instrument in the market.

In 2017 and 2016, there were no transfers among Level 1, Level 2 and Level 3 fair value measurements.

WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT AND WILCON HOME ESSENTIALS
(A Subsidiary of WILCON CORPORATION
Doing Business under the Name and Style of WILCON CITY CENTER)

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
FOR THE PERIOD ENDED MARCH 31, 2017

Retained earnings at beginning of period as shown in the financial statements	P886,247,051
Net income during the period closed to retained earnings	390,748,636
Deferred tax assets related to temporary differences that flow through profit or loss	(174,252,558)

Retained earnings as at end of period available for dividend declaration **P1,102,743,129**

Reconciliation:

Retained earnings at end of period as shown in the financial statements	P1,276,995,687
Deferred tax assets related to temporary differences that flow through profit or loss	(174,252,558)

Retained earnings as at end of period available for dividend declaration **P1,102,743,129**

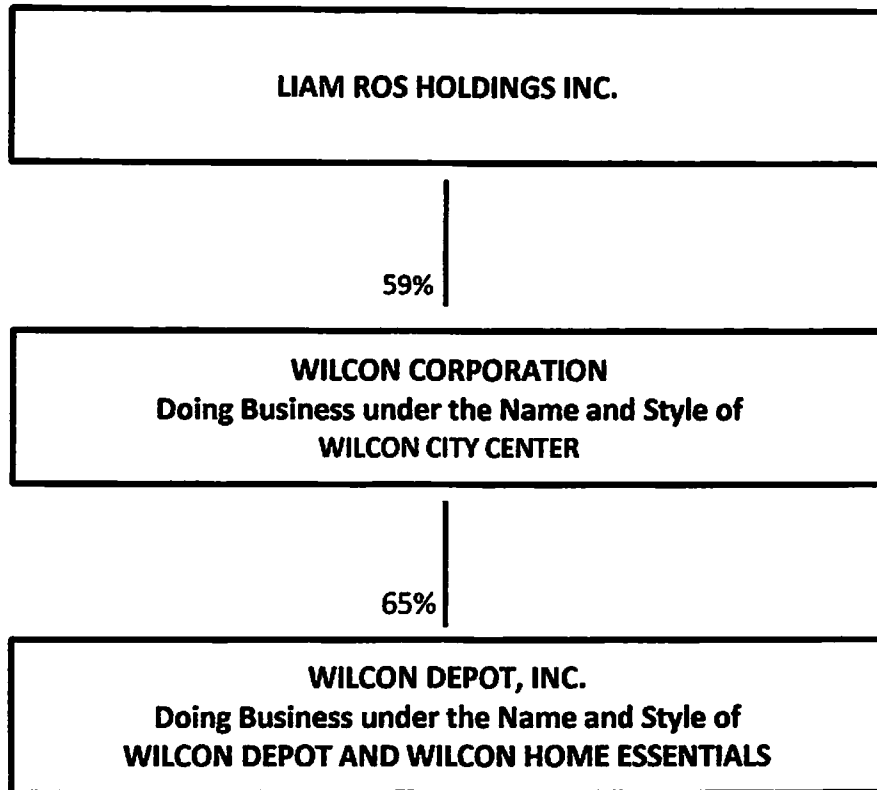
WILCON DEPOT, INC.
Doing Business under the Name and Style of
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Doing Business under the Name and Style of WILCON CITY CENTER)

FINANCIAL SOUNDNESS INDICATORS
AS AT AND FOR THE PERIOD ENDED MARCH 31, 2017 AND AS AT AND
FOR THE YEAR ENDED DECEMBER 31, 2016

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Liquidity Ratio		
Current ratio	3.63:1	1.87:1
Quick ratio	1.85:1	0.24:1
Solvency Ratio		
Debt to equity ratio	0.48:1	1.55:1
Profitability Ratio		
Return on assets	2.45%	9.70%
Return on equity	3.64%	24.75%
Book value per share	₱2.62	₱1.32
Gross margin	30.17%	26.82%
Earnings before interest, tax, depreciation and amortization (EBITDA) margin	11.38%	9.01%
Net income margin	9.34%	7.21%

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CORPORATE STRUCTURE
AS AT MARCH 31, 2017



WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT and WILCON HOME ESSENTIALS
(A Subsidiary of WILCON CORPORATION
Doing Business under the Name and Style of WILCON CITY CENTER)

SUPPLEMENTARY SCHEDULE OF ADOPTION OF
EFFECTIVE ACCOUNTING STANDARDS AND INTERPRETATIONS
MARCH 31, 2017

Title	Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements			
Conceptual Framework Phase A: Objectives and qualitative characteristics	✓		
PFRSs Practice Statement Management Commentary		✓	

Philippine Financial Reporting Standards (PFRS)

PFRS	Title	Adopted	Not Adopted	Not Applicable
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓
	Amendment to PFRS 3: Accounting for Contingent Consideration in a Business Combination			✓
	Amendment to PFRS 3: Scope Exceptions for Joint Ventures			✓
PFRS 4	Insurance Contracts			✓

PFRS	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Amendment to PFRS 5: Changes in Methods of Disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendment to PFRS 7: Servicing Contracts	✓		
	Amendment to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements			✓
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8: Aggregation of Operating Segments			✓
	Amendments to PFRS 8: Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets			✓
PFRS 10	Consolidated Financial Statements			✓
	Amendments to PFRS 10: Transition Guidance			✓
	Amendments to PFRS 10: Investment Entities			✓
	Amendments to PFRS 10: Investment Entities: Applying the Consolidation Exception			✓
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendments to PFRS 12: Transition Guidance			✓
	Amendments to PFRS 12: Investment Entities			✓

PFRS	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 12: Investment Entities: Applying the Consolidation Exception			✓
PFRS 13	Fair Value Measurement	✓		
	Amendment to PFRS 13: Short-term receivables and Payables	✓		
	Amendment to PFRS 13: Portfolio Exception			✓
PFRS 14	Regulatory Deferral Accounts			✓

Philippine Accounting Standards (PAS)

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendment to PAS 1: Clarification of the Requirements for Comparative Presentation	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendments to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
	Amendment to PAS 16: Classification of Servicing Equipment			✓
	Amendment to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Depreciation			✓
	Amendment to PAS 16: Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortization	✓		

PAS	Title	Adopted	Not Adopted	Not Applicable
	Amendment to PAS 16: Agriculture: Bearer Plants			✓
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendment to PAS 19: Defined Benefit Plans: Employee Contributions	✓		
	Amendment to PAS 19: Discount Rate: Regional Market Issue	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates			✓
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
	Amendment to PAS 24: Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements			✓
	Amendments to PAS 27: Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendments to PAS 28: Investment Entities: Applying the Consolidation Exception			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Financial Instruments: Presentation	✓		
	Amendments to PAS 32: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 32: Tax Effect of Distribution to Holders of Equity Instruments			✓
PAS 33	Earnings per Share	✓		

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 34	Interim Financial Reporting	✓		
	Amendment to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities			✓
	Amendment to PAS 34: Disclosure of Information 'Elsewhere in the Interim Financial Report'	✓		
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendment to PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Amortization			✓
	Amendment to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39: Financial Guarantee Contracts			✓
	Amendments to PAS 39: Reclassification of Financial Assets	✓		
	Amendments to PAS 39: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property			✓
	Amendment to PAS 40: Clarifying the Interrelationship between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner-occupied Property			✓
PAS 41	Agriculture			✓
	Amendment to PAS 41: Agriculture: Bearer Plants			✓

Philippine Interpretations

Interpretations	Title	Adopted	Not Adopted	Not Applicable
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes	✓		
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓

PHILIPPINE INTERPRETATIONS - SIC

Interpretations	Title	Adopted	Not Adopted	Not Applicable
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓