

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		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)

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 June 30, 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
90 E. RODRIGUEZ JR. AVENUE, UGONG NORTE, QUEZON CITY, 1110
- 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:

PHILIPPINES 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 interim condensed financial statements of Wilcon Depot, Inc. Doing business under the Name and Style of WILCON DEPOT and WILCON HOME ESSENTIALS as at June 30, 2017 and December 31, 2016 and for the six-month and three-month periods ended June 30, 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. (WDI or the Company) was established on December 17, 2015 and started commercial operations on April 1, 2016. As such, the financial report for the comparative period first half ended June 30, 2016 covers only the results of operations of the Company from April 1 to June 30, 2016.

Results of Operations for the six months ended June 30, 2017

Net Sales

Net sales for the six months ended June 30, 2017 amounted to ₱8.478 billion, comprising mainly of sales from the depot format stores. The depots contributed ₱8.206 billion or 96.8% of net sales while the remaining 3.2% or ₱271.9 million was accounted for by sales from the home essential stores. New stores, including the two stores which opened in 2016, contributed ₱469.8 million or 5.5% of the net sales.

As mentioned previously, WDI started operations on April 1, 2016 only. Hence, compared to the same period in 2016, net sales for the first half of this year more than doubled, from ₱4.008 billion to ₱8.478 billion.

Cost of Sales

Cost of sales reached ₱5.921 billion, resulting in a gross profit margin of 30.2% for the first half of 2017. For the same period in 2016 but covering three months of operations only, cost of sales amounted to ₱3.034 billion for a gross profit margin of 24.3%. In 2016, sales rebates and other discounts from suppliers were agreed only at the end of the year.

Operating Expenses

Operating expenses amounted to ₱1.673 billion at the end of the first half. Rent, salaries and outsourced services represent 59.4% of the total operating expenses. As a percentage to net sales, operating expenses was at 19.7% of net sales. In 2016, operating expenses amounted to ₱757.4 million covering three months of operations or 18.9% of net sales. Rent, outsourced services and salaries represent 63.0% of the total operating expenses.

Interest Expense

Interest expense for the first half of 2017 amounted to P15.6 million, which was a decrease as compared with first half of 2016. The decrease resulted from the payment of loans using the proceeds from the initial public offering in addition to the regular loan amortizations.

First quarter of 2017, interest expense amounted to P9.8 million, decreasing to P5.7 million in the second quarter. The three-month period, April to June 2016, interest expense was at P10.8 million.

Other Income (Charges)

WDI generated other income, net of other charges, of P93.7 million for the first half of the year. These represent income from the rental of façade billboards, gondola lightings and display windows. As at June 30, 2017, some of the unapplied proceeds from initial public offering were invested in short-term money market placements and available-for-sale financial asset. Interest income earned on these investments for the six months ended June 30, 2017 amounted to P34.5 million.

For the same period in 2016, other income amounted to P10.9 million, also representing rental, interest and other income but for the three months only starting April 1, 2016.

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

Operating income/EBIT for the first half ended June 30, 2017 closed at P977.6 million, while EBITDA amounted to P1.025 billion, equivalent to 11.5% and 12.1% of net sales, respectively.

For 2016, as at the end of the same period, WDI has been in operations only for three months with rebates and discounts from suppliers agreed only at the end of the year. Thus, operating income/EBIT was at 5.7% and EBITDA was at 6.2% only of net sales.

Income Tax Expense (Benefit)

Income tax expense for the first half ended June 30, 2017 and 2016 totaled P199.4 million and P97.5 million, respectively. Income tax benefit for the six-month periods ended June 30, 2017 and 2016 amounted to P68,864 and P171.3 million, respectively, which resulted from the movements of deferred tax assets. In 2016, the income tax benefit is relatively higher in relation to the net assets transfer.

Net income

Net income for the first half ended June 30, 2017 amounted to P762.7 million for a net profit margin of 9.0%.

Financial Condition

Assets

Current assets. Cash increased by P2.925 billion reaching P3.563 billion as at June 30, 2017, from the P638 million cash balance as at December 31, 2016. The substantial increase was accounted for mainly by the initial public offering proceeds. WDI was listed on the Philippine Stock Exchange on March 31, 2017.

Trade and other receivables totaled P657.3 million, a 55.5% or P234.7 million increased from the December 31, 2016 balance of P422.6 million, due mainly to project sales and advances to suppliers to avail of higher purchase discounts. These advances will be applied against future billings from suppliers.

Merchandise inventories totaled ₱6.653 billion, ₱77.3 million or 1.2% higher as compared with the balance as at December 31, 2016.

Noncurrent assets. The Company's noncurrent assets totaled ₱3.924 billion, a ₱3.187 billion or 432.4% jump from the December 31, 2016 balance of ₱737.1 million. Part of the proceeds from the initial public offering was placed in Philippine retail treasury bonds, classified as Available-for-sale Financial Asset and presented as part of noncurrent assets.

Liabilities

Current liabilities amounted to ₱3.549 billion at the close of the first half of 2017, dropping from the ₱4.497 billion balance as at December 31, 2016. The decrease was mainly due to the payment of loans and the decrease in trade payables.

Noncurrent liabilities amounted to ₱828.6 million, declining by 22.1% or ₱235.3 million from the balance of ₱1.064 billion at the close of 2016.

Equity

Total equity amounted to ₱11.142 billion, a ₱7.560 billion increment mainly attributable 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.

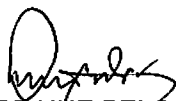
SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.


August 15, 2017

WILCON DEPOT, INC.

By:



LORRAINE BELO-CINCOCHAN
President-CEO



MARK ANDREW Y. BELO
Treasurer- CFO

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 June 30, 2017 and December 31, 2016 and

For the Six-Month Periods Ended June 30, 2017 and 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)

INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION

	Note	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	4	P3,562,874,940	P638,072,093
Trade and other receivables	5	657,296,651	422,593,586
Merchandise inventories	6	6,653,131,289	6,575,843,901
Other current assets		721,503,952	769,937,004
Total Current Assets		11,594,806,832	8,406,446,584
Noncurrent Assets			
Available-for-sale financial asset	7	3,029,193,847	-
Property and equipment	8	455,356,456	341,897,899
Deferred tax assets	18	184,330,636	184,261,772
Other noncurrent assets	9	255,537,845	210,984,752
Total Noncurrent Assets		3,924,418,784	737,144,423
		P15,519,225,616	P9,143,591,007
LIABILITIES AND EQUITY			
Current Liabilities			
Short-term debt	10	P200,000,000	P445,000,000
Current portion of long-term debt	11	144,999,999	278,461,539
Trade and other payables	12	3,061,237,191	3,619,679,500
Income tax payable		142,420,066	154,094,765
Total Current Liabilities		3,548,657,256	4,497,235,804
Noncurrent Liabilities			
Long-term debt - net of current portion	11	388,461,539	649,358,974
Retirement liability	13	440,173,275	414,571,587
Total Noncurrent Liabilities		828,634,814	1,063,930,561
Total Liabilities		4,377,292,070	5,561,166,365
Equity			
Capital stock	14	4,099,724,116	2,705,817,916
Additional paid-in capital		5,373,738,427	-
Other comprehensive income (loss)		19,553,522	(9,640,325)
Retained earnings		1,648,917,481	886,247,051
Total Equity		11,141,933,546	3,582,424,642
		P15,519,225,616	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 STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2017 AND 2016*

	Note	(Unaudited)			
		For the Six-Month Period Ended		For the Three-Month Period	
		June 30		Ended	
		2017	2016	2017	2016
NET SALES		₱8,477,861,082	₱4,008,288,399	₱4,295,773,660	₱4,008,288,399
COST OF SALES	15	5,920,935,134	3,034,012,973	3,000,495,523	3,034,012,973
GROSS INCOME		2,556,925,948	974,275,426	1,295,278,137	974,275,426
OPERATING EXPENSES	16	(1,672,975,809)	(757,384,335)	(821,794,689)	(757,384,335)
INTEREST EXPENSE	11	(15,560,970)	(10,837,278)	(5,738,180)	(10,837,278)
OTHER INCOME - Net	17	93,675,862	10,886,933	50,735,833	10,886,933
INCOME BEFORE INCOME TAX		962,065,031	216,940,746	518,481,101	216,940,746
INCOME TAX EXPENSE (BENEFIT)	18				
Current		199,463,465	97,496,209	152,505,818	97,496,209
Deferred		(68,864)	(171,349,543)	(5,946,510)	(171,349,543)
		199,394,601	(73,853,334)	146,559,308	(73,853,334)
NET INCOME		762,670,430	290,794,080	371,921,793	290,794,080
OTHER COMPREHENSIVE INCOME		29,193,847	-	29,193,847	-
TOTAL COMPREHENSIVE INCOME		₱791,864,277	₱290,794,080	₱401,115,640	₱290,794,080
BASIC AND DILUTIVE EARNINGS PER SHARE	21	₱0.22	₱0.21	₱0.11	₱0.21

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 SIX-MONTH PERIODS ENDED JUNE 30, 2017 AND 2016*

	Note	2017	2016
CAPITAL STOCK			
Balance at beginning of period	14	₱2,705,817,916	₱2,705,817,916
Issuances		1,393,906,200	-
Balance at end of period		4,099,724,116	2,705,817,916
ADDITIONAL PAID-IN CAPITAL			
	14	5,373,738,427	-
OTHER COMPREHENSIVE INCOME (LOSS)			
Reserve for Fair Value Changes on Available-for-sale Financial Asset			
Unrealized gain	7	29,193,847	-
Remeasurement loss on retirement liability, net of deferred income tax			
Balance at beginning of period		(9,640,325)	-
Actuarial loss, net of deferred tax		-	-
Balance at end of period		(9,640,325)	-
		19,553,522	-
RETAINED EARNINGS			
Balance at beginning of period		886,247,051	(530,257)
Net income		762,670,430	290,794,080
Balance at end of period		1,648,917,481	290,263,823
		₱11,141,933,546	₱2,996,081,739

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 STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2017 AND 2016*

	Note	2017 (Unaudited)	2016 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		P962,065,031	P216,940,747
Adjustments for:			
Depreciation and amortization	8	46,982,458	19,269,958
Retirement benefits	13	25,601,688	9,915,121
Interest expense	11	15,560,970	10,837,278
Net reversal of allowance for:			
Impairment losses on receivables	5	(2,391,169)	-
Inventory write down and losses	6	(24,182,067)	-
Interest income	17	(35,497,934)	(402,212)
Operating income before working capital changes		988,138,977	256,560,892
Decrease (increase) in:			
Trade and other receivables		(208,312,166)	(91,276,583)
Merchandise inventories		(53,105,321)	(319,973,915)
Other current assets		48,433,052	(802,377,355)
Decrease in trade and other payables		(558,442,309)	1,741,946,831
Net cash generated from operations		216,712,233	784,879,870
Income tax paid		(211,138,164)	-
Interest received		11,498,204	402,212
Net cash provided by operating activities		17,072,273	785,282,082
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Available-for-sale financial asset		(3,000,000,000)	-
Property and equipment	8	(159,345,733)	(6,883,253)
Computer software	9	(20,349,127)	(1,825,714)
Increase in:			
Due from Parent Company		-	(328,136,819)
Other noncurrent assets		(25,299,248)	-
Cash used in investing activities		(3,204,994,108)	(336,845,786)

(Forward)

	Note	2017 (Unaudited)	2016 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of capital stock	14	₱6,767,644,627	–
Cash transferred from Parent Company		–	199,731,283
Availments of long-term borrowings		198,461,539	–
Payments of:			
Long-term debt		(592,820,514)	(64,615,385)
Short-term debt		(245,000,000)	(181,939,272)
Interest		(15,560,970)	(10,837,278)
Net cash provided by (used in) financing activities		6,112,724,682	(57,660,652)
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,924,802,847	390,775,644
CASH AT BEGINNING OF PERIOD		638,072,093	50,000,000
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4	₱3,562,874,940	440,775,644
NONCASH INVESTING ACTIVITY			
Net assets transferred from Parent Company in exchange for shares of stock of the Company, net of cash transferred of ₱199,731,283		₱–	₱2,456,086,633

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 Note 14).

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 ₱6,750.1 million (see Note 14).

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, except for available-for-sale (AFS) financial asset that is measured at fair value. 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 23, 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.

- PFRS 15, replaces PAS 11, *Construction Contracts*, PAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 18, *Transfer of Assets from Customers* and Standard Interpretation Committee - 31, *Revenue - Barter Transactions Involving Advertising Services*. The new standard introduces a new revenue recognition model for contracts with customers which specifies that revenue should be recognized when (or as) a company transfers control of goods or services to a customer at the amount to which the company expects to be entitled. Depending on whether certain criteria are met, revenue is recognized over time, in a manner that best reflects the company's performance, or at a point in time, when control of the goods or services is transferred to the customer. The standard does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other PFRS. It also does not apply if two companies in the same line of business exchange nonmonetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another PFRS, then the guidance on separation and measurement contained in the other PFRS takes precedence. The new standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

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 has a financial instrument classified as AFS financial assets as at June 30, 2017.

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 and cash equivalents, 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.

AFS Financial Assets. AFS financial assets are those nonderivative financial assets that are designated as such or do not qualify to be classified as financial assets designated as at FVPL, loans and receivables and HTM investments. These are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions.

AFS financial assets are initially measured at fair value plus incremental direct transactions costs. After initial measurement, AFS financial assets are measured at fair value, with unrealized gains and losses recognized as other comprehensive income or loss and in the equity section of the statement

of financial position. When the investment is derecognized or is determined to be impaired, the cumulative gain or loss previously recognized in equity is included in profit or loss.

The Company classifies its investments in retail treasury bond as AFS financial asset.

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 and Additional Paid-in Capital. Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from proceeds, net of tax. The excess of proceeds from the issuance of shares over the par value of shares is credited to additional paid-in capital.

Retained Earnings. Retained earnings represent the cumulative balance of net income or loss.

Other Comprehensive Income. Other comprehensive income comprise items of income and expenses (including items previously presented under the statements of changes in equity) that are not recognized in profit or loss for the period in accordance with PFRS. Other comprehensive income includes fair value changes on AFS financial asset and cumulative 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 ₱361.4 million and ₱171.0 million for the six-month periods ended June 30, 2017 and 2016 (see Note 19).

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 ₱ 8.9 million and ₱ 1.9 million for the six-month periods ended June 30, 2017 and 2016 (see Note 19).

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 23 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 ₱657.3 million and ₱422.6 million as at June 30, 2017 and December 31, 2016, respectively (see Note 5). Allowance for impairment losses on receivables amounted to ₱38.7 million and ₱45.8 million as at June 30, 2017 and December 31, 2016, respectively (see Note 5).

As at June 30, 2017 and December 31, 2016, refundable cash bonds amounting to ₱83.4 million have been assessed as unrecoverable. Accordingly, allowance for impairment losses amounted to ₱83.4 million as at June 30, 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 ₱6,653.1 million and ₱6,575.8 million as at June 30, 2017 and December 31, 2016, respectively (see Note 6). Allowance for inventory write down and losses amounted to ₱77.5 million and ₱101.7 million as at June 30, 2017 and December 31, 2016, respectively (see Note 6).

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 June 30, 2017 and December 31, 2016. The carrying value of depreciable property and equipment and computer software follows:

	Note	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
Property and equipment*	8	₱396,439,805	₱341,897,899
Computer software	9	29,809,154	10,555,309
		₱426,248,959	₱352,453,208

*Excludes construction in progress amounting to ₱58.9 million as at June 30, 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 is 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 belong.

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	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
Property and equipment	8	₱455,356,456	₱341,897,899
Computer software	9	29,809,154	10,555,309
		₱485,165,610	₱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 13 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 ₱440.2 million and ₱414.6 million as at June 30, 2017 and December 31, 2016, respectively (see Note 13).

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 as at June 30, 2017 and December 31, 2016. (see Note 18).

4. Cash and Cash Equivalents

This account consists of:

	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
Cash on hand	P5,260,685	P6,329,849
Cash in banks	1,208,605,637	631,742,244
Cash equivalents	2,349,008,618	-
	P3,562,874,940	P638,072,093

Cash in banks earn interest at prevailing deposit rates.

Cash equivalents represent money market placements with interest ranging from 2.0% to 2.5% and have a maturity of 14 to 25 days.

Details of interest income are as follows:

	Note	Unaudited			
		For the Six-Month Period Ended June 30		For the Three-Month Period Ended June 30	
		2017	2016	2017	2016
Available-for-sale financial asset	7	P22,383,333	P-	P22,383,333	P-
Cash equivalents		12,089,544	-	12,089,544	-
Cash in banks		1,025,057	402,212	790,018	402,212
	17	P35,497,934	P402,212	P35,262,895	P402,212

5. Trade and Other Receivables

Details of this account are as follows:

	Note	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
Trade:			
Third parties		P261,947,082	P337,631,279
Related parties	20	96,430,505	100,146,597
Advances to suppliers		269,447,456	13,796,318
Rental	19	4,077,961	15,137,938
Interest		23,999,730	-
Others		40,111,654	1,715,832
		696,014,388	468,427,964
Allowance for impairment losses		(38,717,737)	(45,834,378)
		P657,296,651	P422,593,586

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

Advances to suppliers pertain to advance payments on purchases of trade and nontrade goods and services which will be refunded or applied against billings.

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

Movements of allowance for impairment losses on receivables are as follows:

	Note	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
Balance at beginning of period		₱45,834,378	₱-
Reversal	16	(6,860,943)	(10,894,782)
Write-off		(4,725,472)	-
Provision	16	4,469,774	-
Transferred from Parent Company		-	56,729,160
Balance at end of period		₱38,717,737	₱45,834,378

6. Merchandise Inventories

Details of this account are as follows:

	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
At cost	₱6,375,783,635	₱6,459,355,675
At net realizable value	277,347,654	116,488,226
	₱6,653,131,289	₱6,575,843,901

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 ₱354.8 million and ₱218.2 million as at June 30, 2017 and December 31, 2016, respectively.

Movements of allowance for inventory write down and losses are as follows:

	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
Balance at beginning of period	₱101,651,425	₱-
Reversal	(24,182,067)	-
Provision	-	51,594,828
Transferred from Parent Company	-	50,056,597
Balance at end of period	₱77,469,358	₱101,651,425

Inventories charged to cost of sales amounted to ₱5,920.9 million and ₱3,034.0 million for the six-month periods ended June 30, 2017 and 2016 (see Note 15).

7. Available-for-sale Financial Asset

Available-for-sale financial assets represents investment on retail treasury bond quoted at 4.25% issued on April 11, 2017 with maturity of three years. As at June 30, 2017, AFS financial asset amounted to ₱3,029.2 million.

Fair value changes on AFS financial asset amounted to ₱29.2 million for the six-month period ended June 30, 2017.

Interest income earned from AFS financial asset amounted to ₱22.4 million for the six-month period ended June 30, 2017 (see Note 4).

8. Property and Equipment

Details and movements of this account are as follows:

	As at June 30, 2017 (Unaudited)				
	Leasehold Improvements	Furniture and Equipment	Transportation Equipment	Construction In Progress	Total
Cost					
Balance at beginning of period	₱143,583,260	₱255,022,262	₱5,576,964	₱-	₱404,182,486
Additions	337,228	97,478,845	2,613,009	58,916,651	159,345,733
Balance at end of period	143,920,488	352,501,107	8,189,973	58,916,651	563,528,219
Accumulated Depreciation					
Balance at beginning of period	9,430,748	52,463,387	390,452	-	62,284,587
Depreciation and amortization	5,575,297	39,708,939	602,940	-	45,887,176
Balance at end of period	15,006,045	92,172,326	993,392	-	108,171,763
Net book value	₱128,914,443	₱260,328,781	₱7,196,581	₱58,916,651	₱455,356,456

	As at December 31, 2016 (Audited)				
	Leasehold Improvements	Furniture and Equipment	Transportation Equipment	Construction In Progress	Total
Cost					
Transferred from Parent Company	₱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
Accumulated Depreciation					
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

Depreciation and amortization are summarized below:

	Note	Unaudited			
		For the Six-Month Period Ended June 30		For the Three -Month Period Ended June 30	
		2017	2016	2017	2016
Property and equipment		₱45,887,176	₱19,250,940	₱23,556,711	₱19,250,940
Computer software	9	1,095,282	19,018	627,192	19,018
	16	₱46,982,458	₱19,269,958	₱24,183,903	₱19,269,958

9. Other Noncurrent Assets

Details of this account are as follows:

	Note	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
Security and rental deposits	19	₱169,857,144	₱161,334,786
Noncurrent deferred input VAT		33,430,653	22,292,311
Computer software		29,809,154	10,555,309
Electricity deposits		22,440,894	16,802,346
Refundable cash bonds, net of allowance for impairment losses of ₱83.4 million		-	-
		₱255,537,845	₱210,984,752

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 June 30, 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 June 30, 2017 and December 30, 2016, the refund of cash bonds is still pending with the BOC.

Details of computer software follow:

	Note	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
Cost			
Balance at beginning of period		₱10,985,329	₱-
Additions		20,349,127	10,985,329
Balance at end of period		31,334,456	10,985,329
Accumulated Amortization			
Balance at end of period		430,020	-
Amortization	8	1,095,282	430,020
Balance at end of period		1,525,302	430,020
Net book value		₱29,809,154	₱10,555,309

10. Short-term Debt

Short-term loans amounting to ₱200.0 million and ₱445.0 million as at June 30, 2017 and December 31, 2016 respectively, bear interest, which are being repriced monthly, ranging from 2.50% to 2.90%.

Interest expense amounted to ₱4.9 million and ₱1.9 million for the six-month periods ended June 30, 2017 and 2016, respectively (see Note 11).

11. Long-term Debt

Details of long-term debt are as follows:

	Terms	Principal	Outstanding Balance	
			June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
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	₱220,000,000	₱280,000,000
Loan 3	Monthly installment payment until August 2021	210,000,000	25,000,000	150,769,231
Loan 4	Monthly installment payment until August 2021	170,000,000	25,000,000	122,051,282
Loan 5	Monthly installment payment until March 2018	100,000,000	64,999,999	75,000,000
Loan 6	One-time payment on June 2022	198,461,539	198,461,539	-
		₱1,498,461,539	533,461,538	927,820,513
	Current portion		(144,999,999)	(278,461,539)
	Noncurrent portion		₱388,461,539	₱649,358,974

The loans bear interest ranging from 2.50% to 3.0% for the six-month period ended June 30, 2017.

Interest expense is summarized below:

	Note	Unaudited			
		For the Six-Month Period Ended June 30		For the Three-Month Period Ended June 30	
		2017	2016	2017	2016
Long-term		₱10,706,262	₱8,917,124	₱4,460,902	₱8,917,124
Short-term	10	4,854,708	1,920,154	1,277,278	1,920,154
		₱15,560,970	₱10,837,278	₱5,738,180	₱10,837,278

As at June 30, 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 are as follows:

	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
Less than one year	P144,999,999	P278,461,539
Between one to two years	80,000,000	516,923,077
Between two to five years	308,461,540	132,435,897
	P533,461,539	P927,820,513

12. Trade and Other Payables

Details of this account are as follows:

	Note	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
Trade:			
Third parties		P1,644,827,132	P2,307,558,266
Related parties	20	860,120,170	901,164,379
Accrued expenses:			
Rent	19	71,192,612	42,680,810
Utilities		17,120,196	62,536,306
Trucking services		8,287,440	16,237,760
Others		127,771,963	38,184,017
Advances from customers		136,511,562	151,970,218
Nontrade:			
Third parties		116,009,347	39,524,714
Related parties	20	17,354,738	-
Others		62,042,031	59,823,030
		P3,061,237,191	P3,619,679,500

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, 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 P117.9 million and P87.1 million as at June 30, 2017 and December 31, 2016, respectively.

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

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

13. 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.

The changes in the present value of the defined benefit obligation are as follows:

	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
Balance at beginning of period	P414,571,587	P-
Retirement benefits	25,601,688	29,745,363
Transferred from Parent Company	-	371,054,331
Remeasurement loss	-	13,771,893
Balance at end of year	P440,173,275	P414,571,587

The principal actuarial assumptions used to determine the retirement liability as at June 30, 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	(P71,825,943)
	-100	91,543,937
Salary rate	+100	83,336,718
	-100	(67,646,560)
Turnover rate	0%	132,750,497

As at June 30, 2017, the expected future benefits payments are as follow:

Year	Amount
2018	P7,344,000
2019	-
2020	382,395
2021	4,109,643
2022 to 2026	38,623,444
	P50,459,482

14. Equity

Capital stock

Details of capital stock are as follow:

	June 30, 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
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 12, 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 Note 1).

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 Note 1).

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. Net proceeds from IPO amounted to ₱6,750.1 million. The Company incurred transaction costs incidental to the IPO amounting to ₱271.6 million which was subsequently charged against additional paid-in capital.

The net proceeds from the IPO were used to fully settle short-term and long-term loan obligations, store network expansion and general corporate purposes.

The unapplied proceeds from the IPO are maintained in various current and savings accounts, money market placements and marketable equity securities.

15. Cost of Sales

Details of this account are as follows:

	Note	Unaudited			
		For the Six-Month Period Ended		For the Three-Month Period Ended	
		June 30		June 30	
		2017	2016	2017	2016
Merchandise inventories					
at beginning of period	6	₱6,575,843,901	₱7,214,079,609	₱6,631,481,167	₱7,214,079,609
Net purchases		5,998,222,520	3,327,681,353	3,022,145,643	3,327,681,353
Goods available for sale		12,574,066,421	10,541,760,962	9,653,626,810	10,541,760,962
Merchandise inventories					
at end of period	6	6,653,131,287	7,507,747,989	6,653,131,287	7,507,747,989
		₱5,920,935,134	₱3,034,012,973	₱3,000,495,523	₱3,034,012,973

16. Operating Expenses

Details of this account are as follows:

	Note	Unaudited			
		For the Six-Month Period		For the Three-Month Period	
		Ended June 30		Ended June 30	
		2017	2016	2017	2016
Rent	19	₱361,352,205	₱170,955,989	179,974,164	₱170,955,989
Outsourced services		331,868,277	147,335,216	154,717,612	147,335,216
Salaries, wages and employees' benefits		300,794,794	158,480,728	152,421,493	158,480,728
Utilities		196,040,500	100,721,408	100,050,763	100,721,408
Trucking services		123,622,724	27,546,755	63,913,188	27,546,755
Taxes and licenses		93,758,498	38,790,204	35,711,080	38,790,204
Credit card charges		71,320,465	40,878,294	35,554,674	40,878,294
Depreciation and amortization	8	46,982,458	19,269,958	24,183,903	19,269,958
Advertising and promotions		33,167,837	11,311,248	14,672,766	11,311,248
Repairs and maintenance		32,699,196	13,611,378	20,520,736	13,611,378
Supplies		23,198,449	14,606,091	12,917,764	14,606,091
Postage, telephone and telegraph		14,191,795	4,671,065	7,032,349	4,671,066
Professional fees		11,299,404	2,706,893	2,251,861	2,706,893
Donations and contributions		10,376,471	1,728,500	8,121,657	1,728,500
Transportation and travel		9,320,941	447,551	3,380,453	447,551
Fuel and oil		4,411,639	664,305	2,245,355	664,305

(Forward)

	Note	Unaudited			
		For the Six-Month Period Ended June 30		For the Three-Month Period Ended June 30	
		2017	2016	2017	2016
Net reversal of allowance for impairment losses on receivables	5	(P2,391,169)	P-	(P46,503)	P-
Others		10,961,325	3,658,751	4,171,374	3,658,751
		P1,672,975,809	P757,384,335	P821,794,689	P757,384,335

17. Other Income

Details of this account are as follow:

	Note	Unaudited			
		For the Six-Month Period Ended June 30		For the Three-Month Period Ended June 30	
		2017	2016	2017	2016
Interest	4	P35,497,934	P402,212	P35,262,895	P402,212
Rent		8,877,214	1,929,764	5,294,357	1,929,764
Others		49,300,714	8,554,957	10,178,581	8,554,957
		P93,675,862	P10,886,933	P50,735,833	P10,886,933

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.

18. Income Tax

The current income tax expense for the six-month period ended June 30, 2017 amounting to P199.5 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	P288,619,509
Income tax effects of:	
Stock transaction costs	(80,198,460)
Interest income already subjected to final tax	(3,934,380)
Nontaxable interest income	(6,715,000)
Nondeductible expenses	1,622,932
	P199,394,601

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

	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
Deferred tax assets:		
Retirement liability	P132,051,982	P124,371,476
Allowance for impairment of refundable cash bonds	25,022,980	25,022,980
Allowance for inventory write down and losses	23,240,808	30,495,428
Allowance for impairment losses on receivables	11,615,321	13,750,313
Unearned revenue from loyalty program	9,894,810	8,227,996
Accrued rent on straight-line basis	2,778,017	1,822,779
	204,603,918	203,690,972
Deferred tax liabilities:		
Advance rentals	(20,271,600)	(19,429,200)
Unrealized foreign exchange gain	(1,682)	-
	(20,273,282)	(19,429,200)
	P184,330,636	P184,261,772

The presentation of net deferred tax assets are as follows:

	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
Through profit or loss	P180,199,068	P180,130,204
Through other comprehensive income	4,131,568	4,131,568
	P184,330,636	P184,261,772

19. 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 P 169.9 million and P 161.3 million as at June 30, 2017 and December 31, 2016, respectively (see Note 9). The refundable deposits and advance rentals will be returned and applied at the end of the lease term, respectively. Accrued rent as at June 30, 2017 and December 31, 2016 amounted to P71.2 million and P42.7 million, respectively (see Note 12).

Rent expense amounted to P361.4 million and P171.0 million for the six-month periods ended June 30, 2017 and 2016, respectively (see Note 16).

Future minimum rental payments under operating lease as at June 30, 2017 are as follows:

Within one year	₱681,943,789
After one year but not more than five years	820,509,126
More than five years	143,531,629
	<hr/>
	₱1,645,984,544

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 ₱8.9 million and ₱1.9 million for the six-month periods ended June 30, 2017 and 2016, respectively (see Note 17). Rental receivables amounted to ₱ 4.1 million and ₱15.1 million as at June 30, 2017 and December 31, 2016, respectively (see Note 5).

20. 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 Parent Company	Nature of Transactions	Period	Transactions during the Period	Trade Receivables (see Note 5)	Miscellaneous Receivables	Trade Payables (see Note 12)	Nontrade Payable (see Note 12)	Accrued Expenses
	Transfer of trading business	June 30, 2017	\$35,978,324	—	—	\$482,518,335	—	—
		December 31, 2016	2,655,817,916	—	—	748,555,638	—	—
	Noninterest-bearing advances	June 30, 2017	—	—	—	—	—	—
		December 31, 2016	599,471,322	—	—	—	—	—
	Rental expenses	June 30, 2017	217,644,281	—	—	—	17,354,738	62,203,287
		December 31, 2016	323,178,971	—	—	—	—	31,740,971
	Purchases of goods	June 30, 2017	16,208,290	—	—	—	—	—
		December 31, 2016	50,604,575	—	—	37,169,225	—	—
	Reimbursement of expenses	June 30, 2017	126,274,377	—	—	—	—	16,062,314
		December 31, 2016	250,276,813	—	—	—	—	62,536,306
	Sale of goods	June 30, 2017	5,908,507	4,168,258	—	—	—	—
		December 31, 2016	4,420,288	1,499,537	—	—	—	—
	Miscellaneous & rent income	June 30, 2017	—	—	17,548	—	—	—
		December 31, 2016	—	—	—	—	—	—
Entities under Common Control*	Purchases of goods	June 30, 2017	762,004,570	—	—	377,601,835	—	—
		December 31, 2016	1,414,492,237	—	—	115,439,516	—	—
	Reimbursement of expenses	June 30, 2017	19,296,910	—	—	—	—	1,572,296
		December 31, 2016	—	—	—	—	—	—
	Trucking services	June 30, 2017	—	—	—	—	—	—
		December 31, 2016	—	—	—	—	—	—
	Rental expenses	June 30, 2017	112,592,160	—	—	—	—	—
		December 31, 2016	62,890,615	—	—	—	—	2,510,054
	Sale of goods	June 30, 2017	55,072,026	—	—	—	—	—
		December 31, 2016	5,398,813	—	—	—	—	—
	Miscellaneous and rent income	June 30, 2017	26,337,166	91,228,257	—	—	—	—
		December 31, 2016	10,886,644	98,647,060	—	—	—	—
Stockholder	Rental expenses	June 30, 2017	7,173,763	—	—	—	—	—
		December 31, 2016	10,939,839	—	—	—	—	10,939,839
	Sale of goods	June 30, 2017	905,065	1,033,990	—	—	—	—
		December 31, 2016	—	—	—	—	—	—
		June 30, 2017		\$96,430,505	\$2,876,495	\$860,120,170	\$17,354,738	\$82,347,951
		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 19).
- 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:

	For the Six-Month Period Ended June 30	
	2017	2016
Short-term employee benefits	P13,696,208	P9,287,091
Retirement benefits	3,257,924	1,261,742
	P16,954,132	P10,548,833

21. Earnings per Share

Basic and dilutive earnings per share were computed as follows:

	For the Six-Month Period Ended June 30		For the Three-Month Period Ended June 30	
	2017	2016	2017	2016
Net income	P762,670,430	P290,794,080	P371,921,793	P290,794,080
Divided by the weighted average number of outstanding shares	3,402,771,016	1,377,908,958	3,402,771,016	1,377,908,958
	P0.22	P0.21	P0.11	P0.21

22. Financial Risk Management Objectives and Policies

The Company's principal financial instruments consist of cash and cash equivalents, trade receivables and payables (excluding statutory liabilities, unredeemed gift certificates and unearned revenue), AFS financial asset, 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:

	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
Cash	P3,557,614,255	P631,742,244
Available-for-sale financial asset	3,029,193,847	—
Trade and other receivables	696,014,388	468,427,964
Container deposits	8,993,257	9,034,191
Security and rental deposits*	77,140,286	96,570,786
Electricity deposits	22,440,894	16,802,346
Refundable cash bonds	83,409,934	83,409,934
	P7,474,806,861	P1,305,987,465

* Excluding advance rentals amounting to P92.7 million and P64.8 million as at June 30, 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:

	June 30, 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 in banks	P3,562,874,940	P—	P—	P—	P3,562,874,940
Available-for-sale financial asset	3,029,193,847	—	—	—	3,029,193,847
Trade and other receivables	447,296,410	100,156,639	109,843,603	38,717,736	696,014,388
Container deposits	8,993,257	—	—	—	8,993,257
Security and rental deposits*	77,140,286	—	—	—	77,140,286
Electricity deposits	22,440,894	—	—	—	22,440,894
Refundable cash bonds	—	—	—	83,409,934	83,409,934
	P7,147,939,634	P100,156,639	P109,843,603	P122,127,671	P7,480,067,546

*Excluding advance rentals amounting to P92.7 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.

	June 30, 2017 (Unaudited)			Total
	High Grade	Standard Grade	Substandard Grade	
Cash	P3,562,874,940	P-	P-	P3,562,874,940
Available-for-sale financial asset	3,029,193,847	-	-	3,029,193,847
Trade and other receivables	-	447,296,410	-	447,296,410
Container deposits	-	-	8,993,257	8,993,257
Security and rental deposits*	-	77,140,286	-	77,140,286
Electricity deposits	-	22,440,894	-	22,440,894
	P6,592,068,787	P546,877,590	P8,993,257	P7,147,939,634

* Excluding advance rentals amounting to P92.7 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.

June 30, 2017 (Unaudited)					
	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—	₱200,000,000	P—	P—	₱200,000,000
Trade and other payables*	—	—	3,001,357,838	—	3,001,357,838
Long-term debt	—	64,999,999	80,000,000	388,461,539	533,461,538
	P—	₱264,999,999	₱3,081,357,838	₱388,461,539	₱3,734,819,376

* Excluding statutory liabilities, unredeemed gift certificates and unearned revenue aggregating to ₱59.9 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 June 30, 2017 and December 31, 2016, the Company had at its disposal cash amounting ₱1,213.9 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
June 30, 2017	0.97%	(₱153,277)
	(0.97%)	153,277
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:

	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
Total debt	P4,377,292,070	P5,561,166,365
Total equity	11,141,933,546	3,582,424,642
Debt-to-equity	0.39:1	1.55:1

23. Fair Value of Financial Instruments

The table below presents a comparison by category of carrying amounts and fair values of the financial instruments:

	June 30, 2017 (Unaudited)		December 31, 2016 (Audited)	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash	P3,562,874,940	P3,562,874,940	P638,072,093	P638,072,093
Trade and other receivables	657,296,651	657,296,651	422,593,586	422,593,586
Container deposits	8,993,257	8,993,257	9,034,191	9,034,191
Security and rental deposits*	77,140,286	77,140,286	96,570,786	85,685,553
Electricity deposits	22,440,894	22,440,894	16,802,346	16,802,346
	P4,328,746,028	P4,328,746,028	P1,183,073,002	P1,172,187,769
Financial Liabilities				
Short-term debt	200,000,000	200,000,000	P445,000,000	P445,000,000
Trade and other payables**	3,001,357,838	3,001,357,838	3,559,856,470	3,559,856,470
Long-term debt	533,461,538	533,461,538	927,820,513	927,820,513
	P3,734,819,376	P3,734,819,376	P4,932,676,983	P4,932,676,983

* Excluding advance rentals amounting to P92.7 million and P64.8 million as at June 30, 2017 and December 31, 2016, respectively.

** Excluding statutory liabilities, unredeemed gift certificates and unearned revenue aggregating to P59.9 million and P59.8 million as at June 30, 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 and cash equivalents, 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 and cash equivalents, trade and other receivables, container deposits, short-term debt, 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.

AFS Financial Asset. Quoted market prices have been used to determine the fair value of AFS financial asset. The fair value measurement for AFS financial asset has been categorized under Level 1.

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 SIX-MONTH PERIOD ENDED JUNE 30, 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	762,670,430
Deferred tax assets related to temporary differences that flow through profit or loss	(184,330,636)

Retained earnings as at end of period available for dividend declaration **P1,464,586,845**

Reconciliation:

Retained earnings at end of period as shown in the financial statements	P1,648,917,481
Deferred tax assets related to temporary differences that flow through profit or loss	(184,330,636)

Retained earnings as at end of period available for dividend declaration **P1,464,586,845**

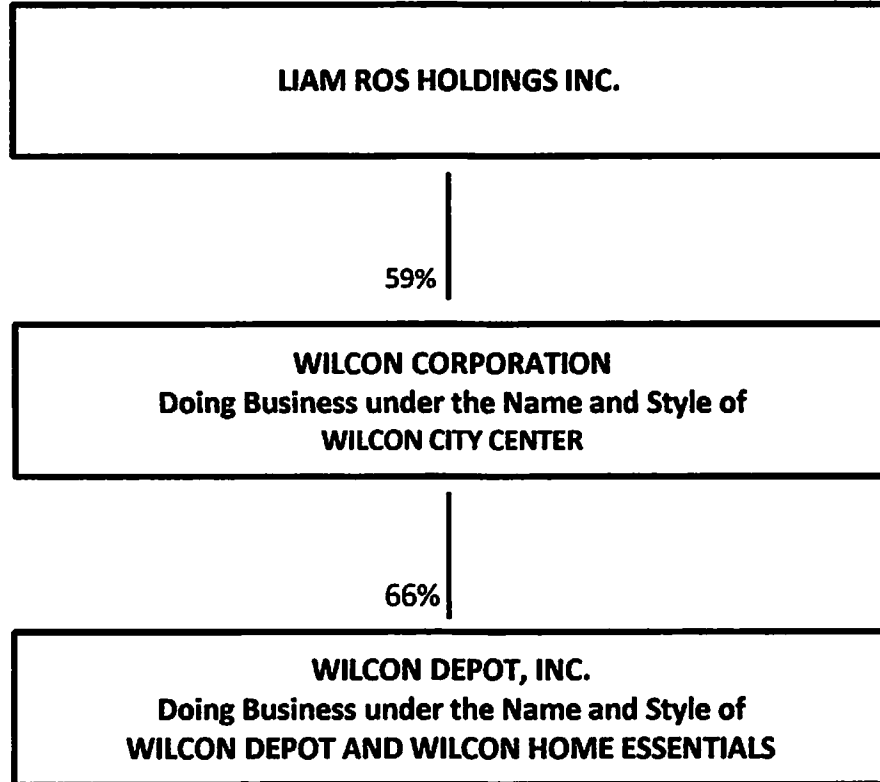
WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT AND WILCON HOME ESSENTIALS
(A Subsidiary of WILCON CORPORATION
Doing Business under the Name and Style of WILCON CITY CENTER)

FINANCIAL SOUNDNESS INDICATORS
AS AT AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017 AND
FOR THE YEAR ENDED DECEMBER 31, 2016

	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
Liquidity Ratio		
Current ratio	3.27:1	1.87:1
Quick ratio	1.19:1	0.24:1
Solvency Ratio		
Debt to equity ratio	0.39:1	1.55:1
Profitability Ratio		
Return on assets	4.91%	9.70%
Return on equity	6.85%	24.75%
Book value per share	₱2.72	₱1.32
Gross margin	30.16%	26.82%
Earnings before interest, tax, depreciation and amortization (EBITDA) margin	12.07%	9.01%
Net income margin	9.00%	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 JUNE 30, 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 APPLICATION OF PROCEEDS
AS AT JUNE 30, 2017

	Estimated	Actual	Balance
Gross Proceeds	₱7,039,226,310	₱7,039,226,310	₱-
Offering Expenses	(299,376,310)	(289,132,001)	10,244,309
Net Proceeds	₱6,739,850,000	₱6,750,094,309	₱10,244,309

The actual offer expenses are less than the estimated amount. The Company allocated the proceeds amounting to ₱10.2 million to store network expansion based on the Prospectus.

The details of the estimated and actual application of the proceeds are as follow:

	Estimated	Actual	Balance
Net Proceeds	₱6,750,094,309*	₱6,750,094,309	₱-
Use of the Proceeds			
Debt repayment	(428,100,000)	(428,100,000)	-
General corporate purposes	(200,000,000)	(200,000,000)	-
Store network expansion	(6,121,994,309)*	(44,709,153)	(6,077,285,156)
	(6,750,094,309)	(672,809,153)	(6,077,285,156)
Unapplied Proceeds	₱-	₱6,077,285,156	(₱6,077,285,156)

**Revised amounts after allocation for store network expansion.*

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
JUNE 30, 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	Title	Adopted	Not Adopted	Not Applicable
PFRS 4	Insurance Contracts			✓
	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			✓

PFRS	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 12: Investment Entities			✓
	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			✓

PAS	Title	Adopted	Not Adopted	Not Applicable
	Amendment to PAS 16: Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortization	✓		
	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	✓		

PAS	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PAS 32: Tax Effect of Distribution to Holders of Equity Instruments			✓
PAS 33	Earnings per Share	✓		
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			✓

PAS	Title	Adopted	Not Adopted	Not Applicable
	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			✓