UNIVERSAL ROBINA
CORPORATION

2015 ANNUAL REPORT

UNIVERSAL ROBINA
CORPORATION

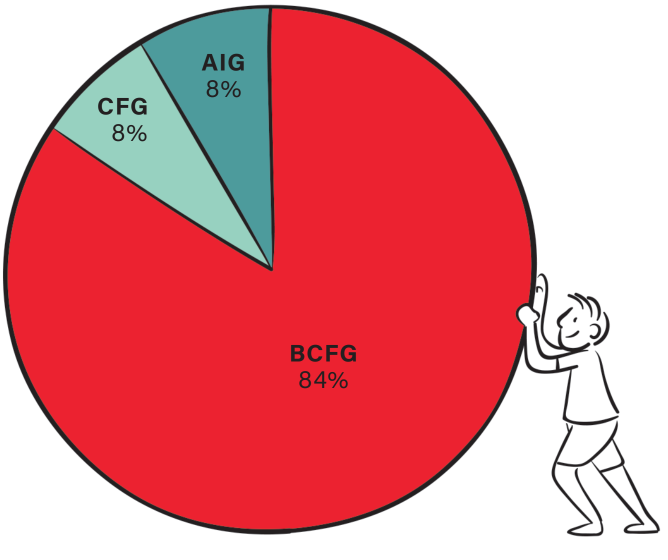
2015 Annual Report

Financial Highlights

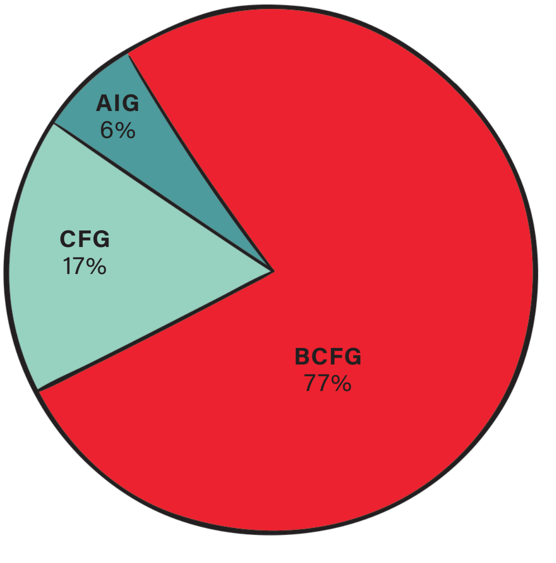
IN MILLION PESOS, EXCEPT PER SHARE DATA

	YEARS ENDED SEPTEMBER 30			2015 VS 2014	
	2015	**2014**	**2013**	**Inc/(Dec)**	**%growth**
Net Sales	109,051	92,376	80,995	16,675	18.05%
Income from Operations	17,373	14,119	10,279	3,254	23.05%
Net Income to Equity Holders	12,383	11,559	10,045	824	7.13%
Total Assets	110,747	77,921	66,545	32,826	42.13%
Total Liabilities	45,387	21,894	15,715	23,493	107.30%
Stockholders' Equity	65,360	56,027	50,830	9,333	16.66%
Per Share					
Earnings	5.68	5.30	4.60	0.38	7.17%
Book Value	29.92	25.65	23.28	4.27	16.65%

NET SALES



EBIT



Message from the Chairman and the President and Chief Executive Officer

James L. Go
Chairman

Lance Y. Gokongwei
President and Chief Executive Officer

To our valued shareholders,

The overall global economy continued to face a series of tough challenges in 2015 driven by the decline in oil prices, softening of demand for key commodities and stock market and currency swings. The slowdown in China and the much anticipated action of the US to increase rates have further exacerbated the situation and have added to the uncertainty amongst businesses and the capital markets. Global trade grew at its slowest pace since 2009, as import demand in emerging economies fell. Muted economic activity in the developing and emerging markets led to dismal growth and this has prompted governments to intervene by proactively adjusting their monetary and fiscal policies. Geopolitical tensions were also present as the simmering unrest between Ukraine and Russia, the conflict in Syria, and the violent rise of militant groups created a climate of insecurity globally. There is however a gradual acceleration in economic activity in advanced economies driven by the gradual recovery of the US economy with steady gains in the labor market and increase in consumer spending. The EU has also adopted a more neutral fiscal policy while Japan has started quantitative easing and devaluing its currency to buoy up its economy.

In the ASEAN region, economic conditions softened as a result of the slowdown in China, which crippled exports from commodity driven economies such as Indonesia and Malaysia. Given ballooning current account and fiscal deficits, governments tried to curb on subsidies and this has further created inflationary pressures. Overall, this situation is pushing growth in ASEAN to the lowest level in six years and driving some of the region's currencies to fall to multi-year lows against the US dollar which resulted to a slower GDP growth this year. The weaker macro conditions resulted to a general slowdown in consumption with consumer sentiment being weak outside our home market.

Zooming in further to the economies of our most important markets, certain macro and political themes have persisted and this has directly or indirectly affected our performance.

Thailand's economy was constrained by falling farm incomes with weak agricultural prices, lower exports and increased household debt. Softer dynamics can be seen in Malaysia as households continue to adjust to the GST implementation in April. Deceleration in fixed investment, weak exports and Rupiah devaluation in Indonesia have dampened economic growth this year while Vietnam's economy has started recovering buoyed up by the increase in foreign direct investments and strong exports. Vietnam's domestic consumption has also started to peak up with inflation trending downwards. Unlike many of its Asian peers, Southeast Asia's fifth-largest economy, the Philippines, has remained resilient in the face of sputtering global demand. The economy was supported by strong domestic consumption, which continued to be underpinned by higher employment, low inflation, stable flow of remittances, and increased private investment. The Business Process Outsourcing (BPO) sector contribution increased to 17% versus last year which fuelled consumer spending while continuing pressure such as the El Niño dry weather phenomenon has posed a major downside risk for agriculture as well as weaker exports. In New Zealand, economic acceleration was mainly driven by significant improvements in manufacturing and services industries of the country partly offset by the record low prices for dairy because of oversupply while Australia experienced economic challenges with very volatile international commodity prices that resulted in a sharp contraction of exports derived from mining and the devaluation of its currency.

URC: ANOTHER STRONG FISCAL YEAR WITH RECORD SALES AND MARGINS

Amidst the economic turbulence in 2015, we managed to have another strong fiscal year as URC posted record high sales, EBIT and EBIT margins. Sales hit Php 109.1 billion, a growth of 18.1% over the previous year driven by Branded Foods, Sugar and Feeds. Full year margins expanded by 65bps with absolute operating income reaching Php 17.4 billion, a 23.0% growth versus same period last year. We have registered core earnings of Php 16.3 billion, 15.0% higher than last year while net finance cost was at Php 1.0 billion, majority are interest payments for the long term debt used to finance the Griffin's acquisition. We have also booked equitized losses from the two new joint ventures as these businesses just started commercial launch and operations in January and February and we are still spending heavily to build the brands and scale up distribution.

We are now in a net debt position of Php 8.6 billion from a net cash position of Php 1.8 billion at the end of FY2014 as we booked a Php 21.9 billion long term debt for the Griffin's acquisition. EBITDA reached Php 22.1 billion, a 22.7% increase from last year. Major cash outflows include capital expenditures, which amounted to Php 6.5 billion and dividends payment of Php 6.5 billion. Majority of our capital expenditures in FY2015 were earmarked to build additional capacities and capabilities. This includes site development and building construction for new facilities and warehouses in Central Vietnam, Myanmar, Indonesia and Thailand; installation of additional capacities for snackfoods and beverages manufacturing; potato chips line for Calbee JV and retrofitting of PET lines for our Danone JV. We also finished off projects for our renewables business, notably the Phase II of our biomass cogeneration facility.

BRANDED CONSUMER FOODS GROUP:

Growth Translated to Record Income and Margins

Total Branded Foods including packaging division posted sales of Php 91.9 billion, an increase of 18.9% versus last year while EBIT grew faster by 30.5% to Php 14.5 billion mainly due to relaxed input costs for soft commodities, additional scale, and operational efficiencies. Topline growth was driven by our major markets namely Philippines, Vietnam, Thailand, and Indonesia as well as the Griffin's consolidation which started in the middle of November last year.

BCFG PHILIPPINES:

Margins Healthy Though Topline Growth is Tempered Given Higher Base

Branded Foods Philippines continued its strong performance registering a full year growth of 10.0% with sales of Php 57.6 billion despite a higher base and increased competitive pressures across our different product categories. El Niño has also started affecting consumer demand given weaker sales in the general trade especially in the Visayas and Mindanao regions. Volume growth, lower input prices, and operational efficiencies all contributed to the 23.5% increase in operating income hitting Php 10.7 billion with all time high EBIT margins of 18.5%.

Beverage remains a significant source of revenues for the domestic business and posted a growth of 12.7% versus last year mainly coming from our coffee business with our strong brand, Great Taste. We managed to outpace total category growth despite aggressive competitor activities and reached 29.5% value market share. RTD beverages growth mainly came from C2 where we are still the clear market leader at 84.1% value share. Snackfoods business also grew driven by our core brands like Mang Juan, Piattos, Nova, Pic-A, Cloud 9, Nips, Dewberry, Wafrets and Pretzels. We have maintained our market leadership in salty snacks, candies and chocolates while we are a strong challenger in the biscuits and cakes categories.

On our joint ventures, Nissin Universal Robina (NUR) Cup and Pouch segments performed well which resulted to a sales growth of 17.7%. Nissins Cup Noodles remained to be the leader in the cup segment. On the other hand, sales momentum has consistently increased for our two new JVs with Danone and Calbee since the launch of the products last January and February, respectively. We expect to gain additional traction as we continue to invest in A&P to build the equity of these brands and distribution expansion. The initial results indicated good traction.

Overall, we launched seventy nine (79) new products for the year which contributed 5.4% to total sales.

BCFG INTERNATIONAL:

Navigated the Difficult Macro-Environment Well

Our international business operates in the developing countries in the ASEAN where the macro-environment was very challenging. Our business managed to stay afloat and we have navigated the situation well.

Total international sales grew by 39.4% at Php 33.1 billion (including the consolidation of Griffin's sales for 10.5 months). Growth was driven by Thailand, Indonesia, Vietnam and New Zealand. Operating income expanded by

52.7% versus last year amounting to Php 3.8 billion due to lower input prices partly offset by forex volatility. This has improved EBIT margins by 101 bps. In US dollar terms, sales amounted to US$ 736 million, a growth of 36.6% vs. last year's US$ 539 million. Operating income amounted to US$ 85 million which is a 49.7% increase from last year.

Below are the highlights in some major international markets where we operate.

Amidst the slowdown in the Thai economy due to weak private consumption, our business continued to post double digit growth driven by our core biscuit brands. Our strategies of providing new products exclusively for some retailers in the first 6 months of launch, price pack for better affordability and promotional programs in all channels have paid off despite the very weak consumer sentiment prevailing in this market. We have maintained our market leadership on biscuits and wafers and have driven the growth in these categories.

Our Vietnam business remained robust with C2 maintaining its brand leadership for the RTD tea market while our energy drink brand, Rong-Do, grew at a very fast pace. We continued to build our snackfoods franchise to complement our beverage portfolio with selective launches and focused distribution initiatives across this market.

Indonesia remains on the path to scale with topline showing a promising growth despite the very weak and negative consumer sentiment in the country. Piattos was able to hit all time high sales while our second largest salty snacks brand, Chiz King, continued its growth momentum. Our chocolate bar brand, Cloud 9, also posted strong sales for the year. URC is now the fastest growing salty snacks company in Indonesia with Piattos registering to be the second largest potato chips brand in this market.

Griffin's, on the other hand, posted growth in sales volume in its home market New Zealand with sweet biscuits and crackers performing well. The business posted very good market share gains over the past year but remains challenged by the higher trading terms and discounts as well as private label offerings. The Australia business posted double-digit growth in volume driven by private label biscuits and bars.

On new markets, we have commissioned our local manufacturing facility last July in Myanmar. The first line is producing wafers under the brand name Halo for the local market. We have also started selling and distributing products to two additional frontier markets namely Cambodia and Laos by formally appointing distributors in these two geographies.

NON-BRANDED CONSUMER FOODS GROUP:

Topline Grew Double-Digit and Consistently Delivered Stable Profit Contribution

Non-Branded Consumer Foods Group, composed of Commodity Foods Group (CFG) and Agro-Industrial Group (AIG), registered a double-digit topline growth of 13.5% amounting to Php 17.2 billion. This division contributed 15.8% to total company sales and 24.8% to total company operating income for the recently concluded fiscal year.

Commodity Foods Group

Commodity Foods Group, composed of SURE (Sugar and Renewables) and Flour divisions, posted Php 8.3 billion sales, a 19.0% increase from last year due to higher average selling prices for the sugar business. Combined operating income increased by 1.5% amounting to Php 3.1 billion. Our Sugar division's expansion into renewables started contributing to topline and income with the inauguration of our 100K liters per day bio-ethanol plant in Bais Negros

Oriental last November 11, 2014. This segment is currently supplying ethanol requirement to some local oil companies such as Flying V, Sea Oil, Petron, and Jetti Petroleum among others. We also commissioned our 46MW biomass cogeneration power plant last June 8, 2015 and we are currently exporting around 20MW power to the grid. On the milling business, our Tolong mill expansion from 3000 to 4000 tons cane per day was also completed and this has increased our total milling combined capacity to 31,000TCD.

Flour registered sales of Php 4.1 billion for the full year, at par with last year due to flattish volumes as well as slightly lower selling prices.

Agro-Industrial Group

Agro-Industrial Group posted sales of Php 8.9 billion and an operating income of Php 1.2 billion, a growth of 8.9% and 9.7%, respectively driven by better volumes and lower input prices for our feeds business.

Feeds business posted a topline growth of 21.6% versus last year amounting to Php 4.2 billion. The lower input prices helped buoy up its operating income which reached Php 479 million, a 46.8% growth versus last year.

On our Farms business, Hogs sales volume increased by 10.7% but this was offset by the decrease in selling prices resulting to a flattish revenue growth. The decrease in selling prices was due to the increase in market supply. Due to the volatility of live hogs in terms of selling prices and profitability, we shifted part of our sales to meat cuts and carcass, and distribution to retail and HRI (Hotels, Restaurants, and Institutions) accounts where prices are relatively more stable. With consistent quality processes and system, Robina Farms Piggery and Poultry were awarded the Good Animal Husbandry Process (GAHP), an international certification by the Bureau of Animal Industry, the first for a livestock organization in the Philippines.

Looking Ahead: New External Reality Will Define How We Compete

The establishment of the ASEAN Economic Community (AEC) in 2015 is a major milestone in the regional economic integration agenda in region of ten countries with an estimated population of 600M. Collectively, it will be the third largest economy in Asia and the seventh largest in the world. It is expected that the region will have a hyper-competitive marketplace crowded with global multinational, new entrants and existing companies, all with ambitions to build a regional presence and armed with an aggressive plan to compete. The integration will open an era of the rapid deployment of new rules and regulations which indicates that organizations must be flexible and agile to adapt world class systems and processes to maintain competitive advantage. It is also imperative that organizations be staffed with the right mix of talent that can work in a cross cultural set-up.

It is expected that foreign and intra-ASEAN investments will influx not only capital but also influence new ways of doing business with new foreign ideas and business practices. As a multinational company, we believe that we are prepared in this area as we have laid down the foundation in the past years for a structured approach on how we manage supply chain, branding and marketing, sales and distribution as well as back office support such as IT and Finance, which further delivers synergies and efficiencies into our business. We have also hired and invested on the right human capital across the business and have installed and localized management in every market whenever possible.

URC'S STRATEGIC BRAND SHIFT AND EVOLUTION IN THE COMING YEARS

Launch of a New Visual Expression of Our Corporate Identity

From humble beginnings in 1954 as Universal Corn Products with corn starch manufacturing, we have transformed to become a full pledged and successful food company with market leading brands and spanning the ASEAN and TASMAN region. Our strong local heritage and unceasing entrepreneurial spirit and grit coupled with strong core values namely Passion to Win, Dynamism, Integrity and Courage have brought us to where we are today. The world is becoming a smaller place and markets are now connected and interdependent. Globalization is now the new normal and consequently we are now articulating our renewed ambition. The URC brand will evolve into a purposeful and contemporary global food brand with an umbrella of innovative, ownable and consistently managed tiered portfolio of brands, loved and valued by consumers. With this shift, we are introducing a new visual expression of our corporate identity with the aim of uplifting URC as a brand that is closer, valuable, visible and meaningful to consumers.

As we continue to create value for all our stakeholders, we have likewise reviewed our strategic priorities and directions and have crafted our 2020 vision as follows:

> A leading, respected and recognized corporate brand spanning the PAN-ASEAN-TASMAN region with leading consumer and household brands in snackfoods and beverages across the mainstream and premium segments.
>
> A stable of leading and cost competitive non-branded foods businesses in the Philippines providing consistent and robust cash flow generation (food ingredients, renewables and agro-industrial)

Our aspiration is to be a significant PAN-ASEAN-TASMAN multinational with five strong consumer brands namely Jack 'n Jill, C2, Great Taste, Griffin's and Nice & Natural. We will continue our drive on product innovation and scale up our brands across the markets where we are present. New opportunities are emerging and we believe that the market will further evolve and will gradually adapt to emerging global consumer trends on indulgence, play-plus, authenticity/provenance, health, wellness and nutrition. Our thrust on innovation is to maintain our relevance to the target consumer by consistently offering new and innovative formats, exciting flavors, on-the-go and better-for-you (BFY) products. We have deployed a two pronged approach on how to build our branded foods business, the first is to maintain our core mainstream brands Jack 'n Jill for snackfoods, C2 for RTD tea, Great Taste for coffee as well as launch new brands or replicate existing ones across the ASEAN. These core mainstream brands will continue to scale up in markets such as Indonesia, Vietnam and Myanmar and sustain our category leadership in Thailand and the Philippines. The second anchor is the progressive introduction of Griffin's brands into Asia starting in FY2016 to build a portfolio of premium brands that will be offered for consumers that are trading-up, and retailing that is shifting into modern-convenience format. Our two new joint ventures with Calbee and Danone are also positioned to take advantage of similar trends and we will further invest to build their brand equity and distribution. We have also integrated new media and digital marketing in our communication strategy as well as executed brand and consumer activation to make our target customers experience our brands. More than investments in brand building, we have also earmarked bulk of our CAPEX to build facilities, add capacities and new capabilities in branded foods.

We will continue to maintain the competitiveness of our non-branded foods businesses in the Philippines with our entry into renewables, value added offerings for farms and opportunistic expansion in flour and sugar milling.

Our foray into ancillary businesses will start to bear fruit with sales and profit contribution coming from our investments in bio-ethanol and biomass cogeneration while we maintain the competitiveness of our milling operations for Sugar, Flour and Feeds. Capacity for sugar milling has been expanded in our Tolong mill while we opportunistically capture further value in our Flour milling business with our entry into hauling wheat for freight efficiencies. We have also invested in World Class AAA slaughterhouse and meat fabrication facility that will integrate our processing of live hogs to meat cuts to further add value on this segment.

Productivity will be a recurring key initiative across the organization to better manage our cost base. We believe that we can do more with less as we deliberately institute operational efficiencies and measures in the business.

We believe that URC's regional footprint will be a significant competitive advantage in a single unified economy. With the decline in tariffs for finished goods to zero, barriers to entry will be collapsed enabling us to enter into new markets or categories and build our brands. This foray will also present greater challenges as investments in brand building and defense coupled with distribution expansion will be higher thus better cost management through productivity is a must. We have begun implementing several initiatives in the organization to further manage our costs - from centralized procurement to get leverage on suppliers, optimized supply chain to best deliver and handle our products at the least possible cost, regional manufacturing and sourcing to make our unit cost of production very competitive and shared services for our back-office functions to manage general and admin expenses better.

In closing,

Throughout more than half a century, URC has established a rich heritage of success led by our visionary founder and fuelled by an entrepreneurial spirit, ambition to win and culture of innovation. An intimate knowledge of the market has enabled us to seize opportunities which are met with products of the highest standard within a wide portfolio of locally recognized and respected brands. The company now has evolved from a local Philippine manufacturer into one of the largest ASEAN based multinational company.

Your support and confidence have been our sources of inspiration. The journey will continue and we will always strive harder to deliver value to you, our stakeholders.

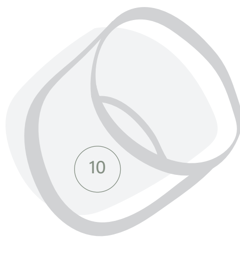
Thank you for helping us in showing this greatness to the world.

James L. Go

Chairman

Lance Y. Gokongwei

President and
Chief Executive Officer



Our Company


TEAR HERE
JACK'n JILL
Piattos
CHEESE
Flavored Potato Crisps
NET WT. 3.0 OZ. (85g)

Who We Are

Universal Robina Corporation (URC), the "first Philippine multinational" is the largest listed food company in the Philippines and has established a strong presence in the PAN-ASEAN markets. Recently, the Company has further expanded its reach to include New Zealand and Australia through the acquisition of Griffin's Foods, the number one snackfoods company in New Zealand.

URC is among the Philippines' pioneers in the industry, having been in operations since 1954 when Mr. John Gokongwei, Jr. established Universal Corn Products, Inc., a cornstarch manufacturing plant in Pasig.

URC is engaged in a wide variety of businesses. Its core branded consumer foods group includes manufacturing and distribution of snackfoods, beverages and grocery products. In the Philippines, the Company is also into food ingredients (flour milling, sugar milling & refining) and allied agro-industrial products (hog farming, animal feed milling, glucose, soya products, and veterinary compounds). URC has also invested in ancillary segments mainly focusing into renewable sources of energy to further add value and process by-products to produce biogas, fuel grade bio-ethanol and power (biomass cogeneration).

In the Philippines, URC is the market leader in salty snacks, candies, chocolates, and canned beans. It is also a significant player in biscuits, with leading positions in cookies and pretzels, the largest player in the RTD tea market, and a respectable 2nd player in noodles and coffee.

The Company has started building its Jack 'n Jill and C2 mega-brands across the ASEAN. We have market leading position in both biscuits and wafers in Thailand, the number one RTD tea brand in Vietnam, and emerging strong challenger positions in Indonesia for potato chips and confectioneries.

Vision and Values

URC's VISION is to be the best Philippine food and beverage company with a powerful presence throughout the ASEAN region, New Zealand, and Australia, carrying a wide portfolio of delightful brands of exceptional quality and value, equipped with efficient systems and engaged human capital. We are committed in making lives a truly fun experience.

Central to this vision are our core values:

Passion to Win
We build organizational capability by being entrepreneurial and proactive, driven by a sense of urgency and purpose. We continuously challenge ourselves to deliver world-class brands and consistently rally our people to strive for excellence.

Dynamism
We cultivate a culture of innovation and productive working relationships. We continuously find ways to improve organizational and people capabilities to meet constantly changing consumer needs.

Integrity
We are guided by transparency, ethics and fairness. We build the business with honor and are committed to good governance. Our processes and products meet the highest standards. We are credible in our dealings with both internal and external stakeholders.

Courage
We seize opportunities in building long-term, sustainable businesses. We make tough people and business decisions to ensure competitive advantage.

UNIVERSAL ROBINA
CORPORATION

- **Branded Consumer Foods (BCF)**
  - Philippines
    - Snackfoods
    - Beverage
    - Grocery
    - Others
  - International
    - Vietnam
    - Thailand
    - Indonesia
    - Malaysia/ Singapore
    - China/ Hong Kong
    - New Zealand/ Australia
    - Myanmar
  - Packaging
- **Non-Branded Consumer Foods (Non-BCF Agro-Commodities)***
  - Commodity Foods Group
    - Flour
    - SURE
      - Sugar
      - Distillery
      - Renewables
  - Agro-Industrial Group
    - Farms
    - Feeds

* PHILIPPINES ONLY

Where We Are


CHINA (3)
MANUFACTURING (BCFG)
SALES OFFICE ONLY
OTHER BUSINESSES
HONG KONG
MYANMAR
THAILAND
PHILIPPINES (15)
VIETNAM (4)
SUGAR (5)
FLOUR (3)
AIG (11)
MALAYSIA
SINGAPORE
INDONESIA
NEW ZEALAND (2)

Branded Consumer Foods Group

PHILIPPINES

Universal Robina Corporation (URC) is the leading branded snackfoods and beverage company with strong heritage brands that Filipinos grew up with and continues to be the choice of the new generation.

The Company has successfully evolved the Branded Consumer Foods Group Philippines through its trailblazing products, far-reaching distribution network and impactful marketing efforts. URC is also a dominant player in the industry being the market leader in salty snacks, candies, chocolates, canned beans and ready-to-drink tea while continuously holding a strong presence on coffee, biscuits and noodles.

Snackfoods

URC provides a wide range of snackfoods products in the country from salty snacks, to bakery (biscuits and packaged cakes) and confectioneries (candies and chocolates) which offer great quality and value. Through these, URC has given a fun snacking experience to consumers for more than four decades.

The Snackfoods category has continued to drive new product innovation, not only in developing new variants for the well-loved brands such as Piattos, Chippy, Cream-O and Cloud 9, but also in introducing and growing new brands and snacking segments like Mang Juan and Fun-O. The recent partnership of Jack 'n Jill and Calbee, the largest salty snack maker in Japan, has given the company the opportunity to introduce a new sophisticated range of potato based chips for the premium consumer segment in the Philippines.

SALTY SNACKS
URC is the market leader in salty snacks.

BAKERY
URC holds a strong market position in Biscuits and Cakes.

CONFECTIONERIES
URC is the market leader in Candies and Chocolates.

KidZania Manila: The Future Begins Today!

We always ask children what they want to be when they grow up. What if we tell them that they can actually live out their dreams in the future, today? Kids can now have the opportunity to be whoever they want to be thanks to KidZania.

KidZania, a play city built for kids from ages 4 to 14, is finally here in Manila! This mini-metropolis is complete with establishments simulating the real world such as salon, aviation academy, fire station, hospital and many more. Kids can choose from over 100 activities to role play and work as a doctor, a singer, a teacher or even a newscaster. By taking such jobs, they can earn KidZos, the official KidZania currency which teaches them the real value of money. They can use this for spending, investing or saving. KidZania truly provides an outlet for the kids to understand the world more deeply.

Partnership of URC with KidZania Manila

URC, the leader in the snackfoods industry in the Philippines, has partnered with KidZania Manila to launch two factories for children—the Jack 'n Jill Snack Factory and the Cream-O Cookie Factory. "We're very happy to be part of KidZania as this partnership promises to bring a whole new level of learning and enjoyment to children. Role-playing will promote a fun and effective way for children to learn about the real world. The kids' experience becomes even more enjoyable and immersive as the factories allow them to get up close and personal with their favorite brands, such as Cream-O" said Lance Gokongwei, President and Chief Executive Officer of Universal Robina Corporation (URC).

URC which has the goal of making lives fun through its brands now has another channel in making the lives of the children even more fun.

Jack 'n Jill welcomes kids to a fun-filled learning experience with its Jack 'n Jill Snack factory in KidZania Manila. In the photo are (from left to right) Universal Robina Corporation (URC) VP and Group Head for Marketing Edwin Totanes; URC Group Product Manager for Snacks Ara Pascual; URC President and Chief Executive Officer Lance Gokongwei; URC Marketing Manager for Snacks Angeline Go; and URC VP Marketing for Snacks Teree Eugenio.

Be Snack Engineers in the Jack 'n Jill Snacks Factory

In Jack 'n Jill Snacks Factory, kids can become Snack Engineers in creating some of Jack 'n Jill snacks:

- **Piattos,** a hexagon-shaped potato crisps made from the finest potato ingredients and are distinctly thin, bringing out the fullness of its unique flavors
- **Chiz Curls**, a melt-in-your-mouth, light and puffy collettes coated in delicious cheese flavors
- **Roller Coaster**, a ring-shaped potato snack that kids can enjoy in their own fun way
- **Chippy**, an incredibly crunchy snack with a distinct barbecue taste that makes it the barkada's go-to-comfort snack

The simulation of the process of creating snacks is truly evident as the factory features specially designed machines. It has all the necessary tools and ingredients in making snacks such as snack-designing cutters, dough ingredients, and various flavorings.

The brands created in this factory are just some of Jack 'n Jill snacks available in our market. Jack 'n Jill salty snacks have become part of the Filipino lives for many years now and these continually make the snacking experience of the Pinoys more fun.

Universal Robina Corporation President and Chief Executive officer Lance Gokongwei (fourth from left) and Universal Robina Corporation Marketing Director for Bakery, Chris Fernandez (fifth from left), tour the Cream-O factory at KidZania Manila.

Cream-Oholics have another reason to celebrate as the chocolate cookie brand opens its Cookie Factory in KidZania Manila. In the photo are Universal Robina Corporation (URC) Marketing Director for Bakery Chris Fernandez (first from left), URC President and Chief Executive Officer Lance Gokongwei (fourth), URC Bakery Senior Brand Assistant Benedict Ong (fifth) and URC VP and Group Head for Marketing Edwin Totanes (sixth).

Be Cookie Engineers in the Cream-O Cookie Factory

Teamwork, hand-eye coordination and obedience are key skills that kids can develop once they visit the Cream-O Cookie Factory and work there as cookie engineers. Here, they are to create Cream-O Cookies, an irresistible chocolate cookie treat that will definitely make every chocolate cookie lover's dream come true.

The experience of cookie making is definitely realistic in this factory as it has kid-sized machines specially designed to replicate the manufacturing facility in real life. Kids can learn about the brief history of cookies and discover the importance of following hygiene procedures and safety measures in production.

Jack 'n Jill Cream-O is a chocolate cookie brand which offers a line of snacks such as Cream-O Vanilla, Choco Fudge, Deluxe, Cookies 'n Cream, Brownie Crunch, Chocoloaded, Crinkles and Chocolate Chip cookies.

Take the exciting role of a Snack or a Cookie Engineer by visiting the Jack 'n Jill Snack Factory and Cream-O Cookie Factory at KidZania Manila.

For more information, visit Kidzania.com

The #BestoPotato Experience with Jack 'n Jill Calbee

The recent joint venture partnership between URC, the maker of the Jack 'n Jill brand & the market leader in fun snacks here in the Philippines and Calbee, the largest snacks provider in Japan has created a #BestoPotato experience to the Filipino consumers since the successful launch of its new brand—Jack 'n Jill Calbee. This co-branded products offer a diverse range of innovative potato snacks. These are all produced under the Japanese standards of quality so one will truly have a unique and fun snacking experience in every crunch!

Flavorful Experience

Made from real potatoes, Jack 'n Jill Calbee Potato Chips can definitely fulfill any chip cravings! This snack comes in Classic Salted, Cheddar and Sour Cream, and Wasabi variants.

With melted cheese on top of every chip, Jack 'n Jill Calbee Pizza Potato is the perfect snack for any activity with barkada or with family. Available in Classic Salted, Cheese, and Garlic flavors, all from real potatoes, Jagabee Potato Fries will never go out of crunch.

(FROM L-R) URC Executive VP and Managing Director, Nilo Mapa; Calbee-URC President and COO, Shinji Haruna; URC President and CEO, Lance Gokongwei; Calbee, Inc. General Manager, Asia Business, Overseas Biz Division, Tetsuya Takiguchi; Calbee-URC General Manager, Teree Eugenio; and Calbee, Inc. Manager, Engineering Support, Overseas Biz Division, Yasuo Omonishi; formally opens the Jack 'n Jill Calbee Pop-up store by performing a Japanese ceremony called Kagami Biraki.

Fun Experience
Jaga, the spud mascot of Jack 'n Jill Calbee, toured around Metro Manila to promote the exciting snacks brought about by the dynamic partnership of URC and Calbee. He gave everyone he met a fun experience when he visited Roxas Boulevard, Fort Santiago in Intramuros, Manila Ocean Park, and Bonifacio High Street.

Calbee-Universal Robina Corporation (CURC) launched these flavorful snacks to the market through creatively designed pop-up stores. Besides showcasing these exclusive items, the event provided a lot of fun activities to the consumers like the Potato Ninja Booth, the Sumo Potato Arena where they can dress up as giant potatoes and wrestle, and a photo booth where they can take the "First Taste" selfie. There were also a line-up of limited-edition merchandise items like ball pens, mugs, stuffed toys and T-shirts that feature Jaga, the brand's mascot.

Jack 'n Jill Calbee continues to exhibit its products in pop-up stores through different visits in malls like Eastwood, Trinoma, Fairview Terraces and Robinsons malls, and universities such as De La Salle University and National University.

Playful Experience
Jack 'n Jill Calbee has created an online game named Potato Slice-O to further promote the brand. This game is available in the Jack 'n Jill Calbee website using either a Laptop/PC or iPad as gadget. Potato Slice-O is perfect for bonding sessions with friends or family, just like our Jack 'n Jill Calbee snacks!

Beverages

URC is the leading company in the Beverage industry due to its pioneering efforts in providing products that are anchored on the Filipino taste and trends of on the go and convenient consumption.

This started with its coffee business, launching brands such as Blend 45, the first locally manufactured soluble coffee, Great Taste Granules, the first concentrated coffee in the country, and Great Taste 3-in-1, the first complete coffee mix. The ready-to-drink (RTD) beverage market segment was disrupted when URC introduced C2 Cool & Clean in 2004, the first locally produced RTD tea brand in a market that was previously dominated by carbonated soft drinks.

URC currently has a strong presence on the powdered and RTD segments with the success of Great Taste White, and C2 Cool & Clean. Great Taste has been a trailblazer on innovation in the coffee mixes segment with Great Taste White which is currently the number one selling brand in the market. The Company was also the first to introduce packaging innovation through its twin pack that provides better value to consumers. C2 has maintained significant dominance and leadership after 11 years from launch. Its unique selling proposition as the only tea brewed and bottled on the same day from natural green tea leaves continues to resonate with consumers.

URC also offers RTD juices, bottled water, and RTD chocolates in tetra format. In addition, Danone Universal Robina Corporation (DURBI), the joint venture of URC and Danone, now sells B'lue, a Water Plus drink with three different flavor variants namely Orange, Calamansi, and Lychee.

URC will continue to maintain being the leader in the Beverage industry through innovation to introduce new and exciting products for its consumers.

READY TO DRINK BEVERAGES

- Tea

  URC is the largest player in RTD Tea
- Juices
- Water
- Chocolate

POWDERED BEVERAGES

- Creamer
- Instant Coffee
  (Pure Soluble and 3-in-1 Mixes)

  URC is a strong competitor for both instant coffee and coffee mixes

Be Fully Alive with B'lue

In early 2015, the much-awaited partnership of URC and Danone offered the Filipino millennial a drink like no other – a unique and surprising water plus experience that delivers a holistic benefit of feeling fully alive – body, mind and mood. Danone Universal Robina Beverages, Inc. (DURBI) has successfully introduced B'lue to the Philippine market!

Ever since its launch, B'lue has been making waves with its target market through its innovative on-ground and online participative activations with this generation at its core.

Recognizing that the Filipino millennial is the LIVE TO FEEL generation, B'lue has come up with series of marketing activities that celebrate this insight. One of B'lue's biggest and effective campaigns is the B'lue YOUTV campaign that put the spotlight on our millennials as they star in their very own B'lue TV commercial. The campaign started with series of television commercials showcasing the millennials' pleasantly surprised expression in tasting B'lue for the first time. The brand then went on-ground with its B'lue YOUTV mall activations, inviting people to try B'lue, and to express on camera how B'lue makes them feel fully alive. This is a once in a lifetime opportunity as they get to shoot their very own commercials, acting as the new ambassadors of B'lue. They are then given their own copies of their TVC to upload and share with their friends on social media.

Be the New Face of B'lue!
Walking down the mall has never been more fun and surprising! Imagine walking into an apostrophe-shaped booth and being handed a cool bottle of B'lue. Before you know it, you are ushered into your very first film shoot where you are coached by professional directors on how to act as you take your very first sip of the refreshing taste of B'lue. You're feeling like a star! So this is how brand endorsers feel.

B'lue Carpet Treatment
After your shoot, to enrich your Hollywood celebrity experience, you are welcomed and interviewed on the blue carpet by Mikee Bustos and other improv artists, complete with paparazzi and screaming fans on the side!

Millennial Video Launch
And, after just a few minutes, you are surprised with your own copy of your B'lue TVC as its latest ambassador!

Millennials naturally gravitated towards this opportunity. Seeing their amazed and fully alive expressions edited into the original B'lue TV commercial prompted them to post their videos online, generating valuable word-of-mouth publicity that made other millennials seek B'lue in our activation areas for their own experiences as well. By uploading their videos on Facebook or Instagram, they have also the chance to be featured in LED Billboards located in EDSA and C5.

The B'lue target market went crazy over this campaign that delivered them unique and delightful experiences. Not only did they discover this delicious drink, but they also became "endorsers" of the product that they truly enjoy. As of December 30, 2015, with on-ground activations in 10 malls, B'lue has created over 6,000 videos, and generated 1,400 tvc uploads online. In Facebook, B'lue has a total 307,000 fans, engagement rate is at high 35% with more than 6,000,000 reach.

B'lue comes in three great tasting flavors: Orange, Lychee and Calamansi. With an affordable SRP per 500ml bottle at P20 in supermarkets and P25 in convenience stores, feeling fully alive every day, everywhere is within everyone's reach!

Filipinos Experience the Great Taste of Winning with Great Taste White

To thank its loyal consumers for making it the number one white coffee brand, Great Taste White held its nationwide Great Taste White: Choose Great, Win Great Raffle Promo.

The brand's biggest promo to-date gave away over P27 million worth of prizes. During its culminating draw last October 4 at Mega Tent, Quezon City, URC and its celebrity ambassador drew the entry that won the Grand Prize worth P3 million pesos and an exclusive Pinoy Big Brother (PBB) experience.

The Great Taste White team flew to Iloilo City to surprise Alicia Obispo with a P3 million pesos cheque. "My dream is to have our own house and lot. I don't want to worry that one day we'll be forced out of our home." says Alicia who resides in a rural farmland with her husband and children.

Great Taste White also gave away eight Toyota Vios 1.3 M/T on its culminating draw.

Before the Grand Draw, there were four simultaneous regional draws in key cities at Greater Manila Area, North Luzon, South Luzon, Visayas and Mindanao. On each regional draw, Great Taste White drew entries that won two MacBook Airs, four iPhone 6 and six iPad Minis. Aside from gadgets, the brand also drew cash prizes which sought one winner of P100,000 and one winner of P200,000.

Every regional draw also featured an exciting program with games and special performances by local talents and celebrities. What's more, attendees enjoyed the photo booth, and a coffee bar that served hot and cold samples of Great Taste White's different variants – Smooth & Creamy, Sugarfree, Smooth & Caramelly, and Smooth & Chocolatey.

"Through Great Taste White: Choose Great Win Great Raffle Promo, we aim to let more consumers savor greater wins," said Julius Flores, Universal Robina Corporation Marketing Manager for Powdered Beverages. "This is also one way to thank our consumers for making Great Taste White the leading brand in the white coffee segment."

Grocery

With rapid urbanization and a fast paced lifestyle, many Filipinos are now adapting to convenient grocery products which are ready-to-eat meals and easy-to-use food ingredients. To be able to satisfy the needs of these on the go consumers, URC has made these readily available in the market through its partnership with Nissin Foods Holdings, Co. Ltd (Nissin-URC), and ConAgra Foods Inc. in the US (HUNTS-URC).

The Nissin-URC joint venture enables the consumers to easily buy Nissin's famous cup noodles in the Philippines. Nissin-URC also sells Payless, value-for-money instant noodles in pouches with superior quality at affordable prices.

HUNTS-URC, the other joint venture, manufactures and sells Hunt's Pork & Beans, the market leader in the canned bean industry. URC also produces and distributes tomato-based culinary sauces which are easy to prepare, allowing consumers to make savory dishes that their families will truly enjoy.

NISSIN-URC
NISSIN-URC is the market leader in Cup Noodles.

HUNTS-URC
HUNTS-URC is the market leader in canned beans.

Packaging

URC Packaging Division offers a wide range of Bi-axially Oriented Polypropylene (BOPP) films which are primarily used for packaging of different consumer products. The division's plant, located in Simlong, Batangas is the only BOPP Plant in the Philippines that has an integrated management system with ISO certifications—ISO 9001:2008 QMS and ISO 14001:2004 EMS.

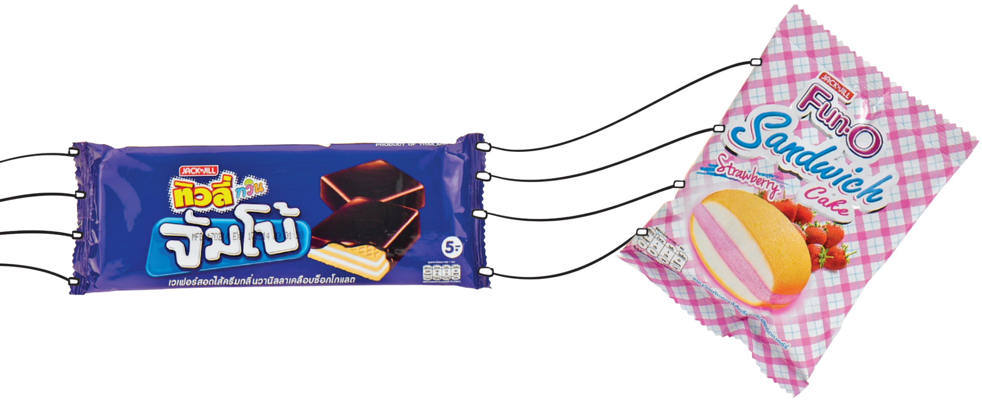
Branded Consumer Foods Group

INTERNATIONAL

With a vision of a "world without borders", URC continuously imparts fun on its international markets just as how it made a mark in its home market, the Philippines.

URC is considered as the largest locally based player in the ASEAN for snackfoods today with the widest geographical footprint and reach. This is evident with its full-scale presence with manufacturing facilities in Vietnam, China, Thailand, Malaysia, Indonesia, Myanmar, and recently in New Zealand. The Company also has sales offices in Hong Kong and Singapore.

URC International has successfully grown throughout the years and has become a major player in the region with its innovative and localized products under the three organically grown megabrands namely Jack 'n Jill, C2, and Great Taste. The Company will further expand brands to include Griffin's and Nice & Natural in the coming years as we introduce New Zealand's most loved products to the ASEAN market.



THAILAND

URC Thailand manufactures Snacks, Biscuits, Wafers, Candies, and Chocolates. Through its effective marketing efforts, URC remains to be one of the leading Snackfoods players in this country, with strong segment positions in biscuits and wafers, and significant presence in other categories.

MALAYSIA and SINGAPORE

URC Malaysia produces Snacks, Wafers, and Chocolates, and sells some of these products in Singapore. URC plans to expand its product portfolio in Singapore by launching snacks from Griffin's in Fiscal Year 2016.

INDONESIA

URC is the fastest growing snacks company in Indonesia, the most populous country in Southeast Asia. URC manufactures Snacks, Candies, and Chocolates. "Piattos" is the number one fabricated potato chips in the market. The Company has also successfully launched "Chiz King" and"Cloud9" brands in this country.

CHINA and HONG KONG

URC has factories in China to cater both China and Hong Kong markets, producing Snacks, Biscuits, and Cereals and Oats Beverages.

VIETNAM

URC Vietnam manufactures Biscuits, Snacks and Candies for the Vietnamese consumers. This was also the very first URC subsidiary outside the Philippines to manufacture and successfully market C2 Green Tea, which remains to be the number one brand in the RTD Tea category in this country. Recently, our energy brand offering "Rong-Do" has also gained significant traction and now remains a strong challenger in this category.

MYANMAR

URC's factory in Myanmar, which has started its operations in June 2015, manufactures Wafers under the brand name Halo. With Myanmar as its youngest market, the Company further plans in offering a unique snacking experience for the Burmese consumers.

NEW ZEALAND

Through URC's acquisition of Griffin's, the leading player in Snackfoods in New Zealand, the Company has now reached out beyond the ASEAN. Griffin's will continue to drive differentiated innovation to complement URC's own brands to cater to the ever changing consumer not only in the TASMAN market but also in Asia. With less than a year of ownership, URC has invested in a new bar line for Griffin's Wiri plant. The line has been commissioned last October 2015 and is expected to augment supply for wrapped snacks and bars given the growing demand for products that are anchored on health, wellness and nutrition.

Griffin’s: Adding Capacity for the Growing Demand

Griffin’s Foods’ expanded factory in Wiri, Auckland is set to produce 12,500 tonnes of snack bars by 2018, increasing production volumes and driving export growth.

The factory, one of two Griffin’s factories in Auckland, has been significantly expanded following a $25 million investment by the Company.

It was opened today by Prime Minister John Key.

Griffin’s Foods exports products under its Griffin’s, Eta, Huntley & Palmer and Nice & Natural brands to over 20 countries throughout the world, with the majority of products made at Griffin’s two Auckland factories in Papakura and Wiri.

Griffin’s Foods’ exports currently account for one-third of total sales and demand is continuing to grow, Griffin’s Foods' chief executive officer Alison Barrass said.

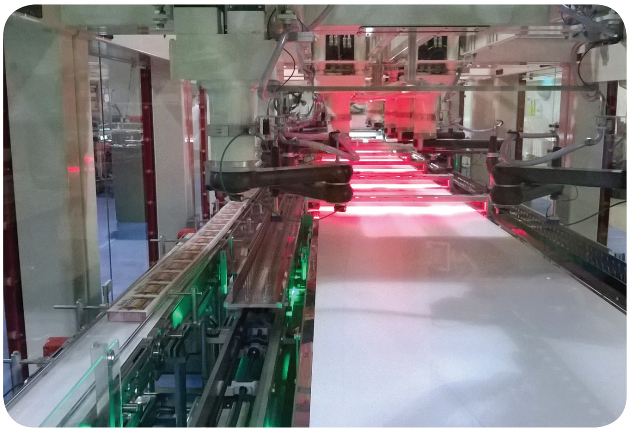
“The expanded factory will help us meet demand in New Zealand and in overseas markets, including Asia and Australia.
“For 150 years, high quality ingredients and iconic kiwi recipes have been at the very heart of our business and have helped to put some of New Zealand’s favourite brands on shelves around the country, and around the world.

“In the last decade, Griffin’s Foods has invested more than $110 million towards upgrading its facilities, laying the foundations for continued innovation and growth.

“This latest $25 million investment is a critical part of setting Griffin’s Foods up to compete within the growing snacking segments in Asia as well as remaining competitive in New Zealand.”

The expanded Wiri factory, which has been making snacks for Eta and Nice & Natural since 1972, will predominantly produce Nice & Natural snack bars for sale in New Zealand, Australia and Asia.

The factory will now have the capacity to produce over 390 million individual bars per year.



(FROM L-R) Nicola O'Rourke, Operations Manager – Wiri, Griffin's; URC President and CEO, Lance Gokongwei; John Key, Prime Minister of New Zealand; Alison Barrass, CEO, Griffin's; Andy Fuge, Operations Director, Griffin's (at time of picture), Adrian Coleman, Group Engineering Manager, Griffin's.

URC: Extending Griffin's to the Singaporean Market

Universal Robina Corporation (URC), which has delighted its customers with big brands like Jack 'n Jill, Great Taste and C2, found another way to satisfy new market through its acquisition of Griffin's Foods, the number one biscuits and snackfoods company in New Zealand. This partnership allows URC to diversify its product portfolio with Griffin's premium products and in the same manner, gives Griffin's the opportunity to extend its reach to selected ASEAN markets.

Griffin's Foods was founded in New Zealand, by John Griffin, a humble flour miller over 150 years ago. Today, Griffin's sells over 300 products and operates two manufacturing super centre facilities in Auckland, New Zealand (Papakura and Wiri).

Mr. Lance Gokongwei, the President and Chief Executive Officer of URC, explained why the company acquired Griffin's Foods: "We believe Griffin's is at the forefront of global consumer trends in snacking, including indulgence, a sense of play and excitement, using natural ingredients, ensuring traceability of source, and providing healthy alternatives. We are very excited to introduce and grow these brands in Asia."

Griffin's entry to Asia has finally begun this 2015 with its launch in Singapore last November. Offering a broad range of products from sweet decadent biscuits to nutritious muesli bars, and premium crackers, the Singaporeans will truly be delighted with the following brands readily available in their market:

Griffin's Biscuits

Griffin's offers various biscuit products to Singapore including the childhood favorite Cookie Bear Hundreds and Thousands, as well as Krispie, Choc Thins and indulgent real milk chocolate biscuits such as Hokey Pokey Squiggles, Chit Chats, and Chocolate Fingers.

Huntley & Palmers Crackers

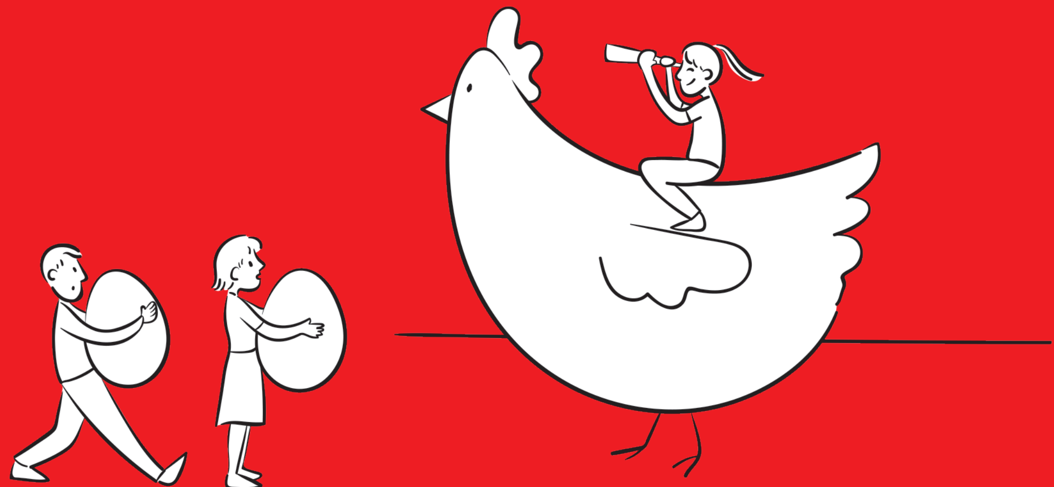
Huntley & Palmers' history dates back to 1822 as it was once the official biscuit provider to the British Royal Family as well as to other royalties like Napoleon III and Leopold II of Belgium. Griffin's Foods obtained the license to make Huntley & Palmers biscuits in 1985 and continued the uncompromised art of making premium crackers to traditional baking methods and recipes.

With Huntley & Palmers' Sesameal Crackers and Flatbreads accessible to Singapore, Singaporeans can easily entertain any guests through these fancy biscuits, the perfect accompaniments to an impressive antipasto platter adorned with aged cheeses, cured meats, and delicious dips.

Nice & Natural Snack Bars

Nice & Natural Snack Bars are truly fit for the on-the-go consumers in Singapore!

Products bursting with the goodness of fruits, nuts, seeds and grains, Nice & Natural Muesli Bars are the perfect packaged snack to help you feel naturally energized throughout your day.



Agro-Industrial Group

The Agro Industrial Group, which is focused and known in providing Total Agri-Solution and farm management expertise including state-of-the-art diagnostic capability, is divided into four major segments namely Robina Farm Hogs, Robina Farms Poultry, Commercial Feeds, and Commercial Drugs.

Robina Farm Hogs
The Hogs segment breeds and sells live pigs, and warm and chilled carcasses. URC AIG has configured its business model by increasing the number of concessionaires in supermarkets, and by launching its first Stand Alone Meat Shop.

This segment is preparing for the commencement of operations of the world class AAA Slaughterhouse and Meat Fabrication. This will give way for the planned meat exportation to other countries, namely Japan and Singapore. This world class facility is the only AAA Slaughterhouse in Rizal making AIG the biggest fully integrated and directly managed Agri Industrial Conglomerate in the country today.

Robina Farms Poultry
Robina Farms Poultry produces superior day-old broiler, layer chicks, and premium table eggs. The Poultry segment has proven its leadership in innovation in the Farm Technology as it has operated its own biogas facility which is first in the poultry farm business. Robina Farms Poultry also pioneered the new technology for debeaking, using an infrared laser (Novatech), which reduces mortality and increases egg production.

Commercial Feeds
Commercial Feeds offers various animal feed products through its brands like UNO+, and the recently launched Barangay Uno and Barangay Supremo that cater to hogs and gamefowl farms. URC - AIG has also aggressively implemented the Kabalikat Farm Concept all throughout the country and continues to expand the segment's distribution channels as well as manage its existing customers.

Commercial Drugs
Commercial Drugs manufactures, distributes and sells a wide range of high-quality and well-known animal health products like vaccines and water solubles. URC AIG has also awarded the exclusive dealership of PED Vaccine (Harris Vaccine) by Harris Company (Iowa, USA) which will contribute to the growth of this segment.

All of URC-AIG's livestock and feed products have been registered with the Bureau of Animal Industry (BAI) and all of its hog products are regulated by the National Meat Inspection Service (NMIS) which prescribes standards, conducts quality control test of feed samples, and provides technical assistance if necessary.

URC AIG also changed the Robina Farms quality management system by defining quality management mechanisms across all processes, from product development, and planning to better serve its customers. To further ensure the quality of meat products, the Company applied and granted certifications such as Good Animal Husbandry Practices (GAHAP) and HACCP (Hazard Critical Control Points). Lastly, the Company promotes "No Hormone and Antibiotic free for the safety of their consumers.

URC – Agro Industrial Group will continuously uphold by its principles of being a Kabalikat, giving "Kalidad" to its customers and ensure "Kita" to its business partners.

URC Adds Investment in Renewables for Sustainability

URC continues to invest in technologies for renewable energy. After the successful operations of the Bio-ethanol facility and the Biomass cogeneration plant of URC Sugar, URC has ventured in another renewable business for sustainability, and this time, for its Agro-Industrial Business—the Biogas Technology.

Biogas Technology is a process wherein the agricultural and all other biodegradable wastes are converted into a Biogas. It uses a biogas digester to collect the methane gas and organic fertilizer produced during the anaerobic decomposition of waste. In URC-AIG's Biogas facilities, the methane gas created from the manure of animals (pigs and chickens) is converted into energy which then can be used to generate electricity.

URC has developed two Biogas facilities that are already running this year with the benefit of saving on electricity cost:

Robina Farms 12 Biogas
This facility is located in Bulacan City to cater to URC-AIG's Hogs segment.

Robina Farms 23 Biogas
This facility, inaugurated last May 2015, is located in Naic City for URC-AIG's Poultry segment.

The biogas technology is also beneficial to the environment since this eliminates manure hauling resulting to better waste management and the avoidance of toxins and contamination.

Commodity Foods Group

Commodity Foods Group is responsible for the production of flour and sugar as well as sugar milling and refining services through its Flour and SURE divisions.

Flour

URC Flour Division is one of the top flour millers in the Philippines with milling capacity of 2,150 MT per day from its Manila and Davao plants. The division is able to produce customized products that fit the specific needs of customers because of its state-of-the-art flourmills and blending facilities.

URC Flour manufactures and sells the following flour segments:

Hard Flour

UNIVERSAL
GLOBE First Class Flour
BLEND 100 Flour

Soft Flour

MY ROSE
SAMPAGUITA

Specialty Flours

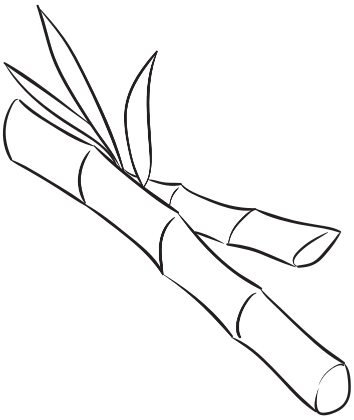
CONTINENTAL All-Purpose Flour
DAISY Cake Flour
FibrA+ Whole Wheat Flour
NOODELICIOUS Noodle Flour
GALACTIC Specialized Flour

The division also offers other products like wheat germ, bran, and pollard which are all by-products of its flour production.

In addition, URC Flour Division sells commercially EL REAL, its very own pasta line. Currently, the EL REAL brand offers different variants like spaghetti, macaroni, flat spaghetti and curly macaroni. URC Flour was the first to launch spaghetti noodles with real malunggay and carrot bits under the brand EL REAL HEALTHY Spaghetti. Both of these brands are available in key areas nationwide.

URC Flour supplies flour requirements of the URC Branded Consumer Food Group, both in the Philippines and partly International. It also toll manufactures pasta noodles for one of the leading fast food chains in the country.

SURE
Sugar and Renewables



URC SURE is divided into two major businesses—URC Sugar and URC Distillery. URC Sugar is involved in sugar milling and refining whereas URC Distillery engages on the production of fuel-grade anhydrous ethanol suitable for gasoline blending. URC has also ventured into the renewable energy with its biomass fired power cogeneration plant.

Sugar Division

This division operates in five (5) mills and three (3) refineries across the country, majority of which are in the Visayas region — URSUMCO, located in Manjuyod, Negros Oriental; SONEDCO, located in Kabankalan City, Negros Occidental; PASSI mill, located in San Enrique, Iloilo, and; TOLONG mill, located in Sta. Catalina, Negros Oriental. URC also operates a mill and a refinery in North Luzon— CARSUMCO, located in Piat, Cagayan Valley.

Sugar cane milling, refining and tolling services are provided by URSUMCO, SONEDCO, and CARSUMCO. These mills and refineries trade sugar, refined sugar, and molasses.

PASSI and TOLONG, on the other hand, provide sugar cane milling services both trade raw sugar and molasses.

All these mills have a combined capacity of milling 31,000 tons of sugar cane and producing 33,000 bags of refined sugar per day. The capacity increased by 1000 tons this year because of the TOLONG mill expansion which can now produce 4000 tons of sugar cane per day vs. 3000 tons before. With this capacity, URC is among the top sugar company in the country.

Distillery

URC Distillery, located in URSUMCO, Manjuyod, Negros Oriental, can produce 100,000 liters per day of fuel-grade ethanol. This uses molasses, a joint-product of sugar production, as its primary feedstock.

This division is also the first ethanol distillery plant in Southeast Asia to utilize a spent wash incineration boiler, ensuring environmentally safe and hazards-free operations.

Renewables

URC SURE is registered in the Department of Energy as a renewable energy developer of biomass fired power cogeneration plant and as a manufacturer of bio-ethanol.

The Power Cogeneration plant, located in SONEDCO, Kabankalan City, Negros Occidental, can provide 46 megawatts of power using bagasse, a by-product of sugar milling, as fuel. This plant currently exports 20 megawatts of its total power to the national grid.

Sustainability

URC believes that it has the responsibility to work on different initiatives for the environment, for the people (consumers, communities, and employees), and for its shareholders.

As such, URC performs towards the betterment of the environment by recycling, investing on renewable energy, and promoting animal welfare and sustainable farming. The Company also contributes to the wellness of the society through promoting healthy snacks to its consumers, providing growth opportunities for the employees and creating programs for communities where it operates in.

Truly, URC's commitment to make lives a fun experience is evident not only through its products, but also through its sustainability measures.

Environment

URC believes that it has a responsibility towards the environment and has taken concrete steps towards compliance with environmental laws, promoting recycling and reincorporation, investing in renewable energy, sustainable sourcing, promoting animal welfare, and sustainable farming.

ENVIRONMENTAL LAWS AND COMPLIANCE

Production Facilities

URC ensures that its production facilities are compliant with the latest requirements across the globe, such as HACCP, ISO 9001:2008, ISO 22000:2005, and FSMS certifications. Also, URC has created a specific department that handles occupational, safety, health, and environmental concerns.

Waste Management

All waste water from URC's production facilities is treated to ensure that the environment is not harmed from the Company's operations. Similar to this, the Company's New Zealand operations, Griffin's, is working on enhancing waste management by reducing total waste and increasing recycling as a percentage of waste to minimize the impact on landfills.

RECYCLING/REINCORPORATION

Packaging Materials

The Company uses recyclables for its packaging materials such as PET and Polypropylene. It also incorporates at least 5% of PET regrind during the bottle production.

Byproducts

URC reincorporates some byproducts of its manufacturing processes such as candy mass and chocolate trimmings back to the production process in order to minimize wastage. URC also makes some by-products of its flour production like bran and pollard into animal feeds.

Waste Materials

Griffin's has managed its waste innovatively through recycling such as the following:

- Griffin's separates food waste into high protein, starch, dry product and wet product. This allows Griffin's to earn revenue from waste materials and recycle starch into raw material for packaging products.
- All product waste of Griffin's is moved through Ecostock to farms and is used for stock feed for both cattle and pigs.
- Griffin's waste oil is broken down and used as biodiesel.
- Griffin's pallets that are removed from site by EnviroWaste are broken down and reused in playground construction.

RENEWABLES

Listed below are renewable facilities wherein URC has invested. These further process its byproducts into renewable sources of energy that are either used internally to power the company's facilities and/or are sold to the grid (power) and petrol companies (bioethanol).

- **Bioethanol Distillery** - utilizes blackstrap molasses from its sugar business
- **Biogas Facility** - uses manure waste from its agro-industrial business
- **Biomass Cogeneration Plant** - uses bagasse from its sugar business

SUPPLIERS

The Company has a dedicated supplier selection team that employs a stringent selection process. As such, URC works with suppliers that have a strong commitment to sustainability like Cargill, Barry Callebaut, and Bunge. The Company further encourages its supplier base to promote sustainability.
In Griffin's, all palm oil purchases are being certified by the Round Table for Sustainable Palm Oil.

ANIMAL WELFARE

Sustainable Animal Rearing
URC promotes Sustainable Animal Rearing as it follows world-class practices in its agro-industrial businesses such as practicing No Hormone No Antibiotic Residue for both poultry and hogs and for implementing infrared beak trimming rather than manual beak trimming for poultry. The company was also awarded with Good Animal Husbandry and Practices (GAHAP) certification by the Bureau of Animal Industry under the Department of Agriculture for both its hogs and poultry businesses.

Product Testing
URC does not conduct animal testing in any of its products.

SUSTAINABLE FARMING

URC has a Planters Program that helps its partner sugar cane farmers by providing the following sources of assistance:

- Cultivation/tractor assistance
- Fertilizer assistance
- Propagation and deployment of high yielding varieties of sugar cane

Social

URC believes that its commitment to society rests on providing safe and healthy products, taking care of the people involved in its business and operations, and giving back to the underprivileged.

PRODUCTS

Healthy Products
URC offers low calorie and healthy alternatives such as its C2 tea made from real tea leaves and its Nova Multigrain snacks to promote healthy eating and nutrition. The Company also provides vitamin fortified snacks for kids that bear the "Sangkap Pinoy" seal from the Department of Health.

Communicating Products to Consumers
All nutrition (Calories, RENI) and portioning (servings) information are published on the back of all URC products. URC also publishes all ingredients and materials used in its products on the packaging. URC ensures responsibility and accountability on how the Company advertises and sells its products and clearly communicates the value proposition of each brand to the consumer. URC guarantees that the brand delivery and experience are aligned to how it was communicated so that the company's customers are well informed on the benefits of the product.

WORKFORCE

Recruitment Opportunities
URC promotes equal employment opportunities by making it a point to hire a combination of talents from the different markets the company operates in. In fact, URC tries to localize the management per country. It has also created a management trainee program, which has let the company hire top graduates of local universities with the aim of utilizing their talents and making them succeed within the organization.

Employee Wellness
URC promotes employee wellness by conducting an annual sports fest, fun runs, family day and holiday events.

Employee Development
URC encourages its employees to attend in house and independent training programs for them to develop their competencies. It also designs systems and conducts trainings to ensure that employees work in a safe environment.

In terms of the company's Performance Management, all of URC's employees are assessed based on their performance and contributions to the company and not on their nationality, race, religion, gender, age, or family status.

CORPORATE SOCIAL RESPONSIBILITY

Education
URC has supported projects of the Dynamic Team Company (DTC) that advocate learning and literacy for the disadvantaged. Also, URC is a contributor to the Gokongwei Brothers Foundation, which provides education to the less fortunate.

Housing
URC has partnered with Gawad Kalinga to create Jack 'n Jill Village in Taguig, which provides housing for 48 families and is a step towards the elimination of poverty in the community.

Feeding Programs
URC assists the areas where their plants are located by providing feeding programs to the surrounding communities.

Disaster Relief Operations
The Company takes care of its employees during times of natural calamities such as Haiyan. For instance, URC has provided temporary housing and transportation for its employees displaced by typhoons. URC has also worked with the Department of Trade and Industry and Department of Social Welfare and Development in times of natural disasters to supply products for disaster relief purposes.

Other CSR Initiatives
URC has CSR initiatives in other countries such as Griffin's partnering with Te Whakaora Tangata in New Zealand. Te Whakaora Tangata is a community foundation committed towards restoring disadvantaged families - families overwhelmed by poverty, sexual abuse, gangs, drugs, and violence to create a bridge to stable employment for these families.

URC Supports DTC in Providing Education to Out-of-School Youth

Universal Robina Corporation (URC) supports Dynamic Teen Company's (DTC) mission to promote literacy and enrich potential of future leaders. In 2014, the company sponsored the construction of URC Learning Center to accommodate grade nine students of DTC's educational program, Kariton Open High.

The learning center serves as an education hub to out-of-school youth in Cavite City. Today, a total of 20 grade nine and 20 grade ten students alternately occupy the classroom. Among the grade ten students is 2012 International Children's Peace Prize awardee, Cris 'Kesz' Valdez.

Under the mentorship of highly qualified individuals including 2009 CNN Hero and DTC head, Efren "Kuya Ef" Peñaflorida, the students at URC Learning Center engage in the K to 12 Junior High Curriculum of Department of Education.

The learning center rests at the second floor of DTC's Red-Bil (Red Building). It has three rooms which includes a media room where students learn media-related studies such as programming and video editing; a classroom where the students have their day-to-day lessons; and an office for the faculty.

The walls of the learning center are adorned with a colorful mural featuring URC brands such as Refresh, C2 Cool and Clean, Payless Instant Mami, Jack 'n Jill Knots, Wafrets, Magic Flakes, Fun Fries and Roller Coaster.

Corporate Governance

Universal Robina Corporation (URC) is committed to corporate governance standards.

As a publicly listed company in the Philippines, URC is covered by corporate governance rules and regulations of the Philippines Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE).

Board

The Board has adopted the Revised Corporate Governance Manual in June 22, 2015 for the Company. The Manual elaborates on the governance roles and responsibilities of the Board and its Directors. The Board ensures that all material information about the Company is disclosed to the public on a timely manner. The Board likewise is strongly committed to respect and promote the rights of stockholders in accordance with the Revised Corporate Governance Manual, the Company's Articles of Incorporation, and By-Laws.

Composition

- The Board is composed of nine directors (four executive directors, three non-executive directors, and two independent directors) with diverse backgrounds and work experience
- None of the independent directors own more than 2% of the Company's capital stock
- Different persons assume the role of Chairman of the Board and CEO

Role

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

A Director should observe the following norms of conduct:

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

Attendance of Directors

October 2014 to September 2015

Board	Name	Date of Election	MEETINGS DURING THE YEAR	MEETINGS ATTENDED	%
Member	John L. Gokongwei, Jr.	May 27, 2015	11	11	100%
Chairman	James L. Go	May 27, 2015	11	11	100%
Member	Lance Y. Gokongwei	May 27, 2015	11	11	100%
Member	Patrick Henry C. Go	May 27, 2015	11	10	90.91%
Member	Frederick D. Go	May 27, 2015	11	11	100%
Member	Johnson Robert G. Go, Jr.	May 27, 2015	11	11	100%
Member	Robert G. Coyiuto, Jr.	May 27, 2015	11	11	100%
Independent	Wilfrido E. Sanchez	May 27, 2015	11	11	100%
Independent	Pascual S. Guerzon	May 27, 2015	11	11	100%

Code of Business Conduct and Ethics

Conflict of Interest

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

Conduct of Business and Fair Dealings

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

Receipt of Gifts from Third Parties

The Company discourage the acceptance of gifts. However, gifts like advertising novelties maybe given or accepted during the Christmas season. There is no restriction in the value of the gift accepted. However, accepted gift with estimated value over Php 2,000 must be disclosed to the Conflicts of interest Committee.

Compliance with Laws and Regulations

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

Respect for Trade Secrets/Use of Non-Public Information

The Company has policies that ensure proper and authorized disclosure of confidential information. Disclosures to the public can only be done after the disclosure to SEC and PSE by the Company's authorized officers.

Use of Company Funds, Assets and Information

Employees are required to safeguard the Company resources and assets with honesty and integrity. Employees must ensure that these assets are efficiently, effectively, and responsibly utilized.

Employment and Labor Laws and Policies

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

Disciplinary Action

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

Whistle Blower

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

a. Email Address: CICOM@jgsummit.com.ph
b. Fax Number 395-2890
c. Mailing Address
   Must be sent in a sealed envelope clearly marked "Strictly Private and Confidential-To Be Opened by Addressee Only". CICOM
   JG Summit Holdings, Inc.
   44th Flr. Robinsons Equitable Tower
   ADB Avenue, Cor., Poveda Road,
   Pasig City

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

Conflict Resolution

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

Audit and Risk Management Committee

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

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

The Audit and Risk Management Committee aims to ensure that:

a. Financial reports comply with established internal policies and procedures, pertinent accounting and auditing standards and other regulatory requirements;
b. Risks are properly identified, evaluated and managed, specifically in the areas of managing credit, market liquidity, operational, legal and other risks, and crisis management;
c. Audit activities of internal and external auditors are done based on plan and deviations, and are explained through the performance of direct interface functions with the internal and external auditors; and
d. Rhe Group's Board of Directors is properly assisted in the development of policies that would enhance the risk management and control systems.

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

Enterprise Risk Management Group (ERMG)
The ERMG was created to be primarily responsible for the execution of the enterprise risk management framework.

The ERMG's main concerns include:

a. Recommending risk policies, strategies, principles, framework and limits;
b. Managing fundamental risk issues and monitoring of relevant risk decisions;
c. Providing support to management in implementing the risk policies and strategies; and
d. Developing a risk awareness program.

ERM Framework

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

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

1. **Internal Environmental Scanning** - it involves the review of the overall prevailing risk profile of the business unit to determine how risks are viewed and addressed by the management. This is presented during the strategic planning, annual budgeting and mid-year performance reviews of the business unit.
2. **Objective Setting** - the Group's BOD mandates the Group's management to set the overall annual targets through strategic planning activities, in order to ensure that the management has a process in place to set objectives which are aligned with the Group's goals.
3. **Risk Assessment** - the identified risks are analyzed relative to the probability and severity of potential loss which serves as a basis for determining how the risks should be managed. The risks are further assessed as to which risks are controllable and uncontrollable, risks that require management's attention, and risks which may materially weaken the Group's earnings and capital.
4. **Risk Response** - the Group's BOD, through the oversight role of the ERMG, approves the Group's responses to mitigate risks, either to avoid, self-insure, reduce, transfer or share risk.
5. **Control Activities** - policies and procedures are established and approved by the Group's BOD and implemented to ensure that the risk responses are effectively carried out enterprise-wide.
6. **Information and Communication** - relevant risk management information is identified, captured and communicated in form and substance that enable all personnel to perform their risk management roles.
7. **Monitoring** - the ERMG, Internal Audit Group, Compliance Office and Business Assessment Team constantly monitor the management of risks through risk limits, audit reviews, compliance checks, revalidation of risk strategies and performance reviews.

Risk Management Support Groups

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

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

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

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

Role of Stakeholders

Customers' Welfare
The Company has a customer relations policy and procedures to ensure that customers' welfare are protected and questions are addressed.

Supplier/Contractor Selection
We have a Supplier Accreditation Policy to ensure that the Company's suppliers and contractors are qualified to meet its commitments to the Company.

Environment, Quality and Safety, and Community Interaction
The operations of the Company are subject to various laws enacted for the protection of the environment, including the Pollution Control Law (R.A. No. 3931, as amended by P.D. 984), the Solid Waste Management Act (R.A. No. 9003), the Clean Air Act (R.A. No. 8749), the Environmental Impact Statement System (P.D. 1586), and the Laguna Lake Development Authority (LLDA) Act of 1966 (R.A. No. 4850). The Company believes that it has complied with all applicable environmental laws and regulations, an example of which is the installation of wastewater treatments in its various facilities. Compliance with such laws does not have, and in the Company's opinion, is not expected to have, a material effect upon the Company's capital expenditures, earnings or competitive position.

As of September 30, 2015, the Company has invested about Php 220 million in wastewater treatment in its facilities in the Philippines.

The Company ensures that the products are safe for human consumption, and that the Company conforms to standards and quality measures prescribed by regulatory bodies such as Bureau of Foods and Drugs, Sugar Regulatory Administration, Bureau of Animal Industry, and Department of Agriculture.The following manufacturing facilities of URC's branded consumer foods group are certified: Administration, Bureau of Animal Industry, and Department of Agriculture. The following manufacturing facilities of URC's branded consumer foods group are certified:

CERTIFICATION	MANUFACTURING FACILITY/DEPARTMENT
ISO 9001:2008, Quality Management System	Rosario plant, Meat and Canning Division (MCD) Libis plant, Bagong Ilog plant, Pampanga plant, Tarlac plant, Cavite plant, Nissin-URC plant, Canlubang plant, Calamba plant, Cebu plant, ESMO plant, San Pedro 1 plant, Binan plant, Corporate Engineering/Corporate IE, Supply Chain, Quality Assurance, Technology Department, Procurement Department, BOPP plant, Thailand, Indonesia, Malaysia, Vietnam, China Shanghai, China Qidong
ISO 22000:2005, Food Safety Management System	Rosario plant cake line, Pampanga plant biscuits line, Pampanga plant C2 line, Cavite plant tetra line, Calamba plant C2 line, Binan plant biscuits line, Thailand, Vietnam
HACCP Certified Line/Products	Rosario chocolate line, Rosario SUP line (tomato sauce, BBQ, spaghetti sauce), MCD Canning and SUP line (Pork & Beans, Chili and Baked Beans), MCD potato ring line (Roller Coaster- all variants), MCD fabricated line (Piattos- all variants), Bagong Ilog cookie line (Cream-O biscuit- all variants), Pampanga corn chips line (Chippy- all variants, Tostillas-all variants), Pampanga fabricated line (Piattos- all variants), Pampanga multigrain line (Nova- all variants), Calamba beverage line (C2- all variants), Canlubang corn chips line (Chippy- all variants), Cavite cracker line (Magic plain and creams- all variants), Cavite hard candy line (Maxx & XO- all variants), Cavite chocolate line (Chooey- all variants), Cavite tetra line, Nissin-URC noodle cup line (Nissin Cup- all variants), Nissin-URC pouch line (Nissin noodles- all variants), Tarlac noodle line (Payless- all variants), Cebu cracker line (Magic premium and creams- all variants), Cebu noodle line (Mamamee and Payless- all variants), San Pablo bottled water line (Refresh), Thailand, Vietnam, China Shanghai, China Panyu, China Qidong
ISO 17025:2005, PAO Accredited Laboratory	Technology Central Laboratory- Physico-Chem, Micro, Sensory Testing and Calibration

CERTIFICATION	MANUFACTURING FACILITY/DEPARTMENT
Department of Environment and Natural Resources (DENR) Recognized Laboratory	Technology Central Lab- Water & Waste Water Lab
ISO 14001:2004, Environmental Management Systems	BOPP plant, Thailand
5S/GMP	Malaysia, Thailand, Vietnam
Department of Health (DOH) Recognized Laboratory	Technology Central Lab- Water Lab

The Company also focuses on uplifting the socio-economic condition of the country through education. The Company partners with organizations that promote education of Filipinos through grants, endowments, scholarships, and educational facilities.

Employees

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

The Company continuously provides learning and development opportunities for its employees through the John Gokongwei Institute for Leadership and Enterprise Development or what is commonly known as JG-ILED. JG-ILED is the leadership platform for systematic and sustained development programs across the conglomerate. Its mission is to enable a high performing organization that will facilitate the learning process and develop the intellectual and personal growth of all employees through targeted and customized trainings and development programs.

Disclosure and Transparency

Ownership Structure

(As of December 31, 2015)

Shareholder	No. of Shares	Percent	Beneficial Owner
JG Summit Holdings, Inc.	1,215,223,061	55.71%	Same as record owner
PCD Nominee Corporation (Non-Filipino)	705,765,610	32.35%	PCD Participants and their clients
PCD Nominee Corporation (Filipino)	248,100,675	11.37%	PCD Participants and their clients

External Auditor's Fee
Sycip, Gorres, Velayo& Co.: Php 7,740,000

Company Website
URC updates the public with operating and financial results through timely disclosures filed with SEC and PSE. These are available on the company's website: http://www2.urc.com.ph/

Board of Directors and Executive Officers

Board of Directors

John L. Gokongwei, Jr.
Director, Chairman Emeritus

James L. Go
Director, Chairman

Lance Y. Gokongwei
Director, President and Chief Executive Officer

Patrick Henry C. Go
Director, Vice President

Frederick D. Go
Director

Johnson Robert G. Go, Jr.
Director

Wilfrido E. Sanchez
Director

Robert G. Coyiuto, Jr.
Director

Pascual S. Guerzon
Director

URC Branded Consumer Foods Group

Cornelio S. Mapa, Jr.
Executive Vice-President and
Managing Director,
URC Branded Consumer Foods Group

David J. Lim
Senior Vice President,
Manufacturing, Technology,
Projects and Engineering

Edwin S. Totanes
Vice President and Group Head,
Marketing

Albert Francis S. Fernandez
Vice President,
Corporate Sales

Teofilo B. Eugenio, Jr.
Vice President,
Marketing Snacks

Francis Emmanuel Puno
Senior Vice President and
Regional Director,
Singapore, Indonesia and Malaysia Cluster

Premchai Navarasuchitr
Business Unit General Manager,
URC Thailand

Edwin R. Canta
Business Unit General Manager,
URC Vietnam

Yeo Kao Soon
Business Unit General Manager,
URC China

Abigail Joan Cosico
Vice President,
Exports and New Markets
Development

Joint Ventures

Marcia Y. Gokongwei
Business Unit General Manager, Nissin Universal Robina Corporation and Hunts Universal Robina Corporation

Shinji Haruna
President and Chief Operating Officer, Calbee-URC, Inc.

Hisham Ezz Al Arab
General Manager, Danone Universal Robina Beverages, Inc.

Griffin's Foods

Alison Barrass
Chief Executive Officer, Griffin's

Agro-Industrial Group

Vincent Henry C. Go
Vice President
Group General Manager, Agro-Industrial Group

Commodity Foods Group

Ellison Dean C. Lee
Vice President and
Business Unit General Manager,
Flour Division

Renato P. Cabati
Vice President and
Business Unit General Manager,
Sugar and Renewables Group

Packaging Division

Patrick Henry C. Go
Executive Vice President
and Senior Managing Director,
Packaging Division (BOPP) and
CFC Flexible Packaging Division

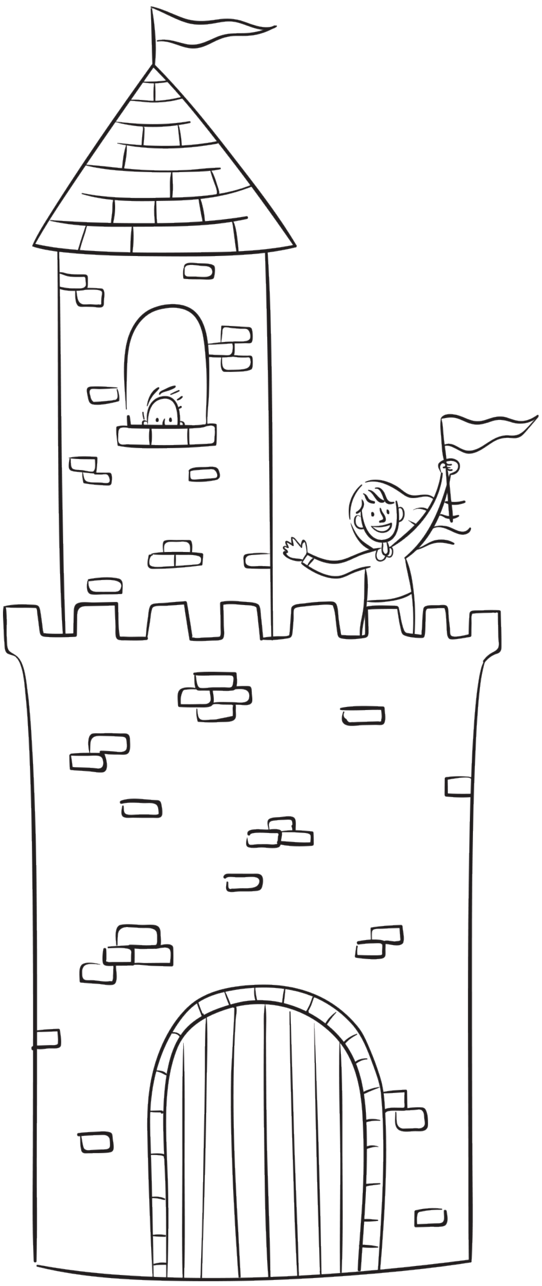
Ramon C. Agustines
Business Unit General Manager,
CFC Flexible Packaging

Executive Officers

James L. Go
CHAIRMAN

Lance Y. Gokongwei
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Patrick Henry C. Go
DIRECTOR, VICE PRESIDENT



Cornelio S. Mapa, Jr.
EXECUTIVE VICE PRESIDENT AND MANAGING DIRECTOR
URC Branded Consumer Foods Group

Constante T. Santos
SENIOR VICE PRESIDENT

Bach Johann M. Sebastian
SENIOR VICE PRESIDENT

Chona R. Ferrer
FIRST VICE PRESIDENT

Ester T. Ang
VICE PRESIDENT – TREASURER

Anne Patricia C. Go
VICE PRESIDENT

Alan D. Surposa
VICE PRESIDENT

Ma. Victoria M. Reyes- Beltran
VICE PRESIDENT

Michael P. Liwanag
VICE PRESIDENT

Socorro ML. Banting
ASSISTANT VICE PRESIDENT

Rosalinda F. Rivera
CORPORATE SECRETARY

Francisco M. del Mundo
CHIEF FINANCE OFFICER
URC BCFG International

Arlene S. Denzon
COMPLIANCE OFFICER

Awards & Recognition

URC's continuous thrust to create value for its stakeholders while maintaining good corporate governance and investor engagement has been recognized with the following awards, citation and recognitions this 2015.

FinanceAsia

For second year in a row, URC has been part of Asia's Best awarding by the leading business magazine, FinanceAsia. URC and Mr. Lance Gokongwei were voted as the Best Managed Consumer Company in Asia and the Best CEO for the Philippines respectively. The Company was also ranked among the top ten in the country awards in terms of investor relations, dividend payment, corporate governance and best managed as a public corporation.

From L to R: Manuel N. Tordesillas, President and CEO, Maybank ATR Kim Eng Capital Partners, Inc.; Lance Gokongwei, URC President & CEO; Ramon B. Arnaiz Chairman, Maybank ATR Kim Eng Capital Partners, Inc.; Cornelio Mapa, Jr., EVP&MD, URC Branded Consumer Foods Group; and Lorenzo T. Roxas, Chairman and President, Maybank ATR Kim Eng Securities, Inc.

IR Magazine Awards from L to R: URC as the Best in Sector: Consumer; and Lance Gokongwei as the Best IR by a Senior Management Team

IR Magazine

URC was recognized as one of the leading organizations in Southeast Asia by more than 400 analysts and portfolio managers who participated in IR Magazine's Investor perception survey. During the IR Magazine Awards & Conference—South East Asia 2015, Mr. Lance Gokongwei won as the Best Investor Relations by a Senior Management Team - CEO (large cap) and URC was awarded as the Best in consumer sector for South East Asia.

From L to R: Marcus Langston Senior manager of Euromoney; Lance Gokongwei, URC President & CEO; Cornelio Mapa, Jr., EVP & MD, URC Branded Consumer Foods Group

Euromoney

URC was awarded as Best Managed Company-Food, Drink & Tobacco in Asia by Euromoney.

Euromoney surveyed analysts at leading banks and research institutes on companies that they think have the best management and corporate governance in their respective sectors and regions.

From L to R: Marcia Gokongwei, Nissin URC and Hunt's URC Business Unit General Manager; Edwin Totanes, Vice President and Group Head for Marketing; Philip Kotler, AMF Honorary Fellow and marketing guru; Takuya Goto, AMF President

Asia Marketing Federation

URC was named the Marketing Company of the Year by Asia's foremost governing body of marketing associations, Asia Marketing Federation (AMF). The Company was recognized for its significant sales, market share and net income growth over the past three years driven by outstanding innovation, strategies and values.

Institutional Investor – All Asia Executive Team Rankings

For the second year in a row, both Mr. Lance Gokongwei, URC President & CEO, and Mr. Michael Liwanag, VP for Corporate Planning & Investor Relations were once again part of Institutional Investors All Asia Executive Team annual rankings. This year, 820 investors and 625 sell-side analysts voted for the best CEOs, CFOs, IR Professionals and IR Programs across Asia. Universal Robina Corporation is distinguished as "Most Honored" based on its success across the following positions in the Consumer sector:

- **Best Investor Relations** - Third Place - Nominated by the Buy Side
- **Best CEO** - First Place - Lance Gokongwei - Nominated by the Buy Side
- **Best Investor Relations Professional** - Second Place - Michael Liwanag - Nominated by the Buy Side

URC Directory

Philippines

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Toll Free Hotline: 1800-10URCCARE (8722273)
http://www2.urc.com.ph

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Ugong Norte, Quezon City, 1110
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UCP Compound
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T/F: (632) 671-0575

ROBINA FARMS
GBF Technical Training Center
Litton Mills Compound
Amang Rodriguez avenue
Rosario, Pasig City
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URC FLOUR DIVISION
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Bagong Ilog, Pasig City
T: (632) 672-1578 to 80
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URC SUGAR DIVISION
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ADB avenue corner Poveda street
Ortigas Center, Pasig City
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F: (632) 637-3654

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SYCIP GORRES VELAYO & CO
Certified Public Accountants
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F: 662-5171955

URC (Thailand) Co., Ltd
Thailand Factory
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Samutsakorn 74000
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T: 6634-490298

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Hicom Glenmarie Industrial Park
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T: 603-55695855, 603-55694561 to 63
F: 603-55691775, 603-55695993

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URC Snack Foods (Malaysia) Sdn Bhd
Head Office/Factory
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Kawasan Perindustrian Pasir Gudang,
81700 Pasir Gudang, Johor Bahru
Malaysia
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F: 607-2513398, 607-2529819

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URC Viet Nam Co. Ltd.
Sales & Marketing Office
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Tan Binh District, HCMC
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F: 848-62969675

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PT URC Indonesia
Head Office/ Factory
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MM2100 Industrial Town
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F: 6221-8998 2586

PT URC Indonesia
Marketing & Sales Office
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Jl MT Haryono Kav. 33
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Indonesia
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F: 6221-798 5875

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URC Hong Kong Co. Ltd.
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F: 852-27727052

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Financial Statements

UNIVERSAL ROBINA
CORPORATION
110 E. RODRIGUEZ, JR. AVENUE, BAGUMBAYAN, QUEZON CITY, PHILIPPINES 1600, P.O. Box 3542 MM 2800 - P.O. BOX 99-AC CUBAO, QUEZON CITY
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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of Universal Robina Corporation and Subsidiaries is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended September 30, 2015 and 2014, including the additional components attached therein, in accordance with the Philippine Financial Reporting Standards indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

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

JAMES L. GO Chairman	LANCE Y. GOKONGWEI President and Chief Executive Officer	CONSTANTE T. SANTOS SVP - Corporate Controller

JAN 13 2016

SUBSCRIBED AND SWORN to before me this___ day of January, 2016 affiant(s) exhibiting to me his/their Community Tax Certificates as follows:

NAMES	C.T. CERT. NO.	DATE OF ISSUE	PLACE OF ISSUE
James L. Go	34572293	01.27.15	Pasig City
Lance Y. Gokongwei	34572291	01.27.15	Pasig City
Constante T. Santos	34645646	03.11.15	Pasig City

Doc No. 417
Page No. 84
Book No. CCXXI
Series of 2016

ATTY. RAMON L. CARPIO
NOTARY PUBLIC
Np-89 (2015-2016) Commission Expires Dec. 31, 2016
Roll of Attorneys No. 22172
IBP OR 1017229, 1/4/16, Quezon City
PTR No. 2148146, 1/4/16, Quezon City
TIN 106-918-897
MCLE IV-Compliance No. 000630, 6/19/13
Rm. 326 Dona Consolacion Bldg. Cubao, Quezon City

A JG Summit Company

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

Tel: (632) 891 0307
Fax: (632) 819 0872
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BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Universal Robina Corporation
110 E. Rodriguez Avenue
Bagumbayan, Quezon City

We have audited the accompanying consolidated financial statements of Universal Robina Corporation and Subsidiaries, which comprise the consolidated statements of financial position as at September 30, 2015 and 2014, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended September 30, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Universal Robina Corporation and Subsidiaries as at September 30, 2015 and 2014, and their financial performance and their cash flows for each of the three years in the period ended September 30, 2015 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Aris C. Malantic
Partner
CPA Certificate No. 90190
SEC Accreditation No. 0326-AR-3 (Group A),
May 1, 2015, valid until April 30, 2018
Tax Identification No. 152-884-691
BIR Accreditation No. 08-001998-54-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5321657, January 4, 2016, Makati City

January 8, 2016

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30	
	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents (Note 7)	**₱18,298,379,441**	₱10,076,223,083
Financial assets at fair value through profit or loss (Note 8)	**401,701,602**	476,260,026
Receivables (Notes 10 and 35)	**10,833,224,194**	9,319,201,703
Inventories (Note 11)	**16,034,613,897**	15,129,022,837
Biological assets (Note 15)	**1,177,607,861**	1,278,304,318
Other current assets (Note 12)	**835,739,493**	3,976,999,288
	47,581,266,488	40,256,011,255
Noncurrent Assets		
Property, plant and equipment (Note 13)	**38,831,973,783**	34,407,755,976
Available-for-sale financial assets (Note 14)	**40,880,000**	21,720,000
Biological assets (Note 15)	**444,722,865**	455,817,612
Goodwill (Note 16)	**14,706,811,446**	793,415,185
Intangible assets (Note 16)	**7,281,943,040**	475,000,000
Investments in joint ventures (Note 17)	**494,242,502**	441,223,735
Investment properties (Note 18)	**53,518,151**	57,175,938
Deferred tax assets (Note 33)	**597,598,936**	404,393,056
Other noncurrent assets (Note 19)	**714,124,310**	608,694,233
	63,165,815,033	37,665,195,735
TOTAL ASSETS	**₱110,747,081,521**	₱77,921,206,990
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other accrued liabilities (Notes 21 and 35)	**₱13,166,618,909**	₱11,246,038,503
Short-term debt (Notes 20 and 23)	**845,285,468**	4,327,990,825
Trust receipts and acceptances payable (Notes 11 and 23)	**4,620,725,913**	4,412,695,949
Income tax payable	**2,079,280,260**	1,181,335,804
	20,711,910,550	21,168,061,081
Noncurrent Liabilities		
Long-term debt (Notes 22 and 23)	**21,869,680,961**	–
Deferred tax liabilities (Note 33)	**2,409,483,361**	463,982,054
Other noncurrent liabilities (Notes 9 and 32)	**396,378,358**	262,167,555
	24,675,542,680	726,149,609
	45,387,453,230	21,894,210,690

(Forward)

	September 30	
	2015	2014
Equity		
Equity attributable to equity holders of the parent		
Paid-up capital (Note 23)	**₱19,056,685,251**	₱19,056,685,251
Retained earnings (Note 23)	**48,628,034,035**	42,789,191,854
Other comprehensive income (Note 24)	**3,326,070,120**	330,447,069
Equity reserve (Note 23)	**(5,075,466,405)**	(5,556,531,939)
Treasury shares (Note 23)	**(670,386,034)**	(670,386,034)
	65,264,936,967	55,949,406,201
Equity attributable to non-controlling interests (Notes 17 and 23)	**94,691,324**	77,590,099
	65,359,628,291	56,026,996,300
TOTAL LIABILITIES AND EQUITY	**₱110,747,081,521**	₱77,921,206,990

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended September 30		
	2015	2014	2013
SALE OF GOODS AND SERVICES (Notes 6 and 35)	**₱109,051,029,911**	₱92,376,296,512	₱80,995,215,642
COST OF SALES (Notes 25 and 35)	**73,801,435,482**	64,005,377,917	57,776,004,285
GROSS PROFIT	**35,249,594,429**	28,370,918,595	23,219,211,357
Selling and distribution costs (Note 26)	**(14,622,882,337)**	(11,731,419,823)	(10,646,381,015)
General and administrative expenses (Notes 27 and 35)	**(3,253,291,465)**	(2,520,327,424)	(2,293,782,850)
OPERATING INCOME	**17,373,420,627**	14,119,171,348	10,279,047,492
Finance costs (Notes 6, 20 and 31)	**(1,277,553,002)**	(150,409,978)	(266,033,395)
Finance revenue (Notes 6, 7, 8, 12, 14 and and 30)	**277,180,388**	228,860,833	529,639,680
Net foreign exchange gains (losses)	**(265,211,087)**	72,777,508	(156,974,222)
Equity in net income (loss) of joint ventures (Note 17)	**(206,481,238)**	14,089,730	19,244,938
Market valuation gain (loss) on financial assets and derivative financial instruments at fair value through profit or loss (Note 8)	**(214,624,256)**	62,525,954	473,300,902
Impairment losses (Notes 6, 10, 11 and 16)	**(109,938,204)**	(122,272,279)	(28,900,348)
Gain on sale of investments (Notes 8 and 14)	**–**	–	735,172,736
Other income (expenses) - net	**179,676,001**	2,772,817	(34,726,375)
INCOME BEFORE INCOME TAX	**15,756,469,229**	14,227,515,933	11,549,771,408
PROVISION FOR INCOME TAX (Note 33)	**3,251,547,641**	2,572,223,919	1,432,441,798
NET INCOME	**₱12,504,921,588**	₱11,655,292,014	₱10,117,329,610
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the parent (Note 34)	**₱12,383,347,980**	₱11,558,709,746	₱10,044,555,499
Non-controlling interests (Note 17)	**121,573,608**	96,582,268	72,774,111
	₱12,504,921,588	₱11,655,292,014	₱10,117,329,610
EARNINGS PER SHARE (Note 34)			
Basic/diluted, for income attributable to equity holders of the parent	**₱5.68**	₱5.30	₱4.60

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended September 30		
	2015	2014	2013
NET INCOME	**₱12,504,921,588**	₱11,655,292,014	₱10,117,329,610
OTHER COMPREHENSIVE INCOME (LOSS)			
Items to be reclassified to profit or loss in subsequent periods:			
Cumulative translation adjustments (Note 24)	**2,982,525,738**	218,282,351	458,152,713
Unrealized gain (loss) on available-for- sale financial assets (Notes 14 and 24)	**19,160,000**	–	(650,504,738)
Unrealized loss on cash flow hedge	**(1,449,501)**	–	–
	3,000,236,237	218,282,351	(192,352,025)
Item not to be reclassified to profit or loss in subsequent periods:			
Remeasurement losses on defined benefit plans (Notes 24 and 32)	**(8,330,068)**	(88,717,012)	(239,816,807)
Income tax effect	**2,499,020**	26,615,104	71,945,042
	(5,831,048)	(62,101,908)	(167,871,765)
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	**2,994,405,189**	156,180,443	(360,223,790)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**₱15,499,326,777**	₱11,811,472,457	₱9,757,105,820
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the parent	**₱15,378,971,031**	₱11,714,687,614	₱9,684,980,972
Non-controlling interests	**120,355,746**	96,784,843	72,124,848
	₱15,499,326,777	₱11,811,472,457	₱9,757,105,820

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED SEPTEMBER 30, 2015, 2014 AND 2013

	Attributable to Equity Holders of the Parent																
	Paid-up Capital (Note 23)			**Retained Earnings** (Note 23)				**Other Comprehensive Income (Loss)**									
								Items to be reclassified to profit or loss in subsequent periods				**Item not to be reclassified to profit or loss in subsequent periods**					
	Capital Stock	**Additional Paid-in Capital**	**Total Paid-up Capital**	**Unappropriated Retained Earnings**	**Appropriated Retained Earnings**	**Total Retained Earnings**	**Equity Reserve** (Note 23)	**Cumulative Translation Adjustments** (Note 24)	**Net Unrealized Gain (Loss) on Available-For-Sale Investments** (Notes 14 and 24)	**Unrealized loss on cash flow hedge**	**Total**	**Remeasurement Losses on Defined BenefitPlans**	**Total Other Comprehensive Income (Loss)** (Note 24)	**Treasury Shares** (Note 23)	**Total**	**Attributable to Non-controlling Interests** (Notes 17 and 23)	**Total Equity**
Balances as at October 1, 2014	**₱2,227,638,933**	**₱16,829,046,318**	**₱19,056,685,251**	**₱42,789,191,854**	**₱–**	**₱42,789,191,854**	**(₱5,556,531,939)**	**₱819,382,429**	**₱–**	**₱–**	**₱819,382,429**	**(₱488,935,360)**	**₱330,447,069**	**(₱670,386,034)**	**₱55,949,406,201**	**₱77,590,099**	**₱56,026,996,300**
Net income for the year	–	–	–	**12,383,347,980**	–	**12,383,347,980**	–	–	–	–	–	–	–	–	**12,383,347,980**	**121,573,608**	**12,504,921,588**
Other comprehensive income	–	–	–	–	–	–	–	**2,982,525,738**	**19,160,000**	**(1,449,501)**	**3,000,236,237**	**(4,613,186)**	**2,995,623,051**	–	**2,995,623,051**	**(1,217,862)**	**2,994,405,189**
Total comprehensive income	–	–	–	**12,383,347,980**	–	**12,383,347,980**	–	**2,982,525,738**	**19,160,000**	**(1,449,501)**	**3,000,236,237**	**(4,613,186)**	**2,995,623,051**	–	**15,378,971,031**	**120,355,746**	**15,499,326,777**
Cash dividends (Note 23)	–	–	–	**(6,544,505,799)**	–	**(6,544,505,799)**	–	–	–	–	–	–	–	–	**(6,544,505,799)**	**(128,839,987)**	**(6,673,345,786)**
Sale of equity interest in a subsidiary	–	–	–	–	–	–	**481,065,534**	–	–	–	–	–	–	–	**481,065,534**	**25,585,466**	**506,651,000**
Appropriation of retained earnings	–	–	–	**(2,000,000,000)**	**2,000,000,000**	–	–	–	–	–	–	–	–	–	–	–	–
Balances as at September 30, 2015	**₱2,227,638,933**	**₱16,829,046,318**	**₱19,056,685,251**	**₱46,628,034,035**	**₱2,000,000,000**	**₱48,628,034,035**	**(₱5,075,466,405)**	**₱3,801,908,167**	**₱19,160,000**	**(₱1,449,501)**	**₱3,819,618,666**	**(₱493,548,546)**	**₱3,326,070,120**	**(₱670,386,034)**	**₱65,264,936,967**	**₱94,691,324**	**₱65,359,628,291**
Balances as at October 1, 2013	₱2,227,638,933	₱16,829,046,318	₱19,056,685,251	₱37,774,987,907	₱–	₱37,774,987,907	(₱5,556,531,939)	₱601,100,078	₱–	₱–	₱601,100,078	(₱426,630,877)	₱174,469,201	(₱670,386,034)	₱50,779,224,386	₱50,805,256	₱50,830,029,642
Net income for the year	–	–	–	11,558,709,746	–	11,558,709,746	–	–	–	–	–	–	–	–	11,558,709,746	96,582,268	11,655,292,014
Other comprehensive income	–	–	–	–	–	–	–	218,282,351	–	–	218,282,351	(62,304,483)	155,977,868	–	155,977,868	202,575	156,180,443
Total comprehensive income	–	–	–	11,558,709,746	–	11,558,709,746	–	218,282,351	–	–	218,282,351	(62,304,483)	155,977,868	–	11,714,687,614	96,784,843	11,811,472,457
Cash dividends (Note 23)	–	–	–	(6,544,505,799)	–	(6,544,505,799)	–	–	–	–	–	–	–	–	(6,544,505,799)	(70,000,000)	(6,614,505,799)
Balances as at September 30, 2014	₱2,227,638,933	₱16,829,046,318	₱19,056,685,251	₱42,789,191,854	₱–	₱42,789,191,854	(₱5,556,531,939)	₱819,382,429	₱–	₱–	₱819,382,429	(₱488,935,360)	₱330,447,069	(₱670,386,034)	₱55,949,406,201	₱77,590,099	₱56,026,996,300
Balances as at October 1, 2012	₱2,227,638,933	₱16,829,046,318	₱19,056,685,251	₱27,966,037,047	₱5,000,000,000	₱32,966,037,047	(₱5,556,531,939)	₱142,947,365	₱650,504,738	₱–	₱793,452,103	(₱259,408,375)	₱534,043,728	(₱670,386,034)	₱46,329,848,053	₱34,680,408	₱46,364,528,461
Net income for the year	–	–	–	10,044,555,499	–	10,044,555,499	–	–	–	–	–	–	–	–	10,044,555,499	72,774,111	10,117,329,610
Other comprehensive income	–	–	–	–	–	–	–	458,152,713	(650,504,738)	–	(192,352,025)	(167,222,502)	(359,574,527)	–	(359,574,527)	(649,263)	(360,223,790)
Total comprehensive income	–	–	–	10,044,555,499	–	10,044,555,499	–	458,152,713	(650,504,738)	–	(192,352,025)	(167,222,502)	(359,574,527)	–	9,684,980,972	72,124,848	9,757,105,820
Appropriation of retained earnings	–	–	–	(6,000,000,000)	6,000,000,000	–	–	–	–	–	–	–	–	–	–	–	–
Reversal of previous appropriations	–	–	–	11,000,000,000	(11,000,000,000)	–	–	–	–	–	–	–	–	–	–	–	–
Cash dividends (Note 23)	–	–	–	(5,235,604,639)	–	(5,235,604,639)	–	–	–	–	–	–	–	–	(5,235,604,639)	(56,000,000)	(5,291,604,639)
Balances as at September 30, 2013	₱2,227,638,933	₱16,829,046,318	₱19,056,685,251	₱37,774,987,907	₱–	₱37,774,987,907	(₱5,556,531,939)	₱601,100,078	₱–	₱–	₱601,100,078	(₱426,630,877)	₱174,469,201	(₱670,386,034)	₱50,779,224,386	₱50,805,256	₱50,830,029,642

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended September 30		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱15,756,469,229**	₱14,227,515,933	₱11,549,771,408
Adjustments for:			
Depreciation and amortization of:			
Property, plant and equipment (Note 13)	**4,647,276,393**	3,881,652,509	3,617,945,589
Intangibles (Note 16)	**59,039,487**	–	–
Investment properties (Note 18)	**3,657,787**	3,657,787	3,657,787
Finance costs (Note 31)	**1,277,553,002**	150,409,978	266,033,395
Finance revenue (Note 30)	**(277,180,388)**	(228,860,833)	(529,639,680)
Net foreign exchange losses (gains)	**265,211,087**	(72,777,508)	156,974,222
Impairment losses on:			
Inventories (Note 11)	**104,636,876**	103,876,120	28,694,879
Receivables (Note 10)	**5,301,328**	13,183,568	205,469
Goodwill (Note 16)	**–**	5,212,591	–
Market valuation loss (gain) on financial assets and derivative financial instuments at fair value through profit or loss (Note 8)	**214,624,256**	(62,525,954)	(473,300,902)
Equity in net loss (income) of joint ventures (Note 17)	**206,481,238**	(14,089,730)	(19,244,938)
Gain arising from changes in fair value less estimated costs to sell of swine stocks (Note 15)	**(109,218,243)**	(182,987,646)	(69,895,371)
Gain on sale of:			
Property, plant and equipment	**(14,228,864)**	(27,798,362)	(38,805,967)
Available-for-sale investments (Note 14)	**–**	–	(680,679,297)
Financial assets at fair value through profit or loss (Note 8)	**–**	–	(54,493,439)
Amortization of debt issuance costs	**62,790,121**	–	9,544,074
Operating income before working capital changes	**22,202,413,309**	17,796,468,453	13,766,767,229
Decrease (increase) in:			
Receivables	**98,628,970**	(810,206,171)	(1,279,188,548)
Inventories	**174,560,135**	(4,250,625,060)	(1,256,581,779)
Biological assets	**221,009,447**	12,926,180	(8,195,844)
Other current assets	**3,106,013,166**	(3,608,895,517)	86,038,931
Increase (decrease) in:			
Accounts payable and other accrued liabilities	**1,340,239,038**	1,578,474,391	2,251,269,839
Trust receipts and acceptances payable	**107,762,356**	1,935,765,149	(1,165,118,202)
Net cash generated from operations	**27,250,626,421**	12,653,907,425	12,394,991,626
Income taxes paid	**(2,542,293,369)**	(2,012,631,304)	(1,182,136,997)
Interest paid	**(1,091,706,671)**	(119,368,035)	(287,053,995)
Interest received	**267,275,437**	225,873,189	749,040,000
Net cash provided by operating activities	**23,883,901,818**	10,747,781,275	11,674,840,634
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Subsidiary, net of cash acquired (Note 16)	**(7,086,181,154)**	–	–
Property, plant and equipment (Notes 12 and 37)	**(6,515,922,687)**	(7,696,948,774)	(5,545,756,692)
Investments in joint ventures (Note 17)	**(276,500,000)**	(360,250,000)	–
Financial assets at fair value through profit or loss	**(68,471)**	(1,760)	–
Proceeds from the sale of:			
Equity share in a subsidiary (Note 23)	**506,651,000**		
Property, plant and equipment	**14,228,864**	39,145,112	84,818,228
Financial assets at fair value through profit or loss (Note 8)	**–**	–	10,713,882,489
Available-for-sale financial assets (Note 14)	–	–	4,717,681,000

(Forward)

	Years Ended September 30		
	2015	2014	2013
Decrease (increase) in:			
Other noncurrent assets	**(₱107,666,268)**	(₱133,847,208)	(₱48,923,388)
Net pension liability	**(25,765,981)**	(339,518,483)	(6,495,846)
Dividends received (Note 17)	**16,999,995**	18,499,995	29,999,991
Net cash provided by (used in) investing activities	**(13,474,224,702)**	(8,472,921,118)	9,945,205,782
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of:			
Short-term debt	**(3,496,301,000)**	(1,113,740,856)	(8,586,397,274)
Long-term debt (Notes 16 and 22)	**(16,387,274,619)**	–	(3,000,000,000)
Proceeds from:			
Availment of short-term debt	**13,595,643**	3,496,301,000	1,945,430,681
Availment of long-term debt	**24,355,805,004**	–	–
Cash dividends paid (Note 23)	**(6,673,345,786)**	(6,614,505,799)	(5,291,604,639)
Net cash used in financing activities	**(2,187,520,758)**	(4,231,945,655)	(14,932,571,232)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**8,222,156,358**	(1,957,085,498)	6,687,475,184
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**10,076,223,083**	12,033,308,581	5,345,833,397
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱18,298,379,441**	₱10,076,223,083	₱12,033,308,581

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **Corporate Information**

Universal Robina Corporation (hereinafter referred to as "the Parent Company" or "URC") is incorporated and domiciled in the Republic of the Philippines, and is listed in the Philippine Stock Exchange. The registered office address of the Parent Company is at 110 E. Rodriguez Avenue, Bagumbayan, Quezon City, Philippines.

The Parent Company is a majority owned subsidiary of JG Summit Holdings, Inc. ("the Ultimate Parent Company" or "JGSHI").

The Parent Company and its subsidiaries (hereinafter referred to as "the Group") is one of the largest branded food products companies in the Philippines and has a growing presence in other markets in Asia. The Group is involved in a wide range of food-related businesses which are organized into three (3) business segments: (a) the branded consumer food segment which manufactures and distributes a diverse mix of salty snacks, chocolates, candies, biscuits, bakery products, beverages, noodles and tomato-based products; (b) the agro-industrial segment which engages in hog and poultry farming, production and distribution of animal health products and manufacture and distribution of animal feeds, glucose and soya bean products; and (c) the commodity food segment which engages in sugar milling and refining, flour milling and pasta manufacturing and renewable energy development. The Parent Company also engages in consumer product-related packaging business through its packaging division which manufactures bi-axially oriented polypropylene (BOPP) film and through its subsidiary, CFC Clubhouse Property, Inc. (CCPI), which manufactures polyethylene terephthalate (PET) bottles and printed flexible packaging materials. The Parent Company's packaging business is included in the branded consumer food segment.

On May 27, 2015, the Board of Directors (BOD) and Stockholders approved the amendment to the Articles of Incorporation (AOI) of the Parent Company to include in its secondary purpose the transportation of all kinds of materials and products and for the Parent Company to engage in such activity. On June 25, 2015, the Securities and Exchange Commission (SEC) approved the amendment to the secondary purpose.

On November 26, 2012, the BOD and Stockholders approved the amendment to the AOI of the Parent Company to include in its secondary purpose the business of power generation either for use of the Parent Company and its division and/or for sale. On March 21, 2013, the SEC approved the amendment to the secondary purpose.

On October 29, 2012, CCPI transferred its pet bottle operations to the Parent Company.

The operations of certain subsidiaries are registered with the Board of Investments (BOI) as preferred pioneer and nonpioneer activities. Under the terms of the registrations and subject to certain requirements, the Parent Company and certain subsidiaries are entitled to certain fiscal and non-fiscal incentives, including among others, an income tax holiday (ITH) for a period of three (3) years to six (6) years from respective start dates of commercial operations (see Note 36). The Group is also subject to certain regulations with respect to, among others, product composition, packaging, labeling, advertising and safety.

The principal activities of the Group are further described in Note 6 to the consolidated financial statements.

2. **Summary of Significant Accounting Policies**

Basis of Preparation
The accompanying consolidated financial statements of the Group have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVPL), available-for-sale (AFS) financial assets and derivative financial instruments that have been measured at fair value, and biological assets and agricultural produce that have been measured at fair value less estimated costs to sell.

The consolidated financial statements of the Group are presented in Philippine Peso. The functional and presentation currency of the Parent Company and its Philippine subsidiaries is the Philippine Peso. All values are rounded to the nearest peso except when otherwise stated.

Except for certain foreign subsidiaries of the Parent Company, which are disclosed below, the functional currency of other consolidated foreign subsidiaries is the US dollar (USD). The functional currencies of the Group's consolidated foreign subsidiaries follow:

Subsidiaries	Country of Incorporation	Functional Currency
Universal Robina (Cayman), Limited (URCL)	Cayman Islands	US Dollar
URC Philippines, Limited (URCPL)	British Virgin Islands	- do -
URC Asean Brands Co. Ltd. (UABCL)	- do -	- do -
Hong Kong China Foods Co. Ltd. (HCFCL)	- do -	- do -
URC International Co. Ltd. (URCICL)	- do -	- do -
URC Oceania Co. Ltd.	- do -	- do -
Shanghai Peggy Foods Co., Ltd. (Shanghai Peggy)	China	Chinese Renminbi
URC China Commercial Co. Ltd. (URCCCL)	- do -	- do -
Xiamen Tongan Pacific Food Co., Ltd.	- do -	- do -
Guangzhou Peggy Foods Co., Ltd.	- do -	- do -
Shantou SEZ Shanfu Foods Co., Ltd.	- do -	- do -
Jiangsu Acesfood Industrial Co., Ltd.	- do -	- do -
Shantou Peggy Co. Ltd.	- do -	- do -
URC Hong Kong Company Limited	Hong Kong	Hong Kong Dollar
PT URC Indonesia	Indonesia	Indonesian Rupiah
URC Snack Foods (Malaysia) Sdn. Bhd.	Malaysia	Malaysian Ringgit
Ricellent Sdn. Bhd.	- do -	- do -
URC Foods (Singapore) Pte. Ltd.	Singapore	Singapore Dollar
Acesfood Network Pte. Ltd.	- do -	- do -
Acesfood Holdings Pte. Ltd.	- do -	- do -
Acesfood Distributors Pte. Ltd.	- do -	- do -
Advanson International Pte. Ltd.	- do -	- do -
URC (Thailand) Co., Ltd.	Thailand	Thai Baht
Siam Pattanasin Co., Ltd.	- do -	- do -
URC (Myanmar) Co. Ltd.	Myanmar	Myanmar Kyats
URC Vietnam Co., Ltd.	Vietnam	Vietnam Dong
URC Hanoi Company Limited	- do -	- do -
URC Central Co. Ltd.	- do -	- do -
URC New Zealand Holding Co. Ltd.	New Zealand	Kiwi
URC New Zealand Finance Co. Ltd.	- do -	- do -
Griffin's Food Limited	- do -	- do -
Nice and Natural Limited	- do -	- do -

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

Basis of Consolidation
The consolidated financial statements include the financial statements of the Parent Company and the following wholly and majority owned subsidiaries:

Subsidiaries	Country of Incorporation	Effective Percentages of Ownership		
		2015	2014	2013
CCPI	Philippines	**100.00**	100.00	100.00
CFC Corporation	- do -	**100.00**	100.00	100.00
Bio-Resource Power Generation Corporation and a Subsidiary	- do -	**100.00**	100.00	100.00
Nissin-URC (NURC)	- do -	**51.00**	65.00	65.00
URCPL	British Virgin Islands	**100.00**	100.00	100.00
URCICL and Subsidiaries*	- do -	**100.00**	100.00	100.00
URCL	Cayman Islands	**100.00**	100.00	100.00
URCCCL	China	**100.00**	100.00	100.00

** Subsidiaries are located in Thailand, Singapore, Malaysia, Vietnam, Indonesia, China, Hong Kong, Myanmar, British Virgin Islands, and New Zealand.*

On March 10, 2015 and May 27, 2015, the BOD and stockholders of the Parent Company, respectively, approved the plan to merge CCPI with Parent Company, subject to SEC approval.

In December 2014, the Parent Company and Mitsubishi Corporation (Mitsubishi) entered into a share purchase agreement with Nissin Foods (Asia) Pte, Ltd. (Nissin) to sell 14% and 10%, respectively, of their equity interests in NURC. As a result, the ownership interest of URC, Nissin and Mitsubishi Corporation changed from 65%, 25% and 10% to 51%, 49% and nil, respectively.

In 2014, URC Oceania Company Ltd. (URC Oceania), URC New Zealand Holding Company Ltd. (URCNZHCL), and URC New Zealand Finance Company Ltd. (URC NZ FinCo) were incorporated under URCICL.

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

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

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

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Parent Company gains control until the date it ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

All intragroup transactions, balances, income and expenses are eliminated in the consolidation. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, non-controlling interests consist of the amount attributed to such interests at initial recognition and the non-controlling interest's share of changes in equity since the date of the combination.

Changes in the Group's interest in subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the NCIs are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Group.

If the Group loses control over a subsidiary, it:
- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interest;
- derecognizes the related other comprehensive income recorded in equity and recycles the same to profit or loss or retained earnings;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained; and
- recognizes any surplus or deficit in profit or loss in the consolidated statement of comprehensive income.

Some of the Group's subsidiaries have a local statutory accounting reference date of December 31. These are consolidated using management prepared information on a basis coterminous with the Group's accounting reference date.

Below are the subsidiaries with a different accounting reference date from that of the Parent Company:

Subsidiaries	Year-end
URCCCL	December 31
Shantou SEZ Shanfu Foods Co., Ltd.	-do-
Guangzhou Peggy Foods Co., Ltd.	-do-
Jiangsu Acesfood Industrial Co., Ltd.	-do-
Acesfood Network Pte. Ltd. (Acesfood)	-do-
Acesfood Holdings Pte. Ltd.	-do-
Acesfood Distributors Pte. Ltd.	-do-
Advanson International Pte. Ltd. (Advanson)	-do-
URC Oceania Co. Ltd.	-do-
URC New Zealand Holding Co. Ltd.	-do-
URC New Zealand Finance Co. Ltd.	-do-

Under PFRS 10, *Consolidated Financial Statements*, it is acceptable to use, for consolidation purposes, the financial statements of subsidiaries for fiscal periods differing from that of the Parent Company if it is impracticable for the management to prepare financial statements with the same accounting period with that of the Parent Company and the difference is not more than three months.

Any significant transactions or events that occur between the date of the fiscal subsidiaries' financial statements and the date of the Parent Company's financial statements are adjusted in the consolidated financial statements.

Combinations of Entities Under Common Control

Business combinations of entities under common control are accounted for following the pooling of interests method. The pooling of interests method is generally considered to involve the following:

- The assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination. The only adjustments that are made are those adjustments to harmonize accounting policies.
- No new goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the equity acquired is reflected as "Equity Reserves" within equity.

The effects of intercompany transactions on current assets, current liabilities, revenues, and cost of sales for the periods presented and on retained earnings at the date of acquisition are eliminated to the extent possible.

Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss in the consolidated statement of comprehensive income as incurred.

Where appropriate, the cost of acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant PFRS. Changes in the fair value of contingent consideration classified as equity are not recognized.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that if known, would have effected the amounts recognized as of that date. The measurement period is the period from the date of acquisition to the date the Group receives complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum period of one year.

If the business combination is achieved in stages, the Group's previously-held interests in the acquired entity are remeasured to fair value at the acquisition date (the date the Group attains control) and the resulting gain or loss, if any, is recognized in profit or loss in the consolidated statement of comprehensive income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss in the consolidated statement of comprehensive income, where such treatment would be appropriate if that interest were disposed of.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial years, except that the Group has adopted the following PFRS and Philippine Accounting Standards (PAS) and Philippine Interpretations based on International Financial Reporting Interpretations Committee (IFRIC) interpretations which are effective for the Group beginning October 1, 2014. The adoption of the new and amended standards and interpretations did not have any effect on the consolidated financial statements of the Group. They did however give rise to additional disclosures.

Investment Entities (Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and Philippine Accounting Standard (PAS) 27, *Separate Financial Statements*)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. The amendments must be applied retrospectively, subject to certain transition relief. These amendments have no impact to the Group, since none of the entities within the Group qualifies to be an investment entity under PFRS 10.

PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)
These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and are applied retrospectively. These amendments have no impact to the Group, since none of the entities within the Group qualifies to be an investment entity under PFRS 10. The Group is currently assessing impact of the amendments to PAS 32.

PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group as the Group has not novated its derivatives during the current or prior periods.

PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)
These amendments remove the unintended consequences of PFRS 13, *Fair Value Measurement*, on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

Philippine Interpretation of the IFRIC 21, *Levies*
IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Group as it has applied the recognition principles under PAS 37, Provisions, Contingent Liabilities and Contingent Assets, consistent with the requirements of IFRIC 21 in prior years.

Annual Improvements to PFRS (2010-2012 cycle)
In the 2010-2012 annual improvements cycle, seven amendments to six standards were issued, which included an amendment to PFRS 13. The amendment to PFRS 13 is effective immediately and it clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment has no impact on the Group.

Annual Improvements to PFRS (2011-2013 cycle)
In the 2011-2013 annual improvements cycle, four amendments to four standards were issued, which included an amendment to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - First-time Adoption of PFRS*. The amendment to PFRS 1 is effective immediately. It clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment has no impact on the Group as it is not a first time PFRS adopter.

PAS 19, *Employee Benefits- Defined Benefit Plans: Employee Contributions (Amendments)*
The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the re-measurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans. The amendments to PAS 19 are to be retrospectively applied for annual periods beginning on or after July 1, 2014. The Group does not expect that adoption of the amendments in PAS 19 will have material financial impact in future financial statements.

Annual Improvements to PFRS (2010-2012 cycle)
The Annual Improvements to PFRS (2010-2012 cycle) contain non-urgent but necessary amendments to the following standards:

PFRS 2, *Share-based Payment - Definition of Vesting Condition*
The amendment revised the definitions of vesting condition and market condition and added the definitions of performance condition and service condition to clarify various issues. This amendment shall be prospectively applied to share-based payment transactions for which the grant date is on or after July 1, 2014. This amendment does not apply to the Group as it has no share-based payments.

PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
The amendment clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as equity in accordance with PAS 32. Contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PFRS 9, *Financial Instruments* (or PAS 39, *Financial Instruments: Recognition and Measurement*, if PFRS 9 is not yet adopted). The amendment shall be prospectively applied to business combinations for which the acquisition date is on or after July 1, 2014. The Group shall consider this amendment for future business combinations.

PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
The amendments require entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker. These amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments affect disclosures only and have no impact on the Group's statement of financial position or statement of income.

PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation*
The amendment clarifies that, upon revaluation of an item of property, plant and equipment, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
b. The accumulated depreciation is eliminated against the gross carrying amount of the asset.

The amendment is effective for annual periods beginning on or after July 1, 2014. The amendment shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendment has no impact on the Group's statement of financial position or statement of income.

PAS 24, *Related Party Disclosures - Key Management Personnel*
The amendments clarify that an entity is a related party of the reporting entity if the said entity, or any member of the Company for which it is a part of, provides key management personnel services to the reporting entity or to the parent company of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel services from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity. The amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments affect disclosures only and have no impact on the Group's statement of financial position or statement of income.

PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortization*
The amendments clarify that, upon revaluation of an intangible asset, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.

b. The accumulated amortization is eliminated against the gross carrying amount of the asset.

The amendments also clarify that the amount of the adjustment of the accumulated amortization should form part of the increase or decrease in the carrying amount accounted for in accordance with the standard.

The amendments are effective for annual periods beginning on or after July 1, 2014. The amendments shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendments have no impact on the Group's statement of financial position or statement of income.

Annual Improvements to PFRS (2011-2013 cycle)
The Annual Improvements to PFRS (2011-2013 cycle) contain non-urgent but necessary amendments to the following standards:

PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
The amendment clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively.

PFRS 13, *Fair Value Measurement - Portfolio Exception*
The amendment clarifies that the portfolio exception in PFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no significant impact on the Group's statement of financial position or statement of income.

PAS 40, *Investment Property*
The amendment clarifies the interrelationship between PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property. The amendment stated that judgment is needed when determining whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of PFRS 3. This judgment is based on the guidance of PFRS 3. This amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no significant impact on the Group's statement of financial position or statement of income.

Significant Accounting Policies

Fair Value Measurement
For measurement and disclosure purposes, the Group determines the fair value of an asset or liability at initial measurement or at each statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

Cash and Cash Equivalents

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

Recognition of Financial Instruments

Date of recognition

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

Initial recognition of financial instruments

Financial instruments are recognized initially at fair value. Except for financial instruments valued at FVPL, the initial measurement of financial assets includes transaction costs. The Group classifies its financial assets into the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, AFS financial assets, loans and receivables or as derivatives designated as heging instruments in effective hedge, as appropriate. The Group classifies its financial liabilities into financial liabilities at FVPL and other financial liabilities.

The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

'Day 1' difference

Where the transaction price in a non-active market is different from the fair value based on other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from an observable market, the Group recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the consolidated statement of income. In cases where variables used are made of data which is not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the Day 1 difference amount.

Financial assets and financial liabilities at FVPL
Financial assets and financial liabilities at FVPL include financial assets and financial liabilities held for trading purposes, derivative financial instruments, or those designated upon initial recognition at FVPL when any of the following criteria are met:

1. Financial assets and liabilities are classified as held for trading if they are acquired for the purpose of selling and repurchasing in the near term.

2. Derivatives are also classified under financial assets or liabilities at FVPL, unless they are designated as hedging instruments in an effective hedge

3. Financial assets or liabilities may be designated by management on initial recognition as at FVPL when any of the following criteria are met:
    - the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis;
    - the assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance are evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
    - the financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets and financial liabilities at FVPL are recorded in the consolidated statement of financial position at fair value. Changes in fair value are reflected in the consolidated statement of income. Interest earned or incurred is recorded in interest income or expense, respectively, while dividend income is recorded in other operating income according to the terms of the contract, or when the right of the payment has been established.

Derivatives classified as FVPL
The Group uses derivative financial instruments such as currency forwards and currency options to hedge the risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are initially recorded at fair value on the date at which the derivative contract is entered into and are subsequently remeasured at fair value. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as accounting hedges) are taken directly in the consolidated statement of income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair values of the Group's derivative instruments are calculated using certain standard valuation methodologies.

Derivatives designated as accounting hedges
For the purpose of hedge accounting, hedges are classified primarily as either: (a) a hedge of the fair value of an asset, liability or a firm commitment (fair value hedge); (b) a hedge of the exposure to variability in cash flows attributable to an asset or liability or a forecasted transaction (cash flow hedge); or (c) a hedge of a net investment in a foreign operation (net investment hedge). Hedge accounting is applied to derivatives designated as hedging instruments in a fair value, cash flow or net investment hedge provided certain criteria are met.

Hedge accounting
At the inception of a hedging relationship, the Group formally designates and documents the

hedge relationship to which the Group wishes to apply hedge accounting and risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedge
Cash flow hedges are hedges of the exposure to variability in cash flows that are attributable to a particular risk associated with a recognized asset, liability or a highly probable forecast transaction and could affect the profit or loss. The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized as 'Unrealized gains (losses) on cash flow hedge' in other comprehensive income. Any gain or loss in fair value relating to an ineffective portion is recognized immediately in profit or loss.

Amounts accumulated in other comprehensive income are recycled to profit or loss in the periods in which the hedged item will affect profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss recognized in other comprehensive income is eventually recycled in profit or loss.

Hedge effectiveness testing
To qualify for hedge accounting, the Group is required that at the inception of the hedge and throughout its life, each hedge must be expected to be highly effective (prospective effectiveness), and demonstrate actual effectiveness (retrospective effectiveness) on an ongoing basis.

The documentation of each hedging relationship sets out how the effectiveness of the hedge is assessed. The method that the Group adopts for assessing hedge effectiveness will depend on its risk management strategy.

For prospective effectiveness, the hedging instrument must be expected to be highly effective in offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated. The Group applies the dollar-offset method using hypothetical derivatives in performing hedge effectiveness testing. For actual effectiveness to be achieved, the changes in fair value or cash flows must offset each other in the range of 80 to 125 percent. Any hedge ineffectiveness is recognized in profit or loss.

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

Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The Group determines whether a modification to cash flows is significant by considering the extent to which the expected future cash flows associated with the embedded derivative, the host contract or both have changed and whether the change is significant relative to the previously expected cash flow on the contract.

Current versus noncurrent classification
Derivative instruments that are not designated as effective hedging instruments are classified as current or noncurrent or separated into a current and noncurrent portion based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group will hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the reporting date, the derivative is classified as noncurrent (or separated into current and noncurrent portions) consistent with the classification of the underlying item.
- Embedded derivates that are not closely related to the host contract are classified consistent with the cash flows of the host contract.
- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instrument is separated into a current portion and a noncurrent portion only if a reliable allocation can be made.

Loans and receivables
Loans and receivables are nonderivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. After initial measurement, loans and receivables are subsequently carried at amortized cost using the EIR method less any allowance for impairment. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the EIR and transaction costs. The amortization is included under "Interest Income" in the statement of income. Gains and losses are recognized in profit or loss in the consolidated statement of income when the 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 statement of financial position date. Otherwise, these are classified as noncurrent assets.

This accounting policy applies primarily to the Group's cash and cash equivalents and receivables.

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

After initial measurement, AFS financial assets are subsequently measured at fair value. The effective yield component of AFS debt securities, as well as the impact of restatement on foreign currency-denominated AFS debt securities, is reported in the consolidated statement of comprehensive income. The unrealized gains and losses arising from the fair valuation of AFS financial assets are excluded, from reported earnings and are reported under the 'Unrealized gain (loss) on available-for-sale financial assets' section of the consolidated statement of comprehensive income.

When the security is disposed of, the cumulative gain or loss previously recognized in equity is recognized under 'Gain on sale of investments' in the consolidated statement of income. Interest earned on holding AFS financial assets are reported as interest income using the EIR method. Where the Group holds more than one investment in the same security, these are deemed to be disposed of on a first-in, first-out basis.

Dividends earned on holding AFS financial assets are recognized in the consolidated statement of income, when the right to receive payment has been established. The losses arising from impairment of such investments are recognized under 'Impairment Losses' in the consolidated statement of income.

Other financial liabilities
Issued financial instruments or their components, which are not designated at FVPL are classified as other financial liabilities where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable debt issuance costs. Debt issuance costs are amortized using the EIR method and unamortized debt issuance costs are offset against the related carrying value of the loan in the consolidated statement of financial position.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR.

When a loan is paid, the related unamortized debt issuance costs at the date of repayment are charged against current operations. Gains and losses are recognized in the consolidated statement of income when the liabilities are derecognized or impaired, as well as through the amortization process.

This accounting policy applies primarily to the Group's short-term (see Note 20) and long-term debt (see Note 22), accounts payable and other accrued liabilities (see Note 21) and other obligations that meet the above definition (other than liabilities covered by other accounting standards, such as pension liabilities or income tax payable).

Debt Issuance Costs
Debt issuance costs are amortized using EIR method and unamortized debt issuance costs are included in the measurement of the related carrying value of the loan in the consolidated statement of financial position. When the loan is repaid, the related unamortized debt issuance costs at the date of repayment are charged to the consolidated statement of income.

Classification of Financial Instruments Between Debt and Equity

A financial instrument is classified as debt if it provides for a contractual obligation to:

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

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

The Group evaluates its AFS investments whether the ability and intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the ability and intention to hold these assets for the foreseeable future or until maturity. Reclassification to the HTM category is permitted only when the entityhas the ability and intention to hold the financial asset to maturity.

For a financial asset reclassified out of the AFS category, any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the effective interest method. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the effective interest method. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

Reclassification of Financial Assets

A financial asset is reclassified out of the FVPL category when the following conditions are met:

- the financial asset is no longer held for the purpose of selling or repurchasing it in the near term; and
- there is a rare circumstance.

A financial asset that is reclassified out of the FVPL category is reclassified at its fair value on the date of reclassification. Any gain or loss already recognized in the consolidated statement of income is not reversed. The fair value of the financial asset on the date of reclassification becomes its new cost or amortized cost, as applicable.

Impairment of Financial Assets

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost
The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant. If there is objective evidence that an impairment loss on financial assets carried at amortized cost (i.e., receivables) has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original EIR. The carrying amount of the asset is reduced through the use of an allowance account. The loss is recognized in the consolidated statement of income as 'Impairment Loss'. The asset, together with the associated allowance accounts, is written off when there is no realistic prospect of future recovery.

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 a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtor's ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

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 the consolidated statement of income to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

The Group performs a regular review of the age and status of its trade and other receivables, designed to identify receivables with objective evidence of impairment and provide the appropriate allowance for impairment loss. The review is accomplished using a combination of specific and collective assessment approaches, with the impairment loss being determined for each risk grouping identified by the Group (see Note 10).

AFS financial assets
In the case of equity investments classified as AFS financial assets, objective evidence would include a significant or prolonged decline in the fair value of the investments below its cost. The determination of what is significant and prolonged is subject to judgment. 'Significant' is to be evaluated against the original cost of the investment and 'Prolonged' against the period in which the fair value has been below its original cost. The Group treats 'significant' generally as 20% or more and 'prolonged' as greated than 12 months for quoted equity instruments. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statement of income - is removed from equity and recognized in the consolidated statement of income. Impairment losses on equity investments are not reversed

through the consolidated statement of income. Increases in fair value after impairment are recognized directly as part of other comprehensive income.

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

Derecognition of Financial Instruments

Financial assets

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

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

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Offsetting Financial Instruments

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

Inventories
Inventories, including goods-in-process, are valued at the lower of cost or net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. NRV for materials, spare parts and other supplies represents the related replacement costs.

When the inventories are sold, the carrying amounts of those inventories are recognized under 'Cost of Sales and Services' in profit or loss in the period when the related revenue is recognized.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Finished goods, work-in-process, raw materials, containers and packaging materials
Cost is determined using the weighted average method. Finished goods and work-in-process include direct materials and labor, and a proportion of manufacturing overhead costs based on actual goods processed and produced, but excluding borrowing costs.

Materials in-transit
Cost is determined using the specific identification basis.

Spare parts and supplies
Cost is determined using the weighted average method.

Biological Assets
The biological assets of the Group are divided into two major categories with sub-categories as follows:

Swine livestock	- Breeders (livestock bearer)
	- Sucklings (breeders' offspring)
	- Weanlings (comes from sucklings intended to be breeders or to be sold as fatteners)
	- Fatteners/finishers (comes from weanlings unfit to become breeders; intended for the production of meat)
Poultry livestock	- Breeders (livestock bearer)
	- Chicks (breeders' offspring intended to be sold as breeders)

Biological assets are measured on initial recognition and at each statement of financial position date at its fair value less estimated costs to sell, except for a biological asset where fair value is not clearly determinable. Agricultural produce harvested from an entity's biological assets are measured at its fair value less estimated costs to sell at the time of harvest.

The Group is unable to measure fair values reliably for its poultry livestock breeders in the absence of: (a) available market determined prices or values; and (b) alternative estimates of fair values that are determined to be clearly reliable; thus, these biological assets are measured at cost less accumulated depreciation and any accumulated impairment losses. However, once the fair values become reliably measurable, the Group measures these biological assets at their fair values less estimated costs to sell.

Agricultural produce is the harvested product of the Group's biological assets. A harvest occurs when agricultural produce is either detached from the bearer biological asset or when a biological asset's life processes cease. A gain or loss arising on initial recognition of agricultural produce at fair value less estimated costs to sell is recognized in the consolidated statement of income in the period in which it arises. The agricultural produce in swine livestock is the suckling that transforms into weanling then into fatteners/finishers, while the agricultural produce in poultry livestock is the hatched chick and table eggs.

Biological assets at carried cost
The cost of a biological asset comprises its purchase price and any costs attributable in bringing the biological asset to its location and conditions intended by management.

Depreciation is computed using the straight-line method over the estimated useful lives (EUL) of the biological assets, regardless of utilization. The EUL of biological assets is reviewed annually based on expected utilization as anchored on business plans and strategies that considers market behavior to ensure that the period of depreciation is consistent with the expected pattern of economic benefits from items of biological assets. The EUL of biological assets ranges from two to three years.

The carrying values of biological assets are reviewed for impairment when events or changes in the circumstances indicate that the carrying values may not be recoverable (see further discussion under Impairment of Nonfinancial Assets).

This accounting policy applies to the Group's poultry livestock breeders.

Biological assets carried at fair values less estimated costs to sell
Swine livestock are measured at their fair values less costs to sell. The fair values are determined based on current market prices of livestock of similar age, breed and genetic merit. Costs to sell include commissions to brokers and dealers, nonrefundable transfer taxes and duties. Costs to sell exclude transport and other costs necessary to get the biological assets to the market.

A gain or loss on initial recognition of a biological asset at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell of a biological asset shall be included in the consolidated statement of income in the period in which it arises.

<u>Noncurrent Assets (Disposal Group) Held for Sale</u>
The Group classifies noncurrent assets as held for sale (disposal group) when their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset and an active program to locate a buyer and complete the plan must have been initiated. Furthermore, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.
The related results of operations and cash flows of the disposal group that qualify as discontinued operations are separated from the results of those that would be recovered principally through continuing use, and the prior years' consolidated statements of income and consolidated statement of cash flows are re-presented. The results of operations and cash flows of the disposal group that qualify as discontinued operations are presented in the consolidated statement of income and consolidated statement of cash flows as items associated with discontinued operations.

In circumstances where certain events have extended the period to complete the sale of a disposal group beyond one year, the disposal group continues to be classified as held for sale if the delay is caused by events or circumstances beyond the Group's control and there is sufficient evidence that the Group remains committed to its plan to sell the disposal group. Otherwise, if the criteria for classification of a disposal group as held for sale are no longer met, the Group ceases to classify the disposal group as held for sale.

Initial and subsequent measurement
Immediately before the initial classification of the noncurrent asset (disposap group) as held for sale, the carrying amount of the asset (or all the assets and liabilities of the disposal group) shall be measured in accordance with the applicable standards.

Noncurrent assets (disposal group) held for sale are measured at the lower of their carrying amount or fair value less costs to sell. Impairment losses are recognized for any initial or subsequent write-down of the assets held for sale to the extent that these have not been previously recognized at initial recognition. Reversals of impairment losses for any subsequent increases in fair value less cost to sell of the assets held for sale are recognized as a gain, but not in excess of the cumulative impairment loss that has been previously recognized. Liabilities directly related to noncurrent assets held for sale are measured at their expected settlement amounts.

<u>Property, Plant and Equipment</u>
Property, plant and equipment, except land, are carried at cost less accumulated depreciation and amortization and impairment losses, if any.

The initial cost of an item of property, plant and equipment comprises its purchase price and any cost attributable in bringing the asset to its intended location and working condition. Cost also includes: (a) interest and other financing charges on borrowed funds used to finance the acquisition of property, plant and equipment to the extent incurred during the period of installation and construction; and (b) asset retirement obligation relating to property, plant and equipment installed/constructed on leased properties, if any.

Land is stated at cost less any impairment in value.

Subsequent costs are capitalized as part of the 'Property, plant and equipment', only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Cost of repairs and maintenance are expensed when incurred.

Foreign exchange differentials arising from foreign currency borrowings used for the acquisition of property, plant and equipment are capitalized to the extent that these are regarded as adjustments to interest costs.

Depreciation and amortization of property, plant and equipment commence, once the property, plant and equipment are available for use and are computed using the straight-line method over the EUL of the assets regardless of utilization.

The EUL of property, plant and equipment of the Group follow:

	Years
Land improvements	20
Buildings and improvements	10 to 30
Machinery and equipment	10
Transportation equipment	5
Furniture, fixtures and equipment	5

Leasehold improvements are amortized over the shorter of their EUL or the corresponding lease terms.

The residual values, useful lives and methods of depreciation and amortization of property, plant and equipment are reviewed periodically and adjusted, if appropriate, at each financial year-end to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Any change in the expected residual values, useful lives and methods of depreciation are adjusted prospectively from the time the change was determined necessary.

Construction-in-progress is stated at cost. This includes the cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property, plant and equipment are capitalized during the construction period. Construction in-progress is not depreciated until such time as the relevant assets are completed and put into operational use. Construction in-progress are transferred to the related 'Property, plant and equipment' when the construction or installation and related activities necessary to prepare the property, plant and equipment for their intended use are completed, and the property, plant and equipment are ready for service.

Major spare parts and stand-by equipment items that the Group expects to use over more than one period and can be used only in connection with an item of property, plant and equipment are accounted for as property, plant and equipment. Depreciation and amortization on these major spare parts and stand-by equipment commence once these have become available for use (i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Group).

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

Fully depreciated property, plant and equipment are retained in the accounts until these are no longer in use.

Investment Properties

Investment properties consist of properties that are held to earn rentals or for capital appreciation or both, and those which are not occupied by entities in the Group. Investment properties, except for land, are carried at cost less accumulated depreciation and any impairment in value. Land is carried at cost less any impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the cost of day-to-day servicing of an investment property.

Investment properties are measured initially at cost, including transaction costs. Transaction costs represent nonrefundable taxes such as capital gains tax and documentary stamp tax that are for the account of the Group. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such an asset cannot be measured in, which case, the investment property acquired is measured at the carrying amount of asset given up.

The Group's investment properties are depreciated using the straight-line method over their EUL as follows:

	Years
Land improvements	10
Buildings and building improvements	10 to 30

The depreciation and amortization method and useful life are reviewed periodically to ensure that the method an d period of depreciation and amortization are consistend with the expected pattern of economic useful benefits from items of investment properties.

Investment properties are derecognized when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in the consolidated statement of income in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or by the end of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

For a transfer from investment property to owner-occupied property to inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under Property, Plant and Equipment account up to the date of change in use.

Goodwill

Goodwill represents the excess of the cost of the acquisition over the fair value of identifiable net assets of the investee at the date of acquisition which is not identifiable to specific assets. Goodwill acquired in a business combination from the acquisition date is allocated to each of the Group's cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

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

- represents the lowest level within the Group at which the goodwill is monitored for internal managmenet purposes; and
- is not larger than a segment based on the Group's operating segments as determined in accordance with PFRS 8, *Operating Segments*.

Following initial recognition, goodwill is measured at cost, less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired (see further discussion under Impairment of Nonfinancial Assets).

If the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the costs of the business combination, the acquirer shall recognize immediately in the consolidated statement of income any excess remaining after reassessment.

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

Intangible Assets
Intangible assets (other than goodwill) acquired separately are measured on initial recognition at cost. The cost of intangible asset acquired in a business combination is its fair value as at the acquisition date. Following initial recognition, intangible assets are measured at cost less any accumulated amortization and impairment losses, if any.

The EUL of intangible assets are assessed to be either finite or indefinite.

The useful lives of intangible assets with a finite life are assessed at the individual asset level. Intangible assets with finite lives are amortized on a straight line basis over the asset's EUL and assessed for impairment, whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each reporting date. Changes in the EUL 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. The amortization expense on intangible assets with finite useful lives is recognized in the consolidated statement of income in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level (see further discussion under Impairment of Nonfinancial Assets). Such intangibles are not amortized. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

A gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the consolidated statement of income when the asset is derecognized.

A summary of the policies applied to the Group's intangible assets follows:

	EUL	Amortization method used	Internally generated or acquired
Product Formulation	Indefinite	No amortization	Acquired
Trademarks/Brands	Indefinite	No amortization	Acquired
Trademarks	Finite (4 years)	Straight line amortization	Acquired
Software Costs	Finite (10 years)	Straight line amortization	Acquired
Customer Relationship	Finite (35 years)	Straight line amortization	Acquired

Investment in Joint Ventures

The Group has interests in joint ventures. A joint venture is a contractual arrangement whereby two or more parties who have joint control over the arrangement have rights to the net assets of the arrangements.

The Group's investment in joint venture is accounted for using the equity method of accounting.

Under the equity method, the investment in a joint venture is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the joint venture. The consolidated statement of income reflects the Group's share in the results of operations of the joint venture. Where there has been a change recognized directly in the investees' equity, the Group recognizes its share of any changes and discloses this, when applicable, in the other comprehensive income in the consolidated statement of changes in equity. Profits and losses arising from transactions between the Group and the joint ventures are eliminated to the extent of the interest in the joint ventures.

The investee company's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Impairment of Nonfinancial Assets

This accounting policy applies primarily to the Group's property, plant and equipment (see Note 13), investment properties (see Note 18), investment in joint ventures (see Note 17), goodwill (see Note 16), intangible assets (see Note 16) and biological assets at cost (see Note 15).

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

Impairment losses are recognized under 'Impairment Losses' in the consolidated statement of income.

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

Property, plant and equipment, investment properties, intangible assets with definite useful lives
For property, plant and equipment, investment properties, intangible assets with definite useful lives, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income. After such a reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

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

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount to which goodwill has been allocated, an impairment loss is recognized. Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operations within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative fair values of the operation disposed of and the portion of the cash-generating unit retained. Impairment losses relating to goodwill cannot be reversed in future periods.

Biological assets at cost
The carrying values of biological assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

Intangible assets with indefinite useful lives
Intangible assets with indefinite useful lives are tested for impairment annually as of year-end either individually or at the cash-generating unit level, as appropriate.

Investments in joint ventures
After application of the equity method, the Group determines whether it is necessary to recognize additional impairment losses on the Group's investments in joint ventures. If this is the case, the Group calculates the amount of impairment as being the difference between the fair value of the joint ventures and the acquisition cost and recognizes the amount under 'Impairment Losses' in the consolidated statement of income.

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

Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting principal in all of its revenue arrangements.

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

Sale of goods
Revenue from sale of goods is recognized upon delivery, when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any trade discounts, prompt payment discounts and volume rebates.

Rendering of tolling services
Revenue derived from tolling activities, whereby raw sugar from traders and planters is converted into refined sugar, is recognized as revenue when the related services have been rendered.

Dividend income
Dividend income is recognized when the shareholder's right to receive the payment is established.

Rent income
Rent income arising on investment properties is accounted for on a straight-line basis over the lease term on ongoing leases.

Interest income
Interest income is recognized as it accrues using the effective interest rate (EIR) method under which interest income is recognized at the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Provisions
Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense under 'Financ Cost' in the consolidated statement of income. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is probable.

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

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

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

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

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

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

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

Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of income.

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

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

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

Termination benefit
Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of

benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Income Taxes
Current tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the statement of financial position date.

Deferred tax
Deferred tax is provided using the balance sheet liability method on all temporary differences, with certain exceptions, at the statement of financial position 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, except:
- Where the deferred tax liability arises from the initial recognition of goodwill or 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; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- Where the deferred tax asset relating to the deductible temporary difference 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 future taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and future tacable profit will be availbble against which the temporary differences can be utilized.

The carrying amounts of deferred tax assets are reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each statement of financial position date, and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recognized.

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

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as of the statement of financial position date.

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

Borrowing Costs

Interest and other finance costs incurred during the construction period on borrowings used to finance property development are capitalized to the appropriate asset accounts. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress, and expenditures and borrowing costs are being incurred. The capitalization of these borrowing costs ceases when substantially all the activities necessary to prepare the asset for sale or its intended use are complete. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. Capitalized borrowing cost is based on the applicable weighted average borrowing rate. Borrowing costs which do not qualify for capitalization are expensed as incurred.

Interest expense on loans is recognized using the EIR method over the term of the loans.

Leases

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date, and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A reassessment is made after inception of the lease only if one of the following applies:

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

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

Group as a lessee
Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in 'finance costs' in the consolidated statement of income.

A lease is depreciated over the EUL of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the EUL of the asset and the lease term.

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

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

Cost and Expenses
Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other that those relating to distributions to equity participants. Cost and expenses are recognized when incurred.

Foreign Currency Translation/Transactions
The functional and presentation currency of the Parent Company and its Philippine subsidiaries is the Philippine Peso. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions and balances
Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are taken to the consolidated statement of income. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in statement of income. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Group companies
As of the statement of financial position date, the assets and liabilities of these subsidiaries are translated into the presentation currency of the Group at the rate of exchange ruling at the statement of financial position date and their respective statements of income are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity as 'Cumulative translation adjustment' under

‘other comprehensive income’. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation shall be recognized in the consolidated statement of income.

Common Stock

Capital stocks are classified as equity and are recorded at par. Proceeds in excess of par value are recorded as ‘Additional paid-in capital’ in the consolidated statement of changes in equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Retained Earnings

Retained earnings represent the cumulative balance of periodic net income/loss, dividend distributions, prior period adjustments and effect of changes in accounting policy and capital adjustments.

Other Comprehensive Income

Other comprehensive income comprises items of income and expenses (including items previously presented under the consolidated statements of changes in equity) that are not recognized in the consolidated statement of income for the year in accordance with PFRS.

Treasury Shares

Treasury shares are recorded at cost and are presented as a deduction from equity. Any consideration paid or received in connection with treasury shares are recognized directly in equity.

When the shares are retired, the capital stock account is reduced by its par value. The excess of cost over par value upon retirement is debited to the following accounts in the order given: (a) additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued, and (b) retained earnings. When shares are sold, the treasury share account is credited and reduced by the weighted average cost of the shares sold. The excess of any consideration over the cost is credited to additional paid-in capital.

Transaction costs incurred such as registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties (net of any related income tax benefit) in relation to issuing or acquiring the treasury shares are accounted for as reduction from equity, which is disclosed separately.

No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Group’s own equity instruments.

Dividends on Common Stocks

Dividends on common shares are recognized as a liability and deducted from equity when approved by Board of Directors (BOD) of the Parent Company in the case of cash dividends, and the BOD and shareholders of the Parent Company in the case of stock dividends.

Earnings Per Share (EPS)

Basic EPS is computed by dividing consolidated net income attributable to equity holders of the Parent Company (consolidated net income less dividends on preferred shares) by the weighted average number of common stocks issued and outstanding during the year, adjusted for any subsequent stock dividends declared.

Diluted EPS amounts are calculated by dividing the consolidated net income attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 6 to the consolidated financial statements.

Events after the Reporting Period
Any post year-end event up to the date of approval of the BOD of the consolidated financial statements that provides additional information about the Group's position at the statement of financial position date (adjusting event) is reflected in the consolidated financial statements. Any post year-end event that is not an adjusting event is disclosed in the notes to the consolidated financial statements, when material.

Standards issued but not yet effective
The Group will adopt the following standards and interpretations when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended PFRS, PAS and Philippine Interpretations to have a significant impact on its consolidated financial statements.

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

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

PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments)
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will

have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures* - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are effective from annual periods beginning on or after 1 January 2016.

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

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

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

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

PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new

plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.
PFRS 7 - *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

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

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

<u>Effective January 1, 2018</u>
PFRS 9, *Financial Instruments* - Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version)
PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by BOA.

The adoption of PFRS 9 is not expected to have any significant impact on the Group's consolidated financial statements.

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

The adoption of PFRS 9 is not expected to have any significant impact on the Group's consolidated financial statements.

The following new standard issued by the IASB has not yet been adopted by the FRSC

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

3. Significant Accounting Judgments and Estimates

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

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

a. *Going concern*
   The Group's management has made an assessment on the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue their business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

Therefore, the consolidated financial statements continue to be prepared under the going concern basis.

b. *Classification of financial instruments*
The Group exercises judgment in classifying a financial instrument, or its component parts, on initial recognition as either a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statement of financial position.

In addition, the Group classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

c. *Determination of fair values of financial instruments*
The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting judgment and estimates. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, volatility rates), the amount of changes in fair value would differ if the Group utilized different valuation methodologies and assumptions. Any changes in the fair value of these financial assets and liabilities would affect consolidated statements of income and consolidated statements of comprehensive income.

Where the fair values of certain financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable market data where possible, but where this is not feasible, estimates are used in establishing fair values. The judgments include considerations of liquidity and model inputs such as correlation and volatility for longer-dated derivatives. The fair values of the Group's derivative financial instruments are based from quotes obtained from counterparties.

The fair values of the Group's financial instruments are disclosed in Note 5.

d. *Classification of leases*
Operating lease commitments - Group as lessee
Management exercises judgment in determining whether substantially all the significant risks and rewards of ownership of the leased assets are transferred to the Group. Lease contracts, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased items, are capitalized. Otherwise, they are considered as operating leases.

Operating lease commitments - Group as lessor
Based on the evaluation of the terms and conditions of the arrangements, the Group has determined that it retains all significant risks and rewards of ownership of these properties. In determining significant risks and benefits of ownership, the Group considers, among others, the following:

- the leases do not provide for an option to purchase or transfer ownership of the property at the end of the lease and
- the related lease terms do not approximate the EUL of the asset being leased.

Accordingly, the Group accounted for the lease as operating lease.

Finance lease commitments - Group as lessee
Some of the Group's subsidiaries were granted land usage rights from private entities. The land usage right represents the prepaid amount of land lease payments. The right is currently being amortized by the Group on a straight-line basis over the term of the right.

e. *Distinction between investment properties and owner-occupied properties*
The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to the other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as an investment property. The Group considers each property separately in making its judgment.

f. *Determination of functional currency*
PAS 21, *The Effects of Changes in Foreign Exchange Rates*, requires management to use its judgment to determine the entity's functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the entity. In making this judgment, the Group considers the following:
- the currency that mainly influences sales prices for financial instruments and services (this will often be the currency in which sales prices for its financial instruments and services are denominated and settled);
- the currency in which funds from financing activities are generated; and
- the currency in which receipts from operating activities are usually retained.

In the case of an intermediate holding company or finance subsidiary, the principal consideration of management is whether it is an extension of the Parent Company and performing the functions of the parent - i.e., whether its role is simply to hold the investment in, or provide finance to, the foreign operation on behalf of the Parent Company or whether its functions are essentially an extension of a local operation (e.g., performing selling, payroll or similar activities for that operation) or indeed it is undertaking activities on its own account. In the former case, the functional currency of the entity is the same with that of the Parent Company; while in the latter case, the functional currency of the entity would be assessed separately.

g. *Noncurrent assets (Disposal Group) held for sale*
The Group classifies a subsidiary as a disposal group held for sale if it meets the following conditions at the reporting date:
- The entity is available for immediate sale and can be sold in its current condition;
- An active program to locate a buyer and complete the plan sale has been initiated; and
- The entity is to be genuinely sold, not abandoned.

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

<u>Estimates</u>
The key assumptions concerning the future and other sources of estimation uncertainty at the financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a. *Impairment of AFS financial assets*
The Group treats AFS equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is 'significant' or 'prolonged' requires judgment. The Group treats 'significant' generally as 20.00% or more and 'prolonged' as 12 months or longer for quoted equity securities. In addition, the Group evaluates other factors, such as normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

The Group did not recognize any impairment loss on AFS financial assets in 2015, 2014 and 2013. As of September 30, 2015 and 2014, the carrying value of AFS financial assets amounted to ₱40.9 million and ₱21.7 million, respectively (see Note 14).

b. *Estimation of allowance for impairment losses on receivables*
The Group maintains allowances for impairment losses on its trade and other receivables at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by the management on the basis of factors that affect the collectibility of the accounts. These factors include, but are not limited to, the length of relationship with the customer, the customer's payment behavior and known market factors. The Group reviews the age and status of receivables, and identifies accounts that are to be provided with allowances on a continuous basis. The Group provides full allowance for trade and other receivables that it deems uncollectible.

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

In addition to specific allowance against individually significant loans and receivables, the Group also makes a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted.

This collective allowance is based on any deterioration in the internal rating of the loan or investment since it was granted or acquired. These internal ratings take into consideration factors such as any deterioration in risk, industry, and technological obsolescence, as well as identified structural weaknesses or deterioration in cash flows.

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

Provision for impairment losses on receivables (included under 'Impairment losses' in the consolidated statements of income) amounted to ₱5.3 million, ₱13.2 million and ₱0.2 million in 2015, 2014 and 2013, respectively. Total receivables, net of allowance for impairment losses, amounted to ₱10.8 billion and ₱9.3 billion as of September 30, 2015 and 2014, respectively (see Note 10).

c. *Determination of NRV of inventories*
The Group adjusts the cost of inventory to the recoverable value at a level considered adequate to reflect market decline in the value of the recorded inventories.

The Group reviews the classification of the inventories and generally provides adjustments for recoverable values of new, actively sold and slow-moving inventories by reference to prevailing values of the same inventories in the market.

The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. An increase in inventory obsolescence and market decline would increase recorded operating expenses and decrease current assets.

Inventory written down as expense (included under the 'Cost of sales' in the consolidated statements of income) amounted to ₱578.6 million, ₱377.6 million and ₱726.1 million in 2015, 2014 and 2013, respectively (see Note 11).

The Group recognized impairment losses on its inventories amounting to ₱104.6 million, ₱103.9 million and ₱28.7 million in 2015, 2014 and 2013, respectively. The Group's inventories, net of inventory obsolescence and market decline, amounted to ₱16.0 billion and ₱15.1 billion for September 30, 2015 and 2014, respectively (see Note 11).

d. *EUL of property, plant and equipment and investment properties, intangible assets with finite life and biological assets*
The Group estimates the useful lives of its property, plant and equipment and investment properties based on the period over which the assets are expected to be available for use. The EUL of property, plant and equipment and investment properties are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned above. A reduction in the EUL of property, plant and equipment and investment properties would increase depreciation expense and decrease noncurrent assets.

The EUL of biological assets is reviewed annually based on expected utilization as anchored on business plans and strategies that considers market behavior to ensure that the period of depreciation is consistent with the expected pattern of economic benefits from items of biological assets.

The Group estimates the useful lives of intangible assets with finite life based on the expected pattern of consumption of future economic benefits embodied in the asset.

As of September 30, 2015 and 2014, the carrying amounts of the Group's depreciable assets follow:

	2015	2014
Property, plant and equipment - net (Note 13)	**₱29,696,297,832**	₱24,936,586,545
Software costs and customer relationship (Note 16)	**1,859,966,330**	–
Biological assets - breeders (Note 15)	**444,722,865**	455,817,612
Investment properties - net (Note 18)	**53,518,151**	57,175,938

e. *Determination of fair values less estimated costs to sell of biological assets*
The fair values of swine are determined based on current market prices of livestock of similar age, breed and genetic merit. Costs to sell include commissions to brokers and dealers, nonrefundable transfer taxes and duties. Costs to sell exclude transport and other costs necessary to get the biological assets to the market. The fair values are reviewed and updated if expectations differ from previous estimates due to changes brought by both physical change and price changes in the market. It is possible that future results of operations could be materially affected by changes in these estimates brought about by the changes in factors mentioned.

As of September 30, 2015 and 2014, the Group's biological assets carried at fair values less estimated costs to sell amounted to ₱1.5 billion and ₱1.6 billion, respectively (see Note 15). Gains arising from changes in the fair market value of biological assets amounted to ₱109.2 million, ₱183.0 million and ₱69.9 million in 2015, 2014 and 2013, respectively (see Note 15).

f. *Assessment of impairment of nonfinancial assets*
The Group assesses the impairment of its nonfinancial assets (i.e., property, plant and equipment, investment properties, investment in a joint venture, biological assets at cost, goodwill and intangible assets) whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:

- significant or prolonged decline in the fair value of the asset;
- market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating the asset's value in use and decrease the asset's recoverable amount materially;
- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

The Group determines an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount has been determined based on value in use calculations. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the cash-generating unit being tested.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

In the case of goodwill and intangible assets with indefinite lives, at a minimum, such assets are subject to an annual impairment test and more frequently whenever there is an indication that such asset may be impaired. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and to choose a suitable discount rate in order to calculate the present value of those cash flows.

In 2015, 2014 and 2013, the Group did not recognize any impairment losses on its property, plant and equipment (see Note 13) and its other intangible assets (see Note 16). In 2015, 2014, and 2013 the Group recognized impairment losses on its goodwill (included under 'Impairment losses' on the consolidated statements of income) amounting to nil, ₱5.2 million and nil,respectively (see Note 16).

As of September 30, 2015 and 2014, the balances of the Group's nonfinancial assets, net of accumulated depreciation, amortization and impairment losses follow:

	2015	2014
Property, plant and equipment (Note 13)	**₱38,831,973,783**	₱34,407,755,976
Goodwill (Note 16)	**14,706,811,446**	793,415,185
Intangible assets (Note 16)	**7,281,943,040**	475,000,000
Biological assets at cost (Note 15)	**91,080,091**	122,829,660
Investment in joint ventures (Note 17)	**494,242,502**	441,223,735
Investment properties (Note 18)	**53,518,151**	57,175,938

g. *Estimation of pension and other benefits costs*
The cost of defined benefit pension plans and other post employment benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each statement of financial position date.

As of September 30, 2015 and 2014, the balances of the Group's net pension liability and other employee benefits follow:

	2015	2014	2013
Net pension liability (Note 32)	**₱244,731,643**	₱262,167,555	₱604,417,551
Other employee benefits (Note 29)	**1,419,785,105**	1,100,013,481	844,508,937

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country. Further details about the assumptions used are provided in Note 32.

h. *Recognition of deferred tax assets*
The Group reviews the carrying amounts of its deferred income taxes at each statement of financial position date and reduces the deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of the deferred tax assets to be utilized.

As of September 30, 2015 and 2014, the Group recognized deferred tax assets amounting to ₱597.6 million and ₱404.4 million, respectively (see Note 33), as the Group believes sufficient taxable income will allow these deferred tax assets to be utilized.

Net deferred tax liabilities amounted to ₱2.4 billion and ₱0.5 billion as of September 30, 2015 and 2014 (see Note 33).

As of September 30, 2015 and 2014, the Group has certain subsidiaries which are under ITH. As such, no deferred tax assets were set up on certain gross deductible temporary differences that are expected to reverse or expire within the ITH period (see Note 36).
As of September 30, 2015 and 2014, the total amount of unrecognized deferred tax assets of the Group amounted to ₱148.7 million and ₱47.6 million, respectively (see Note 33).

4. Financial Risk Management Objectives and Policies

The Group's principal financial instruments, other than derivative financial instruments, comprise cash and cash equivalents, financial assets at FVPL, AFS financial assets, and interest-bearing loans and other borrowings. The main purpose of these financial instruments is to finance the Group's operations and related capital expenditures. The Group has various other financial assets and financial liabilities, such as trade receivables and payables which arise directly from its operations. One of the Group's subsidiaries is a counterparty to derivative contracts. These derivatives are entered into as a means of reducing or managing their respective foreign exchange and interest rate exposures, as well as for trading purposes.

The BOD of the Parent Company and its subsidiaries review and approve policies for managing each of these risks and they are summarized below, together with the related risk management structure.

Risk Management Structure
The Group's risk management structure is closely aligned with that of the ultimate parent company. The BOD of the Parent Company and the respective BODs of each subsidiary are ultimately responsible for the oversight of the Group's risk management processes that involve identifying, measuring, analyzing, monitoring and controlling risks.

The risk management framework encompasses environmental scanning, the identification and assessment of business risks, development of risk management strategies, design and implementation of risk management capabilities and appropriate responses, monitoring risks and risk management performance, and identification of areas and opportunities for improvement in the risk management process.

Each BOD has created the board-level Audit Committee (AC) to spearhead the managing and monitoring of risks.

AC
The AC shall assist the Group's BOD in its fiduciary responsibility for the over-all effectiveness of risk management systems, and both the internal and external audit functions of the Group. Furthermore, it is also the AC's purpose to lead in the general evaluation and to provide assistance in the continuous improvements of risk management, control and governance processes.

The AC also aims to ensure that:

a. financial reports comply with established internal policies and procedures, pertinent accounting and auditing standards and other regulatory requirements;
b. risks are properly identified, evaluated and managed, specifically in the areas of managing credit, market, liquidity, operational, legal and other risks, and crisis management;
c. audit activities of internal and external auditors are done based on plan, and deviations are explained through the performance of direct interface functions with the internal and external auditors; and
d. the Group's BOD is properly assisted in the development of policies that would enhance the risk management and control systems.

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

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

Corporate Governance Compliance Officer
Compliance with the principles of good corporate governance is also one of the primary objectives of the BOD. To assist the BOD in achieving this purpose, the BOD has designated a Compliance Officer who shall be responsible for monitoring the actual compliance with the provisions and requirements of the Corporate Governance Manual and other requirements on good corporate governance, identifying and monitoring control compliance risks, determining violations, and recommending penalties on such infringements for further review and approval of the BOD, among others.

Day-to-day risk management functions
At the business unit or company level, the day-to-day risk management functions are handled by four (4) different groups, namely:

1. Risk-taking personnel. This group includes line personnel who initiate and are directly accountable for all risks taken.
2. Risk control and compliance. This group includes middle management personnel who perform the day-to-day compliance check to approved risk policies and risk mitigation decisions.
3. Support. This group includes back office personnel who support the line personnel.
4. Risk management. This group pertains to the business unit's Management Committee which makes risk mitigating decisions within the enterprise-wide risk management framework.

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

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

1. Internal Environmental Scanning. It involves the review of the overall prevailing risk profile of the business unit to determine how risks are viewed and addressed by management. This is presented during the strategic planning, annual budgeting and mid-year performance reviews of the Group.
2. Objective Setting. The Group's BOD mandates the business unit's management to set the overall annual targets through strategic planning activities, in order to ensure that management has a process in place to set objectives which are aligned with the Group's goals.
3. Event Identification. It identifies both internal and external events affecting the Group's set targets, distinguishing between risks and opportunities.

4. Risk Assessment. The identified risks are analyzed relative to the probability and severity of potential loss which serves as a basis for determining how the risks should be managed. The risks are further assessed as to which risks are controllable and uncontrollable, risks that require management's attention, and risks which may materially weaken the Group's earnings and capital.
5. Risk Response. The Group's BOD, through the oversight role of the ERMG, approves the business unit's responses to mitigate risks, either to avoid, self-insure, reduce, transfer or share risk.
6. Control Activities. Policies and procedures are established and approved by the Group's BOD and implemented to ensure that the risk responses are effectively carried out enterprise-wide.
7. Information and Communication. Relevant risk management information are identified, captured and communicated in form and substance that enable all personnel to perform their risk management roles.
8. Monitoring. The ERMG, Internal Audit Group, Compliance Office and Business Assessment Team constantly monitor the management of risks through risk limits, audit reviews, compliance checks, revalidation of risk strategies and performance reviews.

Risk management support groups
The Group's BOD created the following departments within the Group to support the risk management activities of the Parent Company and the other business units:
1. Corporate Security and Safety Board (CSSB). Under the supervision of ERMG, the CSSB administers enterprise-wide policies affecting physical security of assets exposed to various forms of risks.
2. Corporate Supplier Accreditation Team (CORPSAT). Under the supervision of ERMG, the CORPSAT administers enterprise-wide procurement policies to ensure availability of supplies and services of high quality and standards to all business units.
3. Corporate Management Services (CMS). The CMS is responsible for the formulation of enterprise-wide policies and procedures.
4. Corporate Planning (CORPLAN). The CORPLAN is responsible for the administration of strategic planning, budgeting and performance review processes of business units.
5. Corporate Insurance Department (CID). The CID is responsible for the administration of the insurance program of business units concerning property, public liability, business interruption, money and fidelity, and employer compensation insurances, as well as, in the

procurement of performance bonds.

Risk Management Policies

The main risks arising from the use of financial instruments are credit risk, liquidity risk and market risks such as foreign currency risk, equity price risk and interest rate risk. The Group's policies for managing the aforementioned risks are summarized below.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Credit and Accounts Receivable Monitoring Department (CARMD) of the Group continuously provides credit notification and implements various credit actions, depending on assessed risks, to minimize credit exposure. Receivable balances of trade customers are being monitored on a regular basis and appropriate credit treatments are executed for overdue accounts. Likewise, other receivable balances are also being monitored and subjected to appropriate actions to manage credit risk.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, financial assets at FVPL, AFS financial assets and certain derivative financial instruments, the Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments.

a. Credit risk exposure

   With respect to credit risk arising from financial assets of the Group, which comprises cash and cash equivalents, receivables, financial assets at FVPL and AFS financial assets, the Group's maximum exposure to credit risk is equal to its carrying amount as of September 30, 2015 and 2014, except for the Group's trade receivables as of September 30, 2015 with carrying value of ₱1.32 billion and collateral with fair value amounting to ₱0.05 billion, resulting to net exposure of ₱1.27 billion.

   The Group holds no other collateral or guarantee that would reduce the maximum exposure to credit risk.

b. Risk concentrations of the maximum exposure to credit risk

   Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Group's financial strength and undermine public confidence.

In order to avoid excessive concentrations of risk, identified concentrations of credit risks are controlled and managed accordingly.

i. Concentration by geographical location

The Group's credit risk exposures as of September 30, 2015 and 2014 before taking into account any collateral held or other credit enhancements are categorized by geographic location follows:

	2015					
	Philippines	**Asia**	**New Zealand**	**United States**	**Others***	**Total**
Loans and receivables:						
Cash and cash equivalents (excluding cash on hand, see Note 7)	**₱14,586,246,064**	**₱2,982,435,008**	**₱637,419,508**	**₱–**	**₱–**	**₱18,206,100,580**
Receivables (Note 10):						
Trade receivables	**4,578,660,481**	**2,328,449,736**	**1,127,044,518**	**23,839,533**	**14,366,392**	**8,072,360,660**
Due from related parties	**1,564,936,668**	**–**	**–**	**–**	**–**	**1,564,936,668**
Advances to officers, employees and suppliers	**649,890,023**	**412,986,349**	**–**	**–**	**–**	**1,062,876,372**
Interest receivable	**17,931,420**	**–**	**–**	**–**	**–**	**17,931,420**
Other receivables	**28,709,343**	**86,233,150**	**–**	**–**	**176,581**	**115,119,074**
Total loans and receivable	**21,426,373,999**	**5,810,104,243**	**1,764,464,026**	**23,839,533**	**14,542,973**	**29,039,324,774**
Financial assets at FVPL:						
Equity securities (Note 8):	**401,701,602**	**–**	**–**	**–**	**–**	**401,701,602**
AFS financial assets:						
Equity securities (Note 14)	**40,880,000**	**–**	**–**	**–**	**–**	**40,880,000**
	₱21,868,955,601	**₱5,810,104,243**	**₱1,764,464,026**	**₱23,839,533**	**₱14,542,973**	**₱29,481,906,376**

**Includes Brazil and Mexico.*

	2014				
	Philippines	Asia	United States	Others*	Total
Loans and receivables:					
Cash and cash equivalents (excluding cash on hand, see Note 7)	₱8,250,268,799	₱1,775,589,353	₱–	₱–	₱10,025,858,152
Receivables (Note 9):					
Trade receivables	3,835,384,742	2,657,848,738	12,833,312	10,194,110	6,516,260,902
Due from related parties	1,447,647,173	–	–	–	1,447,647,173
Advances to officers, employees and suppliers	684,164,665	327,825,430	–	–	1,011,990,095
Interest receivable	8,026,469	–	–	–	8,026,469
Other receivables	230,508,793	104,768,271	–	–	335,277,064
Total loans and receivable	14,456,000,641	4,866,031,792	12,833,312	10,194,110	19,345,059,855
Financial assets at FVPL:					
Equity securities (Note 8):	476,260,026	–	–	–	476,260,026
AFS financial assets:					
Equity securities (Note 14)	21,720,000	–	–	–	21,720,000
	₱14,953,980,667	₱4,866,031,792	₱12,833,312	₱10,194,110	₱19,843,039,881

**Includes Brazil and Mexico.*

ii. Concentration by industry

The tables below show the industry sector analysis of the Group's financial assets as of September 30, 2015 and 2014 before taking into account any collateral held or other credit enhancements.

	2015						
	Manufacturing	Financial Intermediaries	Petrochemicals	Tele-Communication	Mining	Others*	Total
Loans and receivables:							
Cash and cash equivalents (excluding cash on hand, see Note 7)	₱–	₱18,206,100,580	₱–	₱–	₱–	₱–	₱18,206,100,580
Receivables (Note 10):							
Trade receivables	7,279,822,819	–	450,809,157	–	–	341,728,684	8,072,360,660
Due from related parties	393,739,248	47,311,992	–	–	–	1,123,885,428	1,564,936,668
Advances to officers, employees and suppliers	1,004,436,262	–	–	–	–	58,440,110	1,062,876,372
Interest receivable	159,128	17,772,292	–	–	–	–	17,931,420
Other receivables	74,924,648	–	–	12,851,097	–	27,343,329	115,119,074
Total loans and receivables	8,753,082,105	18,271,184,864	450,809,157	12,851,097	–	1,551,397,551	29,039,324,774
Financial assets at FVPL:							
Equity securities (Note 8)	–	–	–	–	400,273	401,301,329	401,701,602
AFS financial assets:							
Equity securities (Note 14)	–	–	–	–	–	40,880,000	40,880,000
	₱8,753,082,105	₱18,271,184,864	₱450,809,157	₱12,851,097	₱400,273	₱1,993,578,880	₱29,481,906,376

**Includes real state, agriculture, automotive, and electrical industries.*

	2014						
	Manufacturing	Financial Intermediaries	Petrochemicals	Tele-Communication	Mining	Others*	Total
Loans and receivables:							
Cash and cash equivalents (excluding cash on hand, see Note 7)	₱–	₱10,025,858,152	₱–	₱–	₱–	₱–	₱10,025,858,152
Receivables (Note 10):							
Trade receivables	5,728,663,120	–	448,364,902	–	–	339,232,880	6,516,260,902
Due from related parties	319,429,680	37,778,902	–	–	–	1,090,438,591	1,447,647,173
Advances to officers, employees and suppliers	935,090,459	–	–	–	–	76,899,636	1,011,990,095
Interest receivable	380,245	7,646,224	–	–	–	–	8,026,469
Other receivables	220,803,816	153,855	–	13,567,446	–	100,751,947	335,277,064
Total loans and receivables	7,204,367,320	10,071,437,133	448,364,902	13,567,446	–	1,607,323,054	19,345,059,855
Financial assets at FVPL:							
Equity securities (Note 8)	–	–	–	–	646,817	475,613,209	476,260,026
AFS financial assets:							
Equity securities (Note 14)	–	–	–	–	–	21,720,000	21,720,000
	₱7,204,367,320	₱10,071,437,133	₱448,364,902	₱13,567,446	₱646,817	₱2,104,656,263	₱19,843,039,881

**Includes real state, agriculture, automotive, and electrical industries.*

c. Credit quality per class of financial assets

The tables below show the credit quality by class of financial assets as of September 30, 2015 and 2014, gross of allowance for impairment losses:

	2015				
	Neither Past Due Nor Impaired			Past Due or Individually Impaired	
	High Grade	Standard Grade	Substandard Grade		Total
Loans and receivables:					
Cash and cash equivalents (excluding cash on hand, see Note 7)	₱18,206,100,580	₱–	₱–	₱–	₱18,206,100,580
Receivables (Note 10):					
Trade receivables	5,866,721,181	488,520,367	280,878,532	1,622,249,772	8,258,369,852
Due from related parties	1,564,936,668	–	–	–	1,564,936,668
Advances to officers, employees and suppliers	624,914,441	289,074,210	77,453,777	91,080,626	1,082,523,054
Interest receivable	17,931,420	–	–	–	17,931,420
Other receivables	45,743,090	19,116,776	–	219,310,080	284,169,946
Total loans and receivables	26,326,347,380	796,711,353	358,332,309	1,932,640,478	29,414,031,520
Financial assets at FVPL (Note 8):					
Equity securities	401,701,602	–	–	–	401,701,602
AFS financial assets:					
Equity securities (Note 14)	40,880,000	–	–	–	40,880,000
	₱26,768,928,982	₱796,711,353	₱358,332,309	₱1,932,640,478	₱29,856,613,122

	2014				
	Neither Past Due Nor Impaired			Past Due or Individually Impaired	
	High Grade	Standard Grade	Substandard Grade		Total
Loans and receivables:					
Cash and cash equivalents (excluding cash on hand, see Note 7)	₱10,025,858,152	₱–	₱–	₱–	₱10,025,858,152
Receivables (Note 10):					
Trade receivables	5,237,156,542	532,153,576	144,403,370	790,105,136	6,703,818,624
Due from related parties	1,447,647,173	–	–	–	1,447,647,173
Advances to officers, employees and suppliers	347,674,299	602,085,823	8,822,306	73,054,349	1,031,636,777
Interest receivable	8,026,469	–	–	–	8,026,469
Other receivables	72,312,328	115,916,485	75,748,013	240,383,014	504,359,840
Total loans and receivables	17,138,674,963	1,250,155,884	228,973,689	1,103,542,499	19,721,347,035
Financial assets at FVPL (Note 8):					
Equity securities	476,260,026	–	–	–	476,260,026
AFS financial assets:					
Equity securities (Note 14)	21,720,000	–	–	–	21,720,000
	₱17,636,654,989	₱1,250,155,884	₱228,973,689	₱1,103,542,499	₱20,219,327,061

High grade cash and cash equivalents are short-term placements and working cash fund placed, invested, or deposited in foreign and local banks belonging to the top ten (10) banks, including an affiliated bank, in the Philippines in terms of resources and profitability.

Other high grade accounts are accounts considered to be high value. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits. Standard grade accounts are active accounts with minimal to regular instances of payment default, due to ordinary/common collection issues. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly. Substandard grade accounts are accounts which have probability of impairment based on historical trend. These accounts show propensity to default in payment despite regular follow-up actions and extended payment terms.

d. Aging analysis

An aging analysis of the Group's past due or individually impaired receivables as of September 30, 2015 and 2014 are as follows:

	2015					
	Past Due Nor Impaired				**Impaired Financial Assets**	
	Less than 30 Days	**30 to 60 Days**	**60 to 90 Days**	**Over 90 Days**		**Total**
Trade receivables	**₱881,105,294**	**₱112,050,855**	**₱3,505,102**	**₱439,579,329**	**₱186,009,192**	**₱1,622,249,772**
Advances to officers, employees and suppliers	**11,178,630**	**1,478,201**	**3,331,515**	**55,445,598**	**19,646,682**	**91,080,626**
Others	**10,001,961**	**5,339,953**	**25,396,246**	**9,521,048**	**169,050,872**	**219,310,080**
Balances at end of year	**₱902,285,885**	**₱118,869,009**	**₱32,232,863**	**₱504,545,975**	**₱374,706,746**	**₱1,932,640,478**

	2014					
	Past Due Nor Impaired				Impaired Financial Assets	
	Less than 30 Days	30 to 60 Days	60 to 90 Days	Over 90 Days		Total
Trade receivables	₱137,298,058	₱92,711,054	₱40,910,530	₱331,627,772	₱187,557,722	₱790,105,136
Advances to officers, employees and suppliers	7,409,140	4,445,031	202,818	41,350,678	19,646,682	73,054,349
Others	42,942,969	8,884,823	192,570	19,279,876	169,082,776	240,383,014
Balances at end of year	₱187,650,167	₱106,040,908	₱41,305,918	₱392,258,326	₱376,287,180	₱1,103,542,499

e. Impairment assessment

The Group recognizes impairment losses based on the results of the specific/individual and collective assessment of its credit exposures. Impairment has taken place when there is a presence of known difficulties in the servicing of cash flows by counterparties, infringement of the original terms of the contract has happened, or when there is an inability to pay principal or interest overdue beyond a certain threshold. These and the other factors, either singly or in tandem with other factors, constitute observable events and/or data that meet the definition of an objective evidence of impairment.

The two methodologies applied by the Group in assessing and measuring impairment include: (1) specific/individual assessment; and (2) collective assessment.

Under specific/individual assessment, the Group assesses each individually significant credit exposure for any objective evidence of impairment, and where such evidence exists, accordingly calculates the required impairment.

Among the items and factors considered by the Group when assessing and measuring specific impairment allowances are: (a) the timing of the expected cash flows; (b) the projected receipts or expected cash flows; (c) the going concern of the counterparty's business; (d) the ability of the counterparty to repay its obligations during financial crisis; (e) the availability of other sources of financial support; and (f) the existing realizable value of collateral.

The impairment allowances, if any, are evaluated as the need arises, in view of favorable or unfavorable developments.

With regard to the collective assessment of impairment, allowances are assessed collectively for losses on receivables that are not individually significant and for individually significant receivables when there is no apparent or objective evidence of individual impairment. A particular portfolio is reviewed on a periodic basis, in order to determine its corresponding appropriate allowances. The collective assessment evaluates and estimates the impairment of the portfolio in its entirety even though there is no objective evidence of impairment on an individual assessment. Impairment losses are estimated by taking into consideration the following deterministic information: (a) historical losses/write offs; (b) losses which are likely to occur but has not yet occurred; and (c) the expected receipts and recoveries once impaired.

Liquidity risk
Liquidity risk is the risk of not being able to meet funding obligation such as the repayment of liabilities or payment of asset purchases as they fall due. The Group's liquidity management involves maintaining funding capacity to finance capital expenditures and service maturing debts, and to accommodate any fluctuations in asset and liability levels due to changes in the Group's business operations or unanticipated events created by customer behavior or capital market conditions. The Group maintains a level of cash and cash equivalents deemed sufficient to finance its operations. It also maintains a portfolio of highly marketable and diverse financial assets that assumed to be easily liquidated in the event of an unforeseen interruption of cash flow. The Group also has committed lines of credit that it can access to meet liquidity needs. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities. Fund raising activities may include obtaining bank loans and capital market issues both onshore and offshore.

Maturity Profile of Financial Assets and Liabilities

The tables below summarize the maturity profile of the Group's financial assets and liabilities as of September 30, 2015 and 2014 based on the remaining undiscounted contractual cash flows.

	2015				
	On Demand	**1 to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Total**
Financial Assets					
Loans and receivables:					
Cash and cash equivalents	**₱3,299,290,307**	**₱15,904,834,488**	**₱250,345,829**	**₱–**	**₱19,454,470,624**
Receivables:					
Trade receivables	**2,573,738,148**	**5,498,622,512**	**–**	**–**	**8,072,360,660**
Due from related parties	**836,828,025**	**–**	**728,108,643**	**–**	**1,564,936,668**
Advances to officers, employees and suppliers	**712,380,431**	**215,995,236**	**134,500,705**	**–**	**1,062,876,372**
Interest receivable	**20,389**	**17,911,031**	**–**	**–**	**17,931,420**
Other receivables	**42,835,531**	**65,866,307**	**22,644,962**	**–**	**131,346,800**
Total loans and receivables	**7,465,092,831**	**21,703,229,574**	**1,135,600,139**	**–**	**30,303,922,544**
Financial assets at FVPL					
Equity securities	**401,701,602**	**–**	**–**	**–**	**401,701,602**
AFS financial asset:					
Equity securities	**40,880,000**	**–**	**–**	**–**	**40,880,000**
	₱7,907,674,433	**₱21,703,229,574**	**₱1,135,600,139**	**₱–**	**₱30,746,504,146**
Financial Liabilities					
Financial liabilities at amortized cost:					
Accounts payable and other accrued liabilities:					
Trade payable and accrued expenses*	**₱4,099,883,080**	**₱7,930,853,797**	**₱432,028,780**	**₱–**	**₱12,462,765,657**
Due to related parties	**73,127,178**	**–**	**–**	**–**	**73,127,178**
Short-term debt	**–**	**846,831,629**			**846,831,629**
Trust receipts and acceptances payable	**–**	**638,925,460**	**4,009,242,114**	**–**	**4,648,167,574**
Long-term debt	**–**	**252,754,218**	**758,262,656**	**25,461,518,207**	**26,472,535,081**
Derivative liability	**–**	**–**	**–**	**151,646,715**	**151,646,715**
	₱4,173,010,258	**₱9,669,365,104**	**₱5,199,533,550**	**₱25,613,164,922**	**₱44,655,073,834**

**Excludes statutory liabilities*

	2014				
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	Total
Financial Assets					
Loans and receivables:					
Cash and cash equivalents	₱1,444,986,811	₱8,636,726,908	₱–	₱–	₱ 10,081,713,719
Receivables:					
Trade receivables	3,329,329,384	3,186,931,518	–	–	6,516,260,902
Due from related parties	1,447,647,173	–	–	–	1,447,647,173
Advances to officers, employees and suppliers	268,953,399	674,403,930	68,632,766	–	1,011,990,095
Interest receivable	–	8,026,469	–	–	8,026,469
Other receivables	247,470,102	50,333,552	37,473,410	–	335,277,064
Total loans and receivables	6,738,386,869	12,556,422,377	106,106,176	–	19,400,915,422
Financial assets at FVPL					
Equity securities	476,260,026	–	–	–	476,260,026
AFS financial assets					
Equity securities	21,720,000	–	–	–	21,720,000
	₱7,236,366,895	₱12,556,422,377	₱106,106,176	₱–	₱19,898,895,448

Forward

	2014				
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	Total
Financial Liabilities					
Financial liabilities at amortized cost:					
Accounts payable and other accrued liabilities:					
Trade payable and accrued expenses*	₱5,001,928,540	₱5,773,851,880	₱151,496,789	₱–	₱10,927,277,209
Due to related parties	69,385,015	–	–	–	69,385,015
Short-term debt	–	4,348,431,109	–	–	4,348,431,109
Trust receipts and acceptances payable	75,291,275	2,255,008,961	2,107,074,035	–	4,437,374,271
	₱5,146,604,830	₱12,377,291,950	₱2,258,570,824	₱–	₱19,782,467,604

**Excludes statutory liabilities*

Market risk

Market risk is the risk of loss to future earnings, to fair value or future cash flows of a financial instrument as a result of changes in its price, in turn caused by changes in interest rates, foreign currency exchange rates, equity prices and other market factors.

Foreign currency risk

Foreign currency risk arises on financial instruments that are denominated in a foreign currency other than the functional currency in which they are measured.

The Group has transactional currency exposures. Such exposures arise from sales and purchases in currencies other than the entities' functional currency. As of September 30, 2015, 2014 and 2013, approximately 30.4%, 25.7% and 27.2% of the Group's total sales are denominated in currencies other than the functional currency. In addition, 16.90% and 50.48% of the Group's debt is denominated in US Dollars as of September 30, 2015 and 2014, respectively. The Group's capital expenditures are likewise substantially denominated in US Dollar.

The tables below summarize the Group's exposure to foreign currency risk:

	2015			
	NZ Dollar	**US Dollar**	**Others***	**Total**
Assets				
Cash and cash equivalents	**₱637,513,689**	**₱7,884,807,309**	**₱26,319,675**	**₱8,548,640,673**
Receivables	**1,127,044,518**	**2,348,582,235**	**32,689,484**	**3,508,316,237**
	1,764,558,207	**10,233,389,544**	**59,009,159**	**12,056,956,910**
Liabilities				
Accounts payable and other accrued liabilities	**1,009,707,580**	**–**	–	**1,009,707,580**
Short-term debt	**–**	**–**	**845,285,468**	**845,285,468**
Trust receipts	**–**	**4,620,725,913**	–	**4,620,725,913**
Long-term debt	**21,869,680,961**	**–**	–	**21,869,680,961**
	22,879,388,541	**4,620,725,913**	**845,285,468**	**28,345,399,922**
Net Foreign Currency-Denominated Assets (Liabilities)	**(₱21,114,830,334)**	**₱5,612,663,631**	**(₱786,276,309)**	**(₱16,288,443,012)**

**Other currencies include Singapore Dollar, Thai Baht, Chinese Yuan, Malaysian Ringgit, Indonesian Rupiah and Vietnam Dong*

	2014			
	NZ Dollar	US Dollar	Others	Total
Assets				
Cash and cash equivalents	₱–	₱4,162,931,749	₱–	₱4,162,931,749
Receivables	–	307,058,458	–	307,058,458
	–	4,469,990,207	–	4,469,990,207
Liabilities				
Accounts payable and other accrued liabilities	32,292,224	–	–	32,292,224
Short-term debt	3,496,301,000	–	831,689,825	4,327,990,825
Trust receipts	–	4,412,695,949	–	4,412,695,949
	3,528,593,224	4,412,695,949	831,689,825	8,772,978,998
Net Foreign Currency-Denominated Assets (Liabilities)	(₱3,528,593,224)	₱57,294,258	(₱831,689,825)	(₱4,302,988,791)

**Other currencies include Singapore Dollar, Thai Baht, Chinese Yuan, Malaysian Ringgit, Indonesian Rupiah and Vietnam Dong*

The following tables set forth the impact of the range of reasonably possible changes in the US Dollar and Euro - Philippine Peso exchange rate on the Group's income before income tax as of September 30, 2015 and 2014:

	2015	
Reasonably possible change in unit of Philippine peso for every unit of foreign currency	**US Dollar**	**NZ Dollar**
₱5.00	**₱600,413,311**	**(₱3,533,543,468)**
(5.00)	**(600,413,311)**	**3,533,543,468**

	2014	
Reasonably possible change in unit of Philippine peso for every unit of foreign currency	US Dollar	NZ Dollar
₱5.00	₱6,383,761	(₱499,999,870)
(5.00)	(6,383,761)	499,999,870

The impact of the range of reasonably possible changes in the exchange rates of the other currencies against the Philippine Peso on the Group's income before income tax as of September 30, 2015 and 2014 are deemed immaterial.

The exchange rates used to restate the US dollar-denominated financial assets and liabilities were ₱46.74 to US$1.00 and ₱44.88 to US$1.00 as of September 30, 2015 and 2014, respectively. The exchange rates used to restate the NZ dollar-denominated financial liabilities were ₱29.90 to NZ$1.00 and ₱34.96 to NZ$1.00 as of September 30, 2015 and 2014, respectively.

Equity price risk
Equity price risk is the risk that the fair values of equities will change as a result of changes in the levels of equity indices and the value of individual stocks.

The table below shows the effect on equity as a result of a change in the fair value of equity instruments held as financial assets at FVPL investments due to reasonably possible changes in equity indices:

	2015		2014	
Changes in PSEi	**12.18%**	**(12.18%)**	12.40%	(12.40%)
Change in trading gain at equity portfolio	**(27,469,625)**	**27,469,625**	43,182,845	(43,182,845)
As a percentage of the Parent Company's trading gain for the year	**271.67%**	**(271.67%)**	144.79%	(144.79%)

The Group's investment in golf shares designated as AFS financial assets are susceptible to market price risk arising from uncertainties about future values of the investment security. The Group's estimates an increase of 1.00% in 2015 and 2014 would have an impact of approximately 0.41 million and 0.22 million on equity, respectively. An equal change in the opposite direction would have decreased equity by the same amount.

Interest rate risk
The Group's exposure to market risk for changes in interest rates relates primarily to the subsidiaries' long-term debt obligations which are subject to floating rate. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt.

The following tables show information about the Group’s financial instruments that are exposed to interest rate risk and presented by maturity profile:

	2015								
	<1 year	**>1-<2 years**	**>2-<3 years**	**>3-<4 years**	**>4-<5 years**	**Total**	**Total (in Philippine Peso)**	**Debt Issuance Costs (in Philippine Peso)**	**Carrying Value (in Philippine Peso)**
Liabilities:									
Foreign currencies:									
Floating rate									
New Zealand Dollar loans	**NZ$33,808,466**	**NZ$33,552,823**	**NZ$33,552,823**	**NZ$33,552,823**	**NZ$750,776,244**	**NZ$885,243,179**	**₱22,198,497,235**	**₱328,816,274**	**₱21,869,680,961**
Interest rate:									
NZ BKBM+1.60%									
Fixed rate:									
Thailand Baht loans	**THB657,800,000**	**THB–**	**THB–**	**THB–**	**THB–**	**THB657,800,000**	**845,285,468**	**–**	**845,285,468**
Interest rate:									
2.21% to 2.25%									
Trust receipt and acceptances payable	**USD98,860,204**	**USD–**	**USD–**	**USD–**	**USD–**	**USD98,860,204**	**4,620,725,913**	**–**	**4,620,725,913**
Interest rate:									
0.993% to 1.057%									
							₱27,664508,616	**₱328,816,274**	**₱27,335,692,342**

2014									
	<1 year	>1-<2 years	>2-<3 years	>3-<4 years	>4-<5 years	Total	Total (in Philippine Peso)	Debt Issuance Costs (in Philippine Peso)	Carrying Value (in Philippine Peso)
Liabilities:									
Foreign currencies:									
Fixed rate:									
New Zealand Dollar Loan	NZ$100,000,000	NZ$–	NZ$–	NZ$–	NZ$–	NZ$100,000,000	₱3,496,301,000	₱–	₱3,496,301,000
Interest rate: 4.75%									
Thailand Baht loans	THB600,800,000	THB–	THB–	THB–	THB–	THB600,800,000	831,689,825	–	831,689,825
Interest rate: 2.62%									
Trust receipt and acceptances payable	USD98,333,057	USD–	USD–	USD–	USD–	USD98,333,057	4,412,695,949	–	4,412,695,949
Interest rate: 0.925% to 1.003%									
							₱8,740,686,774	₱–	₱8,740,686,774

5. Fair Value Measurement

The following methods and assumptions were used to estimate the fair value of each asset and liability for which it is practicable to estimate such value:

Cash and cash equivalents, receivables (except amounts due from and due to related parties), accounts payable and other accrued liabilities, short-term debt, and trust receipts and acceptances payable
Carrying amounts approximate their fair values due to the relatively short-term maturities of these instruments.

Amounts due from and due to related parties
Carrying amounts of due from and due to related parties which are payable and due on demand approximate their fair values.

Financial assets at FVPL and AFS investments
Fair values of debt securities are generally based upon quoted market prices. If the market prices are not readily available, fair values are estimated using either values obtained from independent parties offering pricing services or adjusted quoted market prices of comparable investments or using the discounted cash flow methodology. Fair values of quoted equity securities are based on quoted prices published in markets.

Biological assets
Swine livestock are measured at their fair values less costs to sell. The fair values are determined based on current market prices of livestock of similar age, breed and genetic merit. Costs to sell include commissions to brokers and dealers, nonrefundable transfer taxes and duties. Costs to sell exclude transport and other costs necessary to get the biological assets to the market.

Investment properties
Fair value of investment properties are based on cost method. Under this approach, an estimate is made of the current 'Cost of Replacement, New' of the buildings and other land improvements in accordance with prevailing market prices for materials, labor, and contractor's overhead, profit, and fees. Adjustments are then made to reflect depreciation resulting from physical deterioration, functional, and economic obsolescence based on personal inspection of the buildings and other land improvements and in comparison with similar new properties.

The fair values of the Group's investment properties have been determined by appraisers, including independent external appraisers, based on the analysis of the buildings and other land improvements by breaking them down into major components such as foundation, columns, beams, floorings, wall, roofing, and others using workable units as lineal meter, square meter, and other appropriate basic unit. Equally given importance are the interior finishes. Bills of quantities for each building component using the appropriate basic unit are prepared and related to the unit cost for each component developed based on current market prices.

The Group has determined that the highest and best use of the building and building improvement classified as investment properties is its current use.

Long-term debt
The fair value of long-term debt is based on the discounted value of future cash flows (interests and principal) using market rates plus a certain spread.

Derivative liability
The fair values of forward exchange derivatives are calculated by reference to the prevailing interest differential and spot exchange rate as of valuation date, taking into account the remaining term-to-maturity of the forwards.

Fair Value Hierarchy
The Group uses the following hierarchy in determining and disclosing the fair value of financial instruments by valuation technique:
- Quoted prices in active markets for identical assets or liabilities (Level 1);
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	2015				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total Fair value**
Assets measured at fair value					
Financial assets at FVPL:					
Quoted equity securities	**₱401,701,602**	**₱401,701,602**	**₱–**	**₱–**	**₱401,701,602**
AFS financial assets					
Quoted equity securities	**40,880,000**	**40,880,000**	**–**	**–**	**40,880,000**
Biological assets	**1,531,250,635**	**–**	**1,531,250,635**	**–**	**1,531,250,635**
Assets for which fair values are disclosed					
Investment properties	**53,518,151**	**–**	**–**	**232,236,000**	**232,236,000**
	₱2,027,350,388	**₱442,581,602**	**₱1,531,250,635**	**₱232,236,000**	**₱2,206,068,237**
Liabilities measured at fair value					
Derivative liabilities	**₱151,646,715**	**₱–**	**₱151,646,715**	**₱–**	**₱151,646,715**
Liabilitiess for which fair values are disclosed					
Long-term debt	**21,869,680,961**	**–**	**–**	**18,783,334,230**	**18,783,334,230**
	₱22,021,327,676	**₱–**	**₱151,646,715**	**₱18,783,334,230**	**₱18,934,980,945**

	2014				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair value
Assets measured at fair value					
Financial assets at FVPL:					
Quoted equity securities	₱476,260,026	₱476,260,026	₱–	₱–	₱476,260,026
AFS financial assets					
Quoted equity securities	21,720,000	21,720,000	–	–	21,720,000
Biological assets	1,611,292,270	–	1,611,292,270	–	1,611,292,270
Assets for which fair values are disclosed					
Investment properties	57,175,938	–	–	232,236,000	232,236,000
	₱2,166,448,234	₱497,980,026	₱1,611,292,270	₱232,236,000	₱2,341,508,296

In 2015 and 2014, there were no transfers between Level 1 and Level 2 fair value measurements. Non-financial assets determined under Level 3 include investment properties. No transfers between any level of the fair value hierarchy took place in the equivalent comparative period.

Description of significant unobservable inputs to valuation:

Account	Valuation Technique	Significant Unobservable Inputs
Investment properties	Cost method	Replacement cost and depreciation for improvements

Significant increases (decreases) in adjustments for replacement cost and depreciation for improvements would result in a significantly higher (lower) fair value of the properties.

Significant Unobservable Inputs

Replacement cost	Estimated amount of money needed to replace in like kind and in new condition an asset or group of assets, taking into consideration current prices of materials, labor, contractor's overhead, profit and fees, and all other attendant costs associated with its acquisition and installation in place without provision for overtime or bonuses for labor, and premiums for materials.
Depreciation	Depreciation as evidenced by the observed condition in comparison with new units of like kind tempered by consideration given to extent, character, and utility of the property which is to be continued in its present use as part of a going concern but without specific relations to earnings.

6. Business Segment Information

The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group has four reportable operating segments as follows:

- The branded consumer food products segment manufactures and distributes a diverse mix of salty snacks, chocolates, candies, biscuits, bakery products, beverages, instant noodles, and pasta and tomato-based products. This segment also includes the packaging division, which manufactures BOPP films primarily used in packaging; and its subsidiary, which manufactures flexible packaging materials for the packaging requirements of various branded food products. Its revenues are in their peak during the opening of classes in June and Christmas season.
- The agro-industrial products segment engages in hog and poultry farming, manufacturing and distribution of animal feeds, glucose and soya products, and production and distribution of animal health products. Its peak season is during summer and before Christmas season.
- The commodity food products segment engages in sugar milling and refining, and flour milling and pasta manufacturing and renewable energy. The peak season for sugar is during its crop season, which normally starts in November and ends in April while flour and pasta's peak season is before and during the Christmas season.

- The corporate business segment engages in bonds and securities investment and fund sourcing activities.

No operating segments have been aggregated to form the above reportable operating business segments.

Management monitors the operating results of business segments separately for the purpose of making decisions about resource allocation and performance assessment. The measure presented to manage segment performance is the segment operating income (loss). Segment operating income (loss) is based on the same accounting policies as consolidated operating income (loss) except that intersegment revenues are eliminated only at the consolidation level. Group financing (including finance costs and revenues), market valuation gain and loss, foreign exchange gains or losses, other revenues and expenses and income taxes are managed on a group basis and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The following tables present the financial information of each of the operating segments in accordance with PFRS except for Earnings before interest, income taxes and depreciation/ amortization (EBITDA) and Earnings before interest and income taxes (EBIT) as of and for the period ended September 30, 2015, 2014, and 2013.

The Group’s business segment information follows:

	2015					
	Branded Consumer Food	Agro-Industrial	Commodity Food	Corporate Business	Eliminations	Total
			(In Thousands)			
Sale of Goods and Services						
Third party	₱91,861,235	₱8,931,097	₱8,258,698	₱–	₱–	₱109,051,030
Inter-segment	10,048,310	276,183	6,362,829	–	(16,687,322)	–
	₱101,909,545	₱9,207,280	₱14,621,527	₱–	(16,687,322)	₱109,051,030
Result						
Earnings before interest, income taxes and depreciation/amortization (EBITDA)	₱18,098,890	₱1,427,416	₱3,846,103	(₱1,289,015)	₱–	₱22,083,394
Depreciation and amortization (Note 28)	(3,613,879)	(257,005)	(707,520)	(131,570)	–	(4,709,974)
Earnings before interest and income tax (EBIT)	₱14,485,011	₱1,170,411	₱3,138,583	(1,420,585)	₱–	₱17,373,420
Finance revenue (Note 30)	₱112,352	₱133	₱1,379	₱163,316	₱–	277,180
Finance costs (Notes 20, 22 and 31)	(₱1,212,848)	(₱18,500)	(₱34,407)	(₱11,798)	₱–	(1,277,553)
Equity in net income of joint ventures (Note 17)	₱–	₱–	₱–	(₱206,481)	₱–	(₱206,481)
Market valuation gain (loss) on financial assets and derivative financial instruments at FVPL (Note 8)	₱–	₱–	₱–	(₱214,624)	₱–	(₱214,624)
Impairment losses	(105,058)	–	(4,880)	–	–	(109,938)
Other expenses*						(85,534)
Income before income tax						15,756,470
Provision for income tax (Note 33)						(3,251,548)
Net income						₱12,504,922
Other Information						
Total assets	73,041,902	5,256,753	13,575,146	18,873,281	–	110,747,082
Total liabilities	35,445,559	2,928,789	5,057,425	1,955,680	–	45,387,453
Capital expenditures (Note 13)	4,600,527	360,406	1,362,035	192,955	–	6,515,923
Non-cash expenses other than depreciation and amortization:						
Impairment losses on:						
Receivables (Note 10)	₱421	₱–	₱4,880	₱–	₱–	₱5,301
Inventories (Note 11)	104,637	–	–	–	–	104,637
	₱105,058	₱–	₱4,880	₱–	₱–	₱109,938

* *Include net foreign exchange losses and other revenues (expenses).*

	2014					
	Branded Consumer Food	Agro-Industrial	Commodity Food	Corporate Business	Eliminations	Total
			(In Thousands)			
Sale of Goods and Services						
Third party	₱77,233,787	₱8,203,015	₱6,939,495	₱–	₱–	₱92,376,297
Inter-segment	9,350,272	4,152,627	6,007,458		(19,510,357)	–
	₱86,584,059	₱12,355,642	₱12,946,953	₱–	(₱19,510,357)	₱92,376,297
Result						
Earnings before interest, income taxes and depreciation/amortization (EBITDA)	₱13,999,723	₱1,355,412	₱3,713,909	(₱1,064,563)	₱–	₱18,004,481
Depreciation and amortization (Note 28)	(2,901,342)	(288,632)	(622,207)	(73,129)	–	(3,885,310)
Earnings before interest and income tax (EBIT)	₱11,098,381	₱1,066,780	₱3,091,702	(₱1,137,692)	₱–	₱14,119,171
Finance revenue (Note 30)	₱80,939	₱103	₱1,766	₱146,053	₱–	228,861
Finance costs (Notes 20, 22 and 31)	(₱86,234)	(₱9,595)	(₱27,861)	(₱26,720)	₱–	(150,410)
Equity in net income of joint ventures (Note 17)	₱–	₱–	₱–	₱14,090	₱–	14,090
Market valuation gain on financial assets at FVPL (Note 8)	₱–	₱–	₱–	₱62,526	₱–	62,526
Impairment losses						(122,272)
Other expenses*						75,550
Income before income tax						14,227,516
Provision for income tax (Note 33)						(2,572,224)
Net income						₱11,655,292
Other Information						
Total assets	48,682,573	5,621,741	11,171,001	12,445,892	–	77,921,207
Total liabilities	10,465,748	2,896,084	4,185,517	4,346,862	–	21,894,211
Capital expenditures (Note 13)	4,302,565	292,088	2,823,549	278,747	–	7,696,949
Non-cash expenses other than depreciation and amortization:						
Impairment losses on:						
Receivables (Note 10)	₱7,216	₱1,296	₱–	₱4,671	₱–	₱13,183
Inventories (Note 11)	97,608	–	6,268	–	–	103,876
Goodwill (Note 16)	5,213	–	–	–	–	5,213
	₱110,037	₱1,296	₱6,268	₱4,671	₱–	₱122,272

** Include net foreign exchange losses and other revenues (expenses).*

	2013					
	Branded Consumer Food	Agro-Industrial	Commodity Food	Corporate Business	Eliminations	Total
			(In Thousands)			
Sale of Goods and Services						
Third party	₱65,400,934	₱7,392,911	₱8,201,371	₱–	₱–	₱80,995,216
Inter-segment	6,653,676	3,524,393	5,178,254	–	(15,356,323)	–
	₱72,054,610	₱10,917,304	₱13,379,625	₱–	(₱15,356,323)	₱80,995,216
Result						
Earnings before interest, income taxes and depreciation/amortization (EBITDA)	₱10,129,027	₱967,947	₱3,745,033	(₱941,357)	₱–	₱13,900,650
Depreciation and amortization (Note 28)	(2,642,218)	(311,198)	(626,118)	(42,069)	–	(3,621,603)
Earnings before interest and income tax (EBIT)	₱7,486,809	₱656,749	₱3,118,915	(₱983,426)	₱–	10,279,047
Finance revenue (Note 30)	₱48,067	₱173	₱2,221	₱479,179	₱–	529,640
Finance costs (Notes 20, 22 and 31)	(₱41,649)	(₱11,187)	(₱41,999)	(₱171,198)	₱–	(266,033)
Equity in net income of a joint venture (Note 17)	₱–	₱–	₱–	₱19,245	₱–	19,245
Market valuation gain on financial assets at FVPL (Note 8)	₱–	₱–	₱–	₱473,301	₱–	473,301
Impairment losses						(28,900)
Other expenses*						543,472
Income before income tax						11,549,772
Provision for income tax (Note 33)						(1,432,442)
Net income						₱10,117,330
Other Information						
Total assets	₱39,343,253	₱4,734,422	₱8,632,824	₱13,834,469	₱–	₱66,544,968
Total liabilities	₱10,619,062	₱1,147,858	₱3,546,414	₱401,604	₱–	₱15,714,938
Capital expenditures (Note 13)	₱3,640,111	₱250,218	₱1,583,005	₱72,423	₱–	₱5,545,757
Non-cash expenses other than depreciation and amortization:						
Impairment losses on:						
Receivables (Note 10)	₱–	₱–	₱205	₱–	₱–	₱205
Inventories (Note 11)	8,341	5,413	14,941	–	–	28,695
	₱8,341	₱5,413	₱15,146	₱–	₱–	₱28,900

** Include net foreign exchange losses and other revenues (expenses).*

Inter-segment Revenues
Inter-segment revenues are eliminated at the consolidation level.

Segment Results
Segment results pertain to the net income (loss) of each of the operating segments excluding the amounts of market valuation gains and losses on financial assets at FVPL, foreign exchange losses and other revenues and expenses which are not allocated to operating segments.

Segment Assets
Segment assets are resources owned by each of the operating segments excluding significant inter-segment transactions.

Segment Liabilities
Segment liabilities are obligations incurred by each of the operating segments excluding significant inter-segment transactions. The Group also reports to the chief operating decision maker the breakdown of the short-term and long-term debt of each of the operating segments.

Capital Expenditures
The components of capital expenditures reported to the chief operating decision maker are the additions to investment property and property plant and equipment during the period.

Geographic Information
The Group operates in the Philippines, Thailand, Malaysia, Indonesia, China, Hong Kong, Singapore, Vietnam, Myanmar and New Zealand.

The following table shows the distribution of the Group's consolidated revenues to external customers by geographical market, regardless of where the goods were produced:

	2015	2014	2013
		(In Thousands)	
Domestic	**₱75,918,231**	₱68,600,627	₱58,941,454
Foreign	**33,132,799**	23,775,670	22,053,762
	₱109,051,030	₱92,376,297	₱80,995,216

The Group has no customer which contributes 10% or more of the consolidated revenues of the Group.

The table below shows the Group's carrying amounts of noncurrent assets per geographic location excluding noncurrent financial assets, deferred tax assets and pension assets:

	2015	2014	2013
		(In Thousands)	
Domestic	**₱25,439,811**	₱24,686,271	₱21,429,562
Foreign	**37,087,525**	12,552,812	11,128,556
	₱62,527,336	₱37,239,083	₱32,558,118

7. Cash and Cash Equivalents

This account consists of:

	2015	2014
Cash on hand	**₱92,278,861**	₱50,364,931
Cash in banks	**2,680,097,754**	1,394,733,314
Short-term investments	**15,526,002,826**	8,631,124,838
	₱18,298,379,441	₱10,076,223,083

Cash in banks earn interest at the prevailing bank deposit rates. Short-term investments represent money market placements that are made for varying periods depending on the immediate cash requirements of the Group, and earn interest ranging from 0.01% to 6.20% and 0.01% to 4.50% for foreign currency-denominated money market placements in 2015 and 2014, respectively. Peso-denominated money market placements on the other hand, earn interest ranging from 1.50% to 2.10% and 1.00% to 1.50% in 2015 and 2014, respectively.

8. Financial Assets at Fair Value Through Profit or Loss

This account consists of investments held-for-trading amounting to ₱401.7 million and ₱476.3 million as of September 30, 2015 and 2014, respectively. Investments held-for-trading consists of quoted equity securities issued by certain domestic entities.

Gains (losses) per class of investment financial assets and derivative financial instrument to fair value though profit and loss:

	2015	2014	2013
Equity securities	**(₱74,626,895)**	₱62,525,954	₱226,425,612
Debt securtites:			
Private bonds	**–**	–	241,882,525
Government securities	**–**	–	4,992,765
Derivatives (Note 9)	**(139,997,361)**	–	–
	(₱214,624,256)	₱62,525,954	₱473,300,902

In 2013, the Group sold all of its debt securities and significant portion of its equity securities at FVPL for a total consideration of ₱10.7 billion (see Note 35). Gain arising from the sale of FVPL investments amounted to ₱54.5 million presented under 'Gain on sale of investments' in the consolidated statements of income. Interest income earned from private bonds and government securities amounted to ₱170.5 million and ₱3.7 million, respectively (see Note 30).

There were no sales of financial assets at FVPL in 2015 and 2014.

9. Derivative Financial Instruments

Derivative not designated as accounting hedge
The Group's derivatives not designated as accounting hedges include foreign currency forwards to take positions for risk management purposes. Also included under this heading are any derivatives designated as accounting hedges but do not meet PAS 39 hedging requirements.

The Group entered into a foreign currency forwards arrangement with notional amount of NZ$322.3 million (₱9.6 billion) and recognized change in fair value of the instrument amounting to ₱151.6 million during the year.

In 2015, the Group recognized commodity swap option as part of the net asset acquired from the acquisition of NZSFHL. The Group recognized gain amounting to ₱5.99 million upon maturity of the contract in 2015.

Derivatives designated as accounting hedge
As part of its asset and liability management, the Group uses derivatives, particularly currency option, as cash flow hedges in order to reduce its exposure to market risks.

The Group's short-term forwards have varying tenors ranging from one to three months and have a total notional amount of NZ$5.43 million at September 30, 2015. The negative fair values amounted to NZ$0.07 million as of September 30, 2015.

Details of 'Other noncurrent liabilities' are as follows:

	2015	2014
Net pension liability	**₱244,731,643**	₱262,167,555
Derivative liability	**151,646,715**	–
	₱396,378,358	₱262,167,555

10. **Receivables**

This account consists of:

	2015	2014
Trade receivables (Note 35)	**₱8,258,369,852**	₱6,703,818,624
Due from related parties (Note 35)	**1,564,936,668**	1,447,647,173
Advances to officers, employees and suppliers	**1,082,523,054**	1,031,636,777
Interest receivable	**17,931,420**	8,026,469
Others	**284,169,946**	504,359,840
	11,207,930,940	9,695,488,883
Less allowance for impairment losses	**374,706,746**	376,287,180
	₱10,833,224,194	₱9,319,201,703

Others include receivables from URC Retirement Plan amounting to nil and ₱55.9 million as of September 30, 2015 and 2014, respectively (see Note 32).

Allowance for Impairment Losses on Receivables

Changes in allowance for impairment losses on receivables follow:

	2015			
	Individual Assessment		**Collective Assessment**	
	Trade Receivables	**Other Receivables**	**Trade Receivables**	**Total**
Balances at beginning of year	**₱173,996,431**	**₱188,729,458**	**₱13,561,291**	**₱376,287,180**
Provision for impairment losses	**421,123**	**4,880,205**	**–**	**5,301,328**
Accounts written-off	**(1,969,653)**	**(4,912,109)**	**–**	**(6,881,762)**
Balances at end of year	**₱172,447,901**	**₱188,697,554**	**₱13,561,291**	**₱374,706,746**

	2014			
	Individual Assessment		Collective Assessment	
	Trade Receivables	Other Receivables	Trade Receivables	Total
Balances at beginning of year	₱193,050,496	₱188,729,458	₱13,561,291	₱395,341,245
Provision for impairment losses	13,183,568	–	–	13,183,568
Recovery/accounts written-off	(32,237,633)	–	–	(32,237,633)
Balances at end of year	₱173,996,431	₱188,729,458	₱13,561,291	₱376,287,180

Allowance for impairment losses on other receivables includes impairment losses on advances to officers, employees and suppliers and other receivables, amounting to ₱19.6 million and ₱169.1 million respectively, as of September 30, 2015 and 2014.

11. **Inventories**

This account consists of:

	2015	2014
At cost:		
Raw materials	**₱7,389,936,987**	₱8,157,810,158
Finished goods	**4,053,655,599**	2,992,767,154
	11,443,592,586	11,150,577,312
At NRV:		
Goods in-process	**848,547,316**	720,606,320
Containers and packaging materials	**1,762,664,661**	1,610,001,186
Spare parts and supplies	**1,979,809,334**	1,647,838,019
	4,591,021,311	3,978,445,525
	₱16,034,613,897	₱15,129,022,837

Under the terms of the agreements covering liabilities under trust receipts totaling ₱4.6 billion and ₱4.4 billion as of September 30, 2015 and 2014, respectively, certain inventories which approximate the trust receipts payable, have been released to the Group in trust for the banks. The Group is accountable to these banks for the trusteed merchandise or their sales proceeds.

Inventory obsolescence, market decline and mark down amounted to ₱578.6 million, ₱377.6 million and ₱726.1 million in 2015, 2014 and 2013, respectively.

The Group recognized impairment losses on its inventories amounting to ₱104.6 million, ₱103.9 million and ₱28.7 million in 2015, 2014 and 2013, respectively. The Group's inventories, net of inventory obsolescence and market decline, amounted to ₱16.0 billion and ₱15.1 billion as of September 30, 2015 and 2014, respectively.

The Group's raw materials used, which include raw materials and container and packaging materials inventory, (presented under 'Cost of sales' in the consolidated statements of income), amounted to ₱53.3 billion, ₱46.8 billion and ₱43.8 billion in 2015, 2014, and 2013, respectively (see Note 25).

12. **Other Current Assets**

This account consists of:

	2015	2014
Input value-added tax (VAT)	**₱535,162,929**	₱253,243,925
Prepaid insurance	**139,353,862**	110,224,122
Deposit held in escrow	**–**	3,516,223,391
Other prepaid expenses	**161,222,702**	97,307,850
	₱835,739,493	₱3,976,999,288

Deposit held in escrow pertains to the NZ$100.0 million initial deposit for the purchase of New Zealand Snack Food Holdings Limited (NZSFHL) as specified under the terms of the Sale and Purchase Agreement (SPA) (see Note 16). Interest income on this account amounted to ₱23.7 million and ₱20.5 million in 2015 and 2014, respectively (see Note 30). Subject to the terms and conditions of the SPA, the deposit was released to the seller in 2015.

Other prepaid expenses include prepaid rent amounting to ₱27.1 million and ₱23.6 million in 2015 and 2014, respectively, and prepaid adverting expense amounting to ₱18.9 million and ₱27.6 million in 2015 and 2014, respectively.

13. Property, Plant and Equipment

	2015				
	Land	Land Improvements	Buildings and Improvements	Machinery and Equipment	Sub-total
Cost					
Balances at beginning of year	**₱2,839,698,936**	**₱1,550,446,218**	**₱10,702,230,833**	**₱46,538,294,659**	**₱61,630,670,646**
Additions (Note 6)	**10,856,863**	**105,449,452**	**650,915,292**	**3,209,917,277**	**3,977,138,884**
Additions from acquisition of a subsidiary	**230,058,094**	**431,466,610**	**1,358,419,691**	**1,880,984,976**	**3,900,929,371**
Disposals, reclassifications and other adjustments	**(94,776,154)**	**(579,005,547)**	**789,183,975**	**4,019,953,025**	**4,135,355,299**
Balances at end of year	**2,985,837,739**	**1,508,356,733**	**13,500,749,791**	**55,649,149,937**	**73,644,094,200**
Accumulated Depreciation and Amortization					
Balances at beginning of year	–	**407,788,336**	**4,200,340,910**	**31,225,556,704**	**35,833,685,950**
Depreciation and amortization (Note 6)	–	**56,728,809**	**571,958,750**	**3,658,824,517**	**4,287,512,076**
Disposals, reclassifications and other adjustments	–	**8,412,242**	**461,245,667**	**2,417,640,985**	**2,887,298,894**
Balances at end of year	–	**472,929,387**	**5,233,545,327**	**37,302,022,206**	**43,008,496,920**
Net Book Value	**₱2,985,837,739**	**₱1,035,427,346**	**₱8,267,204,464**	**₱18,347,127,731**	**₱30,635,597,280**

	2015				
	Transportation Equipment	Furniture, Fixtures and Equipment	Construction In-progress	Equipment In-transit	Total
Cost					
Balances at beginning of year	**₱1,826,578,391**	**₱2,679,073,019**	**₱4,142,359,354**	**₱2,489,111,141**	**₱72,767,792,551**
Additions (Note 6)	**114,018,144**	**174,855,086**	**1,985,466,788**	**264,443,785**	**6,515,922,687**
Additions from acquisition of a subsidiary	–	**55,217,503**	**409,030,701**	–	**4,365,177,575**
Disposals, reclassifications and other adjustments	**(31,900,330)**	**679,661,298**	**(2,658,134,611)**	**(473,946,223)**	**1,651,035,433**
Balances at end of year	**1,908,696,205**	**3,588,806,906**	**3,878,722,232**	**2,279,608,703**	**85,299,928,246**
Accumulated Depreciation and Amortization					
Balances at beginning of year	**1,290,896,406**	**1,235,454,219**	–	–	**38,360,036,575**
Depreciation and amortization (Note 6)	**125,979,149**	**233,785,168**	–	–	**4,647,276,393**
Disposals, reclassifications and other adjustments	**(25,499,787)**	**598,842,388**	–	–	**3,460,641,495**
Balances at end of year	**1,391,375,768**	**2,068,081,775**	–	–	**46,467,954,463**
Net Book Value	**₱517,320,437**	**₱1,520,725,131**	**₱3,878,722,232**	**₱2,279,608,703**	**₱38,831,973,783**

	2014				
	Land	Land Improvements	Buildings and Improvements	Machinery and Equipment	Sub-total
Cost					
Balances at beginning of year	₱2,595,932,120	₱1,501,394,337	₱11,121,880,789	₱41,601,335,738	₱56,820,542,984
Additions (Note 6)	184,605,447	186,155,820	554,505,944	2,035,803,201	2,961,070,412
Disposals, reclassifications and other adjustments	59,161,369	(137,103,939)	(974,155,900)	2,901,155,720	1,849,057,250
Balances at end of year	2,839,698,936	1,550,446,218	10,702,230,833	46,538,294,659	61,630,670,646
Accumulated Depreciation and Amortization					
Balances at beginning of year	–	537,293,236	4,739,023,663	27,260,614,161	32,536,931,060
Depreciation and amortization (Note 6)	–	65,113,676	533,520,120	2,919,887,547	3,518,521,343
Disposals, reclassifications and other adjustments	–	(194,618,576)	(1,072,202,873)	1,045,054,996	(221,766,453)
Balances at end of year	–	407,788,336	4,200,340,910	31,225,556,704	35,833,685,950
Net Book Value	₱2,839,698,936	₱1,142,657,882	₱6,501,889,923	₱15,312,737,955	₱25,796,984,696

	2014				
	Transportation Equipment	Furniture, Fixtures and Equipment	Construction In-progress	Equipment In-transit	Total
Cost					
Balances at beginning of year	₱2,196,774,715	₱2,172,567,195	₱3,059,979,173	₱1,145,218,790	₱65,395,082,857
Additions (Note 6)	78,840,899	218,112,392	3,505,954,893	932,970,178	7,696,948,774
Disposals, reclassifications and other adjustments	(449,037,223)	288,393,432	(2,423,574,712)	410,922,173	(324,239,080)
Balances at end of year	1,826,578,391	2,679,073,019	4,142,359,354	2,489,111,141	72,767,792,551
Accumulated Depreciation and Amortization					
Balances at beginning of year	1,470,171,400	1,207,580,338	–	–	35,214,682,798
Depreciation and amortization (Note 6)	127,834,024	235,297,142	–	–	3,881,652,509
Disposals, reclassifications and other adjustments	(307,109,018)	(207,423,261)	–	–	(736,298,732)
Balances at end of year	1,290,896,406	1,235,454,219	–	–	38,360,036,575
Net Book Value	₱535,681,985	₱1,443,618,800	₱4,142,359,354	₱2,489,111,141	₱34,407,755,976

The Group did not recognize any impairment losses on its property, plant and equipment in 2015, 2014 and 2013.

Borrowing Costs
No borrowing costs have been capitalized as property, plant and equipment under construction in 2015 and 2014.

Depreciation
The breakdown of consolidated depreciation and amortization of property, plant and equipment follows (see Note 28):

	2015	2014	2013
Cost of sales (Notes 25 and 28)	**₱4,278,795,399**	₱3,574,535,754	₱3,395,233,450
Selling and distribution costs (Notes 26 and 28)	**121,695,627**	90,656,884	83,892,540
General and administrative expenses (Notes 27 and 28)	**246,785,367**	216,459,871	138,819,599
	₱4,647,276,393	₱3,881,652,509	₱3,617,945,589

Collateral
As of September 30, 2015 and 2014, the Group has no property and equipment that are pledged as collateral.

14. Available-for-Sale Financial Assets

As of September 30, 2015 and 2014, this account consist of equity securities with the following movement:

	2015	2014
Balance at beginning of year	**₱21,720,000**	₱21,720,000
Fair value changes during the year	**19,160,000**	–
Balance at end of year	**₱40,880,000**	₱21,720,000

In 2015 and 2014, the Group recognized unrealized gains on market revaluation of AFS financial assets amounting to ₱19.2 million and nil, respectively, presented as components of 'Other comprehensive income' in Equity (Note 24).

In 2013, the Group sold all of its debt securities and significant portion of its equity securities for a total consideration of ₱4.7 billion. Gain arising from the sale of AFS financial assets amounted to ₱680.7 million presented under 'Gain on sale of investments' in the consolidated statements of income. The Group recognized interest income of ₱58.1 million and ₱36.7 million from private and government bonds, respectively.

There were no sales of AFS financial assets in 2015 and 2014.

15. **Biological Assets**

This account consists of:

	2015						
	Swine (At Fair Value Less Estimated Costs to Sell)			**Poultry (At Cost)**			
	Breeder	**Commercial**	**Sub-total**	**Breeder**	**Commercial**	**Sub-total**	**Total**
Cost							
Balances at beginning of year	**₱465,283,866**	**₱1,230,995,955**	**₱1,696,279,821**	**₱130,125,571**	**₱47,308,363**	**₱177,433,934**	**₱ 1,873,713,755**
Additions	**169,756,715**	**2,748,409,000**	**2,918,165,715**	**60,393,141**	**59,348,509**	**119,741,650**	**3,037,907,365**
Disposal	**(174,148,870)**	**(2,932,343,352)**	**(3,106,492,222)**	**(107,980,185)**	**(51,228,491)**	**(159,208,676)**	**(3,265,700,898)**
Balances at end of year	**460,891,711**	**1,047,061,603**	**1,507,953,314**	**82,538,527**	**55,428,381**	**137,966,908**	**1,645,920,222**
Accumulated Depreciation							
Balances at beginning of year	**84,987,551**	**–**	**84,987,551**	**54,604,274**	**–**	**54,604,274**	**139,591,825**
Depreciation	**40,907,934**	**–**	**40,907,934**	**77,237,076**	**–**	**77,237,076**	**118,145,010**
Disposal	**(39,974,563)**	**–**	**(39,974,563)**	**(84,954,533)**	**–**	**(84,954,533)**	**(124,929,096)**
Balances at end of year	**85,920,922**	**–**	**85,920,922**	**46,886,817**	**–**	**46,886,817**	**132,807,739**
Gains arising from changes in fair value less estimated costs to sell	**34,100,366**	**75,117,877**	**109,218,243**	**–**	**–**	**–**	**109,218,243**
Net Book Value at End of Year	**₱409,071,155**	**₱1,122,179,480**	**₱1,531,250,635**	**₱35,651,710**	**₱55,428,381**	**₱91,080,091**	**₱1,622,330,726**

	2014						
	Swine (At Fair Value Less Estimated Costs to Sell)			Poultry (At Cost)			
	Breeder	Commercial	Sub-total	Breeder	Commercial	Sub-total	Total
Cost							
Balances at beginning of year	₱464,201,910	₱1,001,731,932	₱1,465,933,842	₱185,254,463	₱79,303,351	₱264,557,814	₱1,730,491,656
Additions	162,192,202	2,781,511,798	2,943,704,000	168,931,820	56,633,538	225,565,358	3,169,269,358
Disposal	(169,709,436)	(2,726,636,231)	(2,896,345,667)	(224,060,712)	(88,628,526)	(312,689,238)	(3,209,034,905)
Balances at end of year	456,684,676	1,056,607,499	1,513,292,175	130,125,571	47,308,363	177,433,934	1,690,726,109
Accumulated Depreciation							
Balances at beginning of year	74,135,733	–	74,135,733	92,295,459	–	92,295,459	166,431,192
Depreciation	49,757,535	–	49,757,535	104,620,603	–	104,620,603	154,378,138
Disposal	(38,905,717)	–	(38,905,717)	(142,311,788)	–	(142,311,788)	(181,217,505)
Balances at end of year	84,987,551	–	84,987,551	54,604,274	–	54,604,274	139,591,825
Gains arising from changes in fair value less estimated costs to sell	8,599,190	174,388,456	182,987,646	–	–	–	182,987,646
Net Book Value at End of Year	₱380,296,315	₱1,230,995,955	₱1,611,292,270	₱75,521,297	₱47,308,363	₱122,829,660	₱1,734,121,930

Total biological assets shown in the consolidated statements of financial position follow:

	2015	2014
Current portion	**₱1,177,607,861**	₱1,278,304,318
Noncurrent portion	**444,722,865**	455,817,612
	₱1,622,330,726	₱1,734,121,930

The Group has about 250,361 and 259,117 heads of swine as of September 30, 2015 and 2014, respectively, and about 486,619 and 466,342 heads of poultry as of September 30, 2015 and 2014, respectively.

16. **Goodwill and Intangible Assets**

The composition and movements of goodwill follow:

	2015	2014
Cost		
Balances at beginning of year	**₱1,041,554,889**	₱1,046,767,480
Additions due to acquisition of a subsidiary	**13,913,396,261**	–
Impairment write-down	**–**	(5,212,591)
Balances at end of year	**14,954,951,150**	1,041,554,889
Accumulated Impairment Losses		
Balances at beginning and end of year	**248,139,704**	248,139,704
Net Book Value at End of Year	**₱14,706,811,446**	₱793,415,185

Acquisition of Griffin's

On July , URC NZ FinCo, a wholly-owned subsidiary of URCICL, entered into a Sale and Purchase Agreement with Pacific Equity Partners (PEP) for the acquisition of 100% equity interest in New Zealand Snack Foods Holding Limited (NZSFHL), which is the holding company of Griffin's Food Limited, the leading snack food company in New Zealand, subject to the approval of New Zealand's Overseas Investment Office (OIO) as required by Overseas Investment Act 2005 and Overseas Investment Regulation of 2005. The total consideration of the acquisition is NZ$233.7 million (approximately ₱8.2 billion), including the initial deposit of NZ$100.0 million (₱3.5 billion) and the balance upon completion (see Note 12).

On October 29, 2014, New Zealand's OIO granted its consent on the application for the acquisition of NZSFHL. On November 14, 2014, following the approval from OIO, the transaction was completed and the remaining balance of the consideration was settled.

The Group engaged the services of a third party valuer to conduct the final purchase price allocation.

The fair values of the identifiable assets and liabilities of NZSFHL at the date of acquisition follow:

Purchase consideration transferred	₱8,152,809,497
Fair value of identifiable assets	
Cash and cash equivalents	₱1,066,628,343
Trade receivables	2,022,403,012
Inventories	1,500,415,759
Property, plant and equipment	4,365,177,575
Intangibles	6,865,982,527
Total Assets	15,820,607,216
Fair value of identifiable liabilities	
Trade payables	(2,889,821,951)
Deferred tax liability	(2,303,077,210)
Income tax liability	(1,020,200)
External bank debt	(16,387,274,619)
Total Liabilities	(21,581,193,980)
Total fair value of identifiable net liabilities	(5,760,586,764)
Goodwill	₱13,913,396,261

In 2015, after the acquisition had been finalized, the Group settled the external debt amounting to ₱16.4 billion.

Goodwill arising from the acquisition of NZ Group is allocated entirely to the operations of Griffins'. None of the goodwill recognized is expected to be deductible for income tax purposes. From the date of acquisition, the NZ Group has contributed gross revenues of ₱7.8 billion and net income amounting to ₱621.7 million to the Group. If the business combination had taken place at the beginning of the year, total revenues and net income attributable to equity holders of the Parent Company in 2015 would have been ₱110.3 billion and ₱10.8 billion, respectively.

The Group's goodwill at September 30, 2014 pertains to: (a) the acquisition of Advanson in December 2007 and (b) the excess of the acquisition cost over the fair values of the net assets acquired by HCFCL and UABCL in 2000. The goodwill arising from the acquisitions of HCFCL, UABCL, and Advanson was translated at the applicable year-end exchange rate.

The composition and movements of intangible assets follow:

	2015				
	Trademark/ Brands	**Product Formulation**	**Software Costs**	**Customer Relationship**	**Total**
Cost					
Balances at beginning of year	**₱251,524,581**	**₱425,000,000**	**₱–**	**₱–**	**₱676,524,581**
Additions from acquisition of a subsidiary	**4,946,976,710**	**–**	**33,033,717**	**1,885,972,100**	**6,865,982,527**
	5,198,501,291	**425,000,000**	**33,033,717**	**1,885,972,100**	**7,542,507,108**
Accumulated Amortization and Impairment Losses					
Balances at beginning of year	**201,524,581**	–	**–**	**–**	**201,524,581**
Amortization during the period	**–**	**–**	**14,756,087**	**44,283,400**	**59,039,487**
	201,524,581	**–**	**14,756,087**	**44,283,400**	**260,564,068**
Net Book Value at End of Year	**₱4,996,976,710**	**₱425,000,000**	**₱18,277,630**	**₱1,841,688,700**	**₱7,281,943,040**

	2014				
	Trademark	Product Formulation	Software Costs	Customer Relationship	Total
Cost					
Balances at beginning and end of year	₱251,524,581	₱425,000,000	₱–	₱–	₱676,524,581
Accumulated Amortization and Impairment Losses					
Balances at beginning and end of year	201,524,581	–	–	–	201,524,581
Net Book Value at End of Year	₱50,000,000	₱425,000,000	₱–	₱–	₱475,000,000

Trademarks and product formulation were acquired from General Milling Corporation in 2008. Total intangibles assets acquired from the acquisition of NZSFHL composed of brands of ₱4.9 billion, customer relationships of ₱1.9 billion and software costs of ₱0.03 billion.

The Group performed its annual impairment test on its goodwill and other intangible assets with indefinite useful lives as of September 30, 2015. The recoverable amounts of goodwill and other intangible assets were determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow is at 9%. The following assumptions were also used in computing value in use:

Growth rate estimates - growth rates were based on experiences and strategies developed for the various subsidiaries. The prospect for the industry was also considered in estimating the growth

rates.
Discount rates - discount rates were estimated based on the industry weighted average cost of capital, which includes the cost of equity and debt after considering the gearing ratio.

17. **Investments in Joint Ventures**

	2015	2014
Acquisition Cost		
Balances at beginning of year	**₱361,500,000**	₱1,250,000
Additional investments	**276,500,000**	360,250,000
Balances at end of year	**638,000,000**	361,500,000
Accumulated Equity in Net Earnings		
Balances at beginning of year	**79,723,735**	84,134,000
Equity in net income (losses) during the year	**(206,481,238)**	14,089,730
Dividends received	**(16,999,995)**	(18,499,995)
Balances at end of year	**(143,757,498)**	79,723,735
Net Book Value at End of Year	**₱494,242,502**	₱441,223,735

Hunt-Universal Robina Corporation
The Parent Company has an equity interest in Hunt-Universal Robina Corporatin (HURC), a domestic joint venture which is a jointly controlled entity. HURC manufactures and distributes food products under the “Hunt’s” brand name, which is under exclusive license to HURC in the Philippines.

Calbee-URC, Inc.
On January 17, 2014, the Parent Company entered into a joint venture agreement with Calbee, Inc., a corporation duly organized in Japan to form Calbee-URC, Inc. (CURCI), a corporation duly incorporated and organized in the Philippines to manufacture and distribute food products under the “Calbee Jack ‘n Jill” brand name, which is under exclusive license to CURCI in the Philippines.

Danone Universal Robina Beverages, Inc.
On May 23, 2014, the Parent Company entered into a joint venture agreement with Danone Asia Holdings Pte, Ltd., a corporation duly organized in the Republic of Singapore to form Danone Universal Robina Beverages, Inc. (DURBI), a corporation duly incorporated and organized in the Philippines to manufacture and distribute food products under the “B’lue” brand name, which is under exclusive license to DURBI in the Philippines.

In 2015, the Parent Company made an additional subscription to the unissued authorized capital stock of DURBI consisting of 9,975,000 common shares for a total cost of ₱276.50 million.

The Parent Company’s percentage of ownership in its joint ventues and its related equity in the net assets are summarized below:

	Percentage of Ownership		Equity in Net Assets	
	2015	2014	**2015**	2014
			(In Millions)	
HURC	**50.0**	50.0	**₱84.5**	₱84.3
CURCI	**50.0**	50.0	**284.6**	325.1
DURBI	**50.0**	50.0	**125.2**	31.8

Summarized financial information in respect of the Group's joint ventures as of September 30, 2015 and 2014 are presented below.

	HURC		CURCI		DURBI	
	2015	2014	**2015**	2014	**2015**	2014
			(Thousands)			
Current assets	**₱385,288**	₱384,320	**₱593,635**	₱650,393	**₱378,004**	₱66,546
Noncurrent assets	**1,642**	1,467	**166,147**	–	**12,989**	–
Current liabilities	**316,737**	315,703	**190,953**	151	**290,443**	2,992
Noncurrent liabilities	**2,562**	529	**–**	–	**–**	–
Revenue	**683,952**	720,066	**158,010**	1,218	**155,614**	57
Costs and expenses	**(651,158)**	(673,644)	**(239,138)**	(4,975)	**(671,588)**	(3,003)
Net income (loss)	**34,330**	34,883	**(81,128)**	(3,758)	**(366,165)**	(2,946)

The summarized financial information presented above represents amounts shown in the joint ventures' financial statements prepared in accordance with PFRS.

Investments in Subsidiaries

As of September 30, 2015 and 2014, the Parent Company has the following percentage of ownership of shares in its wholly owned and partially owned subsidiaries as follows:

Subsidiaries	Country of Incorporation	Effective Percentages of Ownership 2015	2014
CCPI	Philippines	**100.00**	100.00
CFC Corporation	- do -	**100.00**	100.00
Bio-Resource Power Generation Corporation	- do -	**100.00**	100.00
NURC (Note 23)	- do -	**51.00**	65.00
URCPL	British Virgin Islands	**100.00**	100.00
URCICL and Subsidiaries*	- do -	**100.00**	100.00
URCL	Cayman Islands	**100.00**	100.00
URCCCL	China	**100.00**	100.00

**Subsidiaries are located in Thailand, Singapore, Malaysia, Vietnam, Indonesia, China, Hongkong, Myanmar, British Virgin Islands and New Zealand*

The summarized financial information of a subsidiary with material non-controlling interest is provided below. This information is based on financial statements of NURC before inter-company eliminations:

	2015	2014
	(In Thousands)	
Current assets	**₱952,961**	₱1,083,215
Noncurrent assets	**658,997**	323,974
Current liabilities	**1,172,619**	907,181
Noncurrent liabilities	**19,948**	921,191
Revenue	**3,552,587**	2,433,507
Costs and expenses	**(3,131,944)**	(2,018,550)
Net income	**304,454**	299,157

The percentage of equity interest held by non-controlling interest in a subsidiary with material non-controlling interest follows:

Name of Subsidiary	Country of incorporation and operation	**2015**	2014
NURC	Philippines	**49%**	35%

The accumulated non-controlling interest of the above subsidiary as of September 30, 2015 and 2014 amounted to ₱94.7 million and ₱77.6 million, respectively.

The profit or loss allocated to non-controlling interest of the above subsidiary for the year ended September 30, 2015, 2014 and 2013 amounted to ₱121.6 million, ₱96.6 million and ₱72.8 million, respectively.

18. Investment Properties

	2015	2014
Cost		
Balances at beginning and end of year	**₱107,947,364**	₱107,947,364
Accumulated Depreciation		
Balances at beginning of year	**50,771,426**	47,113,639
Depreciation (Note 27 and 28)	**3,657,787**	3,657,787
Balances at end of year	**54,429,213**	50,771,426
Net Book Value at End of Year	**₱53,518,151**	₱57,175,938

The investment properties consist of building, plant, and other land improvements which are made available for lease to certain related parties (see Note 35).

The aggregate fair value of the Group's investment properties amounted to ₱232.2 million as of September 30, 2015 and 2014. The fair values of investment properties have been determined by qualified independent appraisers. The fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The current use of the investment properties represents its highest and best use.

Total rental income earned from investment properties (included under 'Other income' in the consolidated statements of income) amounted to ₱52.9 million, ₱52.8 million and ₱59.3 million in 2015, 2014 and 2013, respectively.

Direct operating expenses (included under 'General and administrative expenses' in the consolidated statements of income) arising from investment properties amounted to ₱0.9 million in 2015, 2014 and 2013.

Collateral

As of September 30, 2015 and 2014, the Group has no investment properties that are pledged as collateral.

19. **Other Noncurrent Assets**

This account consists of:

	2015	2014
Input VAT	**₱309,885,540**	₱272,121,814
Deposits	**377,222,856**	311,834,172
Others	**27,015,914**	24,738,247
	₱714,124,310	₱608,694,233

20. **Short-term Debt**

This account consists of:

	2015	2014
Thai Baht denominated loans - with interest ranging from 2.21% to 2.25% in 2015 and 2.62% in 2014	**₱ 845,285,468**	₱831,689,825
New Zealand Dollar denominated loan - with interest rate of 4.75% in 2014	**–**	3,496,301,000
	₱845,285,468	₱4,327,990,825

Interest is based on prevailing market rates. Accrued interest payable on the Group's short-term debt (included under 'Accounts payable and other accrued liabilities' in the consolidated statements of financial position) amounted to ₱1.1 million and ₱33.4 million as of September 30, 2015 and 2014, respectively (see Note 21). Interest expense from the short-term debt amounted to ₱43.2 million, ₱83.9 million and ₱81.3 million in 2015, 2014 and 2013, respectively (see Note 31).

21. **Accounts Payable and Other Accrued Liabilities**

This account consists of

	2015	2014
Trade payables (Note 35)	**₱7,644,930,094**	₱6,708,603,921
Accrued expenses	**4,277,663,984**	3,552,891,628
Due to related parties (Note 35)	**73,127,178**	69,385,015
Output VAT	**479,165,289**	80,151,281
Customers' deposits	**227,037,889**	370,977,913
Advances from stockholders (Note 35)	**230,204,548**	231,950,035
Others	**234,489,927**	232,078,710
	₱13,166,618,909	₱11,246,038,503

Trade payables are noninterest-bearing and are normally settled on 30-60 day terms. Trade payables arise from purchases of inventories which include raw materials and indirect materials (i.e. packaging materials) and supplies, for use in manufacturing and other operations.

Customers' deposits represent downpayments for the sale of goods or performance of services which will be applied against accounts receivables upon delivery of goods or rendering of services.

As of September 30, 2015 and 2014, others include withholding taxes payable amounting to ₱122.7 million and ₱130.4 million, respectively.

The accrued expenses account consists of:

	2015	2014
Advertising and promotions	**₱2,860,517,046**	₱2,647,344,022
Freight and handling costs	**348,473,883**	283,175,644
Interest payable	**220,122,308**	34,275,977
Utilities	**216,544,045**	215,938,805
Contracted services	**39,602,308**	61,878,175
Others	**592,404,394**	310,279,005
	₱4,277,663,984	₱3,552,891,628

Others include accrual for professional and legal fees and other benefits.

22. **Long-term Debt**

This account consists of:

	Principal	Unamortized debt issuance costs	Total
URC NZ FinCo Loan	₱12,559,785,840	₱185,815,524	**₱12,373,970,316**
URC Oceania Loan	9,638,711,395	143,000,750	**9,495,710,645**
	₱22,198,497,235	₱328,816,274	**₱21,869,680,961**

URC NZ FinCo NZ$420 Million Term Loan due 2019

On November 13, 2014, URC NZ FinCo Ltd. entered into a secured term loan facility agreement payable in five (5) years, amounting to NZ$420M (₱12.6 billion), with various banks for payment of acquisition costs and to refinance certain indebtedness of an acquired company, NZSFHL. The loan obtained bears a market rate plus a certain spread, payable quarterly, maturing on November 13, 2019.

URC Oceania NZ$322 Million Term Loan due 2019

On November 13, 2014, URC Oceania Co. Ltd. entered into a secured term loan facility agreement payable in five (5) years, amounting to NZ$322M (₱9.6 billion), with various banks for payment of acquisition costs and to refinance certain indebtedness of an acquired company, NZSFHL. The loan obtained bears a market rate plus a certain spread, payable quarterly, maturing on November 13, 2019.

For the URZ NZ Finco and URC Oceania loans, the Group is required to maintain consolidated debt to equity ratio of not greater than 2.5 to 1.0.

URC ₱3.0 Billion 8.75% Fixed Corporate Notes Due 2014

On March 24, 2009, URC issued fixed corporate notes amounting to ₱3.0 billion to various financial institutions for capital expenditures and general corporate purposes. The notes bear a fixed interest rate of 8.75%, payable semi-annually in arrears, and have a term of five (5) years, maturing on March 27, 2014.

The notes contain negative covenants that, among others, prohibit merger or consolidation with other entities if it is not the surviving entity, nor shall it create or form another corporation or subsidiary when a material adverse effect will result. The notes also contain affirmative covenants which include among others maintenance of a debt to equity ratio of not greater than 2.0 to 1.0 and interest coverage ratio of not lesser than 2.0 to 1.0.

On February 28, 2013, URC redeemed the loan under Section 3.07 of the Loan Agreement "Redemption Due to Taxation". Total payment amounted to ₱3.1 billion, including interest.

The Group has complied with all of its debt covenants as of September 30, 2015 and 2014.

23. **Equity**

The details of the Parent Company's common stock as of September 30, 2015, 2014 and 2013 follow:

Authorized shares	2,998,000,000
Par value per share	₱1.00
Issued shares:	
Balances at beginning and end of year	2,227,638,933
Outstanding shares	2,181,501,933

As of September 30, 2015 and 2014, the paid-up capital of the Group consists of the following:

Common stock	₱2,227,638,933
Additional paid-in capital	16,829,046,318
Total paid-up capital	₱19,056,685,251

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to these ratios in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital structure or issue capital securities. No changes have been made in the objective, policies and processes as they have been applied in previous years.

The Group monitors its use of capital structure using a debt-to-capital ratio which is gross debt divided by total capital. The Group includes within gross debt all interest-bearing loans and borrowings, while capital represents total equity.

Following is a computation of the Group's debt-to-capital ratio as of September 30, 2015 and 2014:

		2015	2014	2013
(a)	Short-term debt (Note 20)	**₱845,285,468**	₱4,327,990,825	₱1,945,430,681
	Trust receipts payable (Note 11)	**4,620,725,913**	4,412,695,949	2,384,316,199
	Long-term debt (Note 22)	**21,869,680,961**	–	–
		₱27,335,692,342	₱8,740,686,774	₱4,329,746,880
(b)	Capital	**₱65,359,628,291**	₱56,026,996,300	₱50,830,029,642
(c)	Debt-to-capital ratio (a/b)	**0.42:1**	0.16:1	0.09:1

The Group's policy is to not to exceed a debt-to-capital ratio at 2:1 level. The Group considers its total equity as capital.

Cumulative Redeemable Preferred Shares
The Group's authorized preferred shares of stock are 12.00% cumulative, nonparticipating, and nonvoting. In case of dissolution and liquidation of the Parent Company, the holders of the preferred shares shall be entitled to be paid an amount equal to the par value of the shares or ratably insofar as the assets of the Parent Company may warrant, plus accrued and unpaid dividends thereon, if any, before the holders of the common shares of stock can be paid their liquidating dividends. The authorized preferred stock is 2,000,000 shares at par value of ₱1.00 per share. There have been no issuances of preferred stock as of September 30, 2015 and 2014.

Retained Earnings
Accumulated equity in net earnings of the subsidiaries and associates
A portion of the Group's retained earnings corresponding to the net earnings of the subsidiaries and accumulated equity in net earnings of the associates and joint ventures amounting to ₱36.4 billion and ₱31.5 billion as of September 30, 2015 and 2014, respectively, is not available for dividend declaration. The accumulated equity in net earnings becomes available for dividends upon receipt of the Parent Company from the investees.

Dividends
Details of the Group's dividend declarations follow:

Parent Company

	2015	2014	2013
Date of declaration	**February 6, 2015**	February 6, 2014	April 18, 2013
Dividend per share	**₱3.00**	₱3.00	₱2.40
Total dividends	**₱6.5 billion**	₱6.5 billion	₱5.2 billion
Date of record	**February 26, 2015**	February 26, 2014	May 10, 2013
Date of payment	**Mach 24, 2015**	March 24, 2014	June 6, 2013

NURC

Year	Date of declaration	Dividend per share	Total dividends	Date of record	Date of payment
2015	November 30, 2014	0.42	₱79,114,249	November 30, 2014	February 28, 2015
2015	December 15, 2014	1.53	289,000,000	September 30, 2014	February 28, 2015
2014	December 11, 2013	1.06	200,000,000	September 30, 2013	February 28, 2014
2013	December 07, 2012	0.85	160,000,000	December 31, 2012	February 1, 2013

CCPI

In September 2015, the BOD of CCPI approved the declaration of cash dividends to the stockholders amounting to ₱376.1 million payable on February 26, 2015.

There were no dividend decleration and dividend payments to stockholders of CCPI in 2014.

In October 2012, the BOD of CCPI approved the declaration of property dividends to the stockholders amounting to ₱614.2 million. The dividends were distributed in full on October 29, 2012.

The Group intends to maintain an annual cash dividend payment ratio of 50.0% of the Group's consolidated net income from the preceding fiscal year, subject to the requirements of the applicable laws and regulations and the absence of circumstances which may restrict the payment of such dividends. The BOD may, at any time, modify such dividend payment ratio.

Appropriation of retained earnings
On September 18, 2015, as approved by the BOD, the Group has appropriated retained earnings amounting to ₱2.0 billion for the Group's capital expenditure commitments to expand capacities in the snackfoods and beverage businesses across branded food operations which is expected to be completed within the next two years.

On February 11, 2013, the BOD approved the reversal of the previously appropriated retained earnings amounting to ₱5.0 billion. On the same date, the BOD approved the appropriation of retained earnings amounting to ₱6.0 billion for the purposes of the Group's plant expansion. On September 18, 2013, the BOD approved the reversal of the previously appropriated retained earnings amounting to ₱6.0 billion.

Treasury Shares
On June 14, 2012, the Parent Company's BOD approved the sale of 120 million common shares previously held as treasury shares through a placement to institutional investors at a selling price of ₱62 per share, with a total gross selling proceeds amounting to ₱7.4 billion. On June 19, 2012, the Parent Company received the net cash proceeds amounting to ₱7.3 billion, net of the transactions costs amounting to ₱95.2 million. The proceeds of the said sale will be used for potential acquisition and general corporate purposes. CLSA Limited acted as a sole book-runner and sole placing agent for the sale.

The Parent Company has outstanding treasury shares of 46.1 million as of September 30, 2015, 2014 and 2013. The Parent Company is restricted from declaring an equivalent amount of the treasury shares from the unappropriated retained earnings as dividends.

Equity Reserve
In December 2014, URC entered into a share purchase agreement with Nissin Foods (Asia) Pte., Ltd. to sell 14.0% of its equity interest in NURC for a total consideration of ₱506.7 million. As a result of the sale, the equity interest of URC changed from 65.0% to 51.0%. The excess of the consideration received over the carrying amount of the equity transferred to NCI amounting to ₱481.1 million is presented under "Equity Reserve" in the consolidated statements of changes in equity.

In August 2012, the Parent Company has acquired 23.0 million common shares of URCICL from International Horizons Investment Ltd for ₱7.2 billion. The acquisition of shares represents the remaining 23.00% interest in URCICL. As a result of the acquisition, the Parent Company now holds 100.00% interest in URCICL. The Group recognized equity reserve from the acquisition amounting to about ₱5.6 billion included under “Equity Reserve” in the consolidated statements of changes in equity.

Record of Registration of Securities with SEC

Summarized below is the Parent Company's track record of registration of securities under the Securities Registration Code.

Date of offering	Type of offering	No. of shares offered	Par value	Offer price	Authorized number of Shares	Issued and Outstanding Shares
February 17, 1994	Registration of authorized capital stock	–	₱1.00	₱–	1,998,000,000 common shares 2,000,000 preferred shares	–
February 23, 1994	Initial public offering					
	Subscribed and fully paid common Shares	929,890,908	1.00	1.00	–	929,890,908
	New common shares	309,963,636	1.00	21.06	–	309,963,636
July 21, 1995	20.00% stock dividend	247,970,907	–	–	–	247,970,907
October 15, 2001	10.00% stock dividend	148,782,542	–	–	–	148,782,542
June 20, 2003	Property-for-share swap [the Parent Company shares in exchange for property of Robinsons Supermarket Corporation (RSC)]	49,871,556	–	–	–	49,871,556
December 16, 2005	Increase in authorized capital stock (payment by way of 15.00% stock dividend)	–	–	–	1,000,000,000 common shares	252,971,932

(Forward)

Date of offering	Type of offering	No. of shares offered	Par value	Offer price	Authorized number of Shares	Issued and Outstanding Shares
February 7, 2006	New share offering for common shares:					
	a. Primary shares	282,400,000	₱1.00	₱17.00	–	282,400,000
	b. Secondary shares	352,382,600				
	c. Over-allotment shares	95,217,400				
November 14, 2007 to October 20, 2008	Acquisition of Parent Company's shares under the share buy-back program	–	–	–	–	(75,104,200)
April 21, 2009	Issuance of shares to JGSHI	–	–	–	–	5,787,452
December 8, 2009 to January 27, 2011	Acquisition of Parent Company's shares under the share buy-back Program	–	–	–	–	(91,032,800)
June 14, 2012	Sale of treasury shares	–	–	–	–	120,000,000
						2,181,501,933

The table below provides information regarding the number of stockholders of the Parent Company as of September 30, 2015, 2014 and 2013:

	2015	2014	2013
Common shares	**1,042**	1,066	1,085

24. Components of Other Comprehensive Income

The breakdown and movement of other comprehensive income attributable to equity holders of the Parent Company follows:

	2015	2014	2013
Items to be reclassified to profit or loss in subsequent periods:			
Cumulative translation adjustments	**₱3,801,908,167**	₱819,382,429	₱601,100,078
Net unrealized gain on AFS financial assets (Note 14):			
Balances at beginning of year	**–**	–	650,504,738
Change in fair value during the year	**19,160,000**	–	110,370,180
Reclassification adjustment included in the profit or loss arising from disposal of AFS financial assets	**–**	–	(760,874,918)
Balances at end of year	**19,160,000**	–	–
Net unrealized loss on cash flow hedges (Note 9):			
Change in fair value during the year	**(1,449,501)**	–	–
	3,819,618,666	819,382,429	601,100,078
Item not to be reclassified to profit or loss in subsequent periods:			
Remeasurement losses on defined benefit plans:			
Balances at beginning of year	**(698,479,087)**	(609,472,681)	(370,583,392)
Remeasurement losses on defined benefit plans during the year	**(6,590,265)**	(89,006,406)	(238,889,289)
Balances at end of year	**(705,069,352)**	(698,479,087)	(609,472,681)
Income tax effect	**211,520,806**	209,543,727	182,841,804
	(493,548,546)	(488,935,360)	(426,630,877)
	₱3,326,070,120	₱330,447,069	₱174,469,201

The Group does not recognize income tax on cumulative translation adjustments.

25. Cost of Sales

This account consists of:

	2015	2014	2013
Raw materials used	**₱53,294,754,531**	₱46,770,621,016	₱43,817,028,459
Direct labor	**4,251,024,101**	2,442,500,703	2,063,484,958
Overhead costs	**16,656,817,256**	15,853,990,814	12,010,027,750
Total manufacturing costs	**74,202,595,888**	65,067,112,533	57,890,541,167
Goods in-process	**(103,861,298)**	(214,487,461)	(141,609,230)
Cost of goods manufactured	**74,098,734,590**	64,852,625,072	57,748,931,937
Finished goods	**(297,299,108)**	(847,247,155)	27,072,348
	₱73,801,435,482	₱64,005,377,917	₱57,776,004,285

Overhead costs are broken down as follows:

	2015	2014	2013
Utilities	**₱6,724,572,531**	₱7,617,555,083	₱5,204,472,840
Depreciation and amortization (Note 28)	**4,293,551,486**	3,574,535,754	3,395,233,450
Repairs and maintenance	**2,195,999,911**	2,004,020,427	1,462,403,873
Personnel expenses (Note 29)	**1,978,646,243**	1,466,686,047	1,321,879,981
Rental expense (Note 37)	**1,018,125,361**	881,496,776	393,609,271
Handling and delivery charges	**168,610,328**	73,878,521	56,480,317
Research and development	**85,283,906**	73,139,925	82,871,021
Others	**192,027,490**	162,678,281	93,076,997
	₱16,656,817,256	₱15,853,990,814	₱12,010,027,750

26. **Selling and Distribution Costs**

	2015	2014	2013
Advertising and promotions	**₱6,312,005,354**	₱5,313,458,212	₱5,127,544,573
Freight and other selling expenses	**6,302,343,505**	4,992,463,143	4,239,618,811
Personnel expenses (Note 29)	**1,598,020,251**	1,108,922,133	1,052,919,667
Depreciation and amortization (Note 28)	**165,979,027**	90,656,884	83,892,540
Repairs and maintenance	**70,689,807**	94,303,151	76,707,620
Other selling and distribution costs	**173,844,393**	131,616,300	65,697,804
	₱14,622,882,337	₱11,731,419,823	₱10,646,381,015

27. **General and Administrative Expenses**

	2015	2014	2013
Personnel expenses (Note 29)	**₱1,845,846,562**	₱1,357,827,433	₱1,063,694,395
Depreciation and amortization (Note 28)	**250,443,154**	220,117,658	142,477,386
Professional and legal fees	**159,732,814**	84,146,493	58,901,602
Travel and transportation	**150,571,485**	172,462,015	270,853,622
Repairs and maintenance	**125,344,450**	102,176,650	94,336,606
Taxes, licenses and fees	**115,539,003**	105,078,199	110,542,170
Security and contractual services	**93,238,375**	64,308,796	65,520,711
Communication	**91,565,921**	46,895,114	45,289,786
Utilities	**53,063,499**	54,713,246	47,490,740
Rental expense (Note 37)	**75,649,892**	46,920,062	48,774,294
Stationery and office supplies	**27,999,527**	28,008,290	29,185,129
Donations and contributions	**8,702,557**	3,734,332	101,705,353
Other expenses	**255,594,226**	233,939,136	215,011,056
	₱3,253,291,465	₱2,520,327,424	₱2,293,782,850

28. Depreciation and Amortization

The breakdown of consolidated depreciation and amortization on property, plant and equipment, investment in properties and intangible assets follows:

	2015	2014	2013
Cost of sales (Notes 13 and 25)	**₱4,293,551,486**	₱3,574,535,754	₱3,395,233,450
Selling and distribution costs (Notes 13 and 26)	**165,979,027**	90,656,884	83,892,540
General and administrative expenses (Notes 13, 16, 18, and 27)	**250,443,154**	220,117,658	142,477,386
	₱4,709,973,667	₱3,885,310,296	₱3,621,603,376

29. Personnel Expenses

This account consists of:

	2015	2014	2013
Salaries and wages	**₱3,873,144,742**	₱2,708,604,158	₱2,491,067,248
Other employee benefits	**1,419,785,105**	1,100,013,481	844,508,937
Pension expense (Note 32)	**129,583,209**	124,817,974	102,917,858
	₱5,422,513,056	₱3,933,435,613	₱3,438,494,043

The breakdown of personnel expenses follows:

	2015	2014	2013
Cost of sales (Note 25)	**₱1,978,646,243**	₱1,466,686,047	₱1,321,879,981
Selling and distribution costs (Note 26)	**1,598,020,251**	1,108,922,133	1,052,919,667
General and administrative expenses (Note 27)	**1,845,846,562**	1,357,827,433	1,063,694,395
	₱5,422,513,056	₱3,933,435,613	₱3,438,494,043

30. Finance Revenue

This account consists of:

	2015	2014	2013
Bank interest income	**₱228,893,761**	₱191,054,204	₱157,384,222
Interest income on escrow fund (Note 12)	**23,748,550**	20,466,995	–
Dividend income	**22,698,413**	16,151,434	100,954,333
Interest income on financial assets at FVPL (Note 8)	**–**	–	174,184,912
Interest income from AFS financial assets (Note 14)	**–**	–	94,805,348
Others	**1,839,664**	1,188,200	2,310,865
	₱277,180,388	₱228,860,833	₱529,639,680

31. **Finance Costs**

This account consists of finance costs arising from:

	2015	2014	2013
Short-term debt (Note 20)	**₱43,214,597**	₱83,913,655	₱81,339,791
Net interest on net pension liability (Note 32)	**12,993,140**	27,684,710	20,895,270
Long-term debt (Note 22)	**1,105,529,776**	–	129,907,337
Others	**115,815,489**	38,811,613	33,890,997
	₱1,277,553,002	₱150,409,978	₱266,033,395

32. **Pension Costs**

The Group has a funded, noncontributory defined benefit retirement plan covering all its employees. The pension funds are being administered and managed through JG Summit Multi-Employer Retirement Plan (The Plan), with Robinsons Bank Corporation (RBC) as Trustee. The plan provides for retirement, separation, disability and death benefits to its members. The Group, however, reserves the right to discontinue, suspend or change the rates and amounts of its contributions at any time on account of business necessity or adverse economic conditions. The latest actuarial valuation was made on September 30, 2015.

Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under law. The law does not require minimum funding of the plan.

Changes in net defined benefit liability of funded funds of the Group are as follows:

2015

		Net benefit cost in consolidated statements of income				Remeasurements in other comprehensive income						
	1 October 2014	**Current service cost**	**Net interest cost (Note 31)**	**Subtotal**	**Benefits paid**	**Return on plan assets (excluding amount included in net interest cost)**	**Actuarial changes arising from changes in experience adjustments**	**Actuarial changes arising from demographic assumptions**	**Actuarial changes arising from changes in financial assumptions**	**Subtotal**	**Contribution by employer**	**30 September 2015**
Present value of defined benefit obligation	**₱2,211,764,369**	**₱129,583,209**	**₱109,142,294**	**₱238,725,503**	**(₱168,459,862)**	**₱–**	**(₱107,975,034)**	**(₱6,919,028)**	**₱67,228,334**	**(₱47,665,728)**	**₱–**	**₱2,234,364,282**
Fair value of plan assets	**(1,949,596,814)**	**–**	**(96,149,154)**	**(96,149,154)**	**168,459,862**	**55,995,796**	**–**	**–**	**–**	**55,995,796**	**(168,342,329)**	**(1,989,632,639)**
	₱262,167,555	**₱129,583,209**	**₱12,993,140**	**₱142,576,349**	**₱–**	**₱55,995,796**	**(₱107,975,034)**	**(₱6,919,028)**	**₱67,228,334**	**₱8,330,068**	**(₱168,342,329)**	**₱244,731,643**

2014

		Net benefit cost in consolidated statements of income				Remeasurements in other comprehensive income						
	1 October 2013	Current service cost	Net interest cost (Note 31)	Subtotal	Benefits paid	Return on plan assets (excluding amount included in net interest cost)	Actuarial changes arising from changes in experience adjustments	Actuarial changes arising from demographic assumptions	Actuarial changes arising from changes in financial assumptions	Subtotal	Contribution by employer	30 September 2014
Present value of defined benefit obligation	₱2,030,171,549	₱124,817,974	₱92,773,981	₱217,591,955	(₱92,798,368)	₱–	₱119,294,178	₱–	(₱62,494,945)	₱56,799,233	₱–	₱2,211,764,369
Fair value of plan assets	(1,425,753,998)	–	(65,089,271)	(65,089,271)	92,798,368	31,917,779	–	–	–	31,917,779	(583,469,692)	(1,949,596,814)
	₱604,417,551	₱124,817,974	₱27,684,710	₱152,502,684	₱–	₱31,917,779	₱119,294,178	₱–	(₱62,494,945)	₱88,717,012	(₱583,469,692)	₱262,167,555

The fair value of net plan assets of the Group by each classes as at the end of the reporting period are as follows:

	2015	2014
Assets		
Cash and cash equivalents	**₱183,797,082**	₱176,249,924
Short-term notes receivable (Note 35)	**1,600,894,571**	1,626,914,603
Held-to-maturity investments	**109,173,647**	108,734,216
Available-for-sale investments	**1,379,042**	–
Interest receivable	**2,825,431**	2,163,953
Land	**91,448,525**	91,448,525
	1,989,518,298	2,005,511,221
Liabilities		
Accrued trust and management fees	**24,521**	24,431
Due to related party (Notes 10 and 35)	–	55,889,976
Unrealized loss from AFS	**(138,862)**	–
	(114,341)	55,914,407
	₱1,989,632,639	₱1,949,596,814

The costs of defined benefit pension plan as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension for defined benefit plans are as follows:

	Parent Company		NURC		CCPI	
	2015	2014	**2015**	2014	**2015**	2014
Discount rate	**4.68%**	4.93%	**4.91%**	5.19%	**4.86%**	5.29%
Salary increase	**5.70%**	5.50%	**5.70%**	5.50%	**5.70%**	5.50%

The overall expected rate of retun on assets is determined based on the market expectation prevailing on that date, applicable to the period over which the obligation is to be settled.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the reporting period, assuming all other assumptions were held constant:

	Increase	Parent Company		NURC		CCPI	
	(Decrease)	**2015**	2014	**2015**	2014	**2015**	2014
Discount rate	1.00%	**(₱140,965,138)**	(₱156,587,407)	**(₱3,443,354)**	(₱3,006,959)	**(₱3,403,149)**	(₱2,189,954)
	(1.00%)	**163,123,786**	182,006,435	**4,120,884**	3,623,428	**4,282,353**	2,784,107
Salary increase	1.00%	**153,693,599**	170,967,679	**3,925,665**	3,447,555	**4,118,574**	2,673,122
	(1.00%)	**(135,822,038)**	(150,414,386)	**(3,360,049)**	(2,931,388)	**(3,352,210)**	(2,152,661)

The Group expects to contribute ₱146.0 million in the pension fund in 2016.

Shown below is the maturity analysis of the Group's expected (undiscounted) benefit payments:

	2015	2014
Less than one year	**₱548,053,504**	₱416,879
More than one year to five years	**757,817,463**	3,231,477
More than five years to 10 years	**1,059,630,321**	13,483,093
More than 10 years to 15 years	**1,209,908,229**	40,346,387
More than 15 years to 20 years	**1,199,775,962**	59,047,261
More than 20 years	**2,557,591,721**	337,379,267

Shown below is the average duration of the defined benefit obligation at the end of the reporting period:

	2015	2014
	(Years)	
Parent Company	**15**	16
NURC	**21**	21
CCPI	**26**	28

33. **Income Taxes**

Provision for income tax consists of:

	2015	2014	2013
Current	**₱3,382,651,738**	₱2,318,032,975	₱1,631,297,901
Deferred	**(131,104,097)**	254,190,944	(198,856,103)
	₱3,251,547,641	₱2,572,223,919	₱1,432,441,798

Components of the Group's net deferred tax assets and liabilities follow:

	Net deferred tax assets		**Net deferred tax liabilities**	
	2015	2014	**2015**	2014
Deferred tax assets on:				
Net unrealized foreign exchange loss	**₱360,723,741**	₱149,905,530	**₱4,347,263**	₱173,655
Impairment losses on trade receivables and property and equipment	**113,354,637**	113,860,745	**292,417**	376,086
Pension liabilities	**100,628,154**	108,753,816	**37,785,006**	14,560
Past service cost	**104,979,277**	118,060,355	–	–
Inventory write-downs	**37,960,487**	33,518,687	**3,065,907**	–
Foreign subsidiaries	**53,284,051**	24,343,388	–	–
Nondeductible accruals	–	–	**22,600,931**	–
NOLCO	**1,236,857**	59,531	–	–
MCIT	**355,351**	355,351	–	–
Others	–	–	**563,695**	–
	772,522,555	548,857,403	**68,655,219**	564,301
Deferred tax liabilities on:				
Intangibles	–	–	**1,657,470,182**	–
Undistributed income of foreign subsidiaries	–	–	**509,578,351**	431,331,183
Accelerated depreciation	–	–	**276,494,455**	–
Gain arising from changes in	**165,197,061**	132,431,588	–	–

	Net deferred tax assets		Net deferred tax liabilities	
	2015	2014	**2015**	2014
fair value less estimated point-of-sale costs of swine stocks				
Foreign subsidiaries	**₱–**	₱–	**₱34,595,592**	₱33,215,172
Borrowing costs	**9,726,558**	12,032,759	**–**	–
	174,923,619	144,464,347	**2,478,138,580**	464,546,355
Net deferred tax assets (liabilities)	**₱597,598,936**	₱404,393,056	**(₱2,409,483,361)**	(₱463,982,054)

As of September 30, 2015 and 2014, the Group's subsidiaries did not recognize deferred tax assets amounting to ₱148.7 million and ₱47.6 million, respectively, since management believes that future taxable income will not be available to allow all or part of the deferred tax assets to be utilized. The temporary difference wherein no deferred tax assets were recognized were from the unrealized foreign exchange losess of the Group's subsidiaries.

Reconciliation between the Group's statutory income tax rate and the effective income tax rate follows:

	2015	2014	2013
Statutory income tax rate	**30.00%**	30.00%	30.00%
Tax effects of:			
Nondeductible interest expense	**1.01**	0.08	0.12
Equity in net income of a joint venture	**(0.39)**	0.03	0.05
Income exempt from tax	**(0.24)**	–	(0.32)
Market valuation gain on financial assets at FVPL	**0.14**	(0.13)	(0.18)
Interest income subjected to final tax	**(0.27)**	(0.28)	(0.31)
Net income of subsidiaries for which no tax was provided	**(12.17)**	(12.91)	(19.68)
Others	**2.56**	1.29	2.72
Effective income tax rate	**20.64%**	18.08%	12.40%

RA No. 9337

RA No. 9337 was enacted into law which amended various provisions in the existing 1997 National Internal Revenue Code. Among the reforms introduced by the said RA were the reduction in the regular corporate income tax rate from 35% to 30% beginning January 1, 2009; and the reduction of nondeductible interest expense from 42% of interest income subjected to final tax to 33% beginning January 1, 2009.

Entertainment, Amusement and Recreation (EAR) Expenses

Revenue Regulation No. 10-2002 defines expenses to be classified as EAR expenses and sets a limit for the amount that is deductible for tax purposes. EAR expenses are limited to 0.5% of net sales for sellers of goods or properties or 1% of net revenue for sellers of services. For sellers of both goods or properties and services, an apportionment formula is used in determining the ceiling on such expenses. EAR expenses amounted to ₱40.0 million, ₱36.4 million and ₱33.5 million in 2015, 2014 and 2013, respectively.

MCIT

An MCIT of 2% on modified gross income is computed and compared with the RCIT. Any excess of the MCIT over RCIT is deferred and can be used as a tax credit against future income tax liability for the next three years. In 2013, CFC Corporation has excess MCIT over RCIT amounting to ₱0.4 million for which deferred tax asset was recognized.

34. Earnings Per Share

The following reflects the income and share data used in the basic/dilutive EPS computations:

	2015	2014	2013
Net income attributable to equity holders of the parent	**₱12,383,347,980**	₱11,558,709,746	₱10,044,555,499
Weighted average number of common shares	**2,181,501,933**	2,181,501,933	2,181,501,933
Basic/dilutive EPS	**₱5.68**	₱5.30	₱4.60

The weighted average number of common shares takes into account the treasury shares at year end. There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these consolidated financial statements.

There were no potential dilutive shares in 2015, 2014, and 2013.

35. Related Party Transactions

The Group, in the regular conduct of its business, has entered into transactions with JGSHI, its ultimate parent, and other related parties principally consisting of sales, purchases, advances and reimbursement of expenses, regular banking transactions, leases and, management and administrative service agreements. Transactions with related parties are generally settled in cash. The amounts and related volumes and changes are presentedin the summary below.

Intercompany transactions are eliminated in the accompanying consolidated financial statements. Related party transactions not eliminated are as follows:

2015							
			Outstanding Balance in Statement of Financial Position				
Related Party	**Category/ Transaction**	**Amount/ Volume**	**Cash and Cash Equivalents** (Note 7)	**Trade Receivable (Payable) - net** (Notes 10 and 21)	**Non- trade Receivable (Payable) - net** (Notes 10 and 21)	**Terms**	**Conditions**
Ultimate Parent Company	Advances	**₱201,634**	**₱–**	**₱–**	**₱880,029,217**	**On demand; non-interest bearing**	**Unsecured; no impairment**
	Rental expense	**147,956,480**	–	–	–		
	Other expense	–	–	–	–		
Entity under common control							
Due from related parties	Advances	**311,061,811**	–	–	**684,907,451**	**On demand; non-interest bearing**	**Unsecured; no impairment**
	Sales	**714,682,700**	–	**37,657,484**	–	**On demand; non-interest bearing**	**Unsecured; no impairment**
	Rental income	**32,219,041**	–	–	–		
	Engineering services	**9,241,013**	–	–	–		
Due to related parties			–	–	**(73,127,178)**		
Cash and cash equivalents	Cash in bank	**(35,281,944)**	**121,049,551**	–	–	**Interest-bearing at prevailing market rate; due and demandable**	**Unsecured; no impairment**
	Money market placements	**204,438,784**	**2,139,934,132**	–	–	**Interest-bearing at prevailing market rate; due and demandable**	**Unsecured; no impairment**
Joint Venture	Purchases	**677,604,771**		**(54,072,655)**	–	**1-30 days; non-interest bearing**	**Unsecured**
	Sales	**195,457,699**		**30,185,596**	–		

			2014				
			Outstanding Balance in Statement of Financial Position				
Related Party	**Category/ Transaction**	**Amount/ Volume**	**Cash and Cash Equivalents** (Note 7)	**Trade Receivable (Payable) - net** (Notes 10 and 21)	**Non- trade Receivable (Payable) - net** (Notes 10 and 21)	**Terms**	**Conditions**
Ultimate Parent Company	Advances	₱183,304	₱–	₱–	₱815,929,379	On demand; non-interest bearing	Unsecured; no impairment
	Rental expense	122,152,062	–	–	–		
	Other expense	(8,939,602)	–	–	–		
Entity under common control							
Due from related parties	Advances	31,143,140	–	–	631,717,794	On demand; non-interest bearing	Unsecured; no impairment
	Sales	287,074,160	–	558,543,657	–	On demand; non-interest bearing	Unsecured; no impairment
	Rental income	16,558,539	–	–	–		
	Engineering services	9,457,541	–	–	–		
Due to related parties		–	–	–	(69,385,015)		
Cash and cash equivalents	Cash in bank	10,094,953	159,289,558	–	–	Interest-bearing at prevailing market rate; due and demandable	Unsecured; no impairment
	Money market placements	25,694,057	1,935,495,348	–	–	Interest-bearing at prevailing market rate; due and demandable	Unsecured; no impairment
Joint Venture	Purchases	718,840,162	–	(63,909,449)	–	1-30 days; non-interest bearing	Unsecured
	Sales	41,268,800					

2013		
Related Party	Category/ Transaction	Volume/ Amount
Ultimate Parent Company	Rent expense	₱118,795,519
	Other expense	39,451,744
Entities under common control	Sales	341,388,699
	Rental income	10,822,935
	Engineering services	10,034,801
Joint Venture	Purchases	662,499,617
	Sales	38,909,600
	Rental income	1,130,917

The Group's significant transactions with related parties follow:

(a) The Group maintains savings and current accounts and time deposits with an entity under common control which is a local commercial bank. Cash and cash equivalents earns interest at the prevailing bank deposit rates.

(b) In 2013, the Group sold majority of its debt and equity securities classified as financial assets at FVPL and AFS financial assets to JG Summit Philippines Limited, Inc. for a total consideration of ₱15.2 billion. Realized gain arising from these transactions amounted to ₱717.2 million (see Notes 8 and 14).

(c) As of September 30, 2015 and 2014, the Group has advances from stockholders amounting to ₱230.2 million and ₱232.0 million, respectively.

Sale of Noodle Line Assets through Asset Purchase Agreement
On November 17, 2014, NURC entered into an asset purchase agreement with the Parent Company to acquire the latter's noodle line assets for a consideration of ₱366.7 million which comprised the following:

- Building and improvements thereon as well the machinery and equipment, free from liens and encumbrances, for a total consideration of ₱290.2 million; and
- Inventories such as raw materials, packing materials, semi-manufactured inventory and spare parts and supplies, for a total consideration of ₱76.5 million.

Transactions with the retirement plan
The retirement fund of the Group's employee amounted to ₱2.0 billion and ₱1.9 billion as of September 30, 2015 and 2014, respectively (see Note 32). The fund is being managed by JG Summit Multi-Employer Retirement Plan, a corporation created for the purpose of managing the funds of the Group, with RBC as the trustee.

	Year	Category/ Transaction	Volume/ Amount	Balance	Terms	Conditions
Due from retirement plan (Note 32)	**2015**	**Advances**	₱–	₱–	On demand; non-interestbearing	Unsecured; Not impaired
	2014	-do-	55,889,976	55,889,976	-do-	-do-
	2013	-do-	118,110,859	492,021,167	-do-	-do-

The Group's plan assets also include amounts due from JGSHI totaling ₱1.6 billion (see Note 32).

Compensation of Key Management Personnel
The compensation of the Group's key management personnel by benefit type follows:

	2015	2014	2013
Short-term employee benefits	**₱209,707,382**	₱189,069,686	₱149,124,896
Post-employment benefits	**58,689,602**	63,361,947	60,495,875
	₱268,396,984	₱252,431,633	₱209,620,771

There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group's pension plans.

36. Registration with the BOI

Certain operations of the Parent Company and consolidated subsidiaries are registered with the BOI as preferred pioneer and nonpioneer activities. As registered enterprises, these entities are subject to some requirements and are entitled to certain tax and non-tax incentives which are considered in the computation of the provision for income tax.

Cogeneration
On September 26, 2014, Cogeneration was registered with the BOI as a Renewable Energy (RE) developer of Bagasse-fired power plant.

Under the terms of the registration and subject to certain requirements, the Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) ITH for a period of seven (7) years at which the RE Plant generated the first kilowatt-hour energy after commissioning or testing, or two months from date of commissioning, whichever is earlier; (b) duty-free importation of RE machinery, equipment, and materials including control and communication equipment; (c) tax exemption of carbon credits; (d) special realty tax rates on equipment and machinery, (e) NOLCO during the first three years from the start of commercial operation shall be carried over as a deduction from the gross income as defined in the National Internal Revenue Code (NIRC) for the next seven (7) years immediately following the year of such loss; (f) after availment of the ITH, the enterprise shall pay a corporate tax of 10% on its taxable income as defined in the NIRC, provided that it shall pass on the savings to the end users in the form of lower power rates; (g) the plant, machinery, and equipment that are reasonably needed and actually used for the exploration, development, and utilization of RE resources may be depreciated using a rate not exceeding twice the rate which would have been used had the annual allowance been computed in accordance with the rules and regulations prescribed by the Department of Finance and the provisions of the NIRC; (h) the sale of fuel or power generated by the enterprise from renewable sources of energy such as biomass as well as its purchases of local supply of goods, properties, and services needed for the development, construction, and installation of its plant facilities, and the whole process of exploration and development of RE sources up to its conversion into power shall be subject to zero percent VAT pursuant to NIRC; (i) tax credit equivalent to 100% of the value of VAT and custom duties that would have been paid on the purchase of RE machinery, equipment, materials and parts had these items been imported shall be given to the enterprise that purchases machinery, equipment, materials and parts from a domestic manufacturer.

Distillery
On August 28, 2013, Distillery was registered with the BOI as a manufacturer of bio-ethanol (fuel grade ethanol).

Under the terms of the registration and subject to certain requirements, the Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) ITH for a period of seven (7) years from March 2014 or date of commissioning, whichever is earlier; (b) duty-free importation of RE machinery, equipment, and materials including control and communication equipment; (c) tax exemption of carbon credits; (d) special realty tax rates on equipment and machinery, (e) NOLCO during the first three years from the start of commercial operation shall be carried over as a deduction from the gross income as defined in the NIRC for the next seven (7) years immediately following the year of such loss; (f) after availment of the ITH, the enterprise shall pay a corporate tax of 10% on its taxable income as defined in the NIRC, provided that it shall pass on the savings to the end users in the form of lower power rates; (g) the plant, machinery, and equipment that are reasonably needed and actually used for the exploration, development, and utilization of RE resources may be depreciated using a rate not exceeding twice the rate which would have been used had the annual allowance been computed in accordance with the rules and regulations prescribed by the Department of Finance and the provisions of the NIRC. The enterprise that applies for accelerated depreciation shall no longer be eligible to avail of the ITH; (h) the sale of fuel or power generated by the enterprise from renewable sources of energy such as biomass as well as its purchases of local supply of goods, properties, and services needed for the development, construction, and installation of its plant facilities, and the whole process of exploration and development of RE sources up to its conversion into power shall be subject to zero percent VAT pursuant to NIRC; (i) tax credit equivalent to 100% of the value of VAT and custom duties that would have been paid on the purchase of RE machinery, equipment, materials and parts had these items been imported shall be given to the enterprise that purchases machinery, equipment, materials and parts from a domestic manufacturer.

Robina Farms (RF) - Poultry
On January 30, 2008, RF - Poultry was registered with the BOI as an expanding producer of parent stock day-old chicks. On June 4 of the same year, it was registered as a new producer of table eggs and its by-products. Both activities are on a non-pioneer status.

Under the terms of the registration and subject to certain requirements, RF - Poultry is entitled to the following fiscal and non-fiscal incentives: (a) ITH for a period of three (3) years from October 2008 (as an expanding producer of parent stock day-old chicks) and for a period of four (4) years from October 2009 (as a new producer of table eggs and its by-products); (b) additional deduction from taxable income on wages subject to certain terms and conditions; (c) employment of foreign nationals; (d) tax credit equivalent to the national internal revenue taxes and duties paid on raw materials and supplies and semi-manufactured products used in producing its export product and forming part thereof for a period of ten (10) years from start of commercial operations; (e) simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies; (f) access to Customs Bonded Manufacturing Warehouse (CBMW) subject to Custom rules and regulations, provided firm exports at least 70% of production output; (g) exemption from wharfage dues, any export tax, duty, impost and fees for a period of ten (10) years from date of registration; (h) importation of consigned equipment for a period of ten (10) years from the date of registration, subject to the posting of re-export bond; (i) exemption from taxes and duties on imported spare parts and consumable supplies for export producers with CBMW exporting at least 70% of production; (j) tax and duty exemption on the imported breeding stocks and genetic materials within ten (10) years from the date of registration; (k) tax credit on tax and duty portion of domestic breeding stocks and genetic materials within ten (10) years from the date of registration.

Robina Farms (RF) - Hogs
On January 30, 2008, RF - Hogs was registered with the BOI as an expanding producer of finisher hogs in RF 11, Antipolo City and RF 12, Bulacan on a non-pioneer status. Under the terms of the registration and subject to certain requirements, RF - Hogs is entitled to the following fiscal and non-fiscal incentives: (a) ITH for a period of three (3) years from October 2009 but only from the sales generated from the registered projects; (b) additional deduction from taxable income on wages subject to certain terms and conditions; (c) employment of foreign nationals; (d) tax credit equivalent to the national internal revenue taxes and duties paid on raw materials and supplies and semi-manufactured products used in producing its export product and forming part thereof for a period of ten (10) years from start of commercial operations; (e) simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies; (f) access to Customs Bonded Manufacturing Warehouse (CBMW) subject to Custom rules and regulations, provided firm exports at least 70% of production output; (g) exemption from wharfage dues, any export tax, duty, impost and fees for a period of ten (10) years from date of registration; (h) importation of consigned equipment for a period of ten (10) years from the date of registration, subject to the posting of re-export bond; (i) exemption from taxes and duties on imported spare parts and consumable supplies for export producers with CBMW exporting at least 70% of production; (j) tax and duty exemption on the imported breeding stocks and genetic materials within ten (10) years from the date of registration; (k) tax credit on tax and duty portion of domestic breeding stocks and genetic materials within ten (10) years from the date of registration.

37. Commitments and Contingencies

Operating Lease Commitments - Group as a Lessor
The Group has entered into (1) one-year renewable, noncancellable leases with various related parties covering certain land and building where office spaces are located. Future minimum rentals receivable under noncancellable operating leases amounted to ₱51.4 million, ₱56.8 million and ₱61.6 million in 2015, 2014 and 2013, respectively.

Operating Lease Commitments - Group as a Lessee
The Group leases land where certain of its facilities are located. The operating lease agreements are for periods ranging from one to five years from the date of the contracts and are renewable under certain terms and conditions. The Group's rentals incurred on these leases (included under 'Selling and distribution costs' and 'General and administrative expenses' in the consolidated statements of income) amounted to ₱179.0 million, ₱161.1 million and ₱117.3 million in 2015, 2014 and 2013, respectively. Future minimum rentals payable under noncancellable operating leases follow:

	2015	2014	2013
Within one year	**₱75,583,986**	₱71,984,748	₱68,556,903
After one year but not more than five years	**302,335,942**	287,938,993	274,227,612
	₱377,919,928	₱359,923,741	₱342,784,515

Finance Lease Commitments - Group as a Lessee
Some of the Group's subsidiaries were granted land usage rights from private entities. The land usage right represents the prepaid amount of land lease payments. The right is currently being amortized by the Group on a straight-line basis over the term of the right ranging from 30 to 50 years. The amortization on these leases (included under 'General and administrative expenses' in the consolidated statements of income) amounted to ₱22.5 million, ₱23.3 million and ₱11.8 million in 2015, 2014 and 2013, respectively.

Others

The Group has various contingent liabilities arising in the ordinary conduct of business which are either pending decision by the courts, under arbitration or being contested, the outcome of which are not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of these lawsuits, claims, arbitration and assessments.

38. Supplemental Disclosure to Cash Flow Statements

The Group's noncash activities pertain to the movement of the cumulative translation adjustment account and the depreciation of biological assets (breeders) that are capitalized as part of the cost of new born biological assets (sucklings).

	2015	2014	2013
Biological assets	**₱40,907,934**	₱49,757,535	₱47,681,054
Cumulative translation adjustment	**3,801,908,167**	218,760,416	458,152,713
Land contributed to plan assets	–	91,448,525	–

39. Events After the Reporting Period

The following non-adjusting events happened subsequent to the respective reporting dates of the Parent Company and its subsidiaries:

Dividend declaration of NURC

On December 18, 2015, NURC's BOD declared cash dividends amounting to ₱1.25 million per share to stockholders of record as of September 30, 2015. Total dividends declared amounted to ₱236.0 million, payable on second quarter and fourth quarter of 2016, amounting to ₱100.0 million and ₱136.0 million, respectively.

40. Approval for the Release of the Financial Statements

The accompanying consolidated financial statements of the Group were authorized for issue by the AC and the BOD on January 8, 2016.

JACK'n JILL
Cream-O
Vanilla Cream-Filled Chocolate Sandwich Cookies
Net WT. 1.06 oz (30g)
CUT HERE
BLEND 45
Net Wt. 25g
SOLUBLE COFFEE
BLENDED WITH CARBOHYDRATES
JACK'n JILL
MAXX
HONEY LEMON
MENTHOL CANDY
NET WT. 0.14 oz (4.0g)
C2
cool & clean
GREEN TEA
APPLE FLAVOR
355mL (12.00 fl oz)
TEAR HERE
JACK'n JILL
CHICHARRON ni Mang Juan
ESPESYAL SUKA'T SILI
JACK'n JILL Calbee
JAPAN'S FAVORITE POTATO CHIPS
Potato Chips
ポテトチップス
CLASSIC SALTED
クラシック
NET WT. 0.99 oz (28g)
TEAR HERE
JACK'n JILL
Roller Coaster
POTATO RINGS
CHEDDAR CHEESE
NET WT 0.85 OZ. (24g)
PULL
NISSIN
CUP NOODLES mini
Chicken