SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

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

1. Check the appropriate box:

☑ Preliminary Information Statement

☐ Definitive Information Statement

2. Name of Registrant as specified in its charter

ROBINSONS RETAIL HOLDINGS, INC.

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

Philippines

4. SEC Identification Number

A200201756

5. BIR Tax Identification Code

216-303-212-000

6. Address of principal office

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

7. Registrant's telephone number, including area code

(632) 635-0751

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

July 16, 2015, 4:00 P.M., Ruby Ballroom, Crowne Plaza Manila Galleria, Ortigas Avenue corner Asian Development Bank Avenue, Quezon City, Metro Manila

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

Jun 18, 2015

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor

N/A

Address and Telephone No.

N/A

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

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

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

☑ Yes ☐ No

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

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

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.

ROBINSONS RETAIL HOLDINGS, INC.

Robinsons Retail Holdings, Inc.

RRHI

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

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

Date of Stockholders' Meeting	Jul 16, 2015
Type (Annual or Special)	Annual
Time	4:00 P.M.
Venue	Ruby Ballroom, Crowne Plaza Manila Galleria, Ortigas Avenue corner Asian Development Bank Avenue, Quezon City, Metro Manila
Record Date	Jun 11, 2015

Inclusive Dates of Closing of Stock Transfer Books

Start Date	N/A
End date	N/A

Other Relevant Information
Please see attached Preliminary Information Statement filed with the Securities and Exchange Commission in connection with the annual meeting of the stockholders of Robinsons Retail Holdkings, Inc. to be held on July 16, 2015.

Filed on behalf by:

Name	Rosalinda Rivera
Designation	Corporate Secretary

COVER SHEET

A 2 0 0 2 0 1 7 5 6

SEC Registration Number

ROBINSONS RETAIL HOLDINGS, INC.

(Company's Full Name)

110 E. RODRIGUEZ, JR. AVENUE,
BAGUMBAYAN, QUEZON CITY,
METRO MANILA

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

Atty. Rosalinda F. Rivera
Corporate Secretary

(Contact Person)

633-7631

(Company Telephone Number)

1 2 **3 1**

Month *Day*
(Fiscal Year)

2 0 - I S

(Form Type)

Fourth Thursday of June

Month *Day*
(Annual Meeting)

Preliminary Information Statement

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

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

ROBINSONS RETAIL
HOLDINGS, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

JULY 16, 2015

Notice is hereby given that the Annual Meeting of the Stockholders of ROBINSONS RETAIL HOLDINGS, INC. will be held on July 16, 2015 at 4:00 p.m. at the Ruby Ballroom of CROWNE PLAZA MANILA GALLERIA, Ortigas Avenue corner Asian Development Bank Avenue, Quezon City.

The Agenda for the meeting is as follows:

1. Proof of notice of the meeting and existence of a quorum.
2. Reading and approval of the Minutes of the Annual Meeting of the Stockholders held on June 25, 2014.
3. Presentation of annual report and approval of financial statements for the preceding year.
4. Election of Board of Directors.
5. Election of External Auditor.
6. Ratification of all acts of the Board of Directors and its committees, officers and management since the last annual meeting.
7. Consideration of such other matters as may properly come during the meeting.
8. Adjournment.

For convenience in registering your attendance, please have available some form of identification, such as Voter's I.D., or Driver's License.

Pursuant to Section 8, Article VI of the By-Laws of Robinsons Retail Holdings, Inc., proxies must be received by the Corporate Secretary for inspection and recording not later than five (5) business days before the time set for the meeting, or not later than July 9, 2015. We are not, however, soliciting proxies.

Registration starts at 3:00 p.m. and will close at exactly 4:15 p.m. Only stockholders of record as of June 11, 2015 shall be entitled to vote.

By Authority of the Chairman

ROSALINDA F. RIVERA
Corporate Secretary

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

ROBINSONS RETAIL HOLDINGS, INC.
(the "Corporation")

ANNUAL MEETING OF STOCKHOLDERS
JULY 16, 2015

EXPLANATION OF AGENDA ITEMS FOR STOCKHOLDERS' APPROVAL

Reading and approval of the Minutes of the Annual Meeting of the Stockholders held on June 25, 2014

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

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

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

Election of Board of Directors

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

Election of External Auditor

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

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

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

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS
Information Statement Pursuant to Section 20
of the Securities Regulation Code

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
MAY 15 2015
MARKET REGULATION DEPT.
BY: _____ TIME: _____

1. Check the appropriate box:

   [✓] Preliminary Information Statement

   [ ] Definitive Information Statement

2.	Name of Registrant as specified in its charter	:	**ROBINSONS RETAIL HOLDINGS, INC. ("RRHI" or the "Corporation")**
3.	Province, country or other jurisdiction of incorporation or organization	:	**Philippines**
4.	SEC Identification Number	:	**SEC Registration No. A200201756**
5.	BIR Tax Identification Code	:	**TIN No. 216-303-212-000**
6.	Address of principal office	:	**110 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City, Metro Manila**
7.	Registrant's telephone number, including area code	:	**(632) 635-0751**
8.	Date, time and place of the meeting of security holders	:	**July 16, 2015 4:00 P.M. Ruby Ballroom Crowne Plaza Manila Galleria Ortigas Avenue corner Asian Development Bank Avenue Quezon City, Metro Manila**
9.	Approximate date on which the Information Statement is first to be sent or given to security holders	:	**June 18, 2015**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding (as of April 30, 2015)
Common Stock, ₱1.00 par value	**1,385,000,000**

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

    Yes ✓ No ______

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

Date, Time and Place of Meeting of Security Holders

Date Time and Place of Meeting	:	**July 16, 2015** **4:00 P.M.** **Ruby Ballroom** **Crowne Plaza Manila Galleria** **Ortigas Avenue corner** **Asian Development Bank Avenue** **Quezon City, Metro Manila**
Complete Mailing Address of Principal Office	:	**110 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City, Metro Manila**
Approximate date on which the Information Statement is first to be sent or given to security holders	:	**June 18, 2015**

Dissenters' Right of Appraisal

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

There are no matters to be acted upon by the stockholders at the Annual Meeting of the Stockholders to be held on July 16, 2015 which would require the exercise of the appraisal right.

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

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

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

Voting Securities and Principal Holders Thereof

(a) The Corporation has 1,385,000,000 outstanding shares as of April 30, 2015. Every stockholder shall be entitled to one vote for each share of stock held as of the established record date.

(b) All stockholders of record as of June 11, 2015 are entitled to notice and to vote at the Corporation's Annual Meeting of Stockholders.

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

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

Election of Directors

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

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

Security Ownership of Certain Record and Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners of more than 5% of the Corporation's voting securities as of April 30, 2015

Title of Class	Names and addresses of record owners and relationship with the Corporation	Name of beneficial owner and relationship with record owner	Citizenship	Number of shares held	% to Total Outstanding
Common	JE Holdings, Inc. 43/F Robinsons Equitable Tower, ADB Avenue corner Poveda Street Ortigas Center, Pasig City (stockholder)	Same as record owner (See note 1)	Filipino	484,749,997	35.00%
Common	PCD Nominee Corporation (Non-Filipino) 37/F Tower 1, The Enterprise Center, Ayala Ave. cor. Paseo de Roxas, Makati City (stockholder)	PDTC Participants and their clients (See note 2)	Non-Filipino	389,693,349 (See note 3)	28.14%
Common	Lance Y. Gokongwei 43/F Robinsons Equitable Tower, ADB Avenue corner Poveda Street Ortigas Center, Pasig City	Same as record owner	Filipino	126,727,500	9.15%

Title of Class	Names and addresses of record owners and relationship with the Corporation	Name of beneficial owner and relationship with record owner	Citizenship	Number of shares held	% to Total Outstanding
Common	Robina Y. Gokongwei-Pe 43/F Robinsons Equitable Tower, ADB Avenue corner Poveda Street Ortigas Center, Pasig City	Same as record owner	Filipino	105,952,500	7.65%
Common	PCD Nominee Corporation (Filipino) 37/F Tower 1, The Enterprise Center, Ayala Ave. cor. Paseo de Roxas, Makati City (stockholder)	PDTC Participants and their clients (See note 2)	Filipino	95,051,246	6.86%

Notes:

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

3. Out of the PCD Nominee Corporation (Non-Filipino) account, "The Hongkong and Shanghai Banking Corp. Ltd. –Clients' Acct." and "Deutsche Bank Manila-Clients A/C" hold for various trust accounts the following shares of the Corporation as of April 30, 2015:

	No. of shares	% to Outstanding
The Hongkong and Shanghai Banking Corp. Ltd. –Clients' Acct.	210,814,670	15.22%
Deutsche Bank Manila-Clients A/C	92,230,372	6.66%

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

Security Ownership of Management as of April 30, 2015

Title of Class	Name of beneficial owner	Position	Amount & nature of beneficial ownership: Direct	Amount & nature of beneficial ownership: Indirect	Citizenship	% to Total Outstanding
Named Executive Officers (Note 1)						
Common	1. John L. Gokongwei, Jr.	Director, Chairman and Chief Executive Officer	1	-	Filipino	*
Common	2. Robina Y. Gokongwei-Pe	Director, President and Chief Operating Officer	105,952,500	-	Filipino	7.65%
	Sub-Total		105,952,501	-		7.65%
Other Directors and Executive Officers						
Common	3. James L. Go	Director, Vice Chairman and Deputy Chief Executive Officer	41,550,000	-	Filipino	3.00%
Common	4. Lance Y. Gokongwei	Director and Vice Chairman	162,044,999 (Note 2)	-	Filipino	11.70%
Common	5. Lisa Y. Gokongwei-Cheng	Director	35,317,500	-	Filipino	2.55%
Common	6. Faith Y. Gokongwei-Lim	Director	35,317,500	-	Filipino	2.55%
Common	7. Hope Y. Gokongwei-Tang	Director	1	-	Filipino	*
Common	8. Antonio L. Go	Director (Independent)	1	-	Filipino	*
Common	9. Roberto R. Romulo	Director (Independent)	1	-	Filipino	*

Title of Class	Name of beneficial owner	Position	Amount & nature of beneficial ownership Direct	Indirect	Citizenship	% to Total Outstanding
-	10. Bach Johann M. Sebastian	Senior Vice President and Chief Strategy Officer	-	-	Filipino	-
-	11. Diosdado Felix A. Zapata III	Chief Financial Officer	-	-	Filipino	-
Common	12. Katheryn T. Lim	Treasurer	9,500	-	Chinese	*
-	13. Rosalinda F. Rivera	Corporate Secretary	-	-	Filipino	-
Common	14. Gilbert S. Millado, Jr.	Assistant Corporate Secretary	500	-	Filipino	*
	Sub-Total		274,240,002	-		19.80%
All directors and executive officers as a group unnamed			380,192,503	-		27.45%

Notes:

1. As defined under Part IV (B) (1) (b) of Annex "C" of SRC Rule 12, the "named executive officers" to be listed refer to the Chief Executive Officer and those that are the four (4) most highly compensated executive officers as of April 30, 2015.
2. Sum of the shares in the name of "Lance Y. Gokongwei" for 126,727,500 shares and "Lance Y. Gokongwei &/or Elizabeth Gokongwei" for 35,317,499 shares.

* less than 0.01%

Shares owned by foreigners

The total number of shares owned by foreigners as of April 30, 2015 is 389,693,349 common shares.

Voting Trust Holders of 5% or more **-** as of April 30, 2015

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

Changes in Control

Not applicable

Directors and Executive Officers

Information required hereunder is incorporated by reference to the section entitled "Board of Directors and Executive Officers of the Registrant" on Item 8, pages 34 to 39 of the Management Report.

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

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

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

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

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

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

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

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

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

A. Definition

1. An independent director is a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in the corporation and includes, among others, any person who:

   1.1 Is not a director or officer or substantial stockholder of the corporation or of its related companies or any of its substantial shareholders except when the same shall be an independent director of any of the foregoing;

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

   1.3 Is not a relative of any director, officer or substantial shareholder of the corporation, any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;

   1.4 Is not acting as a nominee or representative of any director or substantial shareholder of the corporation, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement;

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

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

1.7 Has not engaged and does not engage in any transaction with the corporation and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms length and are immaterial.

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

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

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

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

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

B. Qualifications and Disqualifications of Independent Directors

1. An independent director shall have the following qualifications:

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

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

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

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

1.5 He shall be assiduous.

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

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

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

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

   2.4 Such other disqualifications that the Corporate Governance Manual provides.

C. Number of Independent Directors

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

D. Nomination and Election of Independent Directors

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

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

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

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

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

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

6. Election of Independent Director/s

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

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

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

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

E. Termination/Cessation of Independent Directorship

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

The New By-Laws of the Corporation dated July 3, 2013 include the provisions of SRC Rule 38, as amended.

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

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

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

The Certification of Independent Directors executed by the above-mentioned independent directors are attached hereto as Annex "A" and Annex "B", respectively.

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

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

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

Significant Employees

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

Family Relationships

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

Involvement in Certain Legal Proceedings of Directors and Executive Officers

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

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

Certain Relationships and Related Party Transactions

The Corporation, in its regular conduct of business, had engaged in transactions with its ultimate parent company, its joint venture and affiliates. See Note 25 (Related Party Disclosures) of the Notes to the Consolidated Financial Statements as of December 31, 2014 on pages 58 to 59 of the audited consolidated financial statements as of December 31, 2014.

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

The Corporation rents a significant number of its stores, commercial centers and office buildings from RLC and its affiliates. Certain business segments of the Corporation, including primarily Robinsons Supermarket and Ministop, sourced significant amount of their products from Universal Robina Corporation. Consolidated Global Imports Inc., an entity owned by members of the Gokongwei Family, is the largest franchisee of Ministop stores as of 2014.

Compensation of directors and executive officers

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

Summary Compensation Table

The following table sets out the Corporation's chief operating officer and four most highly compensated senior officers of certain business segments of the Corporation for the last three years and projected for the ensuing year (2015).

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

The aggregate compensation of executive officers and directors of the Corporation and senior officers of certain business segments of the Corporation for last year and projected for the year 2015 are as follows:

(in ₱ million)

ACTUAL	**Year**	**Salaries**	**Bonuses**	**Total**
President and Chief Operating Officer and four (4) most highly compensated senior officers of certain business segments of the Corporation: 1. Robina Y. Gokongwei-Pe – President and Chief Operating Officer 2. Dahlia T. Dy – Managing Director - South Star Drug, Inc. 3. Justiniano S. Gadia – General Manager - Robinsons Supermarket 4. Johnson T. Go – General Manager - Robinsons Department Store 5. Roena P. Sarte – General Manager - Ministop	2012 2013 2014	28.90 34.45 36.61	2.45 2.37 2.52	31.36 36.82 39.13
Aggregate compensation paid to all other general managers, heads for shared services and directors as a group unnamed	2012 2013 2014	37.65 45.06 48.30	3.24 3.29 3.57	40.89 48.35 51.86

(in ₱ million)

PROJECTED 2015	**Salaries**	**Bonuses**	**Total**
President and Chief Operating Officer and four (4) most highly compensated senior officers of certain business segments of the Corporation: 1. Robina Y. Gokongwei-Pe – President and Chief Operating Officer 2. Dahlia T. Dy – Managing Director - South Star Drug, Inc. 3. Justiniano S. Gadia – General Manager - Robinsons Supermarket 4. Johnson T. Go – General Manager - Robinsons Department Store 5. Roena P. Sarte – General Manager - Ministop	38.48	2.65	41.13
Aggregate compensation paid to all other general managers, heads for shared services and directors as a group unnamed	51.28	3.74	55.02

Standard Arrangements

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

Other Arrangements

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

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

Not applicable

Warrants and Options Outstanding

Not applicable

Independent Public Accountants

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

The current handling partner of SGV & Co. has been engaged by the Corporation in 2014 and is expected to be rotated every five years.

Action with respect to reports

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

1. **Reading and approval of the Minutes of the Annual Meeting of the Stockholders held on June 25, 2014.**

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

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

4. **Election of External Auditor.**

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

A summary of the matters approved and recorded in the Minutes of the Annual Meeting of the Stockholders last June 25, 2014 is as follows: (a) approval of the Minutes of the Joint Special Meeting of the Board of Directors and Stockholders held on October 7, 2013; (b) presentation of Annual Report and approval of Financial Statements for the preceding year; (c) election of Board of Directors; (d) election of External Auditor; and (e) ratification of all acts of the Board of Directors and Management since the last annual meeting.

Brief description of material matters approved by the Board of Directors and Management and disclosed to the SEC and PSE since the last annual meeting of stockholders held on June 25, 2014 for ratification by the stockholders:

Date of Board Approval	Description
June 25, 2014	**Declaration of a cash dividend in the amount of Forty One Centavos (₱0.41) per share from the unrestricted retained earnings of the Corporation to all stockholders of record as of July 17, 2014 and payable on August 12, 2014.**

Date of Board Approval	Description
June 25, 2014	**Results of the Organizational Meeting of the Board of Directors.**
July 15, 2014	**Approval of the revisions made to the Corporate Governance Manual of the Corporation in accordance with SEC Memorandum Circular No. 9, Series of 2014.**
May 13, 2015	**Resetting of the annual meeting of the stockholders of the Corporation from the fourth Thursday of June to July 16, 2015 and setting the record date of June 11, 2015 for the said meeting.**

Voting Procedures

The vote required for approval or election:

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

The method by which votes will be counted:

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

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

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

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

Restriction that Limits the Payment of Dividends on Common Shares

None.

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

Not applicable.

Discussion on compliance with leading practices on corporate governance

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

On June 7, 2013, the Board of Directors approved the adoption of a Corporate Governance Manual in accordance with SEC Memorandum Circular No. 6 (Series of 2009) dated June 22, 2009. On July 15, 2014, the Board of Directors approved the revisions made to the Corporate Governance Manual of the Corporation in accordance with SEC Memorandum Circular No. 9, Series of 2014. Continuous improvement and monitoring of governance and management policies have been undertaken to ensure that the Corporation observes good governance and management practices. This is to assure the shareholders that the Corporation conducts its business with the highest level of integrity, transparency and accountability.

SEC Memorandum Circular No. 5, Series of 2013 mandates all listed companies to submit an Annual Corporate Governance Report (ACGR). On May 30, 2014, the Corporation submitted its ACGR for the year 2013 to the SEC. On January 6, 2015, the Board of Directors approved the consolidated changes made to the ACGR of the Corporation for the year 2014 in compliance with SEC Memorandum Circular No. 12, Series of 2014.

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

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

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

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig on May 15, 2015.

ROBINSONS RETAIL HOLDINGS, INC.

ROSALINDA F. RIVERA
Corporate Secretary

/mhd

ANNEX "A"

CERTIFICATION OF INDEPENDENT DIRECTORS

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

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

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

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

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

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

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

Done, this MAY 04 2015, at PASIG CITY.

ANTONIO L. GO
Affiant

SUBSCRIBED AND SWORN to before me this MAY 04 2015 at PASIG CITY, affiant personally appeared before me and exhibited to me his Philippine passport with Passport No. EB6537238 issued in DFA Manila on October 11, 2012 and valid until October 10, 2017.

Doc No. 275;
Page No. 56;
Book No. I;
Series of 2015.

ATTY. PATRICK ARNOLD P. TETANGCO
Notary Public for Pasig City
Commission No. 313 (2014-2015)
40th Flr., Robinsons Equitable Tower,
Ortigas Center, Pasig City
IBP No. 012638; Quezon City Chapter
Roll No. 63825; 05/08/2014
PTR No. 0599801; 1/12/15; Q.C.
MCLE No. NA; NA.

CERTIFICATION OF INDEPENDENT DIRECTORS

ANNEX "B"

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

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

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

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

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

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

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

Done, this _________________, at ________________________.

ROBERTO R. ROMULO
Affiant

SUBSCRIBED AND SWORN to before me this 28 APR 2015 at QUEZON CITY, affiant personally appeared before me and exhibited to me his passport number EB7472176 issued on 22 February 2013 at Department of Foreign Affairs Manila, Philippines.

Doc No. 85;
Page No. 18;
Book No. II;
Series of 2015.

Stella Marie A. Medina
Notary Public for Quezon City
Commission No. NP-183 (2014-2015)
16th Floor, Aurora Tower, Araneta Center, Q.C.
IBP No. 0988635; 01.9.15; Q.C. Chapter
PTR No. 0643080; 01.12.15; Q.C.
Roll No. 50379
MCLE No. IV-0020843; 06.18.13

Information Required by the SEC Pursuant to SRC Rule 20

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

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

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

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

The Company introduced the Robinsons Rewards Card in May 2013. It is believed that the loyalty program, which will eventually allow holders to collect and redeem points across all formats, will enhance the Company's brand image and also increase customer loyalty. As of end 2014, Robinsons Rewards Cards is already accepted in most of the Company's formats except for Ministop and South Star Drug with targeted acceptance by end 2015.

Acquisitions by RRHI's subsidiaries
In July 2014, Robinson's Handyman, Inc. acquired 67% interest in RHI Builders and Contractors Depot Corp., which operates A.M. Builders' Depot, a Visayas-based builders hardware chain.

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

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

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

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

The percentage contribution to the Company's revenues for each of the three years ended December 2012, 2013, and 2014 by each of the Company's business segments after elimination are as follows:

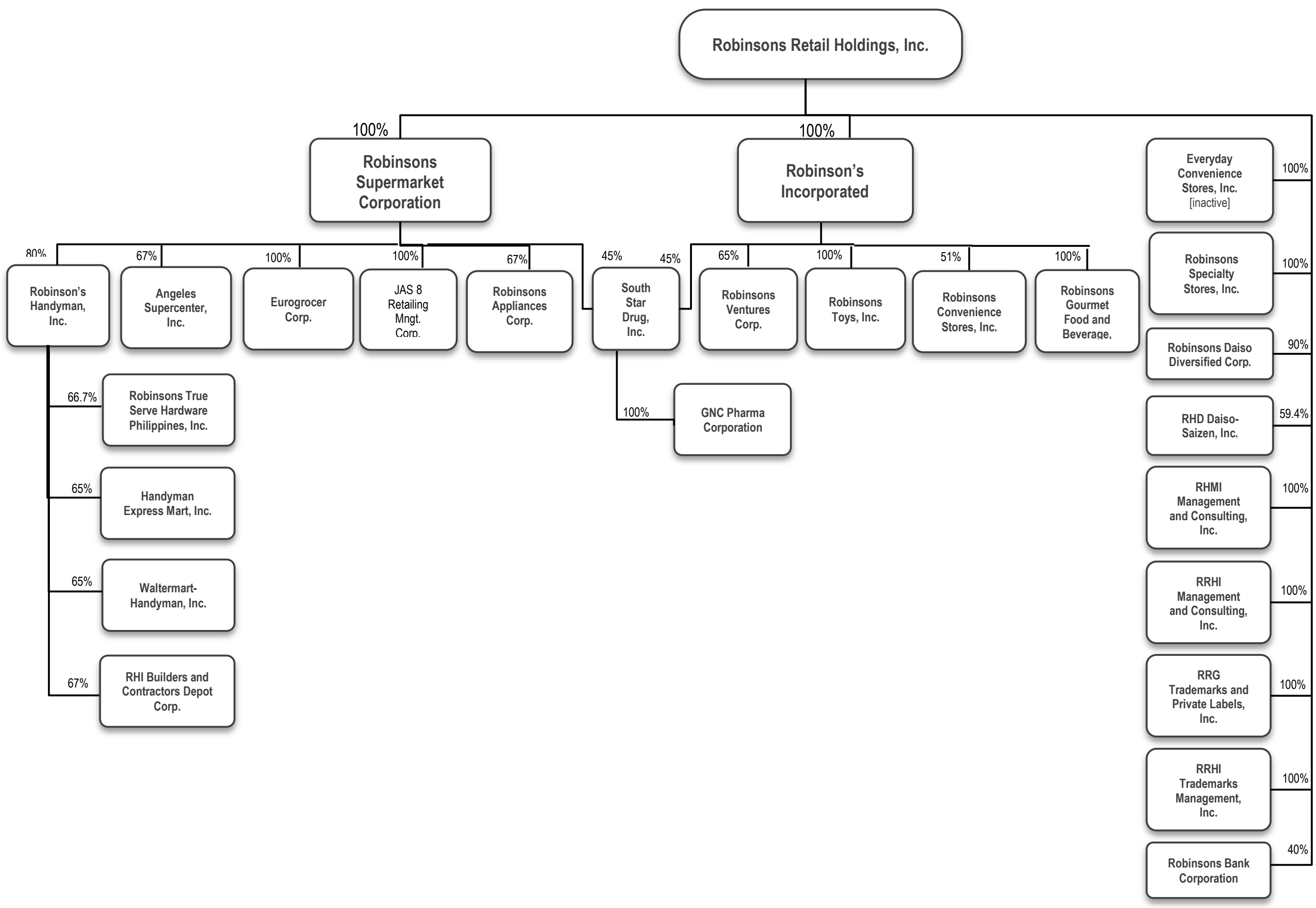
	For the years ended December 31		
	2012	2013	2014
Supermarket	51.0%	48.3%	48.8%
Department store	19.8%	17.7%	17.1%
Hardware	10.8%	10.5%	10.6%
Convenience store	6.7%	6.3%	5.7%
Drug store*	4.3%	9.3%	8.8%
Specialty segment	7.4%	7.9%	9.0%

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

The Company ended 2014 with 1,327 stores with total gross floor area of 888,000 square meters.

(A) Business of Issuer

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



(a) Description of the Registrant

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

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

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

Robinsons Supermarket believes that it is more efficient and competitive to partner with top suppliers in the country with expertise in providing fresh food of high quality on a consistent basis. Accordingly, all fresh food items, such as meat and poultry products, seafood, dairy products, fruit and vegetables in Robinsons Supermarket stores are purchased and sold on consignment basis. Sales from consignment represented 26.0% of supermarket revenues for 2014.

- *Department Stores.* The department stores are operated under the Robinsons Department Store (RDS) brand name and offer a large selection of both local and international branded products that are grouped into six categories: (i) shoes, bags and accessories (including Beauty and Personal Care), (ii) ladies' wear; (iii) men's wear, (iv) children's wear, (v) household items; and (vi) others, focused on catering to middle-income customers. Approximately 92.0% of Robinsons Department Stores' sales for 2014 were on consignment basis.

- *DIY Stores.* The DIY stores are operated under the brand names Handyman Do it Best and True Value, of which the Companies are member-retailers in the Philippines and the recently acquired big box hardware A.M. Builders' Depot. Each brand has its own specialized positioning, with Handyman Do it Best focused on affordable, high quality DIY and home improvement products, True Value positioned as an up market lifestyle home center, and A.M. Builders' Depot focused on home builders. Around 67% of DIY store segment revenue was derived from sales of consigned merchandise for 2014.

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

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

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

The Company at the end of 2014 has 1,327 stores; 111 supermarkets, 42 department stores, 161 DIY stores, 450 convenience stores, 320 drug stores and 243 specialty stores. Of the total stores, 44% of these stores are located in Metro Manila, another 43% located in Luzon (outside Metro Manila) and with the balance situated in the Visayas and Mindanao regions.

(ii) Significant Subsidiaries. As of December 31, 2014, Robinsons Retail Holdings, Inc. (RRHI) has thirteen wholly-owned subsidiaries and twelve partly-owned subsidiaries in which RRHI's ownership allows it to exercise control, all of which are consolidated with the Company's financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15. ***Robinsons Convenience Stores, Inc.*** Robinsons Convenience Stores, Inc. (RCSI) was registered with the Philippine Securities and Exchange Commission (SEC) on March 15, 2000. Its primary purpose is to engage in the business of acquiring and granting licenses and/or rights to proprietary marks, trademarks, trade names, patents, copyrights, know-how, technology, processes, methods, techniques,

devises, systems and the like. The Company is also engaged in the business of trading of goods, such as food and non-food, on a wholesale basis. RCSI is 51% owned by RI.

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

17. ***GNC Pharma Corporation.*** GNC Pharma Corporation (GPC) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 6, 2013 to carry on, the business of pharmacy, selling all kinds of drugs, medicine, medical equipment, and all other items.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(v) New Products and Services. In May 2013, the Company introduced the Robinsons Rewards Card, a loyalty card that allows holders to redeem accrued points across its retail formats. As of end 2014, the Robinsons Rewards Card is accepted in most retail formats except for Ministop and South Star Drug with targeted acceptance by end 2015. The Company believes the Robinsons Rewards loyalty program will be a powerful means of increasing customer retention and enhancing customer loyalty across all businesses.

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

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

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

- *DIY stores.* The market for DIY and related products in the Philippines is highly competitive and fragmented. Retailers are largely classified into stand-alone big-box operators, mall-based DIY retailers and traditional hardware retailers. The Company believes that its direct competitor is Ace Hardware, which has a scale of operations that is comparable to theirs. They compete with Ace Hardware primarily on the basis of product selection, price, promotions and customer service. More generally, the Company believes that competition in the DIY market is based broadly on pricing, delivery, brand recognition, quality and availability of products. They also believe that it compete favorably with respect to most of these factors.

- *Convenience stores.* Ministop faces direct competition from other chains of convenience stores, supermarkets and other retail outlets. With respect to their ready-to-eat products, Ministop also competes with other providers of these products, such as fast-food restaurants. The Company's primary convenience store competitors are the 7-Eleven and Family Mart chains. Philippine Seven Corp, the operator of the 7-Eleven chain, is the largest convenience store chain in the Philippines. Family Mart is a Japanese convenience store franchise chain that entered into the Philippine market in early 2013 under the ownership of, among others, the Ayala Corporation. The Company competes for customers primarily on the basis of store location, product assortment and quality.

- *Drug store.* The drug store industry in the Philippines is intensely competitive and highly fragmented. South Star Drug primarily competes with other retail drug store chains, such as Mercury Drug, Watson's and Rose Pharmacy. They do not consider individual drug stores as major competitors of South Star Drug stores, although they compete with them on an aggregate basis. Increasingly, as well, the Company faces competition from discount store, convenience stores and supermarkets as they increase their offerings of non-pharma items, such as food and personal care products.

- *Specialty stores.*

Toys "R" Us. Toys "R" Us is the second largest toys retailer after Toy Kingdom. Toys "R" Us competes with Toy Kingdom on the basis of its strong brand name. As a differentiation, it continues to develop its private labels.

Robinsons Appliances. Robinsons Appliances competes with SM Appliances and Abenson Appliances primarily on the basis of price. It provides credit card facilities to support its customers' purchases of the products that it offers conveniently. Through credit card programs, it offers its customers longer payment options at interest free installment terms.

Daiso Japan. Daiso Japan and Japan Home Center are currently the major players in the one-price discount stores operators in the Philippines. Daiso Japan competes primarily on the basis of its brand as nearly all the merchandise in the store are sourced from and developed by Daiso Industries Co. Ltd of Japan. With support from Daiso Industries Co. Ltd. of Japan, Daiso Japan is able to offer a broad range of merchandise that boasts of product quality and aesthetic appeal while maintaining one-price point.

International Fashion Specialty Retail. The retail apparel market in the Philippines is fragmented and highly competitive, with a large number of single and multi-brand clothing and apparel companies, both foreign and domestic, competing with each other. Store Specialist Inc., Suyen (Bench) Group, Vogue Concepts and Primer Group are the major competitors of the Company's high-street fashion retail business.

Beauty division. The Beauty Market in the Philippines is very competitive and dynamic, with each retailer and distributor racing against each other for exclusivity, variety and a strong commercial presence. Large international beauty companies are setting up spacious stand-alone stores in major malls (for example, MAC, Clinique, Lancome, Dior) while department stores like RDS, SM Store, Rustans and Landmark compete with each other to get new brands, and making it exclusively available in their stores while creating their own private labels to differentiate them from their competitors.

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

Supermarkets. With over 1,800 regular suppliers as of 2014, Robinsons Supermarket's supplier base is diversified between local suppliers such as San Miguel Corp. and Universal Robina Corporation (URC) and multinational corporations such as Nestle Philippines, Unilever and Procter & Gamble. Robinsons Supermarket's top five suppliers together accounted for 26.3%, 27.1% and 24.4% of the net sales in 2012, 2013 and 2014, respectively. For smaller local suppliers, Robinsons Supermarket seeks to partner with the best suppliers in each of the provinces. Robinsons Supermarket believes that its business as a whole is not dependent on any single supplier.

Department stores. For outright sales, RDS sources and sells its own direct-purchase merchandise in its stores. Most of its outright sales consist of beauty and personal care, household merchandise and children's apparel. RDS' outright sales include a private label named Essentials that carries paper products. It has also strengthened sourcing for home and children's departments, thus adding more offerings to customers. As of 2014, L'Oreal, Unilever, Mondelez Phils. (Kraft Foods) Procter & Gamble, Brandlines (Nivea) and Johnson & Johnson were some of RDS' largest outright sales suppliers.

DIY Stores. For outright sales, the Company sources the DIY and other products at favorable terms primarily from large-scale local suppliers and from over 200 foreign vendors accredited by Do it Best Corporation and True Value. The Company does not believe that it rely on any single supplier or group of suppliers for any of its products.

Convenience Stores. To effectively satisfy customer preferences, the Company has established working relationships with over 250 regular suppliers as of 2014. The supplier base is diversified from large local suppliers such as Globe, URC and San Miguel Corp, smaller local suppliers for Ministop's ready-to-eat and private label products, to multinational corporations such as Coca Cola, Phillip Morris Phils and Unilever Phils. Ministop select its suppliers using a number of criteria, including customer preferences, suppliers' capacity to serve all Ministop stores, product assortment and quality, brand reputation, business plans and budgets and compliance with the Ministop's commercial principles. The Company believes that the business as a whole is not dependent on any single supplier.

Drug Stores. The Company sources pharmaceutical products from over 350 suppliers, such as United Laboratories, Pfizer Inc, Pascual Laboratories, Natrapharm, GSK, Abbot Nutrition, Boehringer, Intermed Marketing and Sanofi. SSD's top five largest pharmaceutical suppliers accounted for 25.4% of the total purchases in 2014 and 28.7% in 2013. The Company only accepts products which are FDA-certified in the Philippines and ensure that the products it carries come from reputable and known manufacturers and companies. The Company sources non-pharmaceutical products from over 330 established suppliers and providers, such as Unilever, P&G, Nestle, Wyeth Nutritional and Mead Johnson.

Specialty stores.

Toys "R" Us. In order to showcase a wide range of toys, including a substantial range of educational toys, the Company has established strong partnerships with toy distributors that carry a portfolio of brands under concession. The Toys "R" Us private labels and exclusives as well as importations (done through indentors/consolidators which provide a differentiated offering, are directly sourced through the Toys "R" Us regional buying office where orders are consolidated to ensure that products are sourced at the lowest costs and margins are maximized. The Company also partners with local suppliers for locally developed merchandise both on outright or consignment.

Robinsons Appliances. Reliability and strong service network are some of the top requirements of customers in choosing consumer electronics and home appliances. That is why Robinsons Appliances partners with reputable suppliers such as Samsung Electronics, LG Electronics, Sharp Philippines and Techpoint Enterprises, among others in providing the best home entertainment solutions. Modern comfort and living comes with cool suppliers such Concepcion-Carrier Airconditioning, G.E., Electrolux and Whirpool Home Appliances.

(viii) Dependence upon single or few suppliers or customers. The Company believes that its business as a whole is not dependent on any single supplier. The Company's five largest suppliers accounted for 11.9% of consolidated net sales in 2014, 13.0% in 2013, 13.3% in 2012. The Company is not relying on a single or few customers but to the buying public in general.

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

The Company rents a significant number of its stores, commercial centers and office buildings from RLC and its affiliates. Members of the Company, including primarily Robinsons Supermarket and Ministop, sourced significant amount of their products from URC. Consolidated Global Imports Inc., an entity owned by members of the Gokongwei Family, is the largest franchisee of Ministop stores as of 2014.

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

Following are the marks of the subsidiaries of RRHI as of December 31, 2014:

Supermarket Trademarks

Name of Trademark	Symbol of Trademark
1. ROBINSONS SUPERMARKET	
2. HEALTHY YOU	
3. ROBINSONS SUPERMARKET FIT & FUN WELLNESS BUDDY RUN	
4. NATURE`S PURE	
5. BREEDER`S CHOICE DOG FOOD	
6. ROBINSONS SUPERSAVERS	
7. ROBINSONS EASYMART	
8. ROBINSONS SELECTIONS	
9. JAYNITH’S SUPERMART	

Department Store Trademarks

Name of Trademark	Symbol of trademark
1. ROBINSONS DEPARTMENT STORE	
2. EXECUTIVE BY ROBINSONS	
3. PLAYGROUND	
4. PORTSIDE	
5. NITELITES	
6. BRIDGET`S CLOSET	
7. HOME ESSENTIALS	
8. ESSENTIALS	
9. B+ACTIVE	
10. ALL ABOUT KIDS	
11. RAFAEL	
12. GRAB A TEE	
13. NEVER BEEN KISSED	
14. JUMPING BEANS	
15. DAZED & CONFUSED	
16. SIMPLY ME	
17. PUNKBERRY	
18. PRIVILEGED	
19. HIP ACTIVE WEAR	
20. FELICITY	

21. SUN KISSED
22. MARJOLAINE
23. LIBERTE
24. STELLA
25. TED MOSS
26. VANITY
27. ICANDY
28. PORTSIDE ACTIVE
29. MALEBOX
30. BELLA
31. BOTTOMS UP

DIY Store Trademarks

Name of Trademark	Symbol of trademark
1. ROBINSONS HANDYMAN	
2. THUNDER	
3. HIGH GEAR	
4. WISHY WASHY	
5. BOW WOW	
6. SUPER CHOW	
7. BATH BASICS	

8. ROBINSONS BUILDERS	
9. TRUE HOME	
10. BIANCA	
11. BLANCO	
12. BON GIORNO	

Convenience Store Trademarks

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

Drug Store Trademarks

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

Specialty Store Trademarks

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

Others

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

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

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

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

(xiii) Research and Development

None during the year

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

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

(xv) Employees. As of December 31, 2014, the Group had 8,568 employees. The following table sets out certain details of the Company's employees by business segment, as follows:

Supermarket …………………………	**2,535**
Department stores……………………	**802**
DIY stores…………………………….	**1,333**
Convenience stores…………………...	**350**
Drug stores……………………………	**2,342**
Specialty stores……………………….	**1,206**

The Company anticipates that it will have approximately 11,266 employees within the next 12 months for the planned store openings in 2015. The Company's management believes that good labor relations generally exist throughout the operating companies. The Company has experienced no material work stoppages or strikes in the past three years. The Company currently has no labor union or any collective bargaining agreement with any group of employees.

Risks

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

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

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

4. The Company operates in a regulated industry and its business is affected by the development and application of regulations in the Philippines. Continued compliance with, and any changes in, environmental laws and regulations may adversely affect its results of operations and financial condition. The Company may fail to fulfill the terms of licenses, permits and other authorizations, or fail to renew

them on expiration. The Company may face difficulty in hiring sufficient pharmacists to meet the demands of its drug store operations due to shortage of registered pharmacists in the Philippines thereby facing the risk of not being able to operate new drug store or be forced to close existing ones. Product liability claims in respect of defective goods sold in its stores and food safety and food-borne illness concerns could adversely affect its reputation and its financial prospects. Likewise, the sale of counterfeit products may affect its reputation and profitability. On the other hand, its senior citizen discounts for purchases of prescribed medicines and prime commodities may be subject to abuse or unchecked fraudulent practices by unqualified customers.

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

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

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

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

Item 2. Properties.

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

Region	Rental Scheme	Lease Rate	Term
Metro Manila	Fixed	P200 to P2,816 per sqm	1-15 years
	% to sales	2.0% to 7.2% of sales	1-10 years
	Fixed or % to sales, whichever is higher	P200 to P1,930 per sqm or 1.75% to 6% of sales	1-10 years
	Fixed plus % to sales	P100 to P3,020 per sqm plus 1.5% to 3% of sales	1-10 years
Luzon (outside Metro Manila)	Fixed	P93 to P2,536 per sqm	1-25 years
	% to sales	2.0% to 7.2% of sales	1-15 years
	Fixed or % to sales, whichever is higher	P200 to P550 per sqm or 1.75% to 6% of sales	1-15 years
	Fixed plus % to Sales	P300 to P700 per sqm plus 2% to 6% of sales	1-5 years

Region	Rental Scheme	Lease Rate	Term
Visayas	Fixed	P114 to P1,000 per sqm	1-20 years
	% to sales	2.74% to 7.2% of sales	1-5 years
	Fixed plus % to Sales	P300 to P897 per sqm plus 1.5% to 3% of sales	1-20 years
Mindanao	Fixed	P140 to P800 per sqm	1-15 years
	% to sales	2.74% to 7.2% of sales	1-3 years
	Fixed or % to sales, whichever is higher	P300 to P393 per sqm or 1% to 4% of sales	1-10 years
	Fixed plus % to sales	P500 to P900 per sqm plus 3% to 4% of sales	1-5 years

Supermarket. The following table sets out the location, number of stores and gross selling space of the Company's supermarkets that are leased as of December 31, 2014.

	No. of stores	Gross Selling Area in sqm
Metro Manila	36	104,116
Luzon	51	138,016
Visayas	14	38,022
Mindanao	10	32,328
Total	**111**	**312,483**

Department stores. The following table sets out the location, number of stores and gross selling space of the Company's department stores that are leased as of December 31, 2014.

	No. of stores	Gross Selling Area in sqm
Metro Manila	13	108,847
Luzon	18	101,148
Visayas	6	40,313
Mindanao	5	33,711
Total	**42**	**284,019**

DIY Stores. The following table sets out the location, number of stores and gross selling space of DIY stores as of December 31, 2014, all of which are under a lease agreement:

	No. of stores	Gross Selling Area in sqm
Metro Manila	50	45,080
Luzon	64	47,001
Visayas	34	41,240
Mindanao	13	9,455
Total	**161**	**142,776**

Convenience Stores. The following table sets out the location, number of stores and gross selling space of Ministop stores as December 31, 2014, all of which are under a lease agreement:

	No. of stores	Gross Selling Area in sqm
Metro Manila	281	28,560
Luzon	153	15,717
Visayas	16	1,182
Total	**450**	**45,459**

Drug Stores. The following table sets out the number of South Star Drug stores by region as December 31, 2014, all of which are under a lease agreement:

	No. of stores	Gross Selling Area in sqm
Metro Manila	68	5,579
Luzon	221	25,122
Visayas	23	1,333
Mindanao	8	248
Total	**320**	**32,282**

Specialty Stores. The following table sets out the number of stores of *Robinsons Appliances* stores, *Toys "R" Us* stores (including the *Toy "R" Us Toybox* sections located in RDS stores), *Daiso Japan* stores, international fashion specialty retail and beauty brand formats as of December 31, 2014, all of which are under a lease agreement:

	No. of stores	Gross Selling Area in sqm
Metro Manila	130	42,984
Luzon	64	20,954
Visayas	28	9,562
Mindanao	21	6,516
Total	**243**	**80,016**

Item 3. Legal Proceedings.

As of April 30, 2015, neither the Company nor any of its subsidiaries or affiliates or any of their properties is engaged in or a subject of any material litigation, claims or arbitration either as plaintiff or defendant, which could be expected to have a material effect on its financial position and the Company is not aware of any facts likely to give rise to any proceedings which would materially and adversely affect business or operations.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

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

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

STOCK PRICES

2015

	High	Low
First Quarter	₱90.10	₱74.50

2014

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

2013

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

(B) Holders

The number of shareholders of record as of April 30, 2015 was 23. Common shares outstanding as of April 30, 2015 were 1,385,000,000.

List of Top 20 stockholders as of April 30, 2015

Name of stockholder	Number of shares held	Percent to Total Outstanding
1. JE Holdings, Inc.	484,749,997	35.00%
2. PCD Nominee Corporation (Non-Filipino)	389,693,349	28.14%
3. Lance Y. Gokongwei	126,727,500	9.15%
4. Robina Y. Gokongwei-Pe	105,952,500	7.65%
5. PCD Nominee Corporation (Filipino)	95,051,246	6.86%
6. James L. Go	41,550,000	3.00%
7. Lisa Y. Gokongwei-Cheng	35,317,500	2.55%
7. Faith Y. Gokongwei-Lim	35,317,500	2.55%
7. Marcia Y. Gokongwei	35,317,500	2.55%
8. Lance Y. Gokongwei &/or Elizabeth Gokongwei	35,317,499	2.55%
9. Pacifico B. Tacub	2,000	0.00%
10. John T. Lao	1,000	0.00%
10. Vicente Piccio Mercado	1,000	0.00%

Name of stockholder	Number of shares held	Percent to Total Outstanding
11. Maria Lourdes Medroso Mercado	600	0.00%
12. Wilfred T. Co	500	0.00%
13. Felicitas F. Tacub	100	0.00%
13. Hector A. Sanvictores	100	0.00%
13. Julius Victor Emmanuel D. Sanvictores	100	0.00%
14. Owen Nathaniel S. Au ITF: Li Marcus Au	5	0.00%
15. John L. Gokongwei, Jr.	1	0.00%
15. Hope Y. Gokongwei-Tang	1	0.00%
15. Antonio L. Go	1	0.00%
15. Roberto R. Romulo	1	0.00%
Total outstanding	1,385,000,000	100.00%

(C) Dividends

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

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

None

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

Please refer to Note 19 of the Notes to the Consolidated Financial Statements.

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

December 31, 2014 vs December 31, 2013

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

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

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

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

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

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

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

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

Segment Operations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial Position

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

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

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

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

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

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

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

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

December 31, 2013 vs December 31, 2012

Consolidated Operations

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

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

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

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

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

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

Segment Operations

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

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

₱6,039 million this year. As a percentage to sales, gross margin jumped 200bps to18.6% this year against 16.6% last year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial Position

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

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

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

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

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

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

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

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

December 31, 2012 vs December 31, 2011

Consolidated Operations

Robinsons Retail Holdings, Inc. recorded net income of ₱1,345 million for the twelve months ended December 31, 2012, an increase of 182.5% as compared to ₱476 million for the twelve months ended December 31, 2011. The increase was largely due to increased income from operations as a result of new store openings. Net income attributable to parent amounted to ₱1,200 million for the twelve months ended December 31, 2012, an increase of 148.3% as compared to ₱483 for the twelve months ended December 31, 2011.

Consolidated revenues increased by 18.8% from ₱48,303 million for the twelve months ended December 31, 2011 to ₱57,393 million for the twelve months ended December 31, 2012. The robust growth was largely due to increase in sales volume as a result of the addition of stores. Royalty, rent and other income also increased from ₱854 million to ₱1,079 million or a 26.3% growth due to higher royalty fee income of the convenience store segment. Gross profit for the twelve months ended December 31, 2012 amounted to ₱10,979 million, 26.1% higher than ₱8,707 million for the twelve months ended December 31, 2011. The increase was on the back of increased margins of the supermarket segment, higher vendor volume incentives and discounts.

Operating expenses grew by 16.3% from ₱9,126 million to ₱10,617 million for the twelve months ended December 31, 2012 due to higher selling expenses and accelerated store network expansion which was partially offset by the decrease in operating expenses caused by the change in depreciation policy.

Other income and charges increased by 45.2% from ₱227 million to ₱330 million for the twelve months ended December 31, 2012. Other income in 2012 includes gain on sale of shares in JG summit amounting to ₱130 million. Interest expense also increased by 64.5% on higher loan balances.

EBITDA expanded by 69.0% from ₱1,799 million for the twelve months ended December 31, 2011 to ₱3,040 million for the twelve months ended December 31, 2012. The increase was largely due to higher gross profit margins as compared to last year.

Segment Operations

(i) ***Supermarket.*** Robinsons Supermarket concluded 2012 with 74 stores generating net sales of ₱29,295 million, a 14.2% growth from ₱25,643 million in 2011. The increase in net sales was primarily due to the continued expansion activities after adding 12 stores in 2012.

Cost of sales grew by 12.0% from ₱21,816 million in 2011 to ₱24,439 million in 2012. Cost of sales increased at a slower rate than net sales due to the additional discounts and supports collaborated with the suppliers in exchange for preferential product distribution, gondola placements and display. As a result, gross margin expanded by 26.9% from ₱3,827 million to ₱4,856 million in 2012. As a percentage to sales, gross margin jumped 170bps to16.6% in 2012 against 14.9% in 2011.

Operating expenses, as a percentage of net sales, reached 15.2% and 14.6% in 2012 and 2011, respectively.

As a result of the factors discussed above, EBIT this year increased by 161.1% or ₱564 million against ₱216 million in 2011. Accordingly, EBITDA expanded by 62.5% in 2012 to ₱1,273 million, resulting also to an increase of EBITDA margin from 3.1% last year to 4.3% this year.

(ii) ***Department Stores.*** Robinsons Department Store (RDS) registered net sales of ₱11,374 million for the twelve months ended December 31, 2012, a growth of 10.3% from ₱10,315 million for the same period in 2011. This increase in net sales was largely due to the increased volumes of products sold from new stores.

RDS' cost of sales amounted to ₱8,736 million for the twelve months ended December 31, 2012, an increase of 8.9% from ₱8,019 million in 2011. This resulted to a gross margin of ₱2,639 million for the twelve months ended December 31, 2012 against ₱2,296 million in 2011. The increase in gross margin was due to an increase in sales with improved margins coming from additional discounts on advertising support and value-added services.

RDS generated EBIT of ₱380 million for the twelve months ended December 31, 2012 against ₱213 million in 2011. RDS also generated EBITDA of ₱685 million for the twelve months ended December 31, 2012 against ₱455 million in the same period in 2011.

(iii) ***Convenience Stores.*** Convenience stores segment registered a systemwide sales and merchandise sales of ₱5,885 million and ₱3,826 million, respectively for the twelve months ended December 31, 2012, a 11.8% and 9.9% growth from ₱5,263 million and ₱3,481 million in the same period in 2011. The key drivers for the increase were as follows: (1) increase in the number of operating stores and (2) improvement in the average daily sales per store. Other income which mainly consists of Royalty fee also posted a marked increase from ₱772 million in 2011 to ₱948 million in 2012. Royalty fee is computed as a percentage of system-wide Gross profit and is about 99% of the total Other income.

Cost of Sales grew by ₱288 million or 9.0%, to ₱3,486 million for the twelve months ended December 31, 2012 from ₱3,198 million in 2011 due to higher sales volume. Gross Margin increased from 8.1% in 2011 to 8.9% in 2012. Convenience stores recorded an EBIT of ₱69 million in 2012 versus a loss of ₱114 million in 2011.

EBITDA generated for the twelve months ended December 31, 2012 was ₱294 million, 76.6% higher than the ₱167 million recorded in the same period in 2011.

Convenience stores will continue its expansion mostly in the central business district areas and will continue to increase the offering of its Ready-to-eat category.

(iv) ***DIY Stores.*** DIY segment concluded 2012 with significant increases in sales, gross margins and profitability. Net sales lifted by 15.1% from ₱5,382 million to ₱6,195 million for the twelve months ended December 31, 2011 and December 31, 2012, respectively. The improvement was driven primarily by the aggressive store expansion this year with net addition of 19 new stores to 111 stores.

DIY's cost of sales grew at 15.2% from ₱4,012 million in 2011 to ₱4,624 million in 2012. Gross profit, as a result, expanded to ₱1,571 million from ₱1,370 million in 2011. As a percentage to sales, gross profit was at 25.4% for both 2012 and 2011. Accordingly, EBIT in 2012 reached ₱273 million against ₱166 million in 2011.

DIY registered EBITDA of ₱436 million for the twelve months ended December 31, 2013 against ₱298 million for the same period in 2012. As a percentage to sales, EBITDA reached 7.0% in 2012, a 1.5 percentage points spread over the EBITDA margin of 5.5% in 2011.

(v) ***Specialty Stores.*** The net sales of the Specialty Stores segment increased by 20.2% from ₱3,962 million to ₱4,762 million for the twelve months ended December 31, 2011 and December 31, 2012, respectively. The increase in net sales was primarily due to the 24.5% growth in the net sales of Robinsons Appliances, which contributed 48.6% to the total net sales of the Specialty Stores segment.

The cost of merchandise sold of Specialty Stores segment increased by 17.1% from ₱3,030 million for the twelve months ended December 31, 2011 to ₱3,549 million for the twelve months ended December 31, 2012, which was relative to the increase in the volume of sales. The cost of merchandise increased at a slower rate than net sales mainly due to the additional support from vendors for Robinsons Appliances such as marketing support, sell out rebate support and other forms of subsidies. This led to a 30.3% rise in the Specialty Stores segment gross profit from ₱931 million for the twelve months ended December 31, 2011 to ₱1,213 million for the twelve months ended December 31, 2012.

As a result of the foregoing, for the twelve months ended December 31, 2012, the Specialty Stores segment generated an EBITDA of ₱251 million, an increase of 128.1% compared to ₱110 million for the twelve months ended December 31, 2011. As a percentage to sales, EBITDA improved by 2.5 percentage points from 2.8% to 5.3% for the twelve months ended December 31, 2011 and December 31, 2012, respectively.

<u>Financial Position</u>

As of December 31, 2012, the Company's balance sheet showed consolidated assets of ₱24,232 million, which was 42.7% higher from the total consolidated assets of ₱16,977 million as of December 31, 2011.

Cash and cash equivalents increased from ₱5,242 million as of December 31, 2011 to ₱6,052 million as of December 31, 2012. In 2012, net cash provided by operating activities totaled ₱3,238 million. Net cash used in investing activities amounted to ₱4,158 million, ₱1,912 million of which were used to acquire properties and equipments. Net cash generated from financing activities amounted to P1,730 million.

Trade and other receivables increased by 27.3% from ₱579 million to ₱737 million.

Goodwill increased from ₱85 million to ₱831 million due to the acquisition of SSD.

Other noncurrent assets also increased from ₱578 million to ₱743 million due to additional construction bonds and security deposit of additional stores.

Trade and other payables increased from ₱9,395 million to ₱12,320 million.

Current and noncurrent loans payable increased due to acquisition of SSD.

Stockholder's equity grew from ₱6,489 million as of December 31, 2011 to ₱8,057 million as of December 31, 2012 due to higher net income.

<u>Key Performance Indicators</u>

A summary of RRHI's key performance indicators follows:

Key Performance Indicators	2014	2013	2012
	(in millions)		
Net sales	₱80,400	₱67,254	₱57,393
EBIT	4,490	4,063	1,441
EBITDA	5,770	5,063	3,041
Core Net Earnings	3,422	2,901	1,315
Liquidity ratio:			
Current ratio	1.58	2.96	1.06
Profitability ratio:			
Operating margin	0.06	0.06	0.03
Debt to equity ratio	0.39	0.38	2.01
Asset to equity ratio	1.39	1.38	3.01
Interest rate coverage ratio	372.39	52.55	24.75

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

Key Performance Indicators

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

The Company pursued its efforts in converting the proceeds from its IPO into acquisition of investments and network expansion, thus lowering its current ratio from 2.96 to 1.58 times in 2013 and 2014, respectively. The Company does not expect any liquidity problems that may arise in the near future.

Currently maturing loans amounting to ₱396 million was paid during the year which resulted to lower interest expense and driven interest coverage ratio from 52.55 to 372.39 times in 2013 and 2014, respectively.

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

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

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

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

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

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

Not Applicable

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

Not Applicable

Item 6. Financial Statements

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

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

(A) External Audit Fees and Services

Audit and Audit - Related Fees

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

	2014	2013	2012
Audit and Audit-Related Fees			
Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements	**₱5,092,691**	₱4,506,992	₱3,828,672
Professional Fees related to the Initial Public Offering	None	15,000,000	None
Tax Fees	None	None	None
All Other Fees	None	None	None
Total	**₱5,092,691**	₱19,506,992	₱3,828,672

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

No other service was provided by external auditors to the Company for the calendar years 2014, 2013 and 2012.

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

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

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

PART III – CONTROL AND COMPENSATION INFORMATION

Item 8. Directors and Executive Officers of the Registrant

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

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

Name	Age	Position	Citizenship
John L. Gokongwei, Jr.	88	Chairman and Chief Executive Officer	Filipino
James L. Go	75	Vice Chairman and Deputy Chief Executive Officer	Filipino
Lance Y. Gokongwei	48	Vice Chairman	Filipino
Robina Y. Gokongwei-Pe	53	President and Chief Operating Officer	Filipino
Lisa Y. Gokongwei-Cheng	46	Director	Filipino
Faith Y. Gokongwei-Lim	44	Director	Filipino
Hope Y. Gokongwei-Tang	44	Director	Filipino
Antonio L. Go*	74	Independent Director	Filipino
Roberto R. Romulo	76	Independent Director	Filipino

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

All of the above directors have served their respective offices since June 25, 2014. There are no other directors who resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of the stockholders for any reason whatsoever.

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

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

Name	Age	Position	Citizenship
Bach Johann M. Sebastian	53	Senior Vice President and Chief Strategy Officer	Filipino
Diosdado Felix A. Zapata III	52	Chief Financial Officer	Filipino
Katheryn T. Lim	40	Treasurer	Chinese
Rosalinda F. Rivera	44	Corporate Secretary	Filipino
Gilbert S. Millado, Jr.	41	Assistant Corporate Secretary	Filipino

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

John L. Gokongwei, Jr., 88, is the Chairman and Chief Executive Officer of the Company. He is also the Chairman Emeritus and a director of Robinson's Incorporated, Robinsons Convenience Stores, Inc., Robinsons Supermarket Corporation, Robinsons Specialty Stores, Inc., and Robinsons Toys, Inc. He is the Chairman Emeritus and a member of the Board of Directors of JG Summit Holdings, Inc. and certain of its subsidiaries. He also continues to be a member of the Executive Committee of JG Summit Holdings, Inc. He is currently the Chairman of the Gokongwei Brothers Foundation, Inc., Deputy Chairman and Director of United Industrial Corporation Limited, and a director of Cebu Air, Inc. and Oriental Petroleum and Minerals Corporation. He was elected a director of Manila Electric Company on March 31, 2014. He is also a non-executive director of A. Soriano Corporation. Mr. John L. Gokongwei, Jr. received a Masters degree in Business Administration from the De La Salle University and attended the Advanced Management Program at Harvard Business School.

James L. Go, 75, is the Vice Chairman and Deputy Chief Executive Officer of the Company. He is the Chairman and Chief Executive Officer of Robinsons Supermarket Corporation, Robinson's Incorporated, Robinsons Convenience Stores, Inc., and Robinsons Handyman, Inc. He is a director of Handyman Express Mart, Inc., RHD Daiso-Saizen, Inc., Robinsons Appliances Corp., Robinsons Daiso Diversified Corp., Robinsons Specialty Stores, Inc., Robinsons Toys, Inc., Robinsons Ventures Corporation, South Star Drug, Inc., Waltermart-Handyman, Inc., Angeles Supercenter, Inc., Eurogrocer Corp. and JAS 8 Retailing Mngt. Corporation. He is the Chairman and Chief Executive Officer of JG Summit Holdings, Inc. and Oriental Petroleum and Minerals Corporation. He is the Chairman of Universal Robina Corporation, Robinsons Land Corporation, JG Summit Petrochemical Corporation and JG Summit Olefins Corporation. He is a director of Marina Center Holdings Private Limited, United Industrial Corporation Limited and Hotel Marina City Private Limited. He is also the President and Trustee of the Gokongwei Brothers Foundation, Inc. He has been a director of the Philippine Long Distance Telephone Company (PLDT) since November 3, 2011. He is a member of the Technology Strategy Committee and Advisor of the Audit Committee of the Board of Directors of PLDT. He was elected a director of Manila Electric Company on December 16, 2013. Mr. James L. Go received his Bachelor of Science Degree and Master of Science Degree in Chemical Engineering from Massachusetts Institute of Technology, USA.

Lance Y. Gokongwei, 48, is the Vice Chairman of the Company. He is the Chairman and Chief Executive Officer of Handyman Express Mart, Inc., Robinsons Appliances Corp., Robinsons Daiso Diversified Corp., Robinsons Specialty Stores, Inc., Robinsons Toys, Inc., Robinsons Ventures Corporation, South Star Drug, Inc., Waltermart-Handyman, Inc., Angeles Supercenter, Inc., Everyday Convenience Stores, Inc., Robinsons True Serve Hardware Philippines, Inc., Robinsons Handyman, Inc., Eurogrocer Corp., JAS 8 Retailing Mngt. Corporation and RHI Builders and Contractors Depot Corp. He is the Vice Chairman of Robinsons Convenience Stores, Inc. and Vice Chairman and Deputy Chief Executive Officer of Robinsons Handyman, Inc., Robinson's Incorporated and Robinsons Supermarket Corporation. He is the President and Chief Operating Officer of JG Summit Holdings, Inc. He is the President and Chief Executive Officer of Universal Robina Corporation, JG Summit Petrochemical Corporation, and JG Summit Olefins Corporation. He is the Vice Chairman and Chief Executive Officer of Robinsons Land Corporation. He is also the Chairman of Robinsons Bank Corporation, and a director of Oriental Petroleum and Minerals Corporation and United Industrial Corporation Limited. He is a director and Vice Chairman of Manila Electric Company. He is also a trustee and secretary of the Gokongwei Brothers Foundation, Inc. Mr. Lance Y. Gokongwei received a Bachelor of Science degree in Finance and a Bachelor of Science degree in Applied Science from the University of Pennsylvania.

Robina Y. Gokongwei-Pe, 53, is the President and Chief Operating Officer of the Company. She is a Director of JG Summit Holdings, Inc., Robinsons Land Corporation, Cebu Air, Inc., and Robinsons Bank Corporation. She is a Trustee of the Gokongwei Brothers Foundation Inc., Immaculate Conception Academy Scholarship Fund and the Ramon Magsaysay Awards Foundation. She was also a member of the University of the Philippines Centennial Commission. She attended the University of the Philippines-Diliman from 1978 to 1981 and obtained a Bachelor of Arts degree (Journalism) from New York University in 1984. Ms. Pe joined the group in 1984 as a management trainee. She is a daughter of Mr. John L. Gokongwei, Jr.

Lisa Y. Gokongwei-Cheng, 46, is a Director of the Company. She is also the President of Summit Media,Group General Manager of Jobstreet Philippines, Director and President of Summit Media Informatix Holdings, Inc. and General Manager of GBFI. She graduated from Ateneo de Manila University with a Bachelor of Arts degree (Communications) in 1990 and obtained a Master of Science degree (Journalism) from Columbia University in 1993. She is the daughter of Mr. John L. Gokongwei, Jr.

Faith Y. Gokongwei-Lim, 44, is a Director of the Company. She is also the Vice President-Merchandising for Ministop since 2006. She has assumed various key roles in other Robinsons business units as follows: Department Head of Robinsons Department Store and Merchandising Head of Robinsons Supermarket from 1997 to 2006. She is also currently the General Manager of Chic Centre Corporation, a cosmetics business. Ms. Faith graduated from the De La Salle University with a Bachelor of Arts degree (English Literature). She has over 22 years of retail experience obtained from the Company. She is a daughter of Mr. John L. Gokongwei, Jr.

Hope Y. Gokongwei-Tang, 44, is a Director of the Company. She is also the General Manager of Robinsons Appliances, effective as of April 1, 2012. She had been with the Robinsons Department Store for 21 years and was promoted from the Department Head to Vice President of the merchandising department of the Department Store. Ms. Hope graduated from De La Salle University with a Bachelor of Arts degree (English Literature). She has over 22 years of retail experience obtained from our Company. She is a daughter of Mr. John L. Gokongwei, Jr.

Antonio L. Go, 74, was elected as an independent director of the Company on July 4, 2013. He also currently serves as director and President of Equitable Computer Services, Inc. and is the Chairman of Equicom Savings Bank and ALGO Leasing and Finance, Inc. He is also a director of Medilink Network, Inc., Maxicare Healthcare Corporation, Equicom Manila Holdings, Equicom Inc., Equitable Development Corporation, United Industrial Corporation Limited, Oriental Petroleum and Minerals Corporation, Pin-An Holdings, Inc., Equicom Information Technology and Cebu Air, Inc. He is also a trustee of Go Kim Pah Foundation, Equitable Foundation, Inc., and Gokongwei Brothers Foundation, Inc. He graduated from Youngstown University, United States with a Bachelor of Science degree in Business Administration. He attended the International Advanced Management program at the International Management Institute, Geneva, Switzerland as well as the Financial Planning/Control program at the ABA National School of Bankcard Management, Northwestern University, United States.

Roberto R. Romulo, 76, was elected as an Independent Director of the Company on July 4, 2013. He is the Chairman of AIG Philippines Insurance Inc. (formerly Chartis Philippines Insurance Inc.), PETNET, Inc, Medilink Network Inc., Nationwide Development Corporation, and Romulo Asia Pacific Advisory. He is currently a board member of A. Soriano Corporation, Equicom Savings Bank, Philippine Long Distance Telephone Co. and Maxicare Healthcare Corporation. He was also a board member of United Industrial Corporation Limited from January 2003 to April 2010 and of Singapore Land Limited from January 2003 to August 2014. He is a Member of the Board of Counselors of McLarty Associates (formerly Kissinger McLarty Associates). He is also the Chairman of several non-profit organizations, namely, Zuellig Family Foundation, Carlos P. Romulo Foundation for Peace and Development, Foundation for Information Technology Education and Development and Asia Europe Foundation of the Philippines. He graduated with a Bachelor of Arts degree (Political Science) from Georgetown University, Washington, D.C. and a Bachelor of Laws degree from Ateneo de Manila University.

(i) Officers

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

Bach Johann M. Sebastian, 53, is Senior Vice President and Chief Strategy Officer of the Company. In addition, he is also Senior Vice President and Chief Strategy Officer of JG Summit Holdings Inc., Universal Robina Corporation, Robinsons Land Corporation and Cebu Air, Inc. Prior to joining JG Summit in 2002, he was Senior Vice President and Chief Corporate Strategist of RFM Corporation, Swift Foods Inc., Selecta Dairy Products Inc., Cosmos Bottling Corporation, and PSI Technologies Inc. Between 1981 and 1991, he was with the Department of Trade and Industry as Chief of Economic Research, and Director of Operational Planning. He received a Bachelor of Arts in Economics from the University of the Philippines in 1981, and a Master in Business Administration degree from the Asian Institute of Management in 1986.

Diosdado Felix A. Zapata III, 52, is the Vice President and Chief Financial Officer for the Company and all of its subsidiaries. He joined the group in 1991. He started his career as a junior auditor of SGV in 1983. He graduated Cum Laude with a Bachelor of Accountancy degree from Polytechnic University of the Philippines. He became a Certified Public Accountant in 1983. He has more than 22 years of experience in the retail industry, all of which were obtained from the Company.

Katheryn T. Lim, 40, is the Assistant Vice President - Treasurer of the Company. Prior to her appointment in Robinsons, she worked with URC China Food Group as Corporate Treasury Manager, Chengdu Ding Feng Real Estate Co., Ltd (a company of JG Summit) as Finance and Administrative Manager. Her previous work experience includes: JG Summit Petrochemical Credit Manager -Treasury Industrial Group from 2003- to 2008 and Head of Treasury Department for SM Prime Holdings, Inc. from 2000- to 2003. She graduated from the University of Santo Tomas with a Bachelor of Commerce degree (Business Administration and Management).

Rosalinda F. Rivera, 44, is the Corporate Secretary of the Company. She is also the Corporate Secretary of JG Summit Holdings, Inc., Universal Robina Corporation, Robinsons Land Corporation, Cebu Air, Inc., JG Summit Petrochemical Corporation, and JG Summit Olefins Corporation. Prior to joining JG Summit Holdings, Inc., she was a Senior Associate at Puno and Puno Law Offices. She received a Juris Doctor degree from the Ateneo de Manila University School of Law and a Masters of Law degree in International Banking from the Boston University School of Law. She was admitted to the Philippine Bar in 1995.

Atty. Gilbert S. Millado Jr., 41, is the Assistant Corporate Secretary of the Company and the General Counsel and Corporate Secretary of all subsidiaries under the Company. He was previously the Corporate Legal Counsel of RLC from 2003 to 2012. He also served as the Corporate Legal Counsel of the Araneta Properties from 2000 to 2003. He received a Bachelor of Laws degree from Far Eastern University and was admitted to the Philippine Bar in 2000.

(B) Significant Employees

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

(C) Family Relationships

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

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

As of December 31, 2014, and to the best of the Company's knowledge and belief and after due inquiry, none of the Company's directors, nominees for election as director, or executive officers, in the past five years up to the date of this report: (i) have had any petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a three-year period of that time; (ii) have been convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offences; (iii) have been subjected to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities; or (iv) been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

Item 9. Executive Compensation

Key management personnel of the Group include the Chairman of the BOD, President and Treasurer.

(A) Summary Compensation Table

The following table sets out the Company's chief operating officer and four most highly compensated senior officers for the last three years and projected for the ensuing year (2014).

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

The aggregate compensation of executive officers and directors of the Company for last year and projected for the year 2015 are as follows:

		(in ₱ million)		
ACTUAL	**Year**	**Salaries**	**Bonuses**	**Total**
President and Chief Operating Officer and four (4) most highly compensated senior officers of certain business segments of the Corporation: 1. Robina Y. Gokongwei-Pe – President and Chief Operating Officer 2. Dahlia T. Dy – Managing Director - South Star Drug, Inc. 3. Justiniano S. Gadia – General Manager - Robinsons Supermarket 4. Johnson T. Go – General Manager - Robinsons Department Store 5. Roena P. Sarte – General Manager - Ministop	2012 2013 2014	28.90 34.45 36.61	2.45 2.37 2.52	31.36 36.82 39.13
Aggregate compensation paid to all other general managers, heads for shared services and directors as a group unnamed	2012 2013 2014	37.65 45.06 48.30	3.24 3.29 3.57	40.89 48.35 51.86

	(in ₱ million)		
PROJECTED 2015	**Salaries**	**Bonuses**	**Total**
President and Chief Operating Officer and four (4) most highly compensated senior officers of certain business segments of the Corporation: 1. Robina Y. Gokongwei-Pe – President and Chief Operating Officer 2. Dahlia T. Dy – Managing Director - South Star Drug, Inc. 3. Justiniano S. Gadia – General Manager - Robinsons Supermarket 4. Johnson T. Go – General Manager - Robinsons Department Store 5. Roena P. Sarte – General Manager - Ministop	38.48	2.65	41.13
Aggregate compensation paid to all other general managers, heads for shared services and directors as a group unnamed	51.28	3.74	55.02

(B) Standard Arrangements

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

(C) Other Arrangements

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

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

Not applicable.

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

Not applicable.

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

(A) Security Ownership of Certain Record and Beneficial Owners holding more than 5% of the Company's voting securities as of April 30, 2015

As of April 30, 2015, the Company knows no one who beneficially owns in excess of 5% of the Company's common stock except as set forth in the table below.

Title of Class	Names and addresses of record owners and relationship with the Company	Name of beneficial owner and relationship with record owner	Citizenship	Number of shares held	% to Total Outstanding
Common	JE Holdings, Inc. 43/F Robinsons Equitable Tower, ADB Avenue corner Poveda Street Ortigas Center, Pasig City (stockholder)	Same as record owner (See note 1)	Filipino	484,749,997	35.00%
Common	PCD Nominee Corporation (Non-Filipino) 37/F Tower 1, The Enterprise Center, Ayala Ave. cor. Paseo de Roxas, Makati City (stockholder)	PDTC Participants and their clients (See note 2)	Non-Filipino	389,693,349 (See note 3)	28.14%
Common	Lance Y. Gokongwei 43/F Robinsons Equitable Tower, ADB Avenue corner Poveda Street Ortigas Center, Pasig City	Same as record owner	Filipino	126,727,500	9.15%
Common	Robina Y. Gokongwei-Pe 43/F Robinsons Equitable Tower, ADB Avenue corner Poveda Street Ortigas Center, Pasig City	Same as record owner	Filipino	105,952,500	7.65%
Common	PCD Nominee Corporation (Filipino) 37/F Tower 1, The Enterprise Center, Ayala Ave. cor. Paseo de Roxas, Makati City (stockholder)	PDTC Participants and their clients (See note 2)	Filipino	95,051,246	6.86%

Notes:

1. JE Holdings, Inc. is a company owned by members of the Gokongwei family.

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

3. Out of the PCD Nominee Corporation (Non-Filipino) account,"The Hongkong and Shanghai Banking Corp. Ltd. –Clients' Acct." and "Deutsche Bank Manila-Clients A/C" hold for various trust accounts the following shares of the Corporation as of April 30, 2015:

	No. of shares	% to Outstanding
The Hongkong and Shanghai Banking Corp. Ltd. –Clients' Acct.	210,814,670	15.22%
Deutsche Bank Manila-Clients A/C	92,230372	6.66%

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

(B) Security Ownership of Management as of April 30, 2015

Title of Class	Name of beneficial owner	Position	Amount & nature of beneficial ownership Direct	Indirect	Citizenship	% to Total Outstanding
Named Executive Officers (Note 1)						
Common	1. John L. Gokongwei, Jr.	Director, Chairman and Chief Executive Officer	1	-	Filipino	*
Common	2. Robina Y. Gokongwei-Pe	Director, President and Chief Operating Officer	105,952,500	-	Filipino	7.65%
	Sub-Total		105,952,501	-		7.65%
Other Directors and Executive Officers						
Common	3. James L. Go	Director, Vice Chairman and Deputy Chief Executive Officer	41,550,000	-	Filipino	3.00%
Common	4. Lance Y. Gokongwei	Director and Vice Chairman	162,044,999 (Note 2)	-	Filipino	11.70%
Common	5. Lisa Y. Gokongwei-Cheng	Director	35,317,500	-	Filipino	2.55%
Common	6. Faith Y. Gokongwei-Lim	Director	35,317,500	-	Filipino	2.55%
Common	7. Hope Y. Gokongwei-Tang	Director	1	-	Filipino	*
Common	8. Antonio L. Go	Director (Independent)	1	-	Filipino	*
Common	9. Roberto R. Romulo	Director (Independent)	1	-	Filipino	*
-	10. Bach Johann M. Sebastian	Senior Vice President and Chief Strategy Officer	-	-	Filipino	-
-	11. Diosdado Felix A. Zapata III	Chief Financial Officer	-	-	Filipino	-
Common	12. Katheryn T. Lim	Treasurer	9,500	-	Chinese	*
-	13. Rosalinda F. Rivera	Corporate Secretary	-	-	Filipino	-
Common	14. Gilbert S. Millado, Jr.	Assistant Corporate Secretary	500	-	Filipino	*
	Sub-Total		274,240,002	-		19.80%
All directors and executive officers as a group unnamed			380,192,503	-		27.45%

Notes:
1. As defined under Part IV (B) (1) (b) of Annex "C" of SRC Rule 12, the "named executive officers" to be listed refer to the Chief Executive Officer and those that are the four (4) most highly compensated executive officers as of April 30, 2015.
2. Sum of the shares in the name of "Lance Y. Gokongwei" for 126,727,500 shares and "Lance Y. Gokongwei &/or Elizabeth Gokongwei" for 35,317,499 shares.
* less than 0.01%

(C) Voting Trust Holders of 5% or more - as of April 30, 2015

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

(D) Changes in Control

As of April 30, 2015, there has been no change in the control of the Corporation since the beginning of its last fiscal year.

Item 11. Use of Proceeds from Initial Public Offering

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

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

For the year ended December 31,2014, the application of the net proceeds is broken as follows:

Use of Proceeds	Amount in Pesos
Expansion of store network	₱2,524,383,329
Renovation of existing stores	769,685,843
Repayment of bank loans	384,396,211
Other corporate purposes	136,880,038
Total	₱3,815,345,421

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

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

The management of **Robinsons Retail Holdings, Inc. and Subsidiaries** is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2014 and 2013, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

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

MR. JOHN L. GOKONGWEI, JR.
Chairman
TIN 124-294-226

MR. JOHN L. GOKONGWEI, JR.
Chief Executive Officer
TIN 124-294-226

KATHERYN T. LIM
Treasurer
TIN 195-218-299

DIOSDADO FELIX A. ZAPATA III
Chief Financial Officer
TIN 142-200-457

Doc No. 84;
Page No. 17;
Book No. I;
Series of 2015.

ATTY. GILBERT S. MILLADO, JR.
Roll No. 45039
Notary Public
Until December [illegible]
110 E. [illegible] Ave. [illegible] Quezon City
PTR No. [illegible]; Jan. 7, 2015; Quezon City
IBP No. [illegible] Jan [illegible] 2015; CALMANA
TIN [illegible]
Commission-Adm. No. [illegible]
[illegible]

SGV
Building a better working world

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

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-3 (Group A),
November 15, 2012, valid until November 16, 2015

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Robinsons Retail Holdings, Inc.

We have audited the accompanying consolidated financial statements of Robinsons Retail Holdings, Inc. and Subsidiaries (formerly Robinsons Holdings, Inc. and Subsidiaries), which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Robinsons Retail Holdings, Inc. and its subsidiaries as at December 31, 2014 and 2013, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2014 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
SEC Accreditation No. 1229-A (Group A),
May 31, 2012, valid until May 30, 2015
Tax Identification No. 162-410-623
BIR Accreditation No. 08-001998-74-2015
February 27, 2015, valid until February 26, 2018
PTR No. 4751335, January 5, 2015, Makati City

March 26, 2015

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Robinsons Holdings, Inc. and Subsidiaries)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2014	2013 (As restated - Note 2)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7, 18 and 28)	**₱9,969,823,164**	₱30,128,802,014
Short-term investments (Notes 8, 18 and 28)	**1,852,726,333**	341,880,969
Trade and other receivables (Notes 9, 25 and 28)	**1,529,443,918**	1,108,452,139
Merchandise inventories (Notes 9 and 10)	**8,993,411,437**	7,028,810,289
Other current assets (Notes 11 and 28)	**1,367,073,387**	1,008,098,342
Total Current Assets	**23,712,478,239**	39,616,043,753
Noncurrent Assets		
Available-for-sale (AFS) financial assets (Notes 12 and 28)	**17,717,912,763**	–
Property and equipment (Note 13)	**9,653,665,304**	7,063,006,020
Investments in shares of stock (Note 14)	**1,990,235,885**	1,803,149,527
Intangible assets (Notes 15 and 20)	**3,034,318,342**	2,790,251,954
Deferred tax assets - net (Note 26)	**169,670,408**	119,331,416
Other noncurrent assets (Notes 16 and 28)	**1,215,713,690**	958,915,358
Total Noncurrent Assets	**33,781,516,392**	12,734,654,275
	₱57,493,994,631	₱52,350,698,028
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 17, 25 and 28)	**₱14,139,144,305**	₱12,075,397,219
Current portion of loans payable (Notes 18 and 28)	**55,555,556**	395,555,556
Income tax payable	**629,586,074**	700,641,915
Other current liabilities (Note 28)	**198,062,357**	203,652,278
Total Current Liabilities	**15,022,348,292**	13,375,246,968
Noncurrent Liabilities		
Loans payable - net of current portion (Notes 18 and 28)	**56,131,441**	111,860,152
Deferred tax liability -net (Note 26)	**544,575,639**	519,940,522
Net pension liabilities (Notes 23 and 24)	**634,701,436**	361,181,660
Total Noncurrent Liabilities	**1,235,408,516**	992,982,334
Total Liabilities	**16,257,756,808**	14,368,229,302
Equity (Note 19)		
Capital stock	**1,385,000,000**	1,385,000,000
Additional paid-in capital	**27,227,385,090**	27,026,913,866
Treasury shares	–	(1,100,373,100)
Other comprehensive income (loss) (Notes 12, 14 and 24)	**(23,641,261)**	27,710,882
Equity reserve	**(991,931,906)**	116,459,430
Retained earnings		
Appropriated	**10,311,451,453**	4,340,251,453
Unappropriated	**1,740,057,473**	4,710,692,005
Total equity attributable to equity holders of the Parent Company	**39,648,320,849**	36,506,654,536
Non-controlling interest in consolidated subsidiaries	**1,587,916,974**	1,475,814,190
Total Equity	**41,236,237,823**	37,982,468,726
	₱57,493,994,631	₱52,350,698,028

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Robinsons Holdings, Inc. and Subsidiaries)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2014	2013 (As restated - Note 2)	2012
SALES - net of sales discounts and returns (Notes 6, 21 and 25)	**₱80,400,962,302**	₱67,254,175,069	₱57,393,248,813
COST OF MERCHANDISE SOLD (Notes 6 and 10)	**62,971,862,522**	52,942,470,422	46,414,453,179
GROSS PROFIT	**17,429,099,780**	14,311,704,647	10,978,795,634
ROYALTY, RENT AND OTHER REVENUE (Notes 6, 25, 29 and 30)	**1,433,203,123**	1,320,743,045	1,078,588,155
GROSS PROFIT INCLUDING OTHER REVENUE (Note 6)	**18,862,302,903**	15,632,447,692	12,057,383,789
OPERATING EXPENSES (Notes 22, 23 and 24)	**(14,374,863,748)**	(11,568,983,962)	(10,616,575,044)
OTHER INCOME (CHARGES)			
Interest income (Notes 7, 8 and 12)	**634,184,861**	113,390,746	114,125,136
Equity in net earnings of an associate (Note 14)	**56,549,947**	191,465,985	159,023,568
Dividend income (Note 12)	**27,875,000**	3,271,519	4,363,038
Foreign currency exchange gain (losses) – net	**25,063,690**	25,247,402	(19,404,733)
Interest expense (Note 18)	**(12,057,390)**	(77,328,731)	(58,217,332)
Investment income	**–**	–	129,874,167
	731,616,108	256,046,921	329,763,844
INCOME BEFORE INCOME TAX (Note 6)	**5,219,055,263**	4,319,510,651	1,770,572,589
PROVISION FOR INCOME TAX (Note 26)			
Current	**1,313,560,861**	1,146,035,321	418,763,595
Deferred	**(27,789,611)**	56,122,823	6,886,046
	1,285,771,250	1,202,158,144	425,649,641
NET INCOME	**3,933,284,013**	3,117,352,507	1,344,922,948
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:			
Changes in fair value and share in change in fair value of AFS financial assets (Notes 12 and 14)	**125,549,751**	105,431,546	(5,235,058)
Share in change in translation adjustment of an associate (Note 14)	**(7,145,197)**	(33,984,500)	–
Sale of AFS financial assets	**–**	(1,800,000)	–
Income tax effect	**(39,160,923)**	15,093,540	1,570,517
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:			
Share in an associate actuarial losses on pension liability(Note 14)	**–**	(9,186,621)	–
Remeasurement losses on net pension liabilities (Note 24)	**(205,700,823)**	(28,395,304)	(32,051,568)
Income tax effect	**61,710,247**	8,518,591	9,615,470
	(64,746,945)	55,677,252	(26,100,639)
TOTAL COMPREHENSIVE INCOME	**₱3,868,537,068**	₱3,173,029,759	₱1,318,822,309

(Forward)

	Years Ended December 31		
	2014	2013	2012)
Net income attributable to:			
Equity holders of the Parent Company	**₱3,560,636,968**	₱2,744,964,659	₱1,199,643,937
Non-controlling interest in consolidated subsidiaries	**372,647,045**	372,387,848	145,279,011
	₱3,933,284,013	₱3,117,352,507	₱1,344,922,948
Total comprehensive income attributable to:			
Equity holders of the Parent Company	**₱3,509,284,825**	₱2,802,724,717	₱1,173,543,298
Non-controlling interest in consolidated subsidiaries	**359,252,243**	370,305,042	145,279,011
	₱3,868,537,068	₱3,173,029,759	₱1,318,822,309
Basic/Diluted Earnings Per Share (Note 27)	**₱2.60**	₱3.79	₱2.89

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Robinsons Holdings, Inc. and Subsidiaries)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Total Equity Attributable to Equity Holders of the Parent Company									
					Retained Earnings					
	Capital Stock (Note 19)	Additional Paid-in Capital (Note 19)	Other Comprehensive Income (Loss) (Notes 12,14 and 24)	Equity Reserve (Note 19)	Appropriated (Note 19)	Unappropriated (Note 19)	Treasury Stock (Note 19)	Total	Non-controlling Interest in Consolidated Subsidiaries	Total
	For the Year Ended December 31, 2014									
Balance at beginning of year	**₱1,385,000,000**	**₱27,026,913,866**	**₱27,710,882**	**₱116,459,430**	**₱4,340,251,453**	**₱4,710,692,005**	**(₱1,100,373,100)**	**₱36,506,654,536**	**₱1,475,814,190**	**₱37,982,468,726**
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	**76,400,000**	**76,400,000**
Sale of treasury shares	–	**200,471,224**	–	–	–	–	**1,100,373,100**	**1,300,844,324**	–	**1,300,844,324**
Additional investment in a subsidiary	–	–	–	–	–	–	–	–	**40,600,000**	**40,600,000**
Acquisition of noncontrolling interest	–	–	–	**(1,108,391,336)**	–	–	–	**(1,108,391,336)**	**(336,916,914)**	**(1,445,308,250)**
Dividends	–	–	–	–	–	**(560,071,500)**	–	**(560,071,500)**	**(27,232,545)**	**(587,304,045)**
Appropriation	–	–	–	–	**5,986,200,000**	**(5,986,200,000)**	–	–	–	–
Reversal of appropriation	–	–	–	–	**(15,000,000)**	**15,000,000**	–	–	–	–
Net income	–	–	–	–	–	**3,560,636,968**	–	**3,560,636,968**	**372,647,045**	**3,933,284,013**
Other comprehensive loss	–	–	**(51,352,143)**	–	–	–	–	**(51,352,143)**	**(13,394,802)**	**(64,746,945)**
Total comprehensive income	–	–	**(51,352,143)**	–	–	**3,560,636,968**	–	**3,509,284,825**	**359,252,243**	**3,868,537,068**
Balance at end of year	**₱1,385,000,000**	**₱27,227,385,090**	**(₱23,641,261)**	**(₱991,931,906)**	**₱10,311,451,453**	**₱1,740,057,473**	**₱–**	**₱39,648,320,849**	**₱1,587,916,974**	**₱41,236,237,823**
	For the Year Ended December 31, 2013									
Balance at beginning of year	₱415,000,000	₱141,816,919	(₱30,049,176)	₱116,459,430	₱4,716,251,453	₱1,592,394,013	₱–	₱6,951,872,639	₱1,105,509,148	₱8,057,381,787
Issuance of shares	970,000,000	27,630,750,000	–	–	–	–	–	28,600,750,000	–	28,600,750,000
Transaction costs	–	(745,653,053)	–	–	–	–	–	(745,653,053)	–	(745,653,053)
Treasury shares	–	–	–	–	–	–	(1,100,373,100)	(1,100,373,100)	–	(1,100,373,100)
Dividends	–	–	–	–	–	(2,666,667)	–	(2,666,667)	–	(2,666,667)
Appropriation	–	–	–	–	1,024,000,000	(1,024,000,000)	–	–	–	–
Reversal of appropriation	–	–	–	–	(1,400,000,000)	1,400,000,000	–	–	–	–
Net income	–	–	–	–	–	2,744,964,659	–	2,744,964,659	372,387,848	3,117,352,507
Other comprehensive loss	–	–	57,760,058	–	–	–	–	57,760,058	(2,082,806)	55,677,252
Total comprehensive income	–	–	57,760,058	–	–	2,744,964,659	–	2,802,724,717	370,305,042	3,173,029,759
Balance at end of year	₱1,385,000,000	₱27,026,913,866	₱27,710,882	₱116,459,430	₱4,340,251,453	₱4,710,692,005	(₱1,100,373,100)	₱36,506,654,536	₱1,475,814,190	₱37,982,468,726
	For the Year Ended December 31, 2012									
Balance at beginning	₱415,000,000	₱141,816,919	(₱3,948,537)	₱98,101,590	₱4,716,251,453	₱392,750,076	₱–	₱5,759,971,501	₱729,226,419	₱6,489,197,920
Acquisition of a subsidiary (Note 20)	–	–	–	–	–	–	–	–	202,697,558	202,697,558
Effect of decrease in ownership interest in subsidiaries (Note 2)	–	–	–	18,357,840	–	–	–	18,357,840	28,306,160	46,664,000
Net income, as restated (Note 3)	–	–	–	–	–	1,199,643,937	–	1,199,643,937	145,279,011	1,344,922,948
Other comprehensive loss	–	–	(26,100,639)	–	–	–	–	(26,100,639)	–	(26,100,639)
Total comprehensive income	–	–	(26,100,639)	–	–	1,199,643,937	–	1,173,543,298	145,279,011	1,318,822,309
Balance at end of year	₱415,000,000	₱141,816,919	(₱30,049,176)	₱116,459,430	₱4,716,251,453	₱1,592,394,013	₱–	₱6,951,872,639	₱1,105,509,148	₱8,057,381,787

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Robinsons Holdings, Inc. and Subsidiaries)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱5,219,055,263**	₱4,319,510,651	₱1,770,572,589
Adjustments for:			
Depreciation and amortization (Notes 13, 15 and 22)	**1,280,140,229**	999,878,389	1,577,933,781
Movement in pension liability (Notes 23 and 24)	**67,818,953**	47,513,813	20,794,303
Interest expense (Note 18)	**12,057,390**	77,328,731	58,217,332
Interest income (Notes 7, 8 and 12)	**(634,184,861)**	(113,390,746)	(114,125,136)
Equity in net earnings of an associate (Note 14)	**(56,549,947)**	(191,465,985)	(159,023,568)
Dividend income (Note 12)	**(27,875,000)**	(3,271,519)	(4,363,038)
Unrealized foreign currency exchange loss (gain) – net	**(25,063,690)**	(25,247,402)	19,404,733
Investment income (Note 25)	**–**	–	(129,874,167)
Provision for impairment losses - property and equipment (Notes 13 and 22)	**–**	–	21,474,843
Loss on asset retirement	**–**	–	1,159,725
Operating income before working capital changes	**5,835,398,337**	5,110,855,932	3,062,171,397
Increase in:			
Trade and other receivables	**(278,401,287)**	(195,855,452)	(97,987,870)
Merchandise inventories	**(1,964,601,148)**	(1,023,856,670)	(1,423,157,427)
Other current assets	**(358,975,045)**	(279,134,408)	(207,265,461)
Short-term investments	**(1,535,631,934)**	(6,780,628)	(25,665,672)
Increase (decrease) in:			
Trade and other payables	**2,037,714,421**	(252,250,054)	2,011,969,559
Other current liabilities	**(5,589,921)**	(31,579,242)	19,738,909
Net cash flows generated from operations	**3,729,913,423**	3,321,399,478	3,339,803,435
Interest received	**502,867,570**	56,317,604	112,741,087
Income tax paid	**(1,384,616,702)**	(637,923,685)	(214,787,204)
Net cash flows provided by operating activities	**2,848,164,291**	2,739,793,397	3,237,757,318
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
AFS financial assets (Note12)	**(17,704,262,593)**	–	–
Property and equipment (Note 13)	**(3,713,158,755)**	(2,790,698,668)	(1,911,949,758)
License (Note 15)	**–**	–	(121,212,122)
Franchise (Note 15)	**(13,805,165)**	–	–
Proceeds from disposals of:			
Property and equipment (Note 13)	**17,506,064**	36,790,803	12,859,083
AFS financial assets (Note 12)	**–**	50,000,000	–
Shares of stocks (Note 25)	**–**	–	141,667,700
Dividends received (Note 12)	**–**	3,271,519	4,363,038

(Forward)

	Years Ended December 31		
	2014	2013	2012 (As restated - Notes 3 and 24)
Purchase of non-controlling interest	**(₱1,300,844,324)**	₱–	₱–
Acquisition through business combination - net of cash received (Note 20)	**(371,493,163)**	(408,722,500)	(2,152,086,495)
Increase in other noncurrent assets	**(253,302,449)**	(213,136,081)	(132,040,038)
Net cash flows used in investing activities	**(23,339,360,385)**	(3,322,494,927)	(4,158,398,592)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from sale of treasury shares, net of transaction cost (Note 19)	**1,300,844,324**	–	–
Dividends paid (Notes 19)	**(561,271,381)**	(2,666,667)	–
Payment of loans (Note 18)	**(395,728,711)**	(2,120,781,856)	(261,802,436)
Interest paid (Note 18)	**(12,057,390)**	(71,500,108)	(58,217,332)
Proceeds from stock issuance (Notes 19)	**–**	28,600,750,000	46,664,000
Acquisition of treasury shares (Notes 19)	**–**	(1,100,373,100)	–
Payment of transaction costs	**–**	(745,653,053)	–
Proceeds from loan availments (Note 18)	**–**	100,000,000	2,003,516,791
Net cash flows provided by financing activities	**331,786,842**	24,659,775,216	1,730,161,023
EFFECTS OF FOREIGN EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	**430,402**	–	–
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(20,158,978,850)**	24,077,073,686	809,519,749
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**30,128,802,014**	6,051,728,328	5,242,208,579
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱9,969,823,164**	₱30,128,802,014	₱6,051,728,328

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

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

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

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

On March 26, 2013, the SEC approved the change of the Parent Company's corporate name from Robinsons Holdings, Inc. to Robinsons Retail Holdings, Inc.

2. Basis of Preparation

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

The Group's management opted to change the presentation of its consolidated statements of comprehensive income. "Gross profit" and "Gross profit including other revenue" have been presented to assist users in making economic decisions, especially by allowing the assessment of trends in financial information for predictive purposes and computation of financial ratios. The Group's management believes that the inclusion of "Gross profit" and "Gross profit including other revenue", which included the "royalty, rent and other revenue" line item, for the years ended December 31, 2014, 2013 and 2012 would be more useful to the users of the consolidated financial statements.

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

Finalization of Purchase Price Allocation
In 2014, the Group finalized the purchase price allocation of its acquisitions of Eurogocer Corp. (EC), Beauty Skinnovations Retail, Inc. (BSRI), and JAS 8 Retailing Mngt. Corporation (JRMC) through business combinations on September 14, 2013, December 5, 2013 and January 29, 2014, respectively. The December 31, 2013 comparative information was restated to reflect the adjustments to the provisional amounts and the effects to the consolidated financial statements (Note 20).

In 2013, the Group finalized the purchase price allocation of its acquisition of South Star Drug, Inc. (SSDI), a subsidiary, through business combination on July 4, 2012. The December 31, 2012 comparative information was restated to reflect the adjustments to the provisional amounts (Note 20).

Basis of Consolidation

The consolidated financial statements as of December 31, 2014, 2013 and 2012 represent the consolidation of the financial statements of RRHI and the following subsidiaries directly and indirectly owned by the Parent Company.

	Effective Percentages of Ownership					
	2014		2013		2012	
Investee Companies	**Direct**	**Indirect**	Direct	Indirect	Direct	Indirect
Robinson's, Incorporated. (RI)	**100.00%**	–	100.00%	–	100.00%	–
Robinsons Ventures Corporation (RVC)	–	**65.00%**	–	65.00%	–	65.00%
Robinsons Toys, Inc. (RTI)	–	**100.00%**	–	100.00%	–	100.00%
Robinsons Convenience Stores, Inc. (RCSI)	–	**51.00%**	–	51.00%	–	51.00%
South Star Drug, Inc. (SSDI)	–	**45.00%**	–	45.00%	–	45.00%
GNC Pharma Corporation (GPC)	–	**100.00%**	–	–	–	–
Robinsons Gourmet Food and Beverages, Inc. (RGFBI)	–	**100.00%**	–	100.00%	–	–
Robinson's Supermarket Corporation (RSC)	**100.00%**	–	100.00%	–	100.00%	–
Angeles Supercenter, Inc. (ASI)	–	**67.00%**	–	67.00%	–	67.00%
Eurogrocer Corp (EC)	–	**100.00%**	–	100.00%	–	–
JAS 8 Retailing Mngt. Corporation (JRMC)	–	**100.00%**	–	–	–	–
Robinsons Appliances Corp. (RAC)	–	**67.00%**	–	67.00%	–	67.00%
SSDI	–	**45.00%**	–	45.00%	–	45.00%
Robinsons Handyman, Inc. (RHMI)	–	**80.00%**	–	55.00%	–	55.00%
Handyman Express Mart, Inc. (HEMI)	–	**52.00%**	–	35.75%	–	35.75%
Waltermart Handyman, Inc. (WHI)	–	**52.00%**	–	35.75%	–	35.75%
Robinsons True Serve Hardware Philippines, Inc. (RTSHPI)	–	**53.33%**	–	36.67%	–	36.67%
RHI Builders and Contractors Depot Corp. (RHIB)	–	**53.60%**	–	–	–	–
Everyday Convenience Stores, Inc. (ECSI)	**100.00%**	–	100.00%	–	100.00%	–
Robinsons Specialty Stores, Inc. (RSSI)	**100.00%**	–	100.00%	–	100.00%	–
Robinsons Daiso Diversified Corp. (RDDC)	**90.00%**	–	90.00%	–	90.00%	–
RHD Daiso-Saizen, Inc. (RHDDS)	**59.40%**	–	59.40%	–	59.40%	–
RHMI Management and Consulting, Inc.	**100.00%**	–	100.00%	–	–	–
RRHI Management and Consulting, Inc.	**100.00%**	–	100.00%	–	–	–
RRG Trademarks and Private Labels, Inc.	**100.00%**	–	100.00%	–	–	–
RRHI Trademarks Management, Inc.	**100.00%**	–	100.00%	–	–	–

All subsidiaries were incorporated in the Philippines.

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

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

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

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity as "Equity reserve" and attributed to the owners of the Parent Company. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interest
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

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

In 2014, RHMI acquired 67.00% ownership of RHIB, a Company engaged in the business of hardware retailing (Note 20). The non-controlling interest (NCI) is measured based on the proportionate share in fair values of the net assets acquired amounting to ₱26.40 million where NCI made additional investments amounting to ₱50.00 million.

On December 17, 2014 and July 3, 2014, RRHI made additional investments amounting to ₱295.00 million and ₱59.40 million, respectively to RSSI and RHDDS. Corresponding additional investments coming from NCI of RHDDS amounted to ₱40.60 million.

On June 2, 2014, SSDI acquired 100% ownership of GPC, a Company engaged in the business of pharmaceutical retailing (Note 20).

On January 29, 2014, RSC acquired 100% ownership of JRMC, a Company engaged in the business of grocery retailing (Note 20).

On September 14, 2013, RSC acquired 100% ownership of EC, a Company engaged in the business of grocery retailing (Note 20).

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

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

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

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

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

On July 4, 2012, RSC and RI, wholly-owned subsidiaries of RRHI, each acquired 45.00% interest in SSDI, aggregating to 90.00% (Note 20).

Mergers

On October 24, 2014, the Board of Directors (BOD) of the Group approved the plan of the Group to merge RSC, EC and JRMC with the RSC as the surviving entity. The purpose of the merger is to centralize the Group's supermarket operations. On November 25, 2014, the plan of merger was presented to and approved by the Stockholders. The Plans and Articles of Merger are set to be filed with the SEC in April 2015.

On October 24, 2014, the BOD approved the plan of the Group to merge GNC and SSDI with SDDI as the surviving entity. The purpose of the merger is to centralize the Group's management and administration of the two drugstore chains. On November 25, 2014, the plan of merger was presented to and approved by the Stockholders. The Plan and Article of Merger are set to be filed with the SEC on or before April 15, 2015.

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

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

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

Subscription to RHDDS' Voting Shares
In 2011, the Parent Company subscribed to 81% of the voting shares of RHDDS. RHDDS was organized and registered with the SEC on November 29, 2011. RHDDS has started commercial operations only in 2013.

In 2012, RHDDS issued an additional 15,764,000 shares, thereby increasing the issued and outstanding shares from 43,336,000 shares as of December 31, 2011 to 59,100,000 shares as of December 31, 2012, at ₱1.00 par value.

The Parent Company did not subscribe to the additional issuance of shares during the year which resulted to the decrease in the direct interest in RHDDS from 81.00% to 59.40%.

The transaction resulted in an increase in the non-controlling interest amounting ₱28.31 million. The difference between the increase in non-controlling interest and consideration paid amounting ₱18.36 million was also recognized directly in equity under "Equity Reserve". The Parent Company maintains the same number of common shares it held RHDDS prior to the transaction.

3. Changes in Accounting Policies

Changes in Accounting Policies and Disclosures
The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2014. However, they do not impact the annual consolidated financial statements of the Group.

The nature and impact of each new standard and amendment is described below:

- Investment Entities (Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and 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 on the Group, since none of the entities in the Group has any offsetting arrangements

- 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 application of these amendments has no material impact on the disclosure in the Group's consolidated financial statements.

- Philippine Interpretation IFRIC 21, *Levies* (IFRIC 21)
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 PFRSs (2010-2012 cycle)
In the 2010 – 2012 annual improvements cycle, seven amendments to six standards were issued, which included an amendment to PFRS 13, *Fair Value Measurement*. 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 PFRSs (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.

Standards Issued But Not Yet Effective

The Group has not applied the following PFRS, PAS and Philippine Interpretations which are not yet effective as of December 31, 2014. This list consists of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective.

- PFRS 9, *Financial Instruments* – Classification and Measurement (2010 version)
  PFRS 9 (2010 version) reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement*. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

  PFRS 9 (2010 version) is effective for annual periods beginning on or after January 1, 2015. This mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9 was adopted by the Philippine Financial Reporting Standards Council (FRSC). Such adoption, however, is still for approval by the Board of Accountancy (BOA).

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the IASB and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the financial statements of the Group.

The following new standards and amendments issued by the IASB were already adopted by the FRSC but are still for approval by BOA.

Effective January 1, 2015

- PAS 19, *Employee Benefits – Defined Benefit Plans: Employee Contributions* (Amendments)
  PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should

be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after January 1, 2015. It is not expected that this amendment would be relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual Improvements to PFRSs (2010-2012 cycle)
The Annual Improvements to PFRSs (2010-2012 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group. They include:

- PFRS 2, *Share-based Payment – Definition of Vesting Condition*
  This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
  a. A performance condition must contain a service condition
  b. A performance target must be met while the counterparty is rendering service
  c. A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
  d. A performance condition may be a market or non-market condition
  e. If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

- PFRS 3, *Business Combinations – Accounting for Contingent Consideration in a Business Combination*
  The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* (or PFRS 9, *Financial Instruments*, if early adopted). The Group 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 are applied retrospectively and clarify that:
  a. An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.

  b. The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets – Revaluation Method – Proportionate Restatement of Accumulated Depreciation and Amortization*
  The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.

- PAS 24, *Related Party Disclosures – Key Management Personnel*
  The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual Improvements to PFRSs (2011-2013 cycle)
The Annual Improvements to PFRSs (2011-2013 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group. They include:

- PFRS 3, *Business Combinations – Scope Exceptions for Joint Arrangements*
  The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:
  a. Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
  b. This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

- PFRS 13, *Fair Value Measurement – Portfolio Exception*
  The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39 (*or PFRS 9, as applicable*).

- PAS 40, *Investment Property*
  The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).

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 January 1, 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).

Effective January 1, 2018

- 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 recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 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.

4. **Summary of Significant Accounting Policies**

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the amount can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts and other sales taxes. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as principal in all of its revenue agreements. The following specific recognition criteria must also be met before revenue is recognized:

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

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

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

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

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

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

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

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

Initial Recognition of Financial Instruments
Financial instruments are recognized initially at the fair value of the consideration given. Except

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

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

Determination of Fair Value
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

As of December 31, 2014 and 2013, the financial instruments of the Group are classified as loans and receivables, AFS financial assets and other financial liabilities.

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

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

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

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

This accounting policy relates primarily to the Group's investments in equity securities and non-voting preferred shares.

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

After initial measurement, the loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate (EIR).

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

Receivables
Receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. After initial measurement, receivables are subsequently carried at amortized cost using the effective interest method less any allowance for impairment loss. Amortized cost is calculated by taking into account any discount or premium on acquisition, and includes fees that are an integral part of the effective interest rate (EIR) and transaction costs. Gains and losses are recognized in profit or loss, when the receivables are derecognized or impaired, as well as through the amortization process.

This accounting policy applies primarily to the Group's trade and other receivables (Note 9).

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

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

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

<u>Classification of Financial Instruments Between Debt and Equity</u>
A financial instrument is classified as debt, if it provides for a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

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

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

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

<u>Offsetting of Financial Instruments</u>
Financial assets and liabilities are offset and the net amount reported in the consolidated statement

of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. 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.

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

AFS Financial Assets
The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of debt instruments classified as AFS investments, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Interest continues to be accrued at the original EIR on the reduced carrying amount of the asset and is recorded under interest income in profit or loss. If, in a subsequent year, the fair value of a debt instrument increases, and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is also reversed through profit or loss.

In case of equity investments classified as AFS financial assets, this would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statement of comprehensive income, is removed from the consolidated statement of changes in equity and recognized in the consolidated statement of comprehensive income.

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

Loans and Receivables
For loans and receivables carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is charged to the consolidated statement of comprehensive income. Interest income continues to be recognized based on the original EIR of the asset. Loans, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as the borrower's payment history, past-due status and term.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any difference between loss estimates and actual loss experience.

<u>Derecognition of Financial Assets and Liabilities</u>
Financial Asset
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

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

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

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

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

The Group assesses whether embedded derivatives are required to be separated from host contracts when the Group first becomes a party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Embedded derivatives that are bifurcated from the host contracts are accounted for as financial assets or liabilities at FVPL. Changes in fair values are included in the profit and loss.

As of December 31, 2014 and 2013, the Group's interest rate swap is assessed as clearly and closely related and no bifurcation is required to recognize either gain or loss on embedded derivative.

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

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

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

Investment in an Associate
Investment in an associate is accounted for under the equity method of accounting.
An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

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

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

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

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

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated statement of income.

Business Combination and Goodwill

PFRS 3 provides that if the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the acquirer shall account for the combination using those provisional values. The acquirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within twelve months of the acquisition date as follows: (i) the carrying amount of the identifiable asset, liability or contingent liability that is recognized or adjusted as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date;
(ii) goodwill or any gain recognized shall be adjusted by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted; and (iii) comparative information presented for the periods before the initial accounting for the combination is complete shall be presented as if the initial accounting has been completed from the acquisition date.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with PAS 39 either in profit or loss or as a change to OCI. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss as bargain purchase gain.

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

Each unit or group of units to which the goodwill is allocated should:
- represent the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- not be larger than an operating segment determined in accordance with PFRS 8, *Operating Segments*.

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

Property and Equipment

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

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

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

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

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

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

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

Intangible Assets

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

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

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

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

Trademark
Trademark was acquired through business combination in 2012 and was recognized at fair value at the date of acquisition. This has indefinite useful life. Following initial recognition, the trademark is carried at cost and subject to annual impairment testing.

Franchise
The Group acquired the franchise to use the brand and operate its stores. The franchise shall be amortized using the straight-line method over a period of ten (10) years.

Impairment of Nonfinancial Assets
This accounting policy primarily applies to the Group’s property and equipment, investment in an associate and intangible assets.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or CGU’s fair value less costs to sell, and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly-traded subsidiaries or other available fair value indicators.

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

For nonfinancial assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years.

Such reversal is recognized in the consolidated statement of comprehensive income.

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

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

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

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

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

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

Defined benefit costs comprise the following:
(a) service cost;
(b) net interest on the net defined benefit liability or asset; and
(c) remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

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

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

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

Income Tax

Current Tax

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

Deferred Tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess of minimum corporate income tax (MCIT) over regular corporate income tax and net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward of unused tax credits from excess MCIT and NOLCO can be utilized.
The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized.

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

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

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

Capital Stock

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

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

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

Leases
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

A reassessment is made after inception of the lease, only if one of the following applies:
a) there is a change in contractual terms, other than a renewal or extension of the arrangement;
b) a renewal option is exercised or extension granted, unless the term of the renewal or extension
c) was initially included in the lease term;
d) there is a change in the determination of whether fulfillment is dependent on a specified asset; or
e) there is a substantial change to the asset.

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

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

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

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

Foreign Currency Transactions
Transactions in foreign currencies are initially recorded in the Group's functional currency using the exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities

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

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

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

The Parent Company does not have any potential dilutive ordinary shares for the years ended December 31, 2014, 2013 and 2012 (Note 27).

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

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

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

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

5. Significant Accounting Judgments, Estimates and Assumptions

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

Judgments

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

Going Concern

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

Operating Lease Commitments - Group as Lessee

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

Operating Lease Commitments - Group as Lessor

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

Revenue Recognition

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

Contingencies

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

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

Estimates and Assumptions

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

Determining Fair Values of Financial Assets and Liabilities

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

Allowance for Impairment Losses on Trade and Other Receivables

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

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

As of December 31, 2014 and 2013, the carrying value of the Group's trade and other receivables amounted to ₱1.53 billion and ₱1.11 billion, respectively.

Impairment of AFS Financial Assets

The Group determines that AFS financial assets are impaired when there has been a significant or prolonged decline in the fair value of the investment below its cost or whether other objective evidence of impairment exists. The determination of what is significant or prolonged requires judgment. The Group treats 'significant' generally as 20% or more and 'prolonged' greater than six (6) months. In making this judgment, the Group evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

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

Estimating Net Realizable Value (NRV) of Merchandise Inventories

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

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

No provision for impairment losses on merchandise inventories was recognized in 2014 and 2013.

Merchandise inventories amounted to ₱8.99 billion and ₱7.03 billion as of December 31, 2014 and 2013, respectively (Note 10).

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

In 2013, the management concluded its reassessment of the EUL of its property and equipment items to reflect the appropriate pattern of economic benefits. The changes in accounting estimates is accounted for prospectively resulting in a decrease in the depreciation expense of the Group by ₱780.64 million for the year ended December 31, 2013 (Note 13).

As of December 31, 2014 and 2013, the carrying value of the Group's property and equipment amounted to ₱9.65 billion and ₱7.06 billion, respectively.

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

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

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

Based on management assessment as of December 31, 2014 and 2013, there are no additional impairment provision required for property and equipment other than those already recorded in the books while there are none for investment in an associate and intangible assets with definite useful lives.

As of December 31, 2014 and 2013, the carrying value of the Group's property and equipment amounted to ₱9.65 billion and ₱7.06 billion, investments in share of stock amounted to ₱1.99 billion and ₱1.80 billion, licenses amounted to ₱96.97 million and ₱109.09 million, and franchise amounted to ₱13.81 million and nil, respectively.

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

As of December 31, 2014 and 2013, the carrying value of the net pension liabilities amounted to ₱634.70 million and ₱361.18 million, respectively.

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

As of December 31, 2014 and 2013, the Group has deferred tax assets amounting ₱169.67 million and ₱119.33 million respectively (Note 26).

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

	Trademark	Goodwill
SSDI	₱1,566,917,532	₱745,887,131
EC	–	199,870,222
RHIB	–	147,400,000
RTSHPI	–	85,161,468
BSRI	–	83,324,691
JRMC	–	71,732,435
GPC	–	23,250,000
	₱1,566,917,532	₱1,356,625,947

Impairment Testing of Goodwill and Trademarks
The Group performed its annual impairment test in December 31, 2014 and 2013. The cash generating units (CGU) are concluded to be the entire entities invested in.

Value in Use
The recoverable amount of the each CGU has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the demand for products and services. The pre-tax discount rate applied to cash flow projections ranged between 8.65% to 10.05% in 2014 (10.30% in 2013) and cash flows beyond the five-year period are extrapolated using a 5.00% to 18.00% growth rate (5.00% in 2013) that is the same as the long-term average growth rate for the respective industries. As a result of this analysis, management concluded that the goodwill and trademark are not impaired.

The calculation of value in use of the CGUs is most sensitive to the following assumptions:
- Gross margins
- Discount rates

- Price inflation
- Growth rates used to extrapolate cash flows beyond the forecast period

Gross Margins
Gross margins are based on average values achieved in one to five years preceding the beginning of the budget period. These are increased over the budget period for anticipated efficiency improvements. An increase of 10.00% to 18.00% per annum was applied. A decreased demand can lead to a decline in gross margin. A decrease in gross margin to 12.25% to 23.10% for 2014 and 4.50% for 2013 would result in impairment.

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

Price Inflation
Forecast price inflation which impacts the forecast for operating expenses lies within a range of 1.00% to 5.00% in 2014 and 5.00% to 10.00% in 2013. If price increases greater than the forecast price inflation and the Group is unable to pass on or absorb these increases through efficiency improvements, then the Group will have impairment.

Growth Rate Estimates
Rates are based on published industry research. A reduction to 4.10% in the long-term growth rate would result in impairment.

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

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

In 2014, the Group used the EV/EBITDA multiple ranging from 13.93 to 15.53 multiples for impairment testing of goodwill and concluded and satisfied that goodwill from the acquired entities are not impaired.

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

Revenue Recognition – Points for Loyalty Programme
The Group estimates the fair value of points awarded under the Robinsons Rewards Card programme by determining the equivalent peso earned for a particular level of points. These points expire after a specified period and the Group has adjusted its liability for the estimated portion that will not be redeemed, such estimates are subject to significant uncertainty. As at December 31, 2014 and 2013 the estimated liability for unredeemed points was approximately ₱27.97 million and ₱9.31 million, respectively.

6. **Operating Segment**

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

Management monitors the operating results of its operating segments separately for the purpose of making decision about resource allocation and performance assessment. Group financing (including interest income, dividend income and interest expense) and income taxes are managed on a group basis and are not allocated to operating segments. The Group evaluates performance based on earnings before interest and taxes, and earnings before interest and taxes, depreciation and amortization. The Group does not report its results based on geographical segments because the Group operates only in the Philippines.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Cost and expenses exclude interest, taxes, depreciation and amortization.

The amount of segment assets and liabilities are based on the measurement principles that are similar with those used in measuring the assets and liabilities in the consolidated statement of financial position which is in accordance with PFRS.

The Group derives its revenue from the following reportable units:

- *Supermarket Division*
  The first major retailer to promote health and wellness. Robinson's Supermarket commits to bring together healthy options and affordable prices in a refreshingly clean and organized shopping destination. It makes a bold lifelong commitment to educate and empower its customers to make healthy choices.

- *Department Store Division*
  Robinson's department store is one of the premier shopping destinations in the country today. It offers an exceptional selection of merchandise from top international and local brands. From the trendiest fashion pieces, the most coveted lifestyle products, the latest items for the home, to playthings and necessities for the little ones. It provides experience that goes beyond ordinary shopping.

- *DIY Division*
  Handyman Do it Best has grown to be one of the most aggressive hardware and home improvement centers in the country. It aims to cover the Philippine landscape with more branches in key commercial centers to promote self-reliance among do-it yourselfers.

- *Convenience Store Division*
  Ministop is a 24 - hour convenience store chain and is a franchise of Ministop Co. Ltd.- Japan, one of the largest convenience store chains in Japan. The store carries a wide assortment of merchandise and an extensive selection of ready to eat products.

- *Drug Store Division*
  South Star Drug Store offers over a thousand brands from food and pharmaceuticals to personal care products.

- *Specialty Store Division*
  Specialty Store is the lifestyle retail arm of the Group. It is committed to bringing the best loved international lifestyle brands, top entertainment systems, and unparalleled selection of toys and games.

2014

	Supermarket Division	Department StoreDivision	DIY Division	Convenience Store Division	Drug store Division	SpecialtyStore Division	Parent Company	Intersegment Eliminating Adjustments	Consolidated
Segment net sales	₱39,198,503,300	₱13,738,401,021	₱ 8,521,191,398	₱4,615,481,381	₱7,060,667,849	₱7,266,717,353	₱–	₱–	₱80,400,962,302
Intersegment net sales	–	–	–	–	–	622,344,641	–	(622,344,641)	–
Total net sales	39,198,503,300	13,738,401,021	8,521,191,398	4,615,481,381	7,060,667,849	7,889,061,994	–	(622,344,641)	80,400,962,302
Segment cost of merchandise sold	31,829,500,305	9,509,234,689	5,878,262,588	4,182,100,283	5,931,854,413	5,640,910,244	–	–	62,971,862,522
Intersegment cost of merchandise sold	6,580,467	622,344,641	1,888,478	–	–	1,121,323	–	(631,934,909)	–
Total cost of merchandise sold	31,836,080,772	10,131,579,330	5,880,151,066	4,182,100,283	5,931,854,413	5,642,031,567	–	(631,934,909)	62,971,862,522
Gross profit	7,362,422,528	3,606,821,691	2,641,040,332	433,381,098	1,128,813,436	2,247,030,427	–	9,590,268	17,429,099,780
Segment other income	89,081,203	56,674,760	–	1,170,395,135	100,483,482	16,568,543	–	–	1,433,203,123
Intersegment other income	114,510,761	9,590,268	–	–	–	–	–	(124,101,029)	–
Total other income	203,591,964	66,265,028	–	1,170,395,135	100,483,482	16,568,543	–	(124,101,029)	1,433,203,123
Gross profit including other income	7,566,014,492	3,673,086,719	2,641,040,332	1,603,776,233	1,229,296,918	2,263,598,970	–	(114,510,761)	18,862,302,903
Segment operating expenses	4,899,590,616	2,557,749,781	1,710,665,288	1,314,952,139	887,995,514	1,717,650,328	6,119,853	–	13,094,723,519
Intersegment operating expenses	2,190,004	59,651,260	19,856,668	–	20,303,635	12,509,194	–	(114,510,761)	–
Total operating expenses	4,901,780,620	2,617,401,041	1,730,521,956	1,314,952,139	908,299,149	1,730,159,522	6,119,853	(114,510,761)	13,094,723,519
Earnings before interest, taxes and depreciation and amortization	2,664,233,872	1,055,685,678	910,518,376	288,824,094	320,997,769	533,439,448	(6,119,853)	–	5,767,579,384
Depreciation and amortization	535,683,759	174,667,903	129,257,270	203,400,315	46,331,598	190,799,384	–	–	1,280,140,229
Earnings before interest and taxes	2,128,550,113	881,017,775	781,261,106	85,423,779	274,666,171	342,640,064	(6,119,853)	–	4,487,439,155
Interest expense	–	–	(1,591,150)	(7,111,597)	(4,406,929)	(19,784,223)	–	20,836,509	(12,057,390)
Interest income	6,703,881	4,963,063	11,464,086	742,508	1,731,360	4,200,051	625,216,421	(20,836,509)	634,184,861
Dividend income	–	–	–	–	–	–	327,875,000	(300,000,000)	27,875,000
Unrealized forex gain (loss)	–	–	–	–	–	–	25,063,690	–	25,063,690
Equity in net earnings of an associate	–	–	–	–	–	–	56,549,947	–	56,549,947
Income before income tax	₱2,135,253,994	₱885,980,838	₱791,134,042	₱79,054,690	₱271,990,602	₱327,055,892	₱1,028,585,205	(₱300,000,000)	₱5,219,055,263
Assets and Liabilities									
Segment assets	10,924,736,561	3,717,280,449	4,087,924,263	2,285,354,461	2,835,218,028	4,192,432,860	30,993,276,665	(1,542,228,656)	57,493,994,631
Investment in subsidiaries - at cost	2,771,636,283	1,834,770,374	–	–	–	–	2,031,274,134	(6,637,680,791)	–
Total segment assets	₱13,696,372,844	₱5,552,050,823	₱4,087,924,263	₱2,285,354,461	₱2,835,218,028	₱4,192,432,860	₱33,024,550,799	(₱8,179,909,447)	₱57,493,994,631
Total segment liabilities	₱6,301,266,770	₱2,802,810,941	₱1,946,091,733	₱1,512,863,649	₱1,456,282,356	₱2,678,479,603	₱83,064,840	(₱523,103,084)	₱16,257,756,808
Other segment information:									
Capital expenditures	₱1,616,215,223	₱513,996,144	₱436,570,364	₱582,710,117	₱135,609,024	₱590,429,057	₱–	₱–	₱3,875,529,929

2013

	Supermarket Division	Department StoreDivision	DIY Division	Convenience Store Division	Drug store Division	SpecialtyStore Division	Parent Company	Intersegment Eliminating Adjustments	Consolidated
Segment net sales	₱32,491,221,803	₱11,876,966,278	₱7,094,945,148	₱4,207,766,150	₱6,287,383,823	₱5,295,891,867	₱–	₱–	₱67,254,175,069
Intersegment net sales	–	–	–	–	–	517,554,978	–	(517,554,978)	–
Total net sales	32,491,221,803	11,876,966,278	7,094,945,148	4,207,766,150	6,287,383,823	5,813,446,845	–	(517,554,978)	67,254,175,069
Segment cost of merchandise sold	26,452,111,484	8,242,931,142	4,900,551,174	3,842,421,540	5,274,408,704	4,230,046,378	–	–	52,942,470,422
Intersegment cost of merchandise sold	–	517,554,978	–	–	–	–	–	(517,554,978)	–
Total cost of merchandise sold	26,452,111,484	8,760,486,120	4,900,551,174	3,842,421,540	5,274,408,704	4,230,046,378	–	(517,554,978)	52,942,470,422
Gross profit	6,039,110,319	3,116,480,158	2,194,393,974	365,344,610	1,012,975,119	1,583,400,467	–	–	14,311,704,647
Segment other income	85,549,016	36,222,180	–	1,093,674,442	88,821,412	16,475,995			1,320,743,045
Intersegment other income	94,687,981	–	–	–	–	–	–	(94,687,981)	–
Total other income	180,236,997	36,222,180	–	1,093,674,442	88,821,412	16,475,995	–	(94,687,981)	1,320,743,045
Gross profit including other income	6,219,347,316	3,152,702,338	2,194,393,974	1,459,019,052	1,101,796,531	1,599,876,462	–	(94,687,981)	15,632,447,692
Segment operating expenses	3,979,650,769	2,112,052,811	1,404,861,640	1,107,833,455	771,557,942	1,192,570,430	578,526	–	10,569,105,573
Intersegment operating expenses	–	54,072,680	19,411,630	–	10,433,968	10,769,703	–	(94,687,981)	–
Total operating expenses	3,979,650,769	2,166,125,491	1,424,273,270	1,107,833,455	781,991,910	1,203,340,133	578,526	(94,687,981)	10,569,105,573
Earnings before interest, taxes and depreciation and amortization	2,239,696,547	986,576,847	770,120,704	351,185,597	319,804,621	396,536,329	(578,526)	–	5,063,342,119
Depreciation and amortization	429,917,633	156,697,678	100,167,026	157,367,231	36,917,657	118,811,164	–	–	999,878,389
Earnings before interest and taxes	1,809,778,914	829,879,169	669,953,678	193,818,366	282,886,964	277,725,165	(578,526)	–	4,063,463,730
Interest expense	(27,452,902)	(19,876,725)	–	(7,698,451)	(16,086,652)	(6,214,001)	–	–	(77,328,731)
Interest income	3,625,401	15,673,289	14,947,577	4,633,347	6,023,053	5,446,387	63,041,692	–	113,390,746
Dividend income	3,271,519	–	–	–	–	–	600,000,000	(600,000,000)	3,271,519
Unrealized forex gain (loss)	–	–	–	–	–	–	25,247,402	–	25,247,402
Equity in net earnings of an associate	–	–	–	–	–	–	191,465,985	–	191,465,985
Income before income tax	₱1,789,222,932	₱825,675,733	₱684,901,255	₱190,753,262	₱272,823,365	₱276,957,551	₱879,176,553	(₱600,000,000)	₱4,319,510,651
Assets and Liabilities									
Segment assets	8,966,646,834	3,585,222,266	3,119,843,992	1,965,131,397	2,471,831,550	3,277,220,905	29,681,084,428	(716,283,344)	52,350,698,028
Investment in subsidiaries - at cost	1,326,328,033	1,834,770,374	–	–	–	–	1,676,874,134	(4,837,972,541)	–
Total segment assets	₱10,292,974,867	₱5,419,992,640	₱3,119,843,992	₱1,965,131,397	₱2,471,831,550	₱3,277,220,905	₱31,357,958,562	(₱5,554,255,885)	₱52,350,698,028
Total segment liabilities	₱6,894,073,023	₱3,174,876,168	₱1,567,961,888	₱1,237,499,026	₱1,288,897,318	₱2,737,821,786	₱57,161,317	(₱2,590,061,224)	₱14,368,229,302
Other segment information:									
Capital expenditures	₱1,422,836,578	₱424,889,966	₱215,550,405	₱315,365,266	₱78,615,191	₱505,704,047	₱–	₱–	₱2,962,961,453

2012

	Supermarket Division	Department StoreDivision	DIY Division	Convenience Store Division	DrugStore Division	SpecialtyStore Division	Parent Company	Intersegment Eliminating Adjustments	Consolidated
Segment net sales	₱29,294,898,956	₱11,374,217,351	₱6,194,963,277	₱3,825,530,134	₱2,442,556,867	₱4,261,082,228	₱–	₱–	₱57,393,248,813
Intersegment net sales	–	–	–	–	–	501,068,295	–	(501,068,295)	–
Total net sales	29,294,898,956	11,374,217,351	6,194,963,277	3,825,530,134	2,442,556,867	4,762,150,523	–	(501,068,295)	57,393,248,813
Segment cost of merchandise sold	24,438,672,246	8,234,478,000	4,623,741,579	3,485,644,893	2,083,140,089	3,548,776,372	–	–	46,414,453,179
Intersegment cost of merchandise sold	–	501,068,295	–	–	–	–	–	(501,068,295)	–
Total cost of merchandise sold	24,438,672,246	8,735,546,295	4,623,741,579	3,485,644,893	2,083,140,089	3,548,776,372	–	(501,068,295)	46,414,453,179
Gross profit	4,856,226,710	2,638,671,056	1,571,221,698	339,885,241	359,416,778	1,213,374,151	–	–	10,978,795,634
Segment other income	60,012,804	8,636,640	–	947,775,202	48,583,357	13,580,152		–	1,078,588,155
Intersegment other income	94,452,707	–	–	–	–	–	–	(94,452,707)	–
Total other income	154,465,511	8,636,640	–	947,775,202	48,583,357	13,580,152		(94,452,707)	1,078,588,155
Gross profit including other income	5,010,692,221	2,647,307,696	1,571,221,698	1,287,660,443	408,000,135	1,226,954,303		(94,452,707)	12,057,383,789
Segment operating expenses	3,737,259,477	1,899,590,296	1,117,673,208	993,367,374	303,218,920	966,001,166	55,978	–	9,017,166,419
Intersegment operating expenses	–	63,104,601	17,846,723	–	3,608,937	9,892,446	–	(94,452,707)	–
Total operating expenses	3,737,259,477	1,962,694,897	1,135,519,931	993,367,374	306,827,857	975,893,612	55,978	(94,452,707)	9,017,166,419
Earnings before interest, taxes and depreciation and amortization	1,273,432,744	684,612,799	435,701,767	294,293,069	101,172,278	251,060,691	(55,978)	–	3,040,217,370
Depreciation and amortization*	709,740,940	304,453,587	162,919,190	225,535,609	23,096,030	173,663,269	–	–	1,599,408,625
Earnings before interest and taxes	563,691,804	380,159,212	272,782,577	68,757,460	78,076,248	77,397,422	(55,978)		1,440,808,745
Interest expense	(15,545,833)	(10,659,444)	–	(19,981,130)	(5,184,216)	(6,846,709)	–	–	(58,217,332)
Interest income	9,801,335	29,419,689	21,572,499	9,080,572	4,029,990	13,494,576	26,726,475	–	114,125,136
Dividend income	4,363,038	–	–	–	–	–	–	–	4,363,038
Investment income	–	129,874,167	–	–	–	–	–	–	129,874,167
Unrealized forex gain (loss)	–	–	–	–	–	–	(19,404,733)	–	(19,404,733)
Equity in net earnings of an associate	–	–	–	–	–	–	159,023,568	–	159,023,568
Income before income tax	₱562,310,344	₱528,793,624	₱294,355,076	₱57,856,902	₱76,922,022	₱84,045,289	₱166,289,332	₱–	₱1,770,572,589
Assets and Liabilities									
Segment assets	₱7,000,611,015	₱3,992,747,419	₱2,614,931,910	₱1,736,225,785	₱2,325,383,829	₱2,370,573,837	₱1,955,433,184	₱2,235,763,729	₱24,231,670,708
Investment in subsidiaries - at cost	1,326,328,033	1,734,770,374	–	–	–	–	1,676,124,134	(4,737,222,541)	–
Total segment assets	₱8,326,939,048	₱5,727,517,793	₱2,614,931,910	₱1,736,225,785	₱2,325,383,829	₱2,370,573,837	₱3,631,557,318	(₱2,501,458,812)	₱24,231,670,708
Total segment liabilities	₱5,933,317,905	₱3,697,880,183	₱1,543,649,855	₱1,148,796,633	₱1,335,027,794	₱2,153,351,538	₱30,279,168	₱332,185,845	₱16,174,488,921
Other segment information:									
Capital expenditures	₱934,376,571	₱445,658,996	₱237,504,497	₱91,589,710	₱205,753,858	₱178,990,961	₱–	₱–	₱2,093,874,593

*includes impairment losses amounting ₱21,474,843.

The revenue of the Group consists mainly of sales to external customers. Inter-segment revenue arising from purchase arrangements amounting ₱622.34 million, ₱517.55 million and ₱501.07 million in 2014, 2013 and 2012, respectively, were eliminated on consolidation.

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

Capital expenditures consist of additions to property and equipment arising from current acquisitions and those acquired through business combinations plus any adjustments made in the fair values of the acquired property and equipment.

The Group has no significant customer which contributed to 10.00% or more to the revenues of the Group.

7. Cash and Cash Equivalents

This account consists of cash on hand and in banks and short-term investments amounting to ₱9.97 billion and ₱30.13 billion as of December 31, 2014 and 2013, respectively.

Cash in banks earns interest at the respective bank deposit rates. Cash equivalents are made for varying periods of one (1) to three (3) months, depending on the immediate cash requirements of the Group, and earn annual interest at the respective short-term investment rates that ranges from 0.20% to 3.20%, 0.25% to 3.88% and 1.20% to 4.75% in 2014, 2013 and 2012, respectively.

Interest income arising from cash in banks and cash equivalents amounted to ₱177.89 million, ₱105.60 million and ₱112.44 million in 2014, 2013 and 2012, respectively.

In 2013, the Group has restricted cash and cash equivalents amounting ₱140.00 million as guarantee payments for loans availed by the Group (Note 18). The related loans are fully settled in 2014.

8. Short-Term Investments

This account consists of dollar-denominated investments with a period of (1) year.

Short-term investments are made for varying periods of up to one (1) year, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term investment rates based on annual interest rates ranging from 1.80% to 2.31%, 2.31% and 1.50% to 4.06% in 2014, 2013 and 2012, respectively.

Interest income arising from short-term investments amounted to ₱31.66 million in 2014, ₱7.79 million in 2013 and ₱1.69 million in 2012.

9. Trade and Other Receivables

This account consists of:

	2014	2013
Trade	**₱918,921,594**	₱753,337,097
Nontrade (Note 10)	**380,749,143**	247,047,431
Due from franchisees (Note 30)	**259,815,282**	138,109,712
	1,559,486,019	1,138,494,240
Less allowance for impairment losses (Notes 22 and 30)	**30,042,101**	30,042,101
	₱1,529,443,918	₱1,108,452,139

Trade receivables are noninterest-bearing and are generally on a one to thirty (1-30) days' term.

As of December 31, 2014 and 2013, nontrade receivables consist mainly of receivable from insurance companies amounting ₱143.79 million. Receivable from insurance companies represents amounts recoverable from the latter for the insured properties that were damaged due to fire and typhoon (Notes 10 and 13). The remaining balance consists of advances to officers and employees, cashier shortages and interest receivable arising from short-term investments.

As of December 31, 2014 and 2013, the allowance from impairment losses from its trade receivables and due from franchisees amounted to ₱30.04 million (see Note 30).

10. Merchandise Inventories

This account consists of:

	2014	2013
Balance at beginning of year	**₱7,028,810,289**	₱6,081,812,428
Add: purchases - net of purchase discounts and allowances	**64,936,463,670**	53,889,468,283
Cost of goods available for sale	**71,965,273,959**	59,971,280,711
Cost of merchandise sold	**62,971,862,522**	52,942,470,422
Balance at end of year	**₱8,993,411,437**	₱7,028,810,289

In 2013, the Group had written-down inventory costs amounting ₱88.20 million which were damaged during a typhoon and a fire. These amounts are fully recoverable from the insurance company (Note 9).

There are no merchandise inventories pledged as security for liabilities.

The cost of merchandise inventories charged to the statements of comprehensive income amounted to ₱62.97 billion, ₱52.94 billion and ₱46.41 billion in 2014, 2013 and 2012, respectively.

11. **Other Current Assets**

This account consists of:

	2014	2013
Input value added tax (VAT) – net	**₱1,092,694,647**	₱765,941,924
Prepayments	**265,911,688**	234,044,428
Others	**8,467,052**	8,111,990
	₱1,367,073,387	₱1,008,098,342

Input VAT will be applied against output VAT in the succeeding periods. Management believes that the amount is fully realizable in the future.

Prepayments consist mainly of creditable withholding taxes (CWT) which will be applied against income tax payable in future periods. Management believes that the amount is fully realizable in the future.

12. **Available-for-Sale Financial Assets**

Rollforward analysis of AFS financial assets follow:

	2014	2013
Cost		
At beginning of year	**₱–**	₱50,000,000
Additions	**17,704,262,593**	–
Disposals	**–**	(50,000,000)
At end of year	**17,704,262,593**	–
Accretion of interest income	**(24,849,243)**	–
Change in fair value of AFS financial assets		
At beginning of year	**–**	1,800,000
Changes in fair value during the year	**(12,131,857)**	–
Transfer to income due to disposals	**–**	(1,800,000)
At end of year	**(12,131,857)**	–
Foreign exchange gains	**50,631,270**	–
	₱17,717,912,763	₱–

In May 2013, the Group disposed its investment in equity securities for a total consideration of ₱50.00 million.

As of December 31, 2014, investments in AFS financial asset consists of investment in quoted equity shares amounting to ₱2.02 billion and debt securities amounting to ₱15.70 billion.

Quoted equity security consists of marketable equity security that is listed and traded on the Philippine Stock Exchange (PSE). The fair market value of the listed shares is based on the quoted market price as of December 31, 2014.

Dividend income earned by the Group amounted to ₱27.88 million, ₱3.27 million and ₱4.36 million in 2014, 2013 and 2012, respectively.

Quoted debt securities consist of peso and dollar-denominated bond securities with fixed coupon rate per annum ranging from 4.38% to 7.88%.

Interest income arising from AFS financial assets amounted to ₱424.64 million for the year ended December 31, 2014.

Accretion of interest pertains to the amortization of interest income resulting from the difference of the book value and the face value of AFS financial assets with terms ranging from 5 to 10 years.

13. Property and Equipment

The rollforward analysis of this account follows:

2014

	Leasehold Improvements	Store Furniture and Fixtures	Office Furniture and Fixtures	Transportation Equipment	Building and Other Equipment	Computer Equipment	Construction in Progress	Total
Cost								
At beginning of year	**₱7,306,919,983**	**₱5,858,291,941**	**₱319,297,358**	**₱97,664,409**	**₱1,307,783,555**	**₱1,216,382,713**	**₱–**	**₱16,106,339,959**
Additions through business combination (Note 20)	**77,754,117**	**84,617,057**	**–**	**–**	**–**	**–**	**–**	**162,371,174**
Additions	**1,642,162,660**	**1,009,420,823**	**501,714,731**	**17,307,314**	**175,781,779**	**366,252,849**	**518,599**	**3,713,158,755**
Disposals and write-off	**(39,464,210)**	**(12,411,211)**	**(135,684)**	**–**	**–**	**(4,656,614)**	**–**	**(56,667,719)**
At end of year	**8,987,372,550**	**6,939,918,610**	**820,876,405**	**114,971,723**	**1,483,565,334**	**1,577,978,948**	**518,599**	**19,925,202,169**
Accumulated Depreciation and Amortization								
At beginning of year	**3,975,604,885**	**3,382,268,492**	**80,012,797**	**65,077,645**	**589,560,930**	**875,009,258**	**–**	**8,967,534,007**
Depreciation and amortization (Note 22)	**584,342,327**	**456,299,807**	**58,556,267**	**8,116,712**	**28,533,146**	**131,516,322**	**–**	**1,267,364,581**
Disposals	**(32,529,976)**	**(5,116,043)**	**(36,030)**	**–**	**–**	**(1,479,606)**	**–**	**(39,161,655)**
At end of year	**4,527,417,236**	**3,833,452,256**	**138,533,034**	**73,194,357**	**618,094,076**	**1,005,045,974**	**–**	**10,195,736,933**
Allowance for impairment losses								
At beginning and end of year	**49,567,673**	**25,882,986**	**–**	**–**	**–**	**349,273**	**–**	**75,799,932**
	₱4,410,387,641	**₱3,080,583,368**	**₱682,343,371**	**₱41,777,366**	**₱865,471,258**	**₱572,583,701**	**₱518,599**	**₱9,653,665,304**

2013

	Leasehold Improvements	Store Furniture and Fixtures	Office Furniture and Fixtures	Transportation Equipment	Building and Other Equipment	Computer Equipment	Construction in Progress	Total
Cost								
At beginning of year	₱5,898,150,930	₱5,008,462,446	₱153,578,746	₱85,661,445	₱1,290,007,404	₱984,071,634	₱5,754,412	₱13,425,687,017
Additions through business combination (Note 20)	3,545,245	168,717,540	–	–			–	172,262,785
Additions	1,525,244,369	749,682,716	210,812,924	12,002,964	49,865,723	243,089,972	–	2,790,698,668
Disposals and write-off	(125,774,973)	(86,739,397)	(1,236,503)	–	(32,089,572)	(36,468,066)	–	(282,308,511)
Transfers	5,754,412	18,168,636	(43,857,809)	–	–	25,689,173	(5,754,412)	–
At end of year	7,306,919,983	5,858,291,941	319,297,358	97,664,409	1,307,783,555	1,216,382,713	–	16,106,339,959
Accumulated Depreciation and Amortization								
At beginning of year	3,459,227,451	3,048,782,106	90,846,952	57,393,902	740,154,822	768,417,862	–	8,164,823,095
Depreciation and amortization (Note 22)	591,913,396	379,124,000	21,837,243	7,480,937	(125,902,668)	112,675,812	–	987,128,720
Reversals	6,700,798	24,147,150	(31,583,673)	202,806	–	22,007,761		21,474,842
Disposals	(82,236,760)	(69,784,764)	(1,087,725)	–	(24,691,224)	(28,092,177)	–	(205,892,650)
At end of year	3,975,604,885	3,382,268,492	80,012,797	65,077,645	589,560,930	875,009,258	–	8,967,534,007
Allowance for impairment losses								
At beginning of year	56,268,472	39,172,943	205,491	202,806	–	1,425,063	–	97,274,775
Reversals	(6,700,799)	(13,289,957)	(205,491)	(202,806)	–	(1,075,790)	–	(21,474,843)
At end of year	49,567,673	25,882,986	–	–	–	349,273	–	75,799,932
	₱3,281,747,425	₱2,450,140,463	₱239,284,561	₱32,586,764	₱718,222,625	₱341,024,182	₱–	₱7,063,006,020

There are no items of property and equipment as of December 31, 2014, 2013, and 2012 that are pledged as security for liabilities.

In 2013, the Group had written down property and equipment with net book values amounting ₱49.29 million which were damaged due to typhoon and a fire. These amounts are fully recoverable from the insurance company (Note 9).

Allowance for impairment losses pertain to closing of non-performing stores.

Construction in-progress is not depreciated until such time when the relevant assets are completed and available for use. As of December 31, 2013, the Group's capitalized payments as construction in-progress amounted to ₱5.75 million. There are no capitalized payments as of December 31, 2014.

In 2013, the management concluded its reassessment of the EUL of its property and equipment items to reflect the appropriate pattern of economic benefits. In general, the revised average EUL of property and equipment follows (in years):

	Revised	Old
Leasehold improvements	10	5
Store furniture and fixtures	10	5
Office furniture and fixtures	10	5
Transportation equipment	10	5
Building and other equipment	20	10
Computer equipment	10	5

The change in accounting estimates is accounted for prospectively resulting in a decrease in the depreciation expense of the Group by ₱780.64 million for the year ended December 31, 2013.

Cost of fully depreciated property and equipment still in use amounted to ₱4.87 billion and ₱4.37 billion as at December 31, 2014 and 2013, respectively.

14. Investments in Shares of Stock

This account consists of investments in shares of stock of Robinsons Bank Corporation (RBC):

	2014	2013
Investment in preferred stock	**₱1,470,083,439**	₱1,470,083,439
Investment in common stock	**520,152,446**	333,066,088
	₱1,990,235,885	₱1,803,149,527

The preferred stock has the following features:

a. Preferred stockholders are entitled to receive preferential but non-cumulative dividends at the rate to be determined by the Board of Directors (BOD) of RBC.

b. Preferred stocks are redeemable at the option of RBC at any time provided that the redemption price shall not be lower than the par value or higher than 110.00% of said par value.

In the event of any voluntary or involuntary liquidation, the preferred stockholders are entitled to receive the liquidation value of the said shares equivalent to 110.00% of the par value plus any unpaid but declared dividends thereon. If the net assets of RBC shall be insufficient to pay in full the liquidation value of all the preferred stock, then such net resources shall be distributed among such preferred stock ratably in accordance with the respective liquidation value of the shares they are holding. The details of the investment in preferred stock of RBC follow:

	2014	2013
At beginning of year	**₱1,470,083,439**	₱1,051,150,405
Change in fair value of investment in preferred stocks	**–**	418,933,034
At end of year	**₱1,470,083,439**	₱1,470,083,439

The details of the investment in common stock follow:

	2014	2013
Shares of stock - at equity:		
Acquisition cost	**₱124,933,383**	₱124,933,383
Accumulated equity in net earnings:		
Balance at beginning of year	**511,543,518**	320,077,533
Equity in net earnings	**56,549,947**	191,465,985
Balance at end of year	**568,093,465**	511,543,518
Share in fair value changes of AFS financial assets of RBC:		
Balance at beginning of year	**(260,239,692)**	(365,671,238)
Share in fair value changes in of AFS investments	**137,681,608**	105,431,546
Balance at end of year	**(122,558,084)**	(260,239,692)
Share in translation loss adjustments		
Balance at beginning of year	**(33,984,500)**	–
Share in translation adjustments	**(7,145,197)**	(33,984,500)
	(41,129,697)	(33,984,500)
Share in remeasurement loss on pension liability		
Balance at beginning of year	**(9,186,621)**	–
Share in remeasurement loss on pension liability	**–**	(9,186,621)
Balance at end of year	**(9,186,621)**	(9,186,621)
	(172,874,402)	(303,410,813)
	₱520,152,446	₱333,066,088

RBC is incorporated in the Philippines engaged in commercial and thrift banking whose principal activities include deposit-taking, lending, foreign exchange dealing and fund transfers or remittance servicing. The Group has 40.00% ownership in RBC.

No dividends have been declared by RBC in 2014, 2013 and 2012.

Summarized financial information of RBC follows:

	2014	2013
Total assets	**₱50,074,411,821**	₱45,876,694,668
Total liabilities	**44,317,364,239**	40,589,561,469
Net income	**141,374,867**	406,155,606

The consolidated statements of comprehensive income follow:

	2014	2013	2012
Total operating income	**₱2,439,100,476**	₱2,297,574,435	₱1,868,792,853
Total operating expenses and tax	**2,297,725,609**	1,891,418,829	1,458,400,601
Net income	**₱141,374,867**	₱406,155,606	₱410,392,252

The reconciliation of the net assets of RBC to the carrying amounts of the interest in RBC recognized in the consolidated financial statements follows:

	2014	2013
Net assets of RBC	**₱578,306,550**	₱110,590,655
Proportionate ownership in the associate	**40%**	40%
Share in net identifiable assets of common stocks	**231,322,620**	44,236,262
Total share in net assets	**520,152,446**	₱333,066,088
Difference	**₱288,829,826**	₱288,829,826

The difference is attributable to the commercial banking license and goodwill.

15. **Intangible Assets**

This account consists of:

	2014	2013 (As restated)
Trademark (Note 20)	**₱1,566,917,532**	₱1,566,917,532
Goodwill (Note 20)	**1,356,625,947**	1,114,243,512
Licenses	**96,969,698**	109,090,910
Franchise	**13,805,165**	–
	₱3,034,318,342	₱2,790,251,954

Trademark
The trademark was acquired through business combination in 2012 and was recognized at fair value at the date of acquisition (Note 20).

Goodwill
The Group's goodwill pertains to the excess of the acquisition cost over the fair value of the net assets of SSDI, EC, RTSHPI, BSRI, JRMC, GPC and RHIB as follows (Note 20):

	2014	2013 (As restated)
SSDI	**₱745,887,131**	₱745,887,131
EC	**199,870,222**	199,870,222
RHIB	**147,400,000**	–
RTSHPI	**85,161,468**	85,161,468
BSRI	**83,324,691**	83,324,691
JRMC	**71,732,435**	–
GPC	**23,250,000**	–
	₱1,356,625,947	₱1,114,243,512

Acquisition of RHIB by RHMI
RHIB was acquired on July 3, 2014. The acquisition represents 67.00% ownership interest on the shares of stock of RHIB.

Acquisition of GPC by SSDI
GPC was acquired on June 2, 2014. The acquisition represents 100% ownership interest on the shares of stock of GPC.

Acquisition of JRMC by RSC
JRMC was acquired by RSC on January 29, 2014. The acquisition represents 100% ownership interest on the shares of stock of JRMC.

Acquisition of EC by RSC
EC was acquired by RSC on September 14, 2013. The acquisition represents 100% ownership interest on the shares of stock of EC.

Acquisition of RTSHPI by RHMI
RTSHPI was acquired by RHMI on February 19, 2007. The acquisition represents 66.67% ownership interest on the shares of stock of RTSHPI.

Acquisition of BSRI by RSSI
On December 5, 2013, RSSI acquired the business of BSRI. The transaction was accounted for as a business combination.

Acquisition of SSDI by RSC and RI
SSDI was acquired by RSC and RI in July 4, 2012. The acquisition represents 90% ownership interest on the shares of stock of SSDI (Note 20).

License
Acquisition of Trademark by RSSI to Secure a Franchise/License
On September 21, 2012, RSSI acquired a local trademark registered in the Philippine Intellectual Property Rights Office which is similar to a known international mark for ₱121.21 million. Due to such acquisition, RSSI was able to secure a franchise/license to exclusively use the similar known international mark in the Philippines. The franchise/license agreement is for an initial period of five (5) years which can be renewed for another five (5) years upon mutual agreement of the parties. Amortization amounted to ₱12.12 million for the year ended December 31, 2013 and 2014 (Note 22). No amortization expense was recognized in 2012.

The rollforward analysis of this account follows:

	2014	2013
Cost	**₱109,090,910**	₱121,212,122
Less: Amortization (Note 22)	**12,121,212**	12,121,212
	₱96,969,698	₱109,090,910

Franchise
On July 29, 2014, Costa International Limited granted the Group the development and operating rights to carry on the Costa business in the Philippines. The development agreement includes a franchise fee, 60.00% of which is payable upon execution of the agreement and the remaining 40.00% is payable one year after the date of the agreement, and annual service fee which is equal to a certain percentage of sales. In 2014, the Company recognized a franchise asset amounting to ₱13.81 million.

16. **Other Noncurrent Assets**

This account consists of:

	2014	2013
Security and other deposits	**₱1,181,956,719**	₱930,823,408
Construction bond	**33,756,971**	28,091,950
	₱1,215,713,690	₱958,915,358

Security and other deposits mainly consist of advances for the lease of stores which are refundable at the end of the lease term. The account also include franchise fees amounting to ₱4.08 million and ₱4.74 million as of December 31, 2014 and 2013, respectively. Amortization relating to franchise amounted to ₱0.65 million and ₱0.45 million in 2014 and 2013, respectively.

17. **Trade and Other Payables**

This account consists of:

	2014	2013
Trade	**₱10,769,670,664**	₱10,702,966,697
Nontrade (Note 25)	**3,002,090,181**	1,158,307,271
Others	**367,383,460**	214,123,251
	₱14,139,144,305	₱12,075,397,219

Trade payables are noninterest-bearing and are normally settled on forty five (45) to sixty (60) days' term arising mainly from purchases of merchandise inventories for resale.

Nontrade payables consist mainly of liabilities/obligations payable to nontrade suppliers and due to related parties (Note 25).

Others consist of taxes and licenses payable and salaries payable.

18. **Loans Payable**

The rollforward analysis of this account follows:

	2014	2013
Balance at beginning of year	**₱507,415,708**	₱2,528,197,564
Availments	–	100,000,000
Payments	**(395,728,711)**	(2,120,781,856)
Balance at end of year	**111,686,997**	507,415,708
Less current portion	**55,555,556**	395,555,556
Noncurrent portion	**₱56,131,441**	₱111,860,152

The loans were obtained by the following:

	2014	2013
SSDI	**₱111,686,997**	₱167,415,708
RAC	**–**	240,000,000
RCSI	**–**	100,000,000
	₱111,686,997	₱507,415,708

a.) The SSDI loans payable represents a five-year unsecured loan at a floating rate benchmark, based on 12M PDST-F which will mature in 2017. SSDI also entered into an interest rate swap agreement with the lender bank to coincide with the changes in notional amount, amortization schedule, and floating rate spread with fixed interest rate at 5.34% per annum. The interest rate swap is assessed as clearly and closely related and no bifurcation is required to recognize either a gain or loss on embedded derivative.

b.) The RAC loans payable represents a secured short-term promissory notes obtained from a local commercial banks and which are payable in 2014 with interest rates ranging from 4.12% to 7.0% per annum. The short-term note was obtained to support working capital requirements which mainly include store expansion and renovation of existing stores.

As of December 31, 2013, RSC acts as a guarantor for RAC's loans in which the bank restricts ₱40.00 million from the guarantor's bank accounts as guarantee for the said loan. The loan was fully paid in September 2014 (see Note 7).

c.) RCSI has outstanding loans amounting ₱100.00 million as of December 31, 2013. The interest on the loans is computed at prevailing market interest rates. As of December 31, 2013, RHMI acts as a guarantor for RCSI's loan in which the bank restricts ₱100.00 million from the guarantor's bank accounts as guarantee for the said loan. The loan was fully paid in September 2014 (see Note 7).

Total interest expense charged to operations amounted to ₱12.06 million, ₱77.33 million and ₱58.22 million in 2014, 2013 and 2012, respectively. The above loans are not required to comply with any loan covenants.

19. **Equity**

Capital Stock

The details of this account follows:

	2014		2013		2012	
	Amount	**No. of shares**	Amount	No. of shares	Amount	No. of shares
Common stock - ₱1 par value						
Authorized shares	**₱2,000,000,000**	**2,000,000,000**	₱2,000,000,000	2,000,000,000	₱500,000,000	500,000,000
Issued shares	**1,385,000,000**	**1,385,000,000**	1,385,000,000	1,385,000,000	415,000,000	415,000,000
Treasury shares	**–**	**–**	(1,100,373,100)	(18,971,950)	–	–

The rollforward of issued shares account follows:

	No. of Shares			Amount		
	2014	2013	2012	**2014**	2013	2012
At beginning of year	**1,385,000,000**	415,000,000	415,000,000	**₱1,385,000,000**	₱415,000,000	₱415,000,000
Issuance	**–**	970,000,000	–	**–**	970,000,000	–
At end of year	**1,385,000,000**	1,385,000,000	415,000,000	**₱1,385,000,000**	₱1,385,000,000	₱415,000,000

Increase in Authorized Capital Stock
As approved by the BOD on June 7, 2013, the Parent Company increased its authorized capital stock from ₱500.00 million divided into 500,000,000 common shares with par value of ₱1.00 per share to ₱2.00 billion divided into 2,000,000,000 common shares with par value of ₱1.00 per share.

Of the said increase in the authorized capital stock, 485,250,000 shares have been subscribed amounting ₱485.25 million on the same date.

The increase in authorized capital stock was approved by the SEC on July 3, 2013.

Registration Track Record
On November 11, 2013, the Parent Company listed with the Philippine Stock Exchange its common stock wherein it offered 484,750,000 shares to the public at ₱58.00 per share. All shares were sold. Of the total shares sold, 18,871,950 shares were subsequently reacquired by the Parent Company. The Parent Company incurred transaction costs incidental to the IPO amounting ₱745.65 million, charged against "Additional paid-in capital" in the consolidated statement of financial position.

The rollforward of the issued shares follows:

	Amount	
	2014	2013
At beginning of year	**₱1,385,000,000**	₱415,000,000
Issuance	**–**	970,000,000
At end of year	**₱1,385,000,000**	₱1,385,000,000

Equity Reserve
On December 5, 2014, RSC has acquired additional 2,500,000 common shares, representing 25%, of RHMI from a non-controlling shareholder for ₱1.45 billion. As a result of the acquisition, RSC now holds 80% interest in RHMI. The Group recognized equity reserve from the acquisition amounting to ₱1.11 billion included in "Equity Reserve" in the 2014 consolidated statement of changes in equity representing the excess of consideration paid over the carrying amount of the non-controlling interest acquired. The equity reserve from the acquisition will only be recycled to the consolidated statements of comprehensive income in the event that RSC will lose its control over RHMI.

Treasury Shares
On December 9, 2014, the Parent Company sold all its treasury shares consisting of 18,971,950 common shares at ₱69.00 per share or ₱1.31 billion, incurring transaction costs amounting to ₱8.22 million.

On September 7, 2013 the BOD of the Parent Company approved the buyback of its common shares sold during the IPO. Of the total shares sold to the public, 18,971,950 common shares were reacquired by the Parent Company at ₱58.00 per share or an aggregate cost of ₱1.10 billion.

Retained Earnings

The income of the subsidiaries and associates that are recognized in the consolidated statement of comprehensive income are not available for dividend declaration unless these are declared by the subsidiaries and associates. The accumulated earnings of subsidiaries included in retained earnings amounted to ₱9.16 billion and ₱6.45 billion as at December 31, 2014 and December 31, 2013, respectively.

Also, retained earnings is restricted to payments of dividends to the extent of cost of treasury shares in the amount of ₱1.10 billion as at December 31, 2013.

On June 25, 2014, the BOD approved the declaration of cash dividend of ₱0.41 per share or an aggregate amount of ₱560.07 million to all stockholders of record as of July 17, 2014 which was paid on August 12, 2014.

Appropriation of Retained Earnings

On July 4, 2013, the BOD approved the reversal of the appropriated retained earnings amounting ₱1.40 billion. The appropriation was made in 2011 for continuing investment in subsidiaries.

On February 6, 2014, the Group's BOD approved the appropriation of ₱1.76 billion. The appropriated retained earnings shall be used to augment funds to construct 69 new stores and renovate 3 stores during the year in line with the Group's nationwide expansion. Details follow:

Entity	Amount
RSC	₱1,000,000,000
RHMI	325,000,000
RI	200,000,000
RTSHPI	80,000,000
WHMI	55,000,000
RAC	47,000,000
RSSI	25,000,000
RTI	32,000,000
Total	₱1,764,000,000

On November 25, 2014, the Group's BOD approved the additional appropriation of ₱2.27 billion. The appropriated retained earnings shall be used to augment funds in construction, renovation and strategic acquisitions in the next 2 years in line with the Group's nationwide expansion. Details follow:

Entity	Amount
RSC	₱900,000,000
RRHI TMI	440,200,000

(Forward)

Entity	Amount
RHMI	₱430,000,000
RI	410,000,000
SSDI	190,000,000
RAC	106,000,000
RTI	86,000,000
RTSHPI	60,000,000
WHMI	60,000,000
EC	25,000,000
RVC	10,000,000
HEMI	5,000,000
Total	₱2,722,200,000

On November 25, 2014, the BOD approved the reversal of the appropriated retained earnings of RSSI amounting ₱15.00 million.

On December 1, 2014, the BOD approved the additional appropriation of ₱1.50 billion for RRHI. The appropriated retained earnings shall be used to continue RRHI's investment programs for the next 3 years.

Declaration of Dividends of the Subsidiaries

On August 20, 2014, the BOD of the subsidiaries of the Group approved the declaration of cash dividends as follows:

Entity	Amount
RSC	₱200,000,000
RI	100,000,000
RTSHPI	35,000,000
Total	₱335,000,000

The cash dividends above are to be paid early in 2015.

In January 30, 2014, the BOD of the subsidiaries of the Group approved the declaration of cash dividends of RTSHPI amounting to ₱8.00 million. The dividends were paid on February 28, 2014.

On July 17, 2013, the BOD of the subsidiaries of the Group approved the declaration of cash dividends as follows:

Entity	Amount
RI	₱360,000,000
RSC	240,000,000
RTI	150,000,000
Total	₱750,000,000

On January 4, 2013, the BOD of the subsidiaries of the Group approved the declaration of cash dividends of RTHSPI amounting to ₱8.00 million. The dividends were paid on February 28, 2013.

Capital Management

The primary objective of the Group's capital management policy is to ensure that it maintains a healthy capital in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended December 31, 2014, 2013, and 2012.

The Group considers its equity as follows:

	2014	2013	2012
Capital stock	**₱1,385,000,000**	₱1,385,000,000	₱415,000,000
Additional paid-in capital	**27,227,385,090**	27,026,913,866	141,816,919
Other comprehensive income (loss)	**(23,641,261)**	27,710,882	(30,049,176)
Equity reserve	**(991,931,906)**	116,459,430	116,459,430
Treasury shares	–	(1,100,373,100)	–
Retained earnings	**12,051,508,926**	9,050,943,458	6,308,645,466
	₱39,648,320,849	₱36,506,654,536	₱6,951,872,639

The Group is not subject to externally-imposed capital requirements.

20. Business Combinations

Acquisition of SSDI

On July 4, 2012, RSC and RI, wholly-owned subsidiaries of RRHI, each acquired 45% interest in SSDI, aggregating to 90%, for a total consideration amounting ₱2.57 billion.

The Group elected to measure the non-controlling interest in SSDI at the proportionate share of its interest in SSDI's identifiable net assets.

The fair values of the identifiable assets and liabilities of SSDI at the date of acquisition were:

	Fair Values recognized on acquisition
Assets	
Cash	₱418,078,660
Trade and other receivables	59,002,918
Inventories	1,348,427,599
Other current assets	60,866,170
Property and equipment (Note 13)	181,924,835
Trademark (Note 15)	1,566,917,532
Other noncurrent assets	37,252,913
	3,672,470,627
Liabilities	
Trade and other payables	906,773,885
Income tax payable	5,134,007
Loans payable (Note 18)	246,483,209
Deferred tax liability	470,075,260
Pension liability (Note 24)	17,028,684
	1,645,495,045
Net assets before non-controlling interest	₱2,026,975,582
Non-controlling interest measured at share of net assets (10%)	202,697,558

(Forward)

	Fair Values recognized on acquisition
Net assets (90%)	1,824,278,024
Goodwill arising on acquisition (Note 15)	745,887,131
Acquisition cost	₱2,570,165,155

The net assets recognized in the 2012 consolidated financial statements were based on a provisional assessment of fair value. The valuation had not been completed when the 2012 financial statements were approved for issue by management.

In 2013, the Group finalized the price allocation and the fair value computation of trademark and goodwill. Adjustments to provisional amounts that were made during the measurement period were recognized as if the accounting for the business combination had been completed on July 4, 2012, the acquisition date. Accordingly, the December 31, 2012 comparative information was restated to reflect the adjustment to the provisional amounts. As a result, trademark, deferred tax liability and non-controlling interest increased by ₱1.57 billion, ₱470.08 million and ₱109.68 million, respectively. The final purchase price allocation resulted in goodwill of ₱745.89 million from the previous determined provisional amount of ₱1.73 billion.

Acquisition of EC
On September 14, 2013, RSC acquired 100% ownership of EC for a total consideration of ₱318.72 million.

The fair values of the identifiable assets and liabilities of EC at the date of acquisition were:

	Fair Values recognized on acquisition (Restated – Note 2)
Assets	
Property and equipment (Note 13)	₱168,717,540
Liability	
Deferred tax liability	49,865,262
Net Assets	118,852,278
Goodwill (Note 15)	199,870,222
Acquisition cost	₱318,722,500

In 2014, the Group finalized the price allocation and the fair value computation of goodwill. Adjustments to provisional amounts that were made during the measurement period were recognized as if the accounting for the business combination had been completed on September 14, 2013, the acquisition date. Accordingly, the December 31, 2013 comparative information was restated to reflect the adjustment to the provisional amounts. As a result, property and equipment and deferred tax liability increased by ₱166.22 million and ₱49.87 million, respectively. The final purchase price allocation resulted in goodwill of ₱199.87 million from the previous determined provisional amount of ₱316.22 million.

Acquisition of BSRI
On December 5, 2013, RSSI, acquired the business of BSRI for a total consideration of ₱90.00 million. The latter is engaged in the sale of cosmetic products in the Philippines. The transaction was accounted for as a business combination. The fair values of the identifiable assets of BSRI at the date of acquisition follow:

Assets	
Property and equipment	₱3,545,245
Security deposits	3,130,064
Net assets	6,675,309
Goodwill (Note 15)	83,324,691
Acquisition cost	₱90,000,000

As of December 31, 2014, the purchase price allocation has been finalized. The fair values of the assets acquired as of date of acquisition were based on the net book values as this approximates the fair value as of date of acquisition. There was no adjustment in the provisional accounting made in 2013. The final purchase price allocation resulted in goodwill of ₱83.32 million.

Acquisition of JRMC
On January 29, 2014, RSC acquired 100% ownership of JRMC for a total consideration of ₱131.71 million.

The fair values of the identifiable assets of JRMC at the date of acquisition follow:

	Fair Values recognized on acquisition
Assets	
Property and equipment	₱84,617,057
Liability	
Deferred tax liability	24,635,117
Net Assets	59,981,940
Goodwill (Note 15)	71,732,435
Acquisition cost	₱131,714,375

Subsequent to the reporting period, the Group finalized the price allocation and the fair value computation of goodwill since the measurement period for the finalization of the fair values of the net assets acquired in the acquisition of JRMC ended on January 28, 2015. There were no adjustments to provisional amounts that were made during the measurement period. The final purchase price allocation resulted in goodwill of ₱71.73 million.

Acquisition of GPC
On June 2, 2014, SSDI acquired 100% ownership of GPC for a total consideration of ₱24.50 million.

The purchase price allocation has been prepared on a preliminary basis as the fair values are being finalized. Below are the preliminary fair values of the identifiable assets acquired:

Assets	
Property and equipment	₱1,250,000
Goodwill (Note 15)	23,250,000
Acquisition cost	₱24,500,000

Acquisition of RHIB
On July 3, 2014, RHMI acquired 67.00% ownership of RHIB for a total consideration of ₱201.00 million.

The purchase price allocation has been prepared on a preliminary basis as the fair values are being finalized. Below are the preliminary fair values of the identifiable assets acquired:

Assets	
Property and equipment	₱76,504,117
Security deposits	3,495,883
Net assets before non-controlling interest	80,000,000
Non-controlling interest measured at share of net assets (33.00%)	26,400,000
Net Assets (at 67.00%)	53,600,000
Goodwill (Note 15)	147,400,000
Acquisition cost	₱201,000,000

21. Sales Revenue

Sales are recognized from retail customers at the point of sale in the stores. Sales returns and sales discounts deducted from the sales to arrive at the net sales amounted to ₱1.86 billion, ₱1.53 billion and ₱1.33 billion in 2014, 2013 and 2012, respectively.

22. Operating Expenses

This account consists of:

	2014	2013	2012
Rental and utilities (Notes 25, 29 and 30)	**₱6,549,331,059**	₱5,385,958,794	₱4,634,596,573
Personnel costs and contracted services (Note 23)	**3,965,911,963**	3,224,610,213	2,622,508,253
Depreciation and amortization (Notes 13 and 15)	**1,280,140,229**	999,878,389	1,577,933,781
Transportation and travel	**670,446,779**	481,481,164	407,351,904
Supplies	**524,512,802**	402,626,656	338,730,267
Bank and credit charges	**378,374,220**	257,875,109	265,719,157
Advertising	**349,916,490**	291,115,534	261,375,050
Repairs and maintenance	**252,087,822**	190,210,999	205,087,239
Royalty expense (Note 30)	**119,630,395**	101,535,797	78,419,485
Provision for impairment losses (Notes 9 and 13)	**–**	–	22,055,933
Others	**284,511,989**	233,691,307	202,797,402
	₱14,374,863,748	₱11,568,983,962	₱10,616,575,044

Depreciation and amortization expense pertains to the depreciation and amortization of property and equipment, amortization of franchise fee and license fee amounted to ₱1.27 billion and ₱12.78 million, respectively in 2014, ₱987.13 million and ₱12.75 million, respectively in 2013, and ₱1.58 billion and ₱2.07 million, respectively, in 2012.

Others consist mainly of taxes and licenses, insurance and professional fees.

23. **Personnel Costs and Contracted Services**

This account consists of:

	2014	2013	2012
Salaries, allowances and benefits (Note 22)	**₱1,976,074,249**	₱1,676,726,038	₱1,393,462,906
Contracted services (Note 22)	**1,989,837,714**	1,547,884,175	1,229,045,347
	₱3,965,911,963	₱3,224,610,213	₱2,622,508,253

Details of salaries, allowances and benefits:

	2014	2013	2012
Salaries, wages and allowances	**₱1,905,290,885**	₱1,624,182,102	₱1,349,441,195
Net pension expense (Note 24)	**70,783,364**	52,543,936	44,021,711
	₱1,976,074,249	₱1,676,726,038	₱1,393,462,906

24. **Employee Benefits**

The Group has a defined benefit plan, covering substantially all of its employees. The defined benefit plan is partly funded in 2014, 2013 and 2012. The actuarial valuation is updated annually and is prepared by a professionally qualified external actuary. The latest retirement valuation was issued on March 13, 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 the law. The law does not require minimum funding of the plan.

The components of pension expense under "Operating expenses" account in the consolidated statements of comprehensive income are as follows:

	2014	2013	2012
Current service cost	**₱51,528,036**	₱36,117,176	₱29,397,758
Net interest cost	**19,255,328**	16,426,760	14,623,953
Pension expense	**₱70,783,364**	₱52,543,936	₱44,021,711

Net pension liabilities

	2014	2013
Pension obligation	**₱652,126,801**	₱378,150,409
Fair value of plan assets	**(17,425,365)**	(16,968,749)
Net pension liabilities	**₱634,701,436**	₱361,181,660

Remeasurement effects recognized in OCI

	2014	2013
Remeasurement losses	**(₱205,121,615)**	(₱28,024,008)
Return on assets excluding amount included in net interest cost	**(579,208)**	(371,296)
	(₱205,700,823)	(₱28,395,304)

The movements in pension liability recognized in the consolidated statements of financial position follow:

	2014	2013
Balance at beginning of year	**₱361,181,660**	₱285,272,547
Pension expense	**70,783,364**	52,543,936
Remeasurement losses	**205,700,822**	28,395,304
Benefits paid	**(2,964,410)**	(5,030,127)
Balance at end of year	**₱634,701,436**	₱361,181,660

Movements in the fair value of plan assets follow:

	2014	2013
Balance at beginning of year	**₱16,968,749**	₱16,333,878
Interest income included in net interest cost	**1,035,823**	1,006,167
Actual return excluding amount in net interest cost	**(579,207)**	(371,296)
Balance at end of year	**₱17,425,365**	₱16,968,749

Changes in the present value of defined benefit obligation follow:

	2014	2013
Balance at beginning of year	**₱378,150,409**	₱301,606,425
Current service cost	**51,528,036**	36,117,176
Interest cost	**20,291,151**	17,432,927
Remeasurement losses arising from:		
Changes in financial assumptions	**173,467,100**	25,989,200
Experience adjustments	**32,625,715**	2,034,808
Changes in demographic assumptions	**(971,200)**	–
Benefits paid	**(2,964,410)**	(5,030,127)
Balance at end of year	**₱652,126,801**	₱378,150,409

The fair value of net plan assets of the Company by each classes as at the end of the reporting period are as follows:

	2014	2013
Cash and cash equivalents		
Savings deposit	**₱100,548**	₱34,145
Time deposit	**1,742,000**	1,800,000
	1,842,548	1,834,145
Investments in government securities		
Fixed rate treasury notes (FXTNs)	**6,961,288**	7,738,716
Retail treasury bonds (RTBs)	**7,682,296**	6,503,017
	14,643,584	14,241,733

(Forward)

	2014	2013
Investments in UITF	**878,811**	868,034
Other receivables	**81,051**	45,165
Accrued trust fee payable	**(20,629)**	(20,328)
Trust fee payable	**₱17,425,365**	₱16,968,749

The principal assumptions used in determining pensions for the Group's plan are shown below:

	2014	2013
Discount rates	**4.55%-4.69%**	5.58%-10.04%
Salary increase rates	**3.00%-7.70%**	5.50%-5.70%

The Group does not expect to contribute to the fund in 2015.

The distribution of the plan assets at year end follows:

	2014	2013
Assets		
Cash	**₱1,842,548**	₱1,834,144
Investments in government securities	**14,643,584**	14,241,734
Investments in funds - AFS financial assets	**959,862**	868,034
Receivables	**–**	45,165
	₱17,445,994	₱16,989,077
Liabilities		
Trust fee payable	**₱20,629**	₱20,328

The carrying amounts disclosed above reasonably approximate fair value at each reporting period. The actual return on plan assets amounted to ₱0.58 million and ₱0.37 million in 2014 and 2013, respectively.

The sensitivity analyses that follow has been determined based on reasonably possible changes of the assumption occurring as of the end of the reporting period, assuming if all other assumptions were held constant.

		Increase (Decrease)	Effect in Defined Benefit Obligation
2014	Salary increase	**+1.00%**	**₱762,168,400**
		-1.00%	**(560,925,800)**
	Discount rates	**+1.00%**	**(557,390,800)**
		-1.00%	**769,277,100**
2013	Salary increase	+1.00%	₱431,825,800
		-1.00%	(326,495,600)
	Discount rates	+1.00%	(325,512,800)
		-1.00%	434,338,900

Each year, an Asset-Liability Matching Study (ALM) is performed with the result being analyzed in terms of risk-and-return profiles. Metrobank's current strategic investment strategy consists of 4% of debt instruments, 5% of equity instruments, and 11% for cash and receivables. The principal technique of the Group's ALM is to ensure the expected return on assets to be sufficient to support the desired level of funding arising from the defined benefit plans.

Shown below is the maturity analysis of the undiscounted benefit payments:

	2014	2013
Less than 1 year	**₱23,873,117**	₱24,683,296
More than 1 year but less than 5 years	**71,006,905**	37,881,325
More than 5 years but less than 10 years	**283,306,215**	193,054,016
More than 10 years but less than 15 years	**466,438,085**	348,154,313
More than 15 years but less than 20 years	**584,335,914**	440,717,157
More than 20 years	**4,806,893,545**	3,531,252,684

25. **Related Party Disclosures**

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Significant Related Party Transactions

The Group, in the regular conduct of business, has receivables from/payables to related parties arising from the normal course of operations.

a. The following are the Company's transaction with its related parties:

	Amount		Due from (Due to)		
Category	**2014**	2013	**2014**	2013	Terms and Conditions
Other affiliates under common control					
Trade receivable and other receivables	**₱–**	₱–	**₱155,787,553**	₱108,684,239	**Noninterest bearing and due in 30 days, not impaired**
Sales	**1,537,528,360**	1,108,382,339	–	–	
Royalty income	**582,384,261**	457,202,328	–	–	
Trade and other payable	–	–	**(430,547,980)**	(237,964,898)	**Noninterest bearing and payable in 30 days, unsecured**
Purchases - net	**(1,903,235,750)**	–	–	–	
Rent and utilities	**(2,401,061,241)**	–	–	–	

Below are the Group's transactions with its related parties:

As of December 31, 2014 and 2013, the Group has outstanding balances from its other affiliates amounting to ₱155.79 million and ₱108.68 million arising primarily from sales of merchandise inventories and royalty income for grant of use and right to operate stores of the Group.

In 2014 and 2013, sales of merchandise inventories to related parties amounted to ₱1.54 billion and ₱1.11 billion, respectively, and royalty income amounted to ₱582.38 million and ₱457.20 million, respectively (see Note 30).

As of December 31, 2014 and 2013, the Group has outstanding payable to its other affiliates amounting to ₱430.55 million and ₱237.96 million arising from purchases of merchandise inventories for resale to its customers which are normally paid within the year and expenses for rent and utilities relative to the Group's operations amounting to ₱1.90 billion and ₱2.40 billion. Lease agreements are cancellable and normally have terms of 5 to 20 years with escalation clauses ranging from 5%-10% every year and renewable every year.

Affiliates are related parties by the Group by virtue of common ownership and representations to management where significant influence is apparent.

b. There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group's pension plans.

The details of compensation and benefits of key management personnel for 2014 and 2013 follow:

	2014	2013	2012
Short-term employee benefits	**₱101,192,066**	₱95,899,267	₱82,856,046
Post-employment benefits	**8,671,635**	7,288,523	6,076,858
	₱109,863,701	₱103,187,790	₱88,932,904

Terms and Conditions of Transactions with Related Parties
Outstanding balances at year-end are unsecured, interest-free and settlement occurs in cash. There have been no guarantees provided or received for any related party payables or receivables. The Group has not recognized any impairment losses on amounts due from related parties for the years ended December 31, 2014, 2013 and 2012. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

26. Income Tax

Provision for income tax for the year ended December 31 follows:

	2014	2013	2012
Current	**₱1,203,483,562**	₱1,146,035,321	₱418,763,595
Final	**110,077,299**	–	–
Deferred	**(27,789,611)**	56,122,823	6,886,046
	₱1,285,771,250	₱1,202,158,144	₱425,649,641

The components of the Group's deferred tax assets follow:

	2014	2013
Tax effects of:		
Pension liability	**₱190,410,429**	₱108,492,828
NOLCO	**11,758,498**	4,747,472
MCIT	**7,325,046**	–
Accrued rent	**4,518,461**	3,715,943
Allowance for inventory write-down	**2,052,550**	1,923,125
Allowance for impairment losses	**199,568**	6,771,446
Fair value adjustment on available for sale financial assets and investment in an associate	**(39,160,923)**	1,748,587
Unrealized foreign exchange gain	**(8,302,254)**	(8,067,985)
Others	**869,033**	–
	₱169,670,408	₱119,331,416

As of December 31, 2014 and 2013, the deferred tax liability of the Group amounting ₱544.58 million and ₱519.94 million, respectively, pertains to the deferred tax attributable to the trademark and difference in the fair values and carrying values of the net assets acquired through business combinations (Note 20).

The Group has the following deductible temporary differences, NOLCO and MCIT that are available for offset against future taxable income or tax payable for which deferred tax assets have not been recognized:

	2014	2013
Tax effects of:		
NOLCO	**₱228,703,352**	₱249,432,700
Allowance for doubtful accounts	**22,739,980**	22,739,980
Allowance for impairment	**8,838,303**	8,838,303
MCIT	**921,678**	–
Unrealized foreign exchange loss	**783,271**	–
	₱261,986,584	₱281,010,983

Details of the Group's NOLCO follows:

Inception Year	Beginning Balance	Applied/ Expired	Addition	Ending Balance	Expiry Year
2014	₱–	₱–	₱61,807,181	₱61,807,181	2017
2013	762,684,174	36,698,338	–	725,985,836	2016
2012	13,746,481	–	–	13,746,481	2015
2011	70,836,587	70,836,587	–	–	2014
Total	₱847,267,242	₱107,534,925	₱61,807,181	₱801,539,498	

As of December 31, 2014, the Group has MCIT that can be claimed as deduction from future taxable profit amounting to ₱8.25 million which will expire in 2017.

The reconciliation of statutory income tax rate to the effective income tax rate follows:

	2014	2013
Statutory income tax rate	**30.00%**	30.00%
Add (deduct) tax effects of:		
Change in unrecognized deferred tax assets	**7.57**	(0.08)
Nondeductible interest expense	**0.23**	0.09
MCIT	**–**	(0.05)
Dividend income	**(0.53)**	(0.02)
Interest income subject to final tax	**(12.15)**	(0.78)
Investment income	**(0.48)**	(1.33)
Effective income tax rate	**24.64%**	27.83%

Current tax regulations define expenses to be classified as entertainment, amusement and recreation (EAR) expenses and set a limit for the amount that is deductible for tax purposes. EAR expenses are limited to 0.5% of net sales for sellers of goods or properties or 1% of net revenue for sellers of services. For sellers of both goods or properties and services, an apportionment formula is used in determining the ceiling of such expenses.

27. Earnings Per Share

The following table presents information necessary to calculate EPS on net income attributable to equity holders of the Parent Company:

	2014	2013	2012
Net income attributable equity holder of the Parent Company	**₱3,560,636,968**	₱2,744,964,659	₱1,199,643,937
Weighted average number of common shares	**1,367,379,477**	724,315,563	415,000,000
Adjusted weighted average number of common shares for diluted EPS	1,367,379,477	724,315,563	415,000,000
Basic EPS	₱2.60	₱3.79	₱2.89
Diluted EPS	₱2.60	₱3.79	₱2.89

The Parent Company has no dilutive potential common shares in 2014, 2013 and 2012.

The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transaction during the year.

28. Risk Management and Financial Instruments

Governance Framework

The primary objective of the Group's risk and financial management framework is to protect the Group's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognizes the critical importance of having efficient and effective risk management systems in place.

The BOD approves the Group's risk management policies and meets regularly to approve any commercial, regulatory and organizational requirements of such policies. These policies define the Group's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets and specify reporting requirements.

The carrying amounts approximate fair values for the Group's financial assets and liabilities due to its short-term maturities except for the AFS financial assets and noncurrent loans payable as of December 31, 2014 and 2013.

Fair Value Information
As of December 31, 2014, the carrying value and fair value of the AFS financial assets amounted to ₱17.73 billion and ₱17.72 billion, respectively. The Group has no outstanding AFS financial assets as of December 31, 2013.

As of December 31, 2014 and 2013, the carrying values of loans payable amounted to ₱111.69 million and ₱167.42 million, respectively. Corresponding fair values amounted to ₱113.94 million and ₱174.87 million, respectively.

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

Financial Assets
Due to the short-term nature of the transaction, the fair value of cash and cash equivalents, trade and other receivables and security deposits approximates the carrying values at year-end. The fair value of the AFS financial assets has been determined based on prevailing market quotes.

Financial Liabilities
Due to the short-term nature of trade and other payables and other current liabilities, their carrying values approximate fair value. The fair values of loans payable are based on the discounted value of future cash flows using the applicable rates for similar types of loans.

The main purpose of the Group's financial instruments is to fund its operations and capital expenditures. The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk, foreign currency risk and equity price risk. The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Fair Value Hierarchy
As of December 31, 2014, the Group has AFS financial assets valued under Level 1 amounting ₱17.72 billion (Note 12). These financial assets are measures at fair value.

As of December 31, 2014 and 2013, the Group has loans payable for which fair values are disclosed under level 3 amounting ₱113.94 million and ₱174.87 million, respectively.

There were no transfers among levels 1, 2 and 3 in 2014 and 2013.

Financial Risk
Interest Rate Risk
Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to market risk for interest rates relates primarily to the amounts due to related parties at current market rates and loans payable at floating rates.

The Group manages its interest rate risk by using current rates of money market placements when computing for interest rates that will be charged to the related party.

The Group has minimal interest rate risk because the interest-bearing loans are short-term in nature.

Liquidity Risk
Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments.

The Group seeks to manage its liquidity profile to be able to finance its capital expenditures and operations. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows.

The table below shows the maturity profile of the financial instruments of the Group as of December 31, 2014, 2013 and 2012 based on the remaining period at the reporting date to their contractual maturities and are also presented based on contractual undiscounted repayment obligations.

2014

	On Demand	**1 year**	**More than 1 year**	**Total**
Financial Assets				
Loans and receivables				
Cash and cash equivalents	**₱9,969,823,164**	**₱–**	**₱–**	**₱9,969,823,164**
Short -term investments	–	**1,852,726,333**	–	**1,852,726,333**
Trade receivables	**53,528,902**	**864,811,602**	–	**918,340,504**
Nontrade receivables	**3,650,601**	**377,098,542**	–	**380,749,143**
Due from franchises	–	**230,354,271**	–	**230,354,271**
Other noncurrent assets				
Security and other deposits	–	**188,248,344**	**993,708,375**	**1,181,956,719**
Construction bond	–	–	**33,756,971**	**33,756,971**
AFS financial assets	–	–	**17,717,912,763**	**17,717,912,763**
	₱10,027,002,667	**₱3,513,239,092**	**₱18,745,378,109**	**₱32,285,619,868**
Financial Liabilities				
Other financial liabilities				
Trade and other payables*	**₱–**	**₱13,793,848,492**	**₱–**	**₱13,793,848,492**
Loans payable	–	**55,555,556**	**56,131,441**	**111,686,997**
Other current liabilities	–	**198,062,357**	–	**198,062,357**
	₱–	**₱14,047,466,405**	**₱56,131,441**	**₱14,103,597,846**

**excluding statutory liabilities amounting ₱345,295,813*

2013

	On Demand	1 year	More than 1 year	Total
Financial Assets				
Loans and receivables				
Cash and cash equivalents	₱30,128,802,014	₱–	₱–	₱30,128,802,014
Short term investments	–	335,101,613	–	335,101,613
Trade receivables	220,736,901	532,600,196	–	753,337,097
Nontrade receivables	4,586,076	242,461,355	–	247,047,431
Due from franchises	–	108,648,701	–	108,648,701
Other noncurrent assets				
Security and other deposits	–	–	925,750,023	925,750,023
Construction bond	–	–	28,091,950	28,091,950
	₱30,354,124,991	₱1,218,811,865	₱953,841,973	₱32,526,778,829

(Forward)

2013

	On Demand	1 year	More than 1 year	Total
Financial Liabilities				
Other financial liabilities				
Trade and other payables*	₱–	₱11,954,443,309	₱–	₱11,954,443,309
Loans payable	–	395,555,556	111,860,152	507,415,708
Other current liabilities	–	203,652,278	–	203,652,278
	₱–	₱12,553,651,143	₱111,860,152	₱12,665,511,295

**excluding statutory liabilities amounting ₱120,953,907*

As of December 31, 2014 and 2013, the Group has outstanding loans from Robinsons Savings Bank and Metrobank and Trust Company amounting ₱111.68 million and ₱507.42 million, respectively (Note 18).

Credit Risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group's trade and other receivables are actively monitored by the Collection Services Department to avoid significant concentrations of credit risk.

The Group has adopted a no-business policy with customers lacking an appropriate credit history where credit records are available.

The Group manages the level of credit risk it accepts through a comprehensive credit risk policy setting out the assessment and determination of what constitutes credit risk for the Group. The Group's policies include the following: setting up of exposure limits by each counterparty or group of counterparties; right of offset where counterparties are both debtors and creditors; reporting of credit risk exposures; monitoring of compliance with credit risk policy; and review of credit risk policy for pertinence and the changing environment.

The tables below show the aging analysis of loans and receivables and AFS financial assets as at December 31, 2014 and 2013.

2014

	Neither past due nor impaired	**1 year**	**More than 1 year**	**Impaired Financial Assets**	**Total**
Financial Assets					
Loans and receivables					
Cash in bank and cash equivalents	**₱9,786,037,628**	**₱–**	**₱–**	**₱–**	**₱9,969,823,164**
Short -term investments	**1,852,726,333**	–	–	–	**1,852,726,333**
Trade receivables	**864,811,602**	**53,528,902**		**581,090**	**918,921,594**
Nontrade receivables	**377,098,542**	**3,650,601**	–		**380,749,143**
Due from franchises	**230,354,271**	–	–	**29,461,011**	**259,815,282**
Other noncurrent assets					
Security and other deposits	**1,181,956,719**	–	–	–	**1,181,956,719**
Construction bond	**33,756,971**	–	–	–	**33,756,971**
AFS financial assets	**17,717,912,763**	–	–	–	**17,717,912,763**
	₱32,044,654,829	**₱57,179,503**	**₱–**	**₱30,042,101**	**₱32,315,661,969**

2013

	Neither past due nor impaired	1 year	More than 1 year	Impaired Financial Assets	Total
Financial Assets					
Loans and receivables					
Cash in bank and cash equivalents	₱29,299,968,175	₱–	₱–	₱–	₱29,299,968,175
Short -term investments	341,880,969	–	–	–	341,880,969
Trade receivables	532,600,196	220,155,811		581,090	753,337,097
Nontrade receivables	242,461,355	4,586,076			247,047,431
Due from franchises	108,648,701	–	–	29,461,011	138,109,712
Other noncurrent assets					
Security and other deposits	958,915,358	–	–	–	958,915,358
Construction bond					
	₱31,484,474,754	₱224,741,887	₱–	₱30,042,101	₱31,739,258,742

As of December 31, 2014 and 2013, all trade and other receivables are expected to be settled within one (1) year.

The Group's maximum exposure in financial assets are equal to their carrying amounts. These financial assets have a maturity of up to one (1) year only, and have a high credit rating. This was determined based on the nature of the counterparty and the Group's experience.

Credit Quality
Neither past due nor impaired financial assets are graded as either "A" or "B" based on the following criteria:

- Grade A are accounts considered to be of high value. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits.

- Grade B are active accounts with minimal to regular instances of payment default, due to collection issues. These accounts are typically not impaired as the counterparties generally respond to the Group's collection efforts and update their payments accordingly.

Cash in banks and short-term investments are short-term placements and working cash fund placed, invested or deposited in reputable foreign and local banks in the Philippines. These financial assets are classified as Grade A due to the counterparties' low probability of insolvency.

The Group's financial assets considered as neither past due nor impaired amounting to ₱32.04 billion and ₱31.48 billion as of December 31, 2014 and 2013, respectively are all graded "A" based on the Group's assessment.

Foreign Currency Risk
Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's principal transactions are carried out in Philippine Peso (₱) but maintain a minimal balance of foreign currency. The Group's currency risk arise mainly from foreign currency-denominated cash and cash equivalents, interest receivable and AFS financial assets which are denominated in currency other than the Group's functional currency.

The following tables demonstrates the sensitivity to a reasonably possible change in foreign exchange rates, with all variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities)

	Increase (decrease) in foreign currency rate		Effect on income before income tax (₱)	
	2014	2013	**2014**	2013
USD	**+0.27%**	+1.64%	**₱9,087,032**	₱125,988
	-0.27%	-1.64%	**(9,087,032)**	(125,988)

The Group used foreign exchange rate of ₱44.72:US$1 and ₱44.40:US$1 as of December 31, 2014 and 2013, in converting its dollar-denominated savings deposit to peso.

The foreign currency-denominated financial assets and financial liabilities in original currencies and equivalents to the functional and presentation currency in 2014 and 2013 are as follows:

	2014		2013	
	USD	**PHP**	USD	PHP
Cash and cash equivalents	**$1,633,742**	**₱73,060,938**	$156,379	₱6,942,434
Short-term investments	**7,887,440**	**352,726,333**	7,548,184	335,101,613
AFS financial assets	**65,281,322**	**2,919,380,724**	–	–
Receivables	**922,758**	**41,265,750**	–	–
Total	**$75,725,262**	**₱3,386,433,745**	$7,704,563	₱342,044,047

The effect on the Group's income before tax is computed on the carrying value of the Group's foreign currency denominated financial assets and liabilities as at December 31, 2014 and 2013.

Equity Price Risk
The Company's equity price risk exposure at year-end relates to financial assets whose values will fluctuate as a result of changes in market prices, principally, equity securities classified as AFS investments.

Quoted AFS securities are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market.

The analyses below are performed for reasonably possible movements in the Philippine Stock Exchange (PSE) index with all other variables held constant, showing the impact on equity:

	Change in variable	**Effect on equity-Other comprehensive income**
PSE	**+20.83%**	**₱59,647,573**
	-20.83%	**(59,647,573)**

The sensitivity analyses shown above are based on the assumption that the movement in PSE composite index and other quoted equity securities will be most likely be limited to an upward or downward fluctuation of 20.83%.

For quoted securities, the Parent Company, used as basis of these assumptions, the annual percentage change in PSE composite index.

The impact of sensitivity of equity prices on the Company's equity already excludes the impact on transactions affecting the Company's statements of income.

29. Lease Commitments

Group as Lessee
The Group has entered into cancellable lease agreements as a lessee with terms of one (1) year up to fifteen (15) years. Most leases contain renewal options and a clause enabling annual upward revision of the rental charges based on prevailing market conditions. Other leases provide for the percentage rent which is a certain percentage of actual monthly sales. Rent expense for the years ended December 31, 2014, 2013 and 2012 amounted to ₱3.66 billion, ₱3.16 billion and ₱2.75 billion, respectively (Notes 22 and 25).

30. Agreements

Among the Group's outstanding agreements in 2014 and 2013 are as follows:

a) The Group has exclusive right to use the Ministop System in the Philippines was granted to the Group by Ministop Co. Ltd. , a corporation organized in Japan. In accordance with the franchise agreement, the Group agrees to pay, among others, royalties to Ministop based on a certain percentage of gross profit.

   Royalty expense amounted to ₱54.60 million, ₱52.54 million and ₱35.16 million in 2014, 2013 and 2012, respectively (Note 17). Royalty payable to Ministop included under "Nontrade payable" as of December 31, 2014, 2013 and 2012 amounted to ₱27.32 million, ₱52.54 million and ₱35.16 million, respectively (Note17).

b) The Group has franchise/lease agreements which mainly include providing store facilities and equipment to franchisees. Other services rendered by Ministop consist of providing personnel and utilities. The lease/royalty fee is based on a certain percentage of the gross profit of the lessee/franchisee. The related royalty income amounted to ₱1.15 billion, ₱1.08 billion and ₱941.34 million in 2014, 2013 and 2012, respectively (Note 29).

   As of December 31, 2014, 2013 and 2012, amounts due from franchisees amounted to ₱269.46 million, ₱145.81 million and ₱88.89 million, respectively. These amounts are net of allowance for impairment losses on due from franchisees amounting ₱29.46 million as of December 31, 2014, 2013 and 2012 (Note 9).

c) The Group obtained a license to use the Daiso Business Model in the Philippines that was granted to RDDC by Daiso Industries Co., Ltd. (DICL) in Japan. In accordance with the license agreement, RDDC agrees to pay, among others, royalties to DICL based on a certain percentage of monthly net sales.

   Royalty expense amounted to ₱5.54 million, ₱1.93 million and ₱1.25 million in 2014, 2013 and 2012, respectively.

d.) On September 21, 2012, RSSI paid ₱121.21 million in exchange for the trademarks that were duly registered in the Philippine Intellectual Rights Office. The trademark allows the Group to use the brand and operate its stores in the Philippines.

e.) The Group is a sub-licensee of Toys R Us in the Philippines. Royalty expense amounted to ₱59.9 million, ₱47.4 million and ₱42.0 million in 2014, 2013 and 2012, respectively.

f.) On July 29, 2014, Costa International Limited granted the Group the development and operating rights to carry on the Costa business in the Philippines. The development agreement includes a franchise fee, 60.00% of which is payable upon execution of the agreement and the remaining 40.00% is payable one year after the date of the agreement subject to closing conditions, and annual service fee which is equal to a certain percentage of sales. In 2014, the Group recognized a franchise asset amounting to ₱13.81 million. The agreement is contracted for 5 years and subject to renewal.

g.) The Group has other licenses and franchises to carry various global brands.

31. 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 on 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, 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.

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

32. Approval of the Consolidated Financial Statements

The accompanying consolidated financial statements were approved and authorized for issue by the BOD on March 26, 2015.

SGV
Building a better working world

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BOA/PRC Reg. No. 0001,
December 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-3 (Group A),
November 15, 2012, valid until November 16, 2015

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Robinsons Retail Holdings, Inc.
110 E. Rodriguez Jr. Avenue
Bagumbayan, Quezon City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Robinsons Retail Holdings, Inc. and Subsidiaries (the Group) as at and for the years ended December 31, 2014 and 2013 and have issued our report thereon dated March 26, 2015. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Securities Regulation Code Rule No. 68, As Amended (2011) and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, fairly state in all material respects, the information required to be set forth therein in relation to the basic parent company financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
SEC Accreditation No. 1229-A (Group A),
May 31, 2012, valid until May 30, 2015
Tax Identification No. 162-410-623
BIR Accreditation No. 08-001998-74-2015
February 27, 2015, valid until February 26, 2018
PTR No. 4751335, January 5, 2015, Makati City

March 26, 2015

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE A: FINANCIAL ASSETS (OTHER SHORT-TERM CASH INVESTMENTS)

DECEMBER 31, 2014

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Value based on market quotation at end of reporting period	Income received and accrued
AFS Financial Assets				
Various bonds	₱14,046,344,620	₱14,018,212,763	₱14,018,212,763	₱376,124,973
Notes	1,683,700,000	1,683,700,000	1,683,700,000	20,637,752
Investment in preferred shares	4,000,000	2,016,000,000	2,016,000,000	27,875,000
Money Market Placements				
RBC	1,852,654,977	1,852,726,333	1,852,726,333	31,660,195
	₱17,586,699,597	₱19,570,639,096	₱19,570,639,096	₱456,297,920

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE B: AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDER (OTHER THAN RELATED PARTIES)

DECEMBER 31, 2014

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of period

NOT APPLICABLE

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE C: AMOUNTS RECEIVABLES/PAYABLES FROM/TO RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2014

Entity with Receivable Balance	Balance at Beginning of Period	Net Movement	Write-offs	Current	Noncurrent	Balance at end of period
Robinsons Retail Holdings Inc.	₱2,429,640,462	(₱1,782,475,445)	₱–	₱647,165,017	₱–	₱647,165,017
Robinsons Toys Inc.	137,425,740	90,648,331	–	228,074,071	–	228,074,071
Robinsons Convenience Stores Inc.	39,106,088	–	–	39,106,088	–	39,106,088
Robinsons Supermarket Corporation	25,507,709	(9,928,399)	–	15,579,310	–	15,579,310
Robinson's Incorporated	18,410,886	(643,459)	–	17,767,427	–	17,767,427
Robinson's Handyman Inc.	4,138,324	(1,276,060)	–	2,862,264	–	2,862,264
RHD Daiso- Saizen Inc.	2,117,967	68,380,704	–	70,498,671	–	70,498,671
	₱2,656,347,176	(₱1,635,294,328)	₱–	₱1,021,052,848	₱	₱1,021,052,848

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE D: INTANGIBLE ASSETS

DECEMBER 31, 2014

Description	Beginning balance	Additions at cost	Charged to costs and expenses	Charged to other accounts	Other changes	Ending balance
Trademark	₱1,566,917,532	₱–	₱–	₱–	₱–	₱1,566,917,532
Goodwill	1,230,595,790	242,382,435	–	–	(116,352,278)	1,356,625,947
License	109,090,910	–	(12,121,212)	–	–	96,969,698
Franchise	–	13,805,165	–	–	–	13,805,165
	₱2,906,604,232	₱256,187,600	(₱12,121,212)	₱–	(₱116,352,278)	₱3,034,318,342

See Note 15 of the Consolidated Financial Statements.

Other changes in the intangible assets pertain to the effects of the finalization of the fair values of the net assets acquired of the investees.

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE E: SHORT TERM AND LONG TERM DEBT

DECEMBER 31, 2014

Title of issue and type of obligation	Amount authorized by indenture	Interest rates	Current portion	Noncurrent portion
Floating rate bank loans	₱111,686,997	5.3%	₱55,555,556	₱56,131,441
	₱111,686,997		₱55,555,556	₱56,131,441

See Note 18 of the Consolidated Financial Statements.

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE F: INDEBTEDNESS TO RELATED PARTIES

DECEMBER 31, 2014

Name of related party	Balance at beginning of period	Balance at end of period
Universal Robina Corporation	₱104,819,249	₱211,795,007
Robinsons Land Corporation	133,415,748	211,826,578
JG Summit Holdings, Inc.	–	6,926,395
	₱238,234,997	₱430,547,980

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE G: GUARANTEES OF SECURITIES OF OTHER ISSUERS

DECEMBER 31, 2014

Name of issuing entity of securities guaranteed by the company for which this statements is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount of owned by person for which statement is filed	Nature of guarantee

NOT APPLICABLE

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE H: CAPITAL STOCK

DECEMBER 31, 2014

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Common stock - ₱1 par value	2,000,000,000	1,385,000,000	–	520,067,497	380,182,503	484,750,000
	2,000,000,000	1,385,000,000	–	520,067,497	380,182,503	484,750,000

See Note 19 of the Consolidated Financial Statements

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE OF SOUNDNESS INDICATORS

FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

Financial Soundness Indicator	**2014**	2013
i. Liquidity ratio:		
Current ratio	**1.58**	2.96
ii. Profitability ratio:		
Operating margin ratio	**0.22**	0.21
iii. Stability ratio:		
Solvency ratio	**0.32**	0.29
Net debt to equity ratio	**0.39**	0.38
Asset to equity ratio	**1.39**	1.38
Interest rate coverage rate ratio	**372.17**	52.55
iii. Other ratios		
Return on assets	**0.07**	0.08
Return on equity	**0.10**	0.14

**See attached reporting computation.*

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL RATIOS

FOR THE PERIOD ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

	2014	2013
Current assets	**₱23,712,478,239**	₱39,616,043,753
Current liabilities	**15,022,348,292**	13,375,246,968
Current ratio	**1.58**	2.96
Operating income	**17,429,099,780**	14,311,704,647
Net sales	**80,400,962,302**	67,254,175,069
Operating margin ratio	**0.22**	0.21
After tax net profit	**3,933,284,013**	3,117,352,507
Depreciation and amortization	**1,280,140,229**	999,878,389
	5,213,424,242	4,117,230,896
Total liabilities	**16,257,756,808**	14,368,229,302
Solvency ratio	**0.32**	0.29
Total liabilities	**16,257,756,808**	14,368,229,302
Total equity	**41,236,237,823**	37,982,468,726
Debt to equity ratio	**0.39**	0.38
Total assets	**57,493,994,631**	52,350,698,028
Total equity	**41,236,237,823**	37,982,468,726
Asset to equity ratio	**1.39**	1.38
Earnings before interest and taxes	**4,487,439,155**	4,063,463,730
Interest expense	**12,057,390**	77,328,731
Interest rate coverage ratio	**372.17**	52.55
Net income	**3,933,284,013**	3,117,352,507
Average total assets	**54,922,346,330**	38,291,284,368
Return on assets	**0.07**	0.08
Net income	**3,933,284,013**	3,117,352,507
Average total equity	**41,236,237,823**	23,019,925,257
Return on equity	**0.10**	0.14

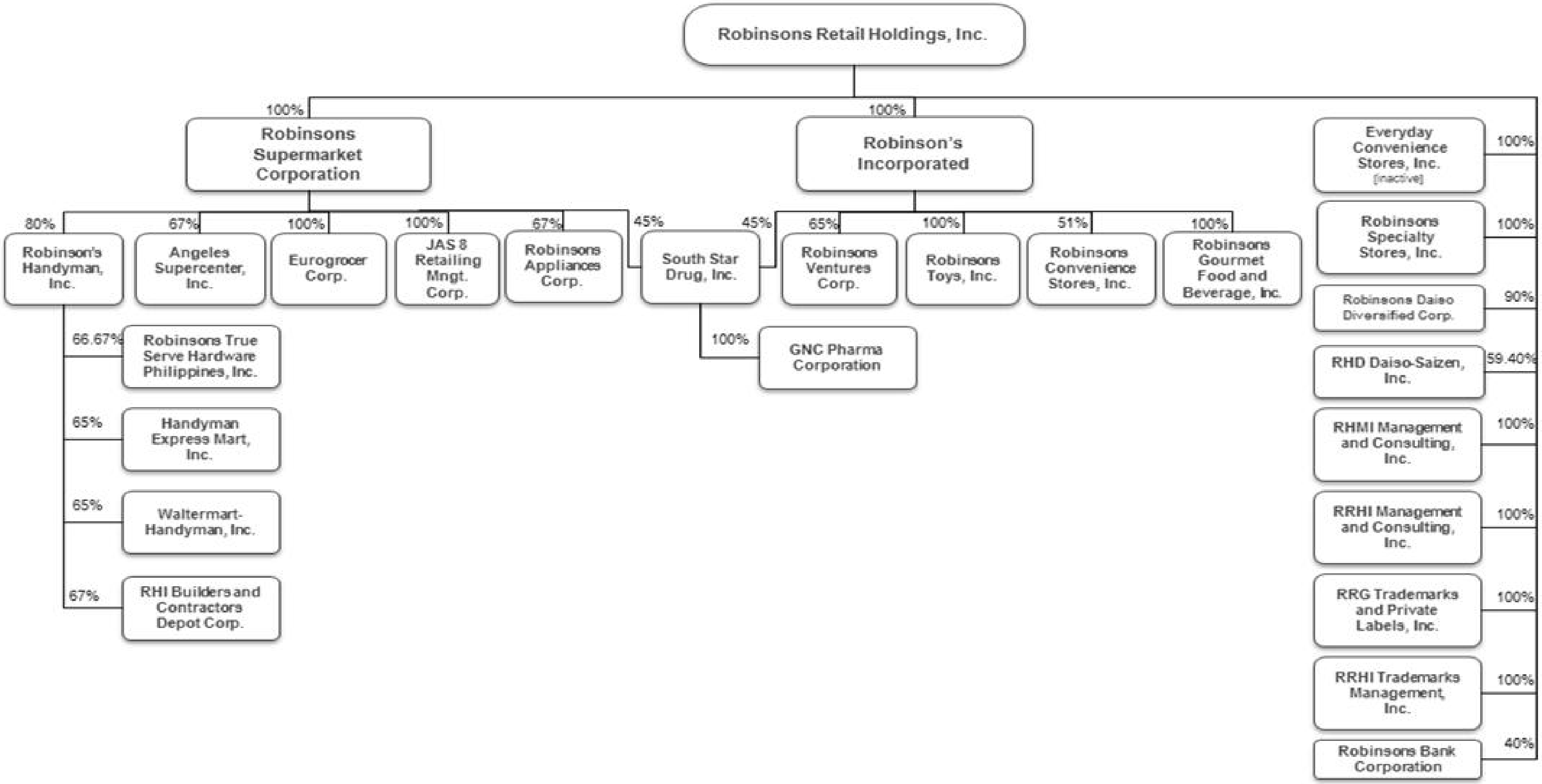
ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

DECEMBER 31, 2014

Group Structure

Below is a map showing the relationship between and among the Group and its ultimate parent company, subsidiaries, and associates as of December 31, 2014:



ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDENDS DECLARATION

FOR THE YEAR ENDED DECEMBER 31, 2014

Retained Earnings of the Parent Company, January 1, 2014		**₱2,085,641,457**
Adjustments		–
Unappropriated Retained Earnings, as adjusted January 1, 2014		**2,085,641,457**
Net income based on the face of audited financial statements	**970,624,795**	
Less: Non-actual/unrealized income net of tax		
Equity in net income of an associate	–	
Unrealized foreign exchange gain - net	**24,633,288**	
Unrealized actuarial gain	–	
Fair value adjustment (marked-to-market gains)	–	
Fair value adjustment of investment properties resulting to gain	–	
Adjustment due to deviation from PFRS/GAAP - gain	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	–	
Add: Non-actual/unrealized losses net of tax	–	
Depreciation on revaluation increment	–	
Adjustment due to deviation from PFRS/GAAP - loss	–	
Loss on fair value adjustment of investment properties	–	
Net income actual/realized		**945,991,507**
Less: Appropriations during the year		**(1,500,000,000)**
Dividend declarations during the year		**(560,071,501)**
Total Parent Company Unappropriated Retained Earnings Available For Dividend Distribution, December 31, 2014		**₱971,561,463**

ROBINSONS RETAIL HOLDINGS, INC.
SUPPLEMENTARY SCHEDULE OF ALL EFFECTIVE STANDARDS AND INTERPRETATIONS

Philippine Securities and Exchange Commission (SEC) issued the amended Securities Regulation Code Rule 68 and 68.1 which consolidates the two separate rules and labeled in the amendment as "Part I" and "Part II", respectively. It also prescribed the additional schedule requirements for large entities showing a list of all effective standards and interpretations under Philippine Financial Reporting Standards (PFRS).

Below is the list of all effective PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) as at December 31, 2014:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS **Effective as of December 31, 2014**		**Adopted**	**Not Adopted**	**Not Applicable**
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and Qualitative Characteristics		✓		
PFRSs Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
	Guarantee Contracts			
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures		✓	
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments		✓	
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures		✓	
	Hedge Accounting and Amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version)		✓	
	Classification and Measurement (2010 version)		✓	
	PFRS 9, Financial Instruments (2014 or final version)		✓	
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture		✓	
	Investment Entities (Amendments to PFRS 10, Consolidated Financial Statements, PFRS 12, Disclosure of Interests in Other Entities, and PAS 27, Separate Financial Statements)	✓		
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interest in Joint Operations		✓	
PFRS 12	Disclosure of Interests in Other Entities	✓		
PFRS 13	Fair Value Measurement	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
PFRS 14	Regulatory Deferral Accounts		✓	
IFRS 15	Revenue from Contracts with Customers		✓	
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Balance Sheet Date	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization		✓	
	Amendments to PAS 16: Bearer Plants		✓	
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions		✓	
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
	Amendments to PAS 24: Related Party Disclosures - Key Management Personnel		✓	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✓		
PAS 27 (Amended)	Separate Financial Statements			✓
	Amendment to PAS 27: Equity Method in Separate Financial Statements		✓	
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
	Amendments to PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture		✓	
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36 (Amended)	Impairment of Assets	✓		
	Amendment to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			✓
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property			✓
PAS 41	Agriculture			✓
	Amendments to PAS 41: Bearer Plants		✓	
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	*Determining Whether an Arrangement Contains a Lease*			✓
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	*Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*			✓
IFRIC 7	*Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies*			✓
IFRIC 8	*Scope of PFRS 2*			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC - 9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	*Interim Financial Reporting and Impairment*			✓
IFRIC 11	PFRS 2 - Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 15	Agreement for Construction of Real Estate		✓	
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
	Mine			
IFRIC 21	Levies			✓
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-21	Income Taxes - Recovery of Revalued Non-Depreciable Assets			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓
Annual Improvements to PFRSs (2010-2012 cycle)			✓	
Annual Improvements to PFRSs (2011-2013 cycle)			✓	
Annual Improvements to PFRSs (2012-2014 cycle)			✓	

Standards tagged as "Not Adopted" are standards issued out but not yet effective as of December 31, 2014. The Company will adopt the Standard s and Interpretations when these become effective.

Standards tagged as "Not Applicable" have been adopted by the Company but have no significant covered transactions for the year ended December 31, 2014.

COVER SHEET

SEC Registration Number

A200201756

Company Name

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES (FORMERLY ROBINSONS HOLDINGS INC. AND SUBSIDIARIES)

Principal Office (No./Street/Barangay/City/Town/Province)

110 E. RODRIGUEZ, JR. AVENUE, BAGUMBAYAN, QUEZON CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	633-7631	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
23	16-Jul	31-Dec

CONTACT PERSON INFORMATION

The designated contact person *MUST* be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Diosdado Felix A. Zapata III	dong.zapata@robinsonsretail.com.ph	635-0797	09228223548

Contact Person's Address

110 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended March 31, 2015

2. Commission identification number A200201756

3. BIR Tax Identification No 216-303-212-000

4. Exact name of issuer as specified in its charter

   ROBINSONS RETAIL HOLDINGS, INC.

5. Province, country or other jurisdiction of incorporation or organization Philippines

6. Industry Classification Code: [ ] (SEC Use Only)

....

7. Address of issuer's principal office Postal Code

   110 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City, Philippines 1110

8. Issuer's telephone number, including area code

   (632) 635-07-51

9. Former name, former address and former fiscal year, if changed since last report

   Not Applicable

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares	1,385,000,000

11. Are any or all of the securities listed on a Stock Exchange?

    Yes [/] No [ ]

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

    Philippine Stock Exchange - Common Share

12. Indicate by check mark whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [/] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [/] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements

Please refer to the attached.

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

Please refer to the attached.

PART II--OTHER INFORMATION

Attachment 1 – Use of Proceeds from Initial Public Offering as of March 31, 2015

SIGNATURES

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

Registrant: **Robinsons Retail Holdings, Inc.**

Signature and Title: John L. Gokongwei, Jr.
Chairman and Chief Executive Officer

Date: May 15, 2015

Signature and Title: Katheryn T. Lim
Treasurer

Date: May 15, 2015

Signature and Title: Diosdado Felix A. Zapata III
Chief Financial Officer

Date: May 15, 2015

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

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

The management of **Robinsons Retail Holdings, Inc. and Subsidiaries** is responsible for the preparation and fair presentation of the financial statements for the period ended March 31, 2015 and 2014, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

MR. JOHN L. GOKONGWEI, JR.
Chairman

MR. JOHN L. GOKONGWEI, JR.
Chief Executive Officer

KATHERYN T. LIM
Treasurer

DIOSDADO FELIX A. ZAPATA III
Chief Financial Officer

Before me, a notary public in the city named above, personally appeared:

Name	Competent Proof of Identity	Place/Date of Issue
John L. Gokongwei	TIN No. 124-294-226	
Katheryn T. Lim	TIN No. 142-200-457	
Diosdado Felix A. Zapata III	TIN No. 195-218-279	

Who is personally known to me to be the same person described in the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument.

Witness my hand and seal this ____ day of ______, 2015. MAY 14 2015

Doc. No. 160;
Page No. 32;
Book No. I;
Series of 2015.

ATTY. GILBERT S. MILLADO, JR.
Roll No. 45039
Notary Public
Until December 31, 2016
110 E. Rodriguez Jr. Ave., Bagumbayan, Quezon City
PTR No. 0596316; Jan. 7, 2015; Quezon City
IBP No. 0981290; Jan. 5, 2015; CALMANA
TIN 166-215-465
Commission-Adm. No. 174(2015-2016)
MCLE Compliance No. [illegible]

PART 1 – FINANCIAL INFORMATION

Item 1 – Financial Statements

A. Unaudited Consolidated Statements of Financial Position as of March 31, 2015 and Audited Consolidated Statements of Financial Position as of December 31, 2014

B. Unaudited Consolidated Statements of Comprehensive Income for the Three Months Ended March 31, 2015 and 2014

C. Unaudited Consolidated Statements of Changes in Equity for the Three Months Ended March 31, 2015 and 2014

D. Unaudited Consolidated Statements of Cash Flow for the Three Months Ended March 31, 2015 and 2014

E. Notes to Unaudited Consolidated Financial Statements

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Robinsons Holdings, Inc. and Subsidiaries)

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 8 and 29)	**₱7,151,052,317**	₱9,969,823,164
Short-term investments (Notes 9 and 29)	**6,779,356**	1,852,726,333
Trade and other receivables (Notes 10 and 29)	**984,396,969**	1,529,443,918
Merchandise inventories (Note 11)	**9,746,710,569**	8,993,411,437
Other current assets (Note 12)	**1,586,367,088**	1,367,073,387
Total Current Assets	**19,475,306,299**	23,712,478,239
Noncurrent Assets		
Available-for-sale (AFS) financial assets (Notes 13 and 29)	**19,035,851,372**	17,717,912,763
Property and equipment (Note 14)	**10,004,158,083**	9,653,665,304
Investment in shares of stocks (Note 15)	**2,209,739,059**	1,990,235,885
Intangible assets (Note 16)	**3,031,288,039**	3,034,318,342
Deferred tax assets - net (Note 27)	**180,468,367**	169,670,408
Other noncurrent assets (Notes 17 and 29)	**1,196,022,204**	1,215,713,690
Total Noncurrent Assets	**35,657,527,124**	33,781,516,392
	₱55,132,833,423	₱57,493,994,631

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 18 and 29)	**₱10,659,296,100**	₱14,139,144,305
Current portion of loans payable (Notes 19 and 29)	**55,555,556**	55,555,556
Income tax payable	**835,927,809**	629,586,074
Other current liabilities (Note 29)	**174,525,918**	198,062,357
Total Current Liabilities	**11,725,305,383**	15,022,348,292
Noncurrent Liabilities		
Loans payable - net of current portion (Notes 19 and 29)	**42,213,281**	56,131,441
Deferred tax liability - net (Notes 21 and 27)	**544,575,639**	544,575,639
Pension liability (Note 25)	**657,671,098**	634,701,436
Total Noncurrent Liabilities	**1,244,460,018**	1,235,408,516
Total Liabilities	**12,969,765,401**	16,257,756,808

(Forward)

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
Equity (Note 20)		
Capital stock	**₱1,385,000,000**	₱1,385,000,000
Additional paid-in capital	**27,227,385,090**	27,227,385,090
Treasury shares	**–**	–
Other comprehensive income (loss) (Notes 13, 15 and 25)	**30,912,147**	(23,641,261)
Equity reserve	**(991,931,906)**	(991,931,906)
Retained earnings		
Appropriated	**10,311,451,453**	10,311,451,453
Unappropriated	**2,521,165,720**	1,740,057,473
Total equity attributable to equity holders of the Parent Company	**40,483,982,504**	39,648,320,849
Non-controlling interest in consolidated subsidiaries	**1,679,085,518**	1,587,916,974
Total Equity	**42,163,068,022**	41,236,237,823
	₱55,132,833,423	₱57,493,994,631

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Robinsons Holdings, Inc. and Subsidiaries)

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended March 31	
	2015 (Unaudited)	2014 (Unaudited)
SALES- net of sales discounts and returns (Note 22)	**₱19,715,150,870**	₱17,426,009,975
COST OF MERCHANDISE SOLD (Note 11)	**15,462,828,186**	13,761,172,471
GROSS PROFIT	**4,252,322,684**	3,664,837,504
ROYALTY, RENT AND OTHER REVENUE(Notes 7, 26, 30 and 31)	**396,990,153**	324,440,600
GROSS PROFIT INCLUDING OTHER REVENUE	**4,649,312,837**	3,989,278,104
OPERATING EXPENSES (Note 23)	**(3,859,215,468)**	(3,231,696,469)
OTHER INCOME (CHARGES)		
Interest income (Notes 8, 9 and 13)	**199,328,342**	100,048,790
Dividend income (Note 13)	**27,875,000**	–
Equity in net earnings of an associate (Note 15)	**11,213,941**	12,295,937
Interest expense (Note 19)	**(5,218,795)**	(5,211,277)
Foreign currency exchange gain (loss) - net	**50,544**	7,859
	233,249,032	107,141,309
INCOME BEFORE INCOME TAX	**1,023,346,401**	864,722,944
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 27)		
Current	**235,247,600**	243,575,419
Deferred	**(34,177,990)**	(21,493,951)
	201,069,610	222,081,468
NET INCOME	**822,276,791**	642,641,476
OTHER COMPREHENSIVE INCOME(LOSS)		
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:		
Changes in fair value and share in change in fair value of AFS financial assets of an associate (Notes 13 and 15)	**77,563,014**	13,995,705
Share in change in translation adjustment of an associate (Note 15)	**370,426**	(39,416,427)
Income tax effect	**(23,380,032)**	7,626,217
	54,553,408	(17,794,505)
TOTAL COMPREHENSIVE INCOME	**₱876,830,199**	₱624,846,971
Net income attributable to:		
Equity holders of the Parent Company	**₱781,108,247**	₱561,579,888
Non-controlling interest in consolidated subsidiaries	**41,168,544**	81,061,588
	₱822,276,791	₱642,641,476
Total comprehensive income attributable to:		
Equity holders of the Parent Company	**₱835,661,655**	₱543,785,383
Non-controlling interest in consolidated subsidiaries	**41,168,544**	81,061,588
	₱876,830,199	₱624,846,971
Basic/Diluted Earnings Per Share (Note 28)	**₱0.56**	₱0.41

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Robinsons Holdings, Inc. and Subsidiaries)

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 20)	Additional Paid-in Capital (Note 20)	Other Comprehensive Income (Loss) (Notes 13 and 15)	Equity Reserve (Note 20)	Retained Earnings Appropriated (Note 20)	Retained Earnings Unappropriated (Note 20)	Treasury Stock (Note 20)	Total Equity Attributable to Equity Holders of the Parent Company	Non-controlling Interest in Consolidated Subsidiaries	Total
At January 1, 2015	**₱1,385,000,000**	**₱27,227,385,090**	**(₱23,641,261)**	**(₱991,931,906)**	**₱10,311,451,453**	**₱1,740,057,473**	**₱–**	**₱39,648,320,849**	**₱1,587,916,974**	**₱41,236,237,823**
Additional investment in a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–	**50,000,000**	**50,000,000**
Net income	**–**	**–**	**–**	**–**	**–**	**781,108,247**	**–**	**781,108,247**	**41,168,544**	**822,276,791**
Other comprehensive gain	**–**	**–**	**54,553,408**	**–**	**–**	**–**	**–**	**54,553,408**	–	**54,553,408**
Total comprehensive income	**–**	**–**	**54,553,408**	**–**	**–**	**781,108,247**	**–**	**835,661,655**	**41,168,544**	**876,830,199**
Balance at March 31, 2015	**₱1,385,000,000**	**₱27,227,385,090**	**₱30,912,147**	**(₱991,931,906)**	**₱10,311,451,453**	**₱2,521,165,720**	**₱–**	**₱40,483,982,504**	**₱1,679,085,518**	**₱42,163,068,022**
At January 1, 2014	₱1,385,000,000	₱27,026,913,866	₱27,710,882	₱116,459,430	₱4,340,251,453	₱4,710,692,005	(₱1,100,373,100)	₱36,506,654,536	₱1,475,814,190	₱37,982,468,726
Dividends paid	–	–	–	–	–	(2,666,667)	–	(2,666,667)	–	(2,666,667)
Appropriation during the year	–	–	–	–	1,742,000,000	(1,742,000,000)	–	–	–	–
Net income	–	–	–	–	–	561,579,888	–	561,579,888	81,061,588	642,641,476
Other comprehensive loss	–	–	(17,794,505)	–	–	–	–	(17,794,505)	–	(17,794,505)
Total comprehensive income	–	–	(17,794,505)	–	–	561,579,888	–	543,785,383	81,061,588	624,846,971
Balance at March 31, 2014	₱1,385,000,000	₱27,026,913,866	₱9,916,377	₱116,459,430	₱6,082,251,453	₱3,527,605,226	(₱1,100,373,100)	₱37,047,773,252	₱1,556,875,778	₱38,604,649,030

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Robinsons Holdings, Inc. and Subsidiaries)

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31	
	2015 (Unaudited)	2014 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱1,023,346,401**	₱864,722,944
Adjustments for:		
Depreciation and amortization (Notes 14, 16 and 23)	**399,401,139**	285,335,011
Movement in pension liability (Note 25)	**22,969,662**	15,570,989
Equity in net earnings of an associate (Note 15)	**(11,213,941)**	(12,295,937)
Interest expense (Note 19)	**5,218,795**	5,211,277
Interest income (Notes 8, 9 and 13)	**(199,328,342)**	(100,048,790)
Dividend income (Note 13)	**(27,875,000)**	–
Unrealized foreign currency exchange loss (gain) - net	**(50,544)**	–
Operating income before working capital changes	**1,212,468,170**	1,058,495,494
Decrease (increase) in:		
Trade and other receivables	**562,507,743**	300,715,457
Merchandise inventories	**(753,299,132)**	(686,035,658)
Other current assets	**(219,293,701)**	(166,323,118)
Short-term investments	**1,845,946,977**	(11,580,269)
Increase (decrease) in:		
Trade and other payables	**(3,479,848,206)**	(1,948,366,668)
Other current liabilities	**(23,536,439)**	33,370,845
Net cash flows used in operations	**(855,054,588)**	(1,419,723,917)
Income tax paid	**(28,905,865)**	(31,667,758)
Interest received	**210,169,704**	155,021,921
Net cash flows used in operating activities	**(673,790,749)**	(1,296,369,754)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
AFS investments (Note 13)	**(1,264,350,000)**	(5,360,073,500)
Property and equipment (Note 14)	**(748,193,842)**	(975,192,010)
Franchise	**–**	(31,406,600)
Additional investment in an associate (Note 15)	**(184,280,900)**	–
Additional investment from non-controlling interest	**50,000,000**	–
Proceeds from disposal of property and equipment (Note 14)	**5,410,825**	–
Acquisition through business combination - net of cash received (Note 21)	**–**	(129,205,000)
Decrease (increase) in other noncurrent assets	**15,610,888**	(48,289,401)
Net cash flows used in investing activities	**(2,125,803,029)**	(6,544,166,511)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of loans (Note 19)	**(13,918,160)**	(13,974,232)
Interest paid (Note 19)	**(5,218,795)**	(5,211,277)
Dividends paid (Note 20)	**–**	(2,666,667)
Cash flows used in financing activities	**(19,136,955)**	(21,852,176)
EFFECTS OF FOREIGN EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	**(40,114)**	–
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(2,818,770,847)**	(7,862,388,441)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**9,969,823,164**	30,135,581,370
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 8)	**₱7,151,052,317**	₱22,273,192,929

See accompanying Notes to Interim Condensed Consolidated Financial Statements

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Robinsons Holdings, Inc. and Subsidiaries)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

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

The Parent Company is 35.49% owned by JE Holdings, Inc., 34.10% owned by PCD Nominee Corporation and the rest by the public. The primary purpose of the Parent Company and its subsidiaries (herein referred to as "the Group") is to engage in the business of trading goods, commodities and merchandise of any kind.

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

On March 26, 2013, the SEC approved the change of the Parent Company's corporate name from Robinsons Holdings, Inc. to Robinsons Retail Holdings, Inc.

2. Basis of Preparation

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

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

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

Finalization of Purchase Price Allocation
In 2014, the Group finalized the purchase price allocation of its acquisitions of Eurogocer Corp. (EC), Beauty Skinnovations Retail, Inc. (BSRI), and JAS 8 Retailing Mngt. Corporation (JRMC) through business combinations on September 14, 2013, December 5, 2013 and January 29, 2014, respectively. The December 31, 2013 comparative information was restated to reflect the adjustments to the provisional amounts and the effects to the consolidated financial statements (Note 21).

In 2013, the Group finalized the purchase price allocation of its acquisition of South Star Drug, Inc. (SSDI), a subsidiary, through business combination on July 4, 2012. The December 31, 2012 comparative information was restated to reflect the adjustments to the provisional amounts (Note 21).

<u>Basis of Consolidation</u>
The interim condensed consolidated financial statements represent the consolidation of the financial statements of RRHI and the following subsidiaries directly and indirectly owned by the Parent Company.

Investee Companies	March 31, 2015		December 31, 2014	
	Percentage of Ownership			
	Direct	**Indirect**	Direct	Indirect
Robinson's, Inc. (RI)	**100.00%**	**–**	**100.00%**	**–**
Robinsons Ventures Corporation (RVC)	**–**	**65.00%**	**–**	**65.00%**
Robinsons Toys, Inc. (RTI)	**–**	**100.00%**	**–**	**100.00%**
Robinsons Convenience Stores, Inc. (RCSI)	**–**	**51.00%**	**–**	**51.00%**
South Star Drug, Inc. (SSDI)	**–**	**45.00%**	**–**	**45.00%**
GNC Pharma Corporation (GPC)	**–**	**100.00%**	**–**	**100.00%**
Robinsons Gourmet Food and Beverages, Inc. (RGFBI)	**–**	**100.00%**	**–**	**100.00%**
Robinsons Supermarket Corporation (RSC)	**100.00%**	**–**	**100.00%**	**–**
Angeles Supercenter, Inc. (ASI)	**–**	**67.00%**	**–**	**67.00%**
Eurogrocer Corp. (EC)	**–**	**100.00%**	**–**	**100.00%**
JAS 8 Retailing Mngt. Corporation (JRMC)	**–**	**100.00%**	**–**	**100.00%**
Robinsons Appliances Corp. (RAC)	**–**	**67.00%**	**–**	**67.00%**
SSDI	**–**	**45.00%**	**–**	**45.00%**
Robinson's Handyman, Inc. (RHMI)	**–**	**80.00%**	**–**	**80.00%**
Handyman Express Mart, Inc. (HEMI)	**–**	**52.00%**	**–**	**52.00%**
Waltermart-Handyman, Inc. (WHI)	**–**	**52.00%**	**–**	**52.00%**
Robinsons True Serve Hardware Philippines, Inc. (RTSHPI)	**–**	**53.33%**	**–**	**53.33%**
RHI Builders and Contractors Depot Corp. (RHIB)	**–**	**53.60%**	**–**	**53.60%**
Everyday Convenience Stores, Inc. (ECSI)	**100.00%**	**–**	**100.00%**	**–**
Robinsons Specialty Stores, Inc. (RSSI)	**100.00%**	**–**	**100.00%**	**–**
Robinsons Daiso Diversified Corp. (RDDC)	**90.00%**	**–**	**90.00%**	**–**
RHD Daiso-Saizen Inc. (RHDDS)	**59.40%**	**–**	**59.40%**	**–**
RHMI Management and Consulting, Inc.	**100.00%**	**–**	**100.00%**	**–**
RRHI Management and Consulting, Inc.	**100.00%**	**–**	**100.00%**	**–**
RRG Trademarks and Private Labels, Inc.	**100.00%**	**–**	**100.00%**	**–**
RRHI Trademarks Management, Inc.	**100.00%**	**–**	**100.00%**	**–**

All subsidiaries were incorporated in the Philippines.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Additional Investments and Acquisitions

On February 23, 2015, RHMI made additional investment amounting to ₱100.00 million to RHIB. Corresponding additional investment coming from NCI of RHIB amounted to ₱50.00 million.

On December 17, 2014 and July 3, 2014, RRHI made additional investments amounting to ₱295.00 million and ₱59.40 million, respectively to RSSI and RHDDS. Corresponding additional investments coming from NCI of RHDDS amounted to ₱40.60 million.

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

On September 15, 2014, RHMI made additional investment amounting to ₱100.00 million to RHIB. Corresponding additional investment coming from NCI of RHIB amounted to ₱50.00 million.

On July 3, 2014, RHMI acquired 67.00% ownership of RHIB, a Company engaged in the business of hardware retailing (Note 21). The NCI is measured based on the proportionate share in fair values of the net assets acquired amounting to ₱26.40 million.

On June 2, 2014, SSDI acquired 100% ownership of GPC, a Company engaged in the business of pharmaceutical retailing (Note 21).

On January 29, 2014, RSC acquired 100% ownership of JRMC, a Company engaged in the business of grocery retailing (Note 21).

On September 14, 2013, RSC acquired 100% ownership of EC, a Company engaged in the business of grocery retailing (Note 21).

On July 8, 2013, RGFBI, wholly-owned subsidiary of RI, was incorporated to engage in the business of establishing, operating and managing of retail coffee shops and espresso shops. RI provided equity funding to RGFBI amounting to ₱100.0 million.

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

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

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

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

On July 4, 2012, RSC and RI, wholly-owned subsidiaries of RRHI, each acquired 45.00% interest in SSDI, aggregating to 90.00% (Note 21).

Mergers
On October 24, 2014, the Board of Directors (BOD) of the Group approved the plan of the Group to merge RSC, EC and JRMC with the RSC as the surviving entity. The purpose of the merger is to centralize the Group’s supermarket operations. On November 25, 2014, the plan of merger was presented to and approved by the Stockholders. The Plans and Articles of Merger are set to be filed with the SEC in April 2015.

On October 24, 2014, the BOD approved the plan of the Group to merge GNC and SSDI with SDDI as the surviving entity. The purpose of the merger is to centralize the Group’s management and administration of the two drugstore chains. On November 25, 2014, the plan of merger was presented to and approved by the Stockholders. The Plan and Article of Merger are set to be filed with the SEC on or before April 15, 2015.

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

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

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

Subscription to RHDDS' Voting Shares
In 2011, the Parent Company subscribed to 81% of the voting shares of RHDDS. RHDDS was organized and registered with the SEC on November 29, 2011. RHDDS has started commercial operations only in 2013.

In 2012, RHDDS issued an additional 15,764,000 shares, thereby increasing the issued and outstanding shares from 43,336,000 shares as of December 31, 2011 to 59,100,000 shares as of December 31, 2012, at ₱1.00 par value.

The Parent Company did not subscribe to the additional issuance of shares during the year which resulted to the decrease in the direct interest in RHDDS from 81.00% to 59.40%.

The transaction resulted in an increase in the non-controlling interest amounting to ₱28.31 million. The difference between the increase in non-controlling interest and consideration paid amounting to ₱18.36 million was also recognized directly in equity under "Equity Reserve". The Parent Company maintains the same number of common shares it held RHDDS prior to the transaction.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

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

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity as "Equity reserve" and attributed to the owners of the Parent Company. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interest
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

3. **Changes in Accounting Policies**

The accounting policies adopted in the preparation of the Group's interim consolidated financial statements are consistent with those of the previous financial years except for the adoption of the following new and amended Philippine Financial Reporting Standards (PFRS) and Philippine Interpretations which became effective beginning January 1, 2015. Except as otherwise stated, the adoption of these new and amended Standards and Philippine Interpretations did not have any impact on the interim condensed consolidated financial statements.

- PAS 19, *Employee Benefits – Defined Benefit Plans: Employee Contributions* (Amendments)
PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after January 1, 2015. It is not expected that this amendment would be relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual Improvements to PFRSs (2010-2012 cycle)
The Annual Improvements to PFRSs (2010-2012 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group. They include:

- PFRS 2, *Share-based Payment – Definition of Vesting Condition*
This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
    a. A performance condition must contain a service condition
    b. A performance target must be met while the counterparty is rendering service
    c. A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
    d. A performance condition may be a market or non-market condition
    e. If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

- PFRS 3, *Business Combinations – Accounting for Contingent Consideration in a Business Combination*
The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* (or PFRS 9, *Financial Instruments*, if early adopted). The Group 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 are applied retrospectively and clarify that:
    a. An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.

    b. The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets – Revaluation Method – Proportionate Restatement of Accumulated Depreciation and Amortization*
  The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.

- PAS 24, *Related Party Disclosures – Key Management Personnel*
  The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

<u>Annual Improvements to PFRSs (2011-2013 cycle)</u>
The Annual Improvements to PFRSs (2011-2013 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group. They include:

- PFRS 3, *Business Combinations – Scope Exceptions for Joint Arrangements*
  The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:
  a. Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
  b. This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

- PFRS 13, *Fair Value Measurement – Portfolio Exception*
  The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39 (*or PFRS 9, as applicable*).

- PAS 40, *Investment Property*
  The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).

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 January 1, 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.

<u>Annual Improvements to PFRSs (2012-2014 cycle)</u>
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.
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- 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).

Effective January 1, 2018

- 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 recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 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.

4. Seasonality of Operations

Due to the seasonal nature of the Group's business, higher revenues and operating profits are usually expected in the last quarter of the year than the first three (3) months. Higher revenues from October to December are mainly attributed to the increased sales during the peak holiday season.

5. Summary of Significant Accounting Policies

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

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

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

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

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

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

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

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

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

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

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

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

Determination of Fair Value
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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

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

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

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

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

This accounting policy relates primarily to the Group's investments in equity securities and non-voting preferred shares.

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

After initial measurement, the loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate (EIR).

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

Receivables
Receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. After initial measurement, receivables are subsequently carried at amortized cost using the effective interest method less any allowance for impairment loss. Amortized cost is calculated by taking into account any discount or premium on acquisition, and includes fees that are an integral part of the effective interest rate (EIR) and transaction costs. Gains and losses are recognized in profit or loss, when the receivables are derecognized or impaired, as well as through the amortization process.

This accounting policy applies primarily to the Group's trade and other receivables (Note 10).

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

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

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

<u>Classification of Financial Instruments Between Debt and Equity</u>
A financial instrument is classified as debt, if it provides for a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

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

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

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

Offsetting of Financial Instruments
Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. 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.

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

AFS Financial Assets
The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of debt instruments classified as AFS investments, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Interest continues to be accrued at the original EIR on the reduced carrying amount of the asset and is recorded under interest income in profit or loss. If, in a subsequent year, the fair value of a debt instrument increases, and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is also reversed through profit or loss.

In case of equity investments classified as AFS financial assets, this would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statement of comprehensive income, is removed from the consolidated statement of changes in equity and recognized in the consolidated statement of comprehensive income.

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

Loans and Receivables
For loans and receivables carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is charged to the consolidated statement of comprehensive income. Interest income continues to be recognized based on the original EIR of the asset. Loans, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as the borrower's payment history, past-due status and term.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any difference between loss estimates and actual loss experience.

<u>Derecognition of Financial Assets and Liabilities</u>
Financial Asset
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

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

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

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

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

The Group assesses whether embedded derivatives are required to be separated from host contracts when the Group first becomes a party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Embedded derivatives that are bifurcated from the host contracts are accounted for as financial assets or liabilities at FVPL. Changes in fair values are included in the profit and loss.

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

Cash and Cash Equivalents

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

Merchandise Inventories

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

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

Investment in an Associate

Investment in an associate is accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

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

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

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

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

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated statement of income.

Business Combination and Goodwill

PFRS 3 provides that if the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the acquirer shall account for the combination using those provisional values. The acquirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within twelve months of the acquisition date as follows: (i) the carrying amount of the identifiable asset, liability or contingent liability that is recognized or adjusted as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date; (ii) goodwill or any gain recognized shall be adjusted by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted; and (iii) comparative information presented for the periods before the initial accounting for the combination is complete shall be presented as if the initial accounting has been completed from the acquisition date.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with PAS 39 either in profit or loss or as a change to OCI. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss as bargain purchase gain.

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

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

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

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

Property and Equipment

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

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

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

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

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

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

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

Intangible Assets

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

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

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

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

Trademark
Trademark was acquired through business combination in 2012 and was recognized at fair value at the date of acquisition. This has indefinite useful life. Following initial recognition, the trademark is carried at cost and subject to annual impairment testing.

Franchise
The Group acquired the franchise to use the brand and operate its stores. The franchise shall be amortized using the straight-line method over a period of ten (10) years.

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

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or CGU’s fair value less costs to sell, and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly-traded subsidiaries or other available fair value indicators.

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

For nonfinancial assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years.

Such reversal is recognized in the consolidated statement of comprehensive income.

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

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

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

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

<u>Pension Cost</u>
Defined Benefit Plan
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting date reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

Defined benefit costs comprise the following:
(a) service cost;
(b) net interest on the net defined benefit liability or asset; and
(c) remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

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

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies.

Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

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

Income Tax

Current Tax

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

Deferred Tax

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

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

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

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

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

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

Capital Stock

Capital stock is measured at par value for all shares issued. When the Group issues shares in excess of par, the excess is recognized as additional paid-in capital (APIC) (Note 20). Incremental costs incurred directly attributable to the issuance of new shares are treated as deduction from APIC. If APIC is not sufficient, the excess is charged against retained earnings.

Retained Earnings

Retained earnings represent accumulated earnings of the Group less dividends declared and any adjustment arising from application of new accounting standards, policies or correction of errors applied retroactively.. It includes the accumulated equity in undistributed earnings of consolidated subsidiaries which are not available for dividends until declared by subsidiaries (Note 20).

Treasury Shares

Treasury shares are own equity instruments which are reacquired, recognized at cost and deducted from equity. Any gain or loss on the purchase, sale, issue or cancellation or re-issuance is recognized in APIC. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to APIC to the extent of the specific or average APIC when the shares were issued and to retained earnings for the remaining balance. The retained earnings account is restricted to payment of dividends to the extent of the cost of treasury shares (Note 20).

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

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

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

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

Group as Lessee

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

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

Group as Lessor

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

Foreign Currency Transactions

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

Earnings Per Share (EPS)

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

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

The Parent Company does not have any potential dilutive ordinary shares for the period ended March 31, 2015 and December 31, 2014 (Note 28).

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

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

Segment Reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for resource allocation and assessing performance of the operating segment, has been identified as the President. The nature of the operating segment is set out in Note 7.

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

6. Significant Accounting Judgments, Estimates and Assumptions

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

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

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

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

Operating Lease Commitments - Group as Lessor
The Group has entered into lease agreements to provide store facilities and equipment (Note 30). The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out as operating leases.

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

Contingencies
The Group is currently involved in certain legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe that these proceedings will have a material adverse effect on the Group’s financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (Note 32).

The Group has contingent assets arising from an ongoing damage claims pending final assessment. The outcome of certain cases is not presently determinable in the opinion of the management, eventual asset, if any, will not have material or adverse effect on the Group’s financial position and results of operations (Note 32).

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

Determining Fair Values of Financial Assets and Liabilities
Fair value determinations for financial assets and liabilities are based generally on listed market prices or broker or dealer price quotations. If prices are not readily determinable or if liquidating the positions is reasonably expected to affect market prices, fair value is based on either internal valuation models or management’s estimate of amounts that could be realized under current market conditions, assuming an orderly liquidation over a reasonable period of time (see Note 29).

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

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

As of March 31, 2015 and December 31, 2014, the carrying value of the Group's trade and other receivables amounted to ₱984.40 million and ₱1.53 billion, respectively (Note 10).

Impairment of AFS Financial Assets
The Group determines that AFS financial assets are impaired when there has been a significant or prolonged decline in the fair value of the investment below its cost or whether other objective evidence of impairment exists. The determination of what is significant or prolonged requires judgment. The Group treats 'significant' generally as 20% or more and 'prolonged' greater than six (6) months. In making this judgment, the Group evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

The carrying value of AFS financial assets amounted to ₱19.04 billion and ₱17.72 billion as of March 31, 2015 and December 31, 2014, respectively (Note 13).

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

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

No provision for impairment losses on merchandise inventories was recognized in March 31, 2015 and December 31, 2014.

Merchandise inventories amounted to ₱9.75 billion and ₱8.99 billion as of March 31, 2015 and December 31, 2014, respectively (Note 11).

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

In 2013, the management concluded its reassessment of the EUL of its property and equipment items to reflect the appropriate pattern of economic benefits. The changes in accounting estimates is accounted for prospectively resulting in a decrease in the depreciation expense of the Group by ₱780.64 million for the year ended December 31, 2013 (Note 14).

As of March 31, 2015 and December 31, 2014, the carrying value of the Group's property and equipment amounted to ₱10.00 billion and ₱9.65 billion, respectively.

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

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

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

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

As of March 31, 2015 and December 31, 2014, the carrying value of the Group's property and equipment amounted to ₱10.00 billion and ₱9.65 billion, investment share of stock amounted to ₱2.21 billion and ₱1.99 billion, licenses amounted to ₱93.94 million and ₱96.97 million, and franchise amounted to ₱13.81 million, respectively.

Pension and Other Retirement Benefits
The determination of the obligation and cost of pension and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 25, and include, among others, discount rate and salary rates increase.

As of March 31, 2015 and December 31, 2014, the carrying value of the net pension liabilities amounted to ₱657.67 million and ₱634.70 million, respectively (Note 25).

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

As of March 31, 2015 and December 31, 2014, the Group has deferred tax assets amounting to ₱180.47 million and ₱169.67 million, respectively (Note 27).

Goodwill and Trademarks
In the course of the Group's business combinations, goodwill and trademark were acquired (see Note 16). These assets have indefinite useful lives. Below are the business segments to which goodwill and trademarks arise from:

	Trademark	Goodwill
SSDI	₱1,566,917,532	₱745,887,131
EC	–	199,870,222
RHIB	–	147,400,000
RTSHPI	–	85,161,468
BSRI	–	83,324,691
JRMC	–	71,732,435
GPC	–	23,250,000
	₱1,566,917,532	₱1,356,625,947

7. **Operating Segment**

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

Management monitors the operating results of its operating segments separately for the purpose of making decision about resource allocation and performance assessment. Group financing (including interest income, dividend income, investment income and interest expense) and income taxes are managed on a group basis and are not allocated to operating segments. The Group evaluates performance based on income before income tax, and earnings before income tax, depreciation and amortization. The Group does not report its results based on geographical segments because the Group operates only in the Philippines.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Cost and expenses exclude interest, taxes, depreciation and amortization.

The amount of segment assets and liabilities are based on the measurement principles that are similar with those used in measuring the assets and liabilities in the consolidated statements of financial position which is in accordance with PFRS.

The Group derives its revenue from the following reportable units:

- *Supermarket Division*
  The first major retailer to promote health and wellness. Robinson's Supermarket commits to bring together healthy options and affordable prices in a refreshingly clean and organized shopping destination. It makes a bold lifelong commitment to educate and empower its customers to make healthy choices.

- *Department Store Division*
  Robinson's Department Store is one of the premier shopping destinations in the country today. It offers an exceptional selection of merchandise from top international and local brands. From the trendiest fashion pieces, the most coveted lifestyle products, the latest items for the home, to playthings and necessities for the little ones. It provides experience that goes beyond ordinary shopping.

- *DIY Division*
  Handyman Do It Best has grown to be one of the most aggressive hardware and home improvement centers in the country. It aims to cover the Philippine landscape with more branches in key commercial centers to promote self reliance among "do-it yourselfers".

- *Convenience Store Division*
  Ministop is a 24 hour convenience store chain and is a franchise of Ministop Co. Ltd., one of the largest convenience store chains in Japan. The store carries a wide assortment of merchandise and an extensive selection of ready to eat products.

- *Drug Store Division*
  South Star Drug Store offers over a thousand brands from food and pharmaceuticals to personal care products.

- *Specialty Store Division*
  Specialty Store is the lifestyle retail arm of Robinsons Retail Group. It is committed to bringing the best loved international lifestyle brands, top entertainment systems, and unparalleled selection of toys and games.

The financial information about these operating segments as of and for the three months ended March 31, 2015 and 2014 and for the year ended December 31, 2014 is summarized below:

March 31, 2015

	Supermarket Division	Department StoreDivision	DIY Division	Convenience Store Division	Drug store Division	SpecialtyStore Division	Parent Company	Intersegment Eliminating Adjustments	Consolidated
Segment net sales	₱9,688,795,511	₱2,985,223,750	₱2,207,576,230	₱1,255,943,495	₱1,875,578,714	₱1,702,033,170	₱–	₱–	₱19,715,150,870
Intersegment net sales	–	–	–	–	–	215,097,473	–	(215,097,473)	–
Total net sales	9,688,795,511	2,985,223,750	2,207,576,230	1,255,943,495	1,875,578,714	1,917,130,643	–	(215,097,473)	19,715,150,870
Segment cost of merchandise sold	7,902,810,720	2,073,852,824	1,514,224,839	1,135,033,355	1,563,897,143	1,350,377,497	–	–	15,540,196,378
Intersegment cost of merchandise sold	2,927,079	137,729,281	1,109,335	–	–	763,250	–	(219,897,137)	(77,368,192)
Total cost of merchandise sold	7,905,737,799	2,211,582,105	1,515,334,174	1,135,033,355	1,563,897,143	1,351,140,747	–	(219,897,137)	15,462,828,186
Gross profit	1,783,057,712	773,641,645	692,242,056	120,910,140	311,681,571	565,989,896	–	4,799,664	4,252,322,684
Segment other income	24,695,758	17,550,048	–	333,141,841	17,753,464	3,849,042	–	–	396,990,153
Intersegment other income	27,982,244	4,799,664	–	–	–	–	–	(32,781,908)	–
Total other income	52,678,002	22,349,712	–	333,141,841	17,753,464	3,849,042	–	(32,781,908)	396,990,153
Gross profit including other income	1,835,735,714	795,991,357	692,242,056	454,051,981	329,435,035	569,838,938	–	(27,982,244)	4,649,312,837
Segment operating expenses	1,277,179,517	611,207,648	475,088,174	394,853,497	236,433,986	462,559,144	2,492,363	–	3,459,814,329
Intersegment operating expenses	(760,437)	13,587,833	5,367,218	–	6,139,196	3,648,434	–	(27,982,244)	–
Total operating expenses	1,276,419,080	624,795,481	480,455,392	394,853,497	242,573,182	466,207,578	2,492,363	(27,982,244)	3,459,814,329
Earnings before interest, taxes and depreciation and amortization	559,316,634	171,195,876	211,786,664	59,198,484	86,861,853	103,631,360	(2,492,363)	–	1,189,498,508
Depreciation and amortization	151,049,905	50,897,303	50,361,994	52,660,854	13,667,436	80,763,647	–	–	399,401,139
Earnings before interest and taxes	408,266,729	120,298,573	161,424,670	6,537,630	73,194,417	22,867,713	(2,492,363)	–	790,097,369
Interest expense	–	–	(1,796,222)	(5,555,998)	(1,351,256)	(7,723,496)	–	11,208,177	(5,218,795)
Interest income	2,358,649	2,472,628	2,646,618	124,957	445,048	2,510,035	199,978,584	(11,208,177)	199,328,342
Dividend Income	–	–	–	–	–	–	27,875,000	–	27,875,000
Unrealized forex gain (loss)	–	–	–	–	–	–	50,544	–	50,544
Equity in net earnings of an associate	–	–	–	–	–	–	11,213,941	–	11,213,941
Income before income tax	₱410,625,378	₱122,771,201	₱162,275,066	₱1,106,589	₱72,288,209	₱17,654,252	₱236,625,706	–	₱1,023,346,401
Assets and Liabilities									
Segment assets	11,789,115,480	3,177,244,313	4,230,750,143	2,255,677,550	2,834,470,650	4,000,267,660	28,268,690,990	(1,423,383,363)	55,132,833,423
Investment in subsidiaries - at cost	2,771,636,283	1,834,770,374	–	–	–	–	4,892,815,839	(9,499,222,496)	–
Total segment assets	₱14,560,751,763	₱5,012,014,687	₱4,230,750,143	₱2,255,677,550	₱2,834,470,650	₱4,000,267,660	₱33,161,506,829	(10,922,605,859)	₱55,132,833,423
Total segment liabilities	₱6,718,737,985	₱2,171,294,320	₱1,924,535,479	₱1,482,390,102	₱1,405,126,654	₱2,476,462,364	₱36,222,299	(₱3,245,003,802)	₱12,969,765,401
Other segment information:									
Capital expenditures	₱289,706,434	₱82,497,358	₱76,714,223	₱166,447,638	₱38,805,371	₱94,022,818	₱–	₱–	₱748,193,842

March 31, 2014

	Supermarket Division	Department StoreDivision	DIY Division	Convenience Store Division	Drug store Division	SpecialtyStore Division	Parent Company	Intersegment Eliminating Adjustments	Consolidated
Segment net sales	₱8,703,126,311	₱2,727,371,216	₱1,825,391,692	₱1,058,886,734	₱1,679,922,940	₱1,431,311,082	₱–	₱–	₱17,426,009,975
Intersegment net sales	–	–	–	–	–	116,076,693	–	(116,076,693)	–
Total net sales	8,703,126,311	2,727,371,216	1,825,391,692	1,058,886,734	1,679,922,940	1,547,387,775	–	(116,076,693)	17,426,009,975
Segment cost of merchandise sold	7,123,305,378	1,907,988,820	1,249,105,901	958,618,319	1,400,811,212	1,121,342,841	–	–	13,761,172,471
Intersegment cost of merchandise sold	–	116,076,693	–	–	–	–	–	(116,076,693)	–
Total cost of merchandise sold	7,123,305,378	2,024,065,513	1,249,105,901	958,618,319	1,400,811,212	1,121,342,841	–	(116,076,693)	13,761,172,471
Gross profit	1,579,820,933	703,305,703	576,285,791	100,268,415	279,111,728	426,044,934	–	–	3,664,837,504
Segment other income	21,293,969	15,303,337	–	269,456,373	15,526,710	2,860,211	–	–	324,440,600
Intersegment other income	22,428,023	–	–	–	–	–	–	(22,428,023)	–
Total other income	43,721,992	15,303,337	–	269,456,373	15,526,710	2,860,211	–	(22,428,023)	324,440,600
Gross profit including other income	1,623,542,925	718,609,040	576,285,791	369,724,788	294,638,438	428,905,145	–	(22,428,023)	3,989,278,104
Segment operating expenses	1,134,551,478	548,744,454	383,280,270	299,989,960	212,409,834	365,045,788	2,339,674	–	2,946,361,458
Intersegment operating expenses	–	10,696,466	4,749,392	–	4,007,338	2,974,827	–	(22,428,023)	–
Total operating expenses	1,134,551,478	559,440,920	388,029,662	299,989,960	216,417,172	368,020,615	2,339,674	(22,428,023)	2,946,361,458
Earnings before interest, taxes and depreciation and amortization	488,991,447	159,168,120	188,256,129	69,734,828	78,221,266	60,884,530	(2,339,674)	–	1,042,916,646
Depreciation and amortization	128,192,088	39,713,460	26,960,033	42,890,215	9,936,371	37,642,844	–	–	285,335,011
Earnings before interest and taxes	360,799,359	119,454,660	161,296,096	26,844,613	68,284,895	23,241,686	(2,339,674)	–	757,581,635
Interest expense	–	–	–	(807,292)	(2,073,957)	(2,330,028)	–	–	(5,211,277)
Interest income	888,768	1,048,522	3,464,124	75,682	714,390	557,653	93,299,651	–	100,048,790
Unrealized forex gain (loss)	–	–	–	–	–	–	7,859	–	7,859
Equity in net earnings of an associate	–	–	–	–	–	–	12,295,937	–	12,295,937
Income before income tax	₱361,688,127	₱120,503,182	₱164,760,220	₱26,113,003	₱66,925,328	₱21,469,311	₱103,263,773	–	₱864,722,944

December 31, 2014

	Supermarket Division	Department StoreDivision	DIY Division	Convenience Store Division	Drug store Division	SpecialtyStore Division	Parent Company	Intersegment Eliminating Adjustments	Consolidated
Assets and Liabilities									
Segment assets	10,924,736,561	3,717,280,449	4,087,924,263	2,285,354,461	2,835,218,028	4,192,432,860	30,993,276,665	(1,542,228,656)	57,493,994,631
Investment in subsidiaries - at cost	2,771,636,283	1,834,770,374	–	–	–	–	2,031,274,134	(6,637,680,791)	–
Total segment assets	₱13,696,372,844	₱5,552,050,823	₱4,087,924,263	₱2,285,354,461	₱2,835,218,028	₱4,192,432,860	₱33,024,550,799	(₱8,179,909,447)	₱57,493,994,631
Total segment liabilities	₱6,301,266,770	₱2,802,810,941	₱1,946,091,733	₱1,512,863,649	₱1,456,282,356	₱2,678,479,603	₱83,064,840	(₱523,103,084)	₱16,257,756,808
Other segment information:									
Capital expenditures	₱1,616,215,223	₱513,996,144	₱436,570,364	₱582,710,117	₱135,609,024	₱590,429,057	₱–	₱–	₱3,875,529,929

The revenue of the Group consists mainly of sales to external customers. Inter-segment revenue arising from purchase arrangements amounting to ₱215.10 million and ₱116.08 million for the three months ended March 31, 2015 and 2014, respectively, are eliminated on consolidation.

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

Capital expenditures consist of additions to property and equipment arising from current acquisitions and those acquired through business combinations plus any adjustments made in the fair values of the acquired property and equipment.

The Group has no significant customer which contributes 10.00% or more to the revenues of the Group.

8. Cash and Cash Equivalents

This account consists of cash on hand and in banks and short-term investments amounting to ₱7.15 billion and ₱9.97 billion as of March 31, 2015 and December 31, 2014, respectively.

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods of one (1) to three (3) months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term investment rates that range from 0.40% to 3.20% and 0.20% to 3.20% for the three months ended March 31, 2015, and for the year ended December 31, 2014, respectively.

Interest income arising from cash in banks and cash equivalents amounted to ₱22.98 million and ₱79.99 million for the three months ended March 31, 2015 and 2014, respectively.

9. Short-term Investments

This account consists of dollar-denominated investments with a period of one (1) year.

Short-term investments are made for varying periods of up to one (1) year, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term investment rates based on annual interest rates that ranges from 6.78% to 8.38% for the three months ended March 31, 2015 and 1.80% to 2.31% for the year ended December 31, 2014.

Interest income arising from short-term investments amounted to ₱0.59 million and ₱1.87 million for the three months ended March 31, 2015 and 2014, respectively.

10. Trade and Other Receivables

This account consists of:

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
Trade	**₱339,315,593**	₱918,921,594
Nontrade	**420,246,734**	380,749,143
Due from franchisees	**254,876,743**	259,815,282
	1,014,439,070	1,559,486,019
Less allowance for impairment losses	**30,042,101**	30,042,101
	₱984,396,969	₱1,529,443,918

Trade receivables are noninterest-bearing and are generally on a one to thirty (1-30) days' term.

As of March 31, 2015 and December 31, 2014, nontrade receivables consist mainly of receivable from insurer amounting to ₱143.79 million. Receivable from insurer represents amounts recoverable from the insurance company for properties that were damaged due to fire and typhoon (Notes 11 and 14). The remaining balance consists of advances to officers and employees, cashier shortages and interest receivable arising from short-term investments.

As of March 31, 2015 and December 31, 2014, the allowance for impairment losses amounting to ₱30.04 million pertains to the provision for amounts due from lessees/franchisees.

11. Merchandise Inventories

This account consists of:

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
Beginning inventory	**₱8,993,411,437**	₱7,028,810,289
Add: Purchases - net of purchase discounts and allowances	**16,216,127,318**	64,936,463,670
Cost of goods available for sale	**25,209,538,755**	71,965,273,959
Cost of merchandise sold	**15,462,828,186**	62,971,862,522
Ending inventory	**₱9,746,710,569**	₱8,993,411,437

In 2013, the Group had written-down inventory costs amounting to ₱88.20 million which were damaged during a typhoon and a fire. These amounts are fully recoverable from the insurance company (Note 10).

There are no merchandise inventories pledged as security for liabilities.

The cost of merchandise inventories charged to the statements of comprehensive income amounted to ₱15.46 million and ₱13.76 million for the three months ended March 31, 2015 and 2014, respectively.

12. Other Current Assets

This account consists of:

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
Input value-added tax (VAT) - net	**₱1,210,026,953**	₱1,092,694,647
Prepayments	**344,922,508**	265,911,688
Others	**31,417,627**	8,467,052
	₱1,586,367,088	₱1,367,073,387

Input VAT will be applied against output VAT in the succeeding periods. Management believes that the amount is fully realizable.

Prepayments mainly consist of creditable withholding taxes (CWT) which will be applied against income tax payable in future periods. Management believes that the amount is fully realizable.

13. Available-for-Sale Financial Assets

Rollforward analysis of AFS financial assets follow:

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
Cost		
At January 1	**₱17,704,262,593**	₱–
Additions	**1,264,350,000**	17,704,262,593
At end of the period	**18,968,612,593**	17,704,262,593
Accretion of interest income	**(25,276,399)**	(24,849,243)
Change in fair value of AFS financial assets		
At January 1	**(12,131,857)**	–
Changes in fair value during the year	**53,925,107**	(12,131,857)
At end of the period	**41,793,250**	(12,131,857)
Foreign exchange gains	**50,721,928**	50,631,270
Total	**₱19,035,851,372**	₱17,717,912,763

As of March 31, 2015, investments in AFS financial asset consists of investment in quoted equity shares amounting to ₱2.02 billion and debt securities amounting to ₱17.02 billion.

Quoted equity security consists of marketable equity security that is listed and traded on the Philippine Stock Exchange (PSE). The fair market value of the listed shares is based on the quoted market price as of March 31, 2015.

Dividend income earned by the Group amounted to ₱27.88 million as of March 31, 2015.

Quoted debt securities consist of peso and dollar-denominated bond securities with fixed coupon rate per annum ranging from 4.38% to 7.88%.

Interest income arising from AFS financial assets amounted to ₱175.76 million and ₱18.20 million for the three months ended March 31, 2015 and 2014, respectively.

Accretion of interest pertains to the amortization of interest income resulting from the difference of the book value and the face value of AFS financial assets with terms ranging from 5 to 10 years.

14. Property and Equipment

The rollforward analysis of this account follows:

March 31, 2015

	Leasehold Improvements	Store Furniture and Fixtures	Office Furniture and Fixtures	Transportation Equipment	Building and Other Equipment	Computer Equipment	Construction in Progress	Total
Cost								
At January 1	₱8,987,372,550	₱6,939,918,610	₱820,876,405	₱114,971,723	₱1,483,565,334	₱1,577,978,948	₱518,599	₱19,925,202,169
Additions	324,058,940	208,235,725	83,298,253	3,972,478	50,686,384	77,942,062	–	748,193,842
Transfers	(12,762,636)	11,403,182	–	–	–	1,359,454	–	–
Disposals and retirement	(66,437,514)	(186,392)	–	–	–	(251,154)	–	(66,875,060)
At March 31	9,232,231,340	7,159,371,125	904,174,658	118,944,201	1,534,251,718	1,657,029,310	518,599	20,606,520,951
Accumulated Depreciation and Amortization								
At January 1	4,527,417,236	3,833,452,256	138,533,034	73,194,357	618,094,076	1,005,045,974	–	10,195,736,933
Depreciation and amortization (Note 23)	199,512,848	122,042,360	22,025,944	2,396,843	9,406,393	36,905,849	–	392,290,237
Disposals and retirement	(61,002,950)	(175,191)	–	–	–	(286,093)	–	(61,464,234)
At March 31	4,665,927,134	3,955,319,425	160,558,978	75,591,200	627,500,469	1,041,665,730	–	10,526,562,936

(Forward)

	Leasehold Improvements	Store Furniture and Fixtures	Office Furniture and Fixtures	Transportation Equipment	Building and Other Equipment	Computer Equipment	Construction in Progress	Total
Allowance for impairment losses								
At January 1	**49,567,673**	**25,882,986**	**–**	**–**	**–**	**349,273**	**–**	**75,799,932**
Reversals	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
At March 31	**49,567,673**	**25,882,986**	**–**	**–**	**–**	**349,273**	**–**	**75,799,932**
	₱4,516,736,533	**₱3,178,168,714**	**₱743,615,680**	**₱43,353,001**	**₱906,751,249**	**₱615,014,307**	**₱518,599**	**₱10,004,158,083**

December 31, 2014

	Leasehold Improvements	Store Furniture and Fixtures	Office Furniture and Fixtures	Transportation Equipment	Building and Other Equipment	Computer Equipment	Construction in Progress	Total
Cost								
At January 1	₱7,306,919,983	₱5,858,291,941	₱319,297,358	₱97,664,409	₱1,307,783,555	₱1,216,382,713	₱–	₱16,106,339,959
Additions through business combination (Note 21)	77,754,117	84,617,057	–	–	–	–	–	162,371,174
Additions	1,642,162,660	1,009,420,823	501,714,731	17,307,314	175,781,779	366,252,849	518,599	3,713,158,755
Disposals and write-off	(39,464,210)	(12,411,211)	(135,684)	–	–	(4,656,614)	–	(56,667,719)
At December 31	8,987,372,550	6,939,918,610	820,876,405	114,971,723	1,483,565,334	1,577,978,948	518,599	19,925,202,169
Accumulated Depreciation and Amortization								
At January 1	3,975,604,885	3,382,268,492	80,012,797	65,077,645	589,560,930	875,009,258	–	8,967,534,007
Depreciation and amortization (Note 23)	584,342,327	456,299,807	58,556,267	8,116,712	28,533,146	131,516,322	–	1,267,364,581
Disposals	(32,529,976)	(5,116,043)	(36,030)	–	–	(1,479,606)	–	(39,161,655)
At December 31	4,527,417,236	3,833,452,256	138,533,034	73,194,357	618,094,076	1,005,045,974	–	10,195,736,933
Allowance for impairment losses								
At January 1	49,567,673	25,882,986	–	–	–	349,273	–	75,799,932
Reversals	–	–	–	–	–	–	–	–
At December 31	49,567,673	25,882,986	–	–	–	349,273	–	75,799,932
	₱4,410,387,641	₱3,080,583,368	₱682,343,371	₱41,777,366	₱865,471,258	₱572,583,701	₱518,599	₱9,653,665,304

There are no property and equipment items as of March 31, 2015 and December 31, 2014 that are pledged as security to liability.

In 2013, the Group had written down property and equipment with net book values amounting to ₱49.29 million which were damaged during a typhoon and a fire. These amounts are fully recoverable from the insurance company (Note 10).

Allowance for impairment losses pertain to closing of non-performing stores.

Construction in-progress is not depreciated until such time when the relevant assets are completed and available for use. As of December 31, 2013, the Group's capitalized payments as construction in-progress amounted to ₱5.75 million. There are no capitalized payments as of March 31, 2015 and December 31, 2014.

In 2013, the Management concluded its reassessment of the estimated useful life (EUL) of its property and equipment items to reflect the appropriate pattern of economic benefits. In general, the revised average EUL of property and equipment follows (in years):

	Revised	Old
Leasehold improvements	10	5
Store furniture and fixtures	10	5
Office furniture and fixtures	10	5
Transportation equipment	10	5
Building and other equipment	20	10
Computer equipment	10	5

The change in accounting estimates is accounted for prospectively resulting in a decrease in the depreciation expense of the Group by ₱780.64 million for the year ended December 31, 2013.

Cost of fully depreciated property and equipment still in use amounted to ₱4.92 billion and ₱4.87 billion as at March 31, 2015 and December 31, 2014, respectively.

15. **Investment in Shares of Stocks**

This account consists of investment in shares of stocks of Robinsons Bank Corporation (RBC):

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
Investment in preferred stock	**₱1,654,364,339**	₱1,470,083,439
Investment in common stock	**555,374,720**	520,152,446
	₱2,209,739,059	₱1,990,235,885

The preferred stock has the following features:

a. Preferred stockholders are entitled to receive preferential but non-cumulative dividends at the rate to be determined by the Board of Directors (BOD) of RBC.

b. Preferred stocks are redeemable at the option of RBC at any time provided that the redemption price shall not be lower than the par value or higher than 110.00% of said par value.

c. In the event of any voluntary or involuntary liquidation, the preferred stockholders are entitled to receive the liquidation value of the said shares equivalent to 110.00% of the par value plus any unpaid but declared dividends thereon. If the net assets of RBC shall be insufficient to pay in full the liquidation value of all the preferred stock, then such net resources shall be distributed among such preferred stock ratably in accordance with the respective liquidation value of the shares they are holding.

The details of the investment in preferred stock of RBC follow:

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
Beginning balance	**₱1,470,083,439**	₱1,470,083,439
Additional investment during the year	**184,280,900**	–
	₱1,654,364,339	₱1,470,083,439

The details of the investment in common stock of RBC follow:

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
Shares of common stock - at equity:		
Acquisition cost	**₱124,933,383**	₱124,933,383
Accumulated equity in net earnings:		
Beginning balance	**568,093,465**	511,543,518
Equity in net earnings of an associate for the period	**11,213,941**	56,549,947
Ending balance	**579,307,406**	568,093,465
Share in fair value changes of AFS financial assets of RBC		
Beginning balance	**(122,558,084)**	(260,239,692)
Share in fair value changes during the year	**23,637,907**	137,681,608
Ending balance	**(98,920,177)**	(122,558,084)

(Forward)

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
Share in translation loss adjustments		
Beginning balance	**(41,129,697)**	(33,984,500)
Share in translation adjustments	**370,426**	(7,145,197)
Ending balance	**(40,759,271)**	(41,129,697)
Share in remeasurement loss on pension liability		
Beginning balance	**(9,186,621)**	(9,186,621)
Share in remeasurement loss on pension liability	**–**	–
Ending balance	**(9,186,621)**	(9,186,621)
	430,441,337	(172,874,402)
	₱555,374,720	₱520,152,446

RBC is incorporated in the Philippines engaged in commercial and thrift banking whose principal activities include deposit-taking, lending, foreign exchange dealing and fund transfers or remittance servicing. The Group has 40.00% ownership in RBC.

No dividends have been declared by RBC in 2015 and 2014.

Financial information of RBC follows:

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
Total assets	**₱50,220,679,187**	₱50,074,411,821
Total liabilities	**43,996,247,517**	44,317,364,239
Net income	**28,034,853**	141,374,867

The consolidated statement of comprehensive income follows:

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
Total operating income	**₱758,104,958**	₱2,439,100,476
Total operating expenses and provision for income tax	**730,070,105**	2,297,725,609
Net income	**₱28,034,853**	₱141,374,867

The reconciliation of the net assets of the material associate to the carrying amounts of the interest in an associate recognized in the consolidated financial statements is as follows:

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
Net assets of associate attributable to common shareholders	**₱666,362,235**	₱578,306,550
Proportionate ownership in the associate	**40%**	40%
Share in net identifiable assets	**266,544,894**	231,322,620
Total share in net assets	**555,374,720**	520,152,446
Difference	**₱288,829,826**	₱288,829,826

The difference is attributable to the commercial banking license and goodwill.

16. **Intangible Assets**

This account consists of:

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
Trademark (Note 21)	**₱1,566,917,532**	₱1,566,917,532
Goodwill	**1,356,625,947**	1,356,625,947
Licenses	**93,939,395**	96,969,698
Franchise	**13,805,165**	13,805,165
	₱3,031,288,039	₱3,034,318,342

Trademark
The trademark was acquired through business combination in 2012 and was recognized at fair value at the date of acquisition (Note 21).

Goodwill
The Group's goodwill pertains to the excess of the acquisition cost over the fair value of the net assets of SSDI, EC, RTSHPI, BSRI, JRMC, GPC and RHIB as follows (Note 21):

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
SSDI	**₱745,887,131**	₱745,887,131
EC	**199,870,222**	199,870,222
RHIB	**147,400,000**	147,400,000
RTSHPI	**85,161,468**	85,161,468
BSRI	**83,324,691**	83,324,691
JRMC	**71,732,435**	71,732,435
GPC	**23,250,000**	23,250,000
	₱1,356,625,947	₱1,356,625,947

Acquisition of RHIB by RHMI
RHIB was acquired on July 3, 2014. The acquisition represents 67.00% ownership interest on the shares of stock of RHIB.

Acquisition of GPC by SSDI
GPC was acquired on June 2, 2014. The acquisition represents 100% ownership interest on the shares of stock of GPC.

Acquisition of JRMC by RSC
JRMC was acquired by RSC on January 29, 2014. The acquisition represents 100% ownership interest on the shares of stock of JRMC.

Acquisition of EC by RSC
EC was acquired by RSC on September 14, 2013. The acquisition represents 100% ownership interest on the shares of stock of EC.

Acquisition of RTSHPI by RHMI
RTSHPI was acquired by RHMI on February 19, 2007. The acquisition represents 66.67% ownership interest on the shares of stock of RTSHPI.

Acquisition of BSRI by RSSI
On December 5, 2013, RSSI acquired the business of BSRI. The transaction was accounted for as a business combination.

Acquisition of SSDI by RSC and RI
SSDI was acquired by RSC and RI in July 4, 2012. The acquisition represents 90% ownership interest on the shares of stock of SSDI (Note 21).

License
Acquisition of Trademark by RSSI to Secure a Franchise/License
On September 21, 2012, RSSI acquired a local trademark registered in the Philippine Intellectual Property Rights Office which is similar to a known international mark for ₱121.21 million. Due to such acquisition, RSSI was able to secure a franchise/license to exclusively use the similar known international mark in the Philippines. The franchise/license agreement is for an initial period of five (5) years which can be renewed for another five (5) years upon mutual agreement of the parties. Amortization amounted to ₱3.03 million for the three months ending March 31, 2015 and 2014.

Franchise
On July 29, 2014, Costa International Limited granted the Group the development and operating rights to carry on the Costa business in the Philippines. The development agreement includes a franchise fee, 60.00% of which is payable upon execution of the agreement and the remaining 40.00% is payable one year after the date of the agreement, and annual service fee which is equal to a certain percentage of sales. In 2014, the Company recognized a franchise asset amounting to ₱13.81 million.

17. Other Noncurrent Assets

This account consists of:

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
Security and other deposits	**₱1,162,189,537**	₱1,181,956,719
Construction bond	**33,832,667**	33,756,971
	₱1,196,022,204	₱1,215,713,690

Security and other deposits mainly consist of advances for the lease of stores which are refundable at the end of the lease term.

18. Trade and Other Payables

This account consists of:

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
Trade	**₱8,261,985,775**	₱10,769,670,664
Nontrade (Note 26)	**2,156,448,555**	3,002,090,181
Others	**240,861,770**	367,383,460
	₱10,659,296,100	₱14,139,144,305

Trade payables are noninterest-bearing and are normally settled on forty five (45) to sixty (60) days' term arising mainly from purchases of merchandise inventories for resale.

Nontrade payables consist mainly of liabilities/obligations payable to nontrade suppliers and due to related parties (Note 26).

Others consist of taxes and licenses payable and salaries payable.

19. Loans Payable

The rollforward analysis of this account follows:

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
At January 1	**₱111,686,997**	₱507,415,708
Availments	**–**	–
Payments	**(13,918,160)**	(395,728,711)
	97,768,837	111,686,997
Less current portion	**55,555,556**	55,555,556
Noncurrent portion	**₱42,213,281**	₱56,131,441

The loan was obtained by SSDI. The SSDI loans payable represents a five-year unsecured loan at a floating rate benchmark, based on 12M PDST-F. SSDI also entered into an interest rate swap agreement with the lender bank to coincide with the changes in notional amount, amortization schedule, and floating rate spread with fixed interest rate at 5.34% per annum. The interest rate swap is assessed as clearly and closely related and no bifurcation is required to recognize either a gain or loss on embedded derivative.

Total interest expense charged to operations amounted to ₱5.22 million and ₱5.21 million for the three months ended March 31, 2014 and 2013, respectively.

20. Equity

Capital Stock

The details of this account follow:

	March 31, 2015 (Unaudited)		December 31, 2014 (Audited)	
	Amount	**No. of shares**	Amount	No. of shares
Common stock - ₱1 par value				
Authorized shares	**₱2,000,000,000**	**2,000,000,000**	₱2,000,000,000	2,000,000,000
Issued shares	**1,385,000,000**	**1,385,000,000**	1,385,000,000	1,385,000,000

The rollforward of issued shares account follows:

	No. of Shares		Amount	
	March 31, 2015	December 31, 2014	**March 31, 2015**	December 31, 2014
At January 1	**1,385,000,000**	1,385,000,000	**₱1,385,000,000**	₱1,385,000,000
Issuance	**–**	–	**–**	–
	1,385,000,000	1,385,000,000	**₱1,385,000,000**	₱1,385,000,000

Increase in authorized capital stock

As approved by the BOD on June 7, 2013, the Parent Company increased its authorized capital stock from ₱500.00 million divided into 500,000,000 common shares with par value of ₱1.00 per share to ₱2.00 billion divided into 2,000,000,000 common shares with par value of ₱1.00 per share.

Of the said increase in the authorized capital stock, 485,250,000 shares have been subscribed amounting to ₱485.25 million on the same date.

The increase in authorized capital stock was approved by the SEC on July 3, 2013.

Registration Track Record
On November 11, 2013, the Parent Company listed with the Philippine Stock Exchange its common stock wherein it offered 484,750,000 shares to the public at ₱58.00 per share. All shares were sold. Of the total shares sold, 18,871,950 shares were subsequently reacquired by the Parent Company. The Parent Company incurred transaction costs incidental to the IPO amounting to ₱745.65 million, charged against "Additional paid-in capital" in the consolidated statement of financial position.

Equity Reserve
On December 5, 2014, RSC has acquired additional 2,500,000 common shares, representing 25%, of RHMI from a non-controlling shareholder for ₱1.45 billion. As a result of the acquisition, RSC now holds 80% interest in RHMI. The Group recognized equity reserve from the acquisition amounting to ₱1.11 billion included in "Equity Reserve" in the 2014 consolidated statement of changes in equity representing the excess of consideration paid over the carrying amount of the non-controlling interest acquired. The equity reserve from the acquisition will only be recycled to the consolidated statements of comprehensive income in the event that RSC will lose its control over RHMI.

Retained Earnings

The income of the subsidiaries and associates that are recognized in the consolidated statement of comprehensive income are not available for dividend declaration unless these are declared by the subsidiaries and associates. The accumulated earnings of subsidiaries and an associate included in retained earnings amounted to ₱9.72 billion and ₱9.16 billion as at March 31, 2015 and December 31, 2014, respectively.

Appropriation of Retained Earnings
On December 1, 2014, the BOD approved the additional appropriation of ₱1.50 billion for RRHI. The appropriated retained earnings shall be used to continue RRHI's investment programs for the next 3 years.

On November 25, 2014, the Group's BOD approved the additional appropriation of ₱2.27 billion. The appropriated retained earnings shall be used to augment funds in construction, renovation and strategic acquisitions in the next 2 years in line with the Group's nationwide expansion. Details follow:

Entity	Amount
RSC	₱900,000,000
RRHI TMI	440,200,000
RHMI	430,000,000
RI	410,000,000
SSDI	190,000,000
RAC	106,000,000
RTI	86,000,000
RTSHPI	60,000,000
WHMI	60,000,000
EC	25,000,000
RVC	10,000,000
HEMI	5,000,000
Total	₱2,722,200,000

On November 25, 2014, the BOD approved the reversal of the appropriated retained earnings of RSSI amounting to ₱15.00 million.

On February 6, 2014, the Group's BOD approved the appropriation of ₱1.76 billion. The appropriated retained earnings shall be used to augment funds to construct 69 new stores and renovate 3 stores during the year in line with the Group's nationwide expansion. Details follow:

Entity	Amount
RSC	₱1,000,000,000
RHMI	325,000,000
RI	200,000,000
RTSHPI	80,000,000
WHMI	55,000,000
RAC	47,000,000
RSSI	25,000,000
RTI	32,000,000
Total	₱1,764,000,000

On July 4, 2013, the BOD approved the reversal of the appropriated retained earnings amounting to ₱1.40 billion. The appropriation was made in 2011 for continuing investment in subsidiaries.

Declaration of Dividends of the Subsidiaries
On August 20, 2014, the BOD of the subsidiaries of the Parent Company approved the declaration of cash dividends as follows:

Entity	Amount
RSC	₱200,000,000
RI	100,000,000
RTSHPI	35,000,000
Total	₱335,000,000

The cash dividends above are to be paid in 2015.

In January 30, 2014, the BOD of the subsidiaries of the Group approved the declaration of cash dividends of RTSHPI amounting to ₱8.00 million. The dividends were paid on February 28, 2014.

Capital Management
The primary objective of the Group's capital management policy is to ensure that it maintains a healthy capital in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the period ended March 31, 2015 and December 31, 2014, respectively.

The Group considers its equity as follows:

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
Capital stock	**₱1,385,000,000**	₱1,385,000,000
Additional paid-in capital	**27,227,385,090**	27,227,385,090
Other comprehensive income (loss)	**30,912,147**	(23,641,261)
Equity reserve	**(991,931,906)**	(991,931,906)
Treasury shares	**–**	–
Retained earnings	**12,832,617,173**	12,051,508,926
	₱40,483,982,504	₱39,648,320,849

The Group is not subject to externally-imposed capital requirements.

21. **Business Combinations**

Acquisition of SSDI
On July 4, 2012, RSC and RI, wholly-owned subsidiaries of RRHI, each acquired 45% interest in SSDI, aggregating to 90%, for a total consideration amounting to ₱2.57 billion.

The Group elected to measure the non-controlling interest in SSDI at the proportionate share of its interest in SSDI’s identifiable net assets.

The fair values of the identifiable assets and liabilities of SSDI at the date of acquisition were:

	Fair Values recognized on acquisition
Assets	
Cash	₱418,078,660
Trade and other receivables	59,002,918
Inventories	1,348,427,599
Other current assets	60,866,170
Property and equipment (Note 14)	181,924,835
Trademark (Note 16)	1,566,917,532
Other noncurrent assets	37,252,913
	3,672,470,627
Liabilities	
Trade and other payables	906,773,885
Income tax payable	5,134,007
Loans payable (Note 19)	246,483,209
Deferred tax liability	470,075,260
Pension liability (Note 25)	17,028,684
	1,645,495,045
Net assets before non-controlling interest	₱2,026,975,582
Non-controlling interest measured at share of net assets (10%)	202,697,558
Net assets (90%)	1,824,278,024
Goodwill arising on acquisition (Note 16)	745,887,131
Acquisition cost	₱2,570,165,155

The net assets recognized in the 2012 consolidated financial statements were based on a provisional assessment of fair value. The valuation had not been completed when the 2012 financial statements were approved for issue by management.

In 2013, the Group finalized the price allocation and the fair value computation of trademark and goodwill. Adjustments to provisional amounts that were made during the measurement period were recognized as if the accounting for the business combination had been completed on July 4, 2012, the acquisition date. Accordingly, the December 31, 2012 comparative information was restated to reflect the adjustment to the provisional amounts. As a result, trademark, deferred tax liability and non-controlling interest increased by ₱1.57 billion, ₱470.08 million and ₱109.68 million, respectively. The final purchase price allocation resulted in goodwill of ₱745.89 million from the previous determined provisional amount of ₱1.73 billion.

Acquisition of EC
On September 14, 2013, RSC acquired 100% ownership of EC for a total consideration of ₱318.72 million.

The fair values of the identifiable assets and liabilities of EC at the date of acquisition were:

	Fair Values recognized on acquisition (Restated – Note 2)
Assets	
Property and equipment (Note 14)	₱168,717,540
Liability	
Deferred tax liability	49,865,262
Net Assets	118,852,278
Goodwill (Note 16)	199,870,222
Acquisition cost	₱318,722,500

In 2014, the Group finalized the price allocation and the fair value computation of goodwill. Adjustments to provisional amounts that were made during the measurement period were recognized as if the accounting for the business combination had been completed on September14, 2013, the acquisition date. Accordingly, the December 31, 2013 comparative information was restated to reflect the adjustment to the provisional amounts. As a result, property and equipment and deferred tax liability increased by ₱166.22 million and ₱49.87 million, respectively. The final purchase price allocation resulted in goodwill of ₱199.87 million from the previous determined provisional amount of ₱316.22 million.

Acquisition of BSRI
On December 5, 2013, RSSI, acquired the business of BSRI for a total consideration of ₱90.00 million. The latter is engaged in the sale of cosmetic products in the Philippines. The transaction was accounted for as a business combination. The fair values of the identifiable assets of BSRI at the date of acquisition follow:

	Fair Values recognized on acquisition
Assets	
Property and equipment	₱3,545,245
Security deposits	3,130,064
Net assets	6,675,309
Goodwill (Note 16)	83,324,691
Acquisition cost	₱90,000,000

As of December 31, 2014, the purchase price allocation has been finalized. The fair values of the assets acquired as of date of acquisition were based on the net book values as this approximates the fair value as of date of acquisition. There was no adjustment in the provisional accounting made in 2013. The final purchase price allocation resulted in goodwill of ₱83.32 million.

Acquisition of JRMC
On January 29, 2014, RSC acquired 100% ownership of JRMC for a total consideration of ₱131.71 million.

The fair values of the identifiable assets of JRMC at the date of acquisition follow:

	Fair Values recognized on acquisition
Assets	
Property and equipment	₱84,617,057
Liability	
Deferred tax liability	24,635,117
Net Assets	59,981,940
Goodwill (Note 16)	71,732,435
Acquisition cost	₱131,714,375

Subsequent to the reporting period, the Group finalized the price allocation and the fair value computation of goodwill since the measurement period for the finalization of the fair values of the net assets acquired in the acquisition of JRMC ended on January 28, 2015. There were no adjustments to provisional amounts that were made during the measurement period. The final purchase price allocation resulted in goodwill of ₱71.73 million.

Acquisition of GPC
On June 2, 2014, SSDI acquired 100% ownership of GPC for a total consideration of ₱24.50 million.

The purchase price allocation has been prepared on a preliminary basis as the fair values are being finalized. Below are the preliminary fair values of the identifiable assets acquired:

	Fair Values recognized on acquisition
Assets	
Property and equipment	₱1,250,000
Goodwill (Note 16)	23,250,000
Acquisition cost	₱24,500,000

Acquisition of RHIB
On July 3, 2014, RHMI acquired 67.00% ownership of RHIB for a total consideration of ₱201.00 million.

The purchase price allocation has been prepared on a preliminary basis as the fair values are being finalized. Below are the preliminary fair values of the identifiable assets acquired:

	Fair Values recognized on acquisition
Assets	
Property and equipment	₱76,504,117
Security deposits	3,495,883
Net assets before non-controlling interest	80,000,000
Non-controlling interest measured at share of net assets (33.00%)	26,400,000
Net Assets (at 67.00%)	53,600,000
Goodwill (Note 16)	147,400,000
Acquisition cost	₱201,000,000

22. Sales Revenue

Sales are recognized from retail customers at the point of sale in the stores. Sales returns and sales discounts deducted from the sales to arrive at the net sales amounted to ₱453.53 million and ₱392.19 million in March 31, 2015 and 2014, respectively.

23. Operating Expenses

Operating expenses for the three months ended March 31 consist of:

	2015 (Unaudited)	2014 (Unaudited)
Rental and utilities (Note 30)	**₱1,721,031,511**	₱1,495,955,733
Personnel costs and contracted services (Note 24)	**1,111,116,339**	890,874,383
Depreciation and amortization (Notes 14 and 16)	**399,401,139**	285,335,011
Transportation and travel	**153,963,709**	146,009,240
Supplies	**111,057,747**	116,114,375
Bank and credit charges	**92,695,439**	79,730,451
Repairs and maintenance	**72,502,351**	49,732,248
Advertising	**67,426,240**	60,471,754
Royalty	**28,514,027**	24,305,987
Others	**101,506,966**	83,167,287
	₱3,859,215,468	₱3,231,696,469

Depreciation and amortization expense pertains to the depreciation and amortization of property and equipment, amortization of license fee amounting to ₱392.29 million and ₱7.11 million, respectively in 2015 and ₱284.78 million and ₱0.56 million, respectively in 2014.

Others consist mainly of taxes and licenses, insurance and professional fees.

24. Personnel Costs and Contracted Services

Personnel costs and contracted services for the three month ended March 31, consist of (Note 23):

	2015 (Unaudited)	2014 (Unaudited)
Salaries, allowances and benefits	**₱527,687,764**	₱432,685,304
Contracted services	**583,428,575**	458,189,079
	₱1,111,116,339	₱890,874,383

25. Employee Benefits

The Group has a defined benefit plan, covering substantially all of its employees. The latest retirement valuation was issued on March 13, 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 the law. The law does not require minimum funding of the plan.

The components of pension expense under “Operating expenses” account in the consolidated statements of comprehensive income are as follows:

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
Current service cost	**₱19,037,207**	₱51,528,036
Interest cost on net benefit obligation	**3,932,455**	19,255,328
Net pension expense	**₱22,969,662**	₱70,783,364

Net pension liabilities

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
Pension obligation	**₱675,096,463**	₱652,126,801
Fair value of plan assets	**(17,425,365)**	(17,425,365)
Pension liability	**₱657,671,098**	₱634,701,436

The movements in pension liability recognized in the consolidated statements of financial position follow:

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
Balance at beginning of period	**₱634,701,436**	₱361,181,660
Pension expense	**22,969,662**	70,783,364
Recognized in OCI	–	205,700,822
Benefits paid	–	(2,964,410)
Balance at end of period	**₱657,671,098**	₱634,701,436

Changes in the present value of defined benefit obligation follow:

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
Balance at beginning of period	**₱652,126,801**	₱378,150,409
Current service cost	**19,037,207**	51,528,036
Interest cost	**3,932,455**	20,291,151
Actuarial losses on:		
Changes in financial assumptions	–	173,467,100
Experience adjustments	–	32,625,715
Changes in demographic assumptions		(971,200)
Benefits paid	–	(2,964,410)
Balance at end of period	**₱675,096,463**	₱652,126,801

Movements in the fair value of plan assets follow:

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
Balance at beginning of period	**₱17,425,365**	₱16,968,749
Interest income included in net interest cost	–	1,035,823
Actual return excluding amount in net interest cost	–	(579,207)
Balance at end of period	**₱17,425,365**	₱17,425,365

The principal assumptions used in determining pensions for the Group's plan are shown below:

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
Discount rates	**4.55%-4.69%**	4.55%-4.69%
Salary increase rates	**3.00%-7.70%**	3.00%-7.70%

The Group does not expect to contribute to the fund in 2015.

The distribution of the plan assets at year end follows:

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
Assets		
Cash	**₱1,842,548**	₱1,842,548
Investments in government securities	**14,643,584**	14,643,584
Investments in funds - AFS financial assets	**959,862**	959,862
Receivables	**–**	–
	₱17,445,994	₱17,445,994
Liabilities		
Trust fee payable	**₱20,629**	₱20,629

Salaries, allowances and benefits (Note 24):

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
Salaries, wages and allowances	**₱504,718,102**	₱1,905,290,885
Net pension expense	**22,969,662**	70,783,364
	₱527,687,764	₱1,976,074,249

26. Related Party Disclosures

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Significant Related Party Transactions

The Group, in the regular conduct of business, has receivables from/payables to affiliates arising from the normal course of operations.

a. The following are the Company's transaction with its related parties:

	Amount		Due from (Due to)		
Category	**March 31, 2015**	December 31, 2014	**March 31, 2015**	December 31, 2014	**Terms and Conditions**
Other affiliates under common control					
Trade receivable and other receivables	**₱–**	₱–	**₱202,149,616**	₱155,787,553	**Noninterest bearing and due in 30 days, not impaired**
Sales	**542,219,837**	1,537,528,360	**–**	–	
Royalty income	**203,731,605**	582,384,261	**–**	–	

(Forward)

Category	Amount		Due from (Due to)		Terms and Conditions
	March 31, 2015	December 31, 2014	**March 31, 2015**	December 31, 2014	
Trade and other payable	**–**	–	**(346,050,571)**	(430,547,980)	**Noninterest bearing and payable in 30 days, unsecured**
Purchases - net	**(410,509,288)**	(1,903,235,750)	**–**	–	
Rent and utilities	**(787,131,454)**	(2,401,061,241)	**–**	–	

Affiliates are related parties by the Group by virtue of common ownership and representations to management where significant influence is apparent.

b. 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.

Terms and conditions of transactions with related parties
Outstanding balances at year-end are unsecured, interest-free and settlement occur in cash. There have been no guarantees provided or received for any related party payables or receivables. The Group has not recognized any impairment losses on amounts due from related parties for the three months ended March 31, 2015 and the year ended December 31, 2014. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

27. Income Tax

Provision for income tax for the three months ended March 31 follows:

	2015 (Unaudited)	2014 (Unaudited)
Current	**₱191,276,400**	₱243,575,419
Deferred	**9,793,210**	(21,493,951)
	₱201,069,610	₱222,081,468

The components of the Group's deferred tax assets follow:

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
Tax effects of:		
Pension liability	**₱197,301,329**	₱190,410,429
NOLCO	**30,181,606**	11,758,498
MCIT	**7,901,555**	7,325,046
Accrued rent	**4,518,462**	4,518,461
Allowance for inventory write-down	**1,923,125**	2,052,550
Allowance for impairment losses	**328,993**	199,568
Unrealized foreign exchange loss	**383**	(8,302,254)
Fair value adjustment on AFS financial assets and investment in an associate	**(62,540,955)**	(39,160,923)
Others	**853,869**	869,033
	₱180,468,367	₱169,670,408

As of March 31, 2015 and December 31, 2014, the deferred tax liability of the Group amounting to ₱544.58 million, pertains to the deferred tax attributable to the trademark and difference in the fair values and carrying values of the net assets acquired through business combinations (Note 21).

28. **Earnings Per Share**

The following table presents information necessary to calculate EPS on net income attributable to equity holders of the Parent Company for the three months ended March 31, 2015 and 2014:

	2015	2014
Net income attributable to equity holders of the Parent Company	**₱781,108,247**	₱561,579,888
Weighted average number of common shares	**1,385,000,000**	1,366,028,050
Adjusted weighted average number of common shares for diluted EPS	**1,385,000,000**	1,366,028,050
Basic/ Diluted EPS	**₱0.56**	₱0.41

The Parent Company has no dilutive potential common shares in 2015 and 2014.

29. **Risk Management and Financial Instruments**

Governance Framework
The primary objective of the Group's risk and financial management framework is to protect the Group's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognizes the critical importance of having efficient and effective risk management systems in place.

The BOD approves the Group's risk management policies and meets regularly to approve any commercial, regulatory and organizational requirements of such policies. These policies define the Group's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets and specify reporting requirements.

The carrying amounts approximate fair values for the Group's financial assets and liabilities due to its short-term maturities except for the AFS financial assets and noncurrent loans payable as of March 31, 2015 and December 31, 2014.

Fair Value Information
As of March 31, 2015 and December 31, 2014, the carrying value and fair value of the AFS financial assets amounted to ₱18.94 billion and ₱19.04 billion, and ₱17.73 billion and ₱17.72 billion, respectively.

As of March 31, 2015 and December 31, 2014, the carrying values of loans payable amounted to ₱97.77 million and ₱111.69 million, respectively. Corresponding fair values amounted to ₱100.03 million and ₱113.94 million, respectively.

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

Financial Assets
Due to the short-term nature of the transaction, the fair value of cash and cash equivalents, trade and other receivables and security deposits approximates the carrying values at year-end. The fair value of the AFS financial assets has been determined based on prevailing market quotes.

Financial Liabilities
Due to the short-term nature of trade and other payables and other current liabilities, their carrying values approximate fair value. The fair values of loans payable are based on the discounted value of future cash flows using the applicable rates for similar types of loans.

The main purpose of the Group's financial instruments is to fund its operations and capital expenditures.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk, foreign currency risk and equity price risk. The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Fair Value Hierarchy

As of March 31, 2015 and December 31, 2014, the Group has AFS financial assets valued under Level 1 amounting to ₱19.04 million and ₱17.72 billion, respectively (Note 13). These financial assets are measured at fair value.

As of March 31, 2015 and December 31, 2014, the Group has loans payable for which fair values are disclosed under level 3 amounting to ₱100.03 million and ₱113.94 million, respectively (Note 19).

There were no transfers among levels 1, 2 and 3 in 2015 and 2014.

Financial Risk

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to market risk for interest rates relates primarily to the amounts due to related parties at current market rates.

The Group manages its interest rate risk by using current rates of money market placements when computing for interest rates that will be charged to the related party.

The Group has minimal interest rate risk because the interest-bearing loans are short-term in nature.

Liquidity risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments.

The Group seeks to manage its liquidity profile to be able to finance its capital expenditures and operations. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows.

The table below shows the maturity profile of the financial instruments of the Group as of March 31, 2015 and December 31, 2014 based on the remaining period at the reporting date to their contractual maturities and are also presented based on contractual undiscounted repayment obligations.

March 31, 2015

	On Demand	1 year	More than 1 year	Total
Financial Assets				
Loans and receivables				
Cash and cash equivalents	₱7,151,052,317	₱–	₱–	₱7,151,052,317
Short -term investments	–	6,779,356	–	6,779,356
Trade receivables	36,785,438	301,949,065	–	338,734,503
Nontrade receivables	–	420,246,734	–	420,246,734
Due from franchises	–	225,415,732	–	225,415,732
Other noncurrent assets				
Security and other deposits	–	48,379,782	1,113,809,755	1,162,189,537
Construction bond	–	3,389,965	30,442,702	33,832,667
AFS financial assets	–	–	19,035,851,372	19,035,851,372
	₱7,187,837,755	₱1,006,160,634	₱20,180,103,829	₱28,374,102,218
Financial Liabilities				
Other financial liabilities				
Trade and other payables*	₱–	₱10,555,786,828	₱–	₱10,555,786,828
Loans payable	–	55,555,556	42,213,281	97,768,837
Other current liabilities	–	196,103,918	–	196,103,918
	₱–	₱10,807,446,302	₱42,213,281	₱10,849,659,583

**excluding statutory liabilities amounting ₱103,509,272*

December 31, 2014

	On Demand	1 year	More than 1 year	Total
Financial Assets				
Loans and receivables				
Cash and cash equivalents	₱9,969,823,164	₱–	₱–	₱9,969,823,164
Short -term investments	–	1,852,726,333	–	1,852,726,333
Trade receivables	53,528,902	864,811,602	–	918,340,504
Nontrade receivables	3,650,601	377,098,542	–	380,749,143
Due from franchises	–	230,354,271	–	230,354,271
Other noncurrent assets				
Security and other deposits	–	188,248,344	993,708,375	1,181,956,719
Construction bond	–	–	33,756,971	33,756,971
AFS financial assets	–	–	17,717,912,763	17,717,912,763
	₱10,027,002,667	₱3,513,239,092	₱18,745,378,109	₱32,285,619,868
Financial Liabilities				
Other financial liabilities				
Trade and other payables*	₱–	₱13,793,848,492	₱–	₱13,793,848,492
Loans payable	–	55,555,556	56,131,441	111,686,997
Other current liabilities	–	198,062,357	–	198,062,357
	₱–	₱14,047,466,405	₱56,131,441	₱14,103,597,846

**excluding statutory liabilities amounting ₱345,295,813*

As of March 31, 2015 and December 31, 2014, the Group has outstanding loans from Robinsons Savings Bank and Metrobank and Trust Company amounting to ₱97.77 million and ₱111.69 million, respectively (Note 19).

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group's trade and other receivables are actively monitored by the Collection Services Department to avoid significant concentrations of credit risk.

The Group has adopted a no-business policy with customers lacking an appropriate credit history where credit records are available.

The Group manages the level of credit risk it accepts through a comprehensive credit risk policy setting out the assessment and determination of what constitutes credit risk for the Group. The Group's policies include the following: setting up of exposure limits by each counterparty or group of counterparties; right of offset where counterparties are both debtors and creditors; reporting of credit risk exposures; monitoring of compliance with credit risk policy; and review of credit risk policy for pertinence and the changing environment.

The tables below show the aging analysis of loans and receivables and AFS financial assets as at March 31, 2015 and December 31, 2014.

March 31, 2015

	Neither past due nor impaired	**1 year**	**More than 1 year**	**Impaired Financial Assets**	**Total**
Financial Assets					
Loans and receivables					
Cash in bank and cash equivalents	**₱7,021,937,300**	**₱–**	**₱–**	**–**	**₱7,021,937,300**
Short -term investments	**6,779,356**	**–**	**–**	**–**	**6,779,356**
Trade receivables	**301,949,065**	**36,785,438**	**–**	**581,090**	**339,315,593**
Nontrade receivables	**348,564,759**	**71,681,975**	**–**	**–**	**420,246,734**
Due from franchises	**225,415,732**	**–**	**–**	**29,461,011**	**254,876,743**
Other noncurrent assets					
Security and other deposits	**1,162,189,537**	**–**	**–**	**–**	**1,162,189,537**
Construction bond	**33,832,667**	**–**	**–**	**–**	**33,832,667**
AFS financial assets	**19,035,851,372**	**–**	**–**	**–**	**19,035,851,372**
	₱28,136,519,788	**₱108,467,413**	**₱–**	**₱30,042,101**	**₱28,275,029,302**

December 31, 2014

	Neither past due nor impaired	1 year	More than 1 year	Impaired Financial Assets	Total
Financial Assets					
Loans and receivables					
Cash in bank and cash equivalents	₱9,049,704,225	₱–	₱–		₱9,049,704,225
Short -term investments	1,852,726,333		–		1,852,726,333
Trade receivables	864,811,602	53,528,902		581,090	918,921,594
Nontrade receivables	377,098,542	3,650,601	–		380,749,143
Due from franchises	230,354,271	–	–	29,461,011	259,815,282
Other noncurrent assets					
Security and other deposits	1,181,956,719	–	–	–	1,181,956,719
Construction bond	33,756,971	–	–	–	33,756,971
AFS financial assets	17,717,912,763	–	–	–	17,717,912,763
	₱31,308,321,426	₱57,179,503	₱–	₱30,042,101	₱31,395,543,030

The Group's maximum exposure in financial assets are equal to their carrying amounts. These financial assets have a maturity of up to one (1) year only, and have a high credit rating. This was determined based on the nature of the counterparty and the Group's experience.

30. Lease Commitments

Group as lessee
The Group has entered into cancellable lease agreements as a lessee with terms of one (1) year up to fifteen (15) years. Most leases contain renewal options and a clause enabling annual upward revision of the rental charges based on prevailing market conditions. Other leases provide for the percentage rent which is a certain percentage of actual monthly sales. Rent expense for the period ended March 31, 2015 and 2014 amounted to ₱968.88 million and ₱820.34 million, respectively (Notes 23 and 26).

31. Agreements

Among the Group's outstanding agreements during the year are as follows:

a) The Group has exclusive right to use the Ministop System in the Philippines was granted to the Group by Ministop Co. Ltd., a corporation organized in Japan. In accordance with the franchise agreement, the Group agrees to pay, among others, royalties to Ministop based on a certain percentage of gross profit.

   Royalty expense amounted to ₱14.67 million and ₱13.03 million in 2015 and 2014, respectively (Note 23). Royalty payable to Ministop included under "Nontrade payable" as of March 31, 2015 and December 31, 2014 amounted to ₱5.29 million and ₱27.32 million, respectively (Note18).

b) The Group has franchise agreements which mainly include providing store facilities and equipment to franchisees. Other services rendered by Ministop consist of providing personnel and utilities. The royalty fee is based on a certain percentage of the gross profit of the franchisee. The related royalty fee amounted to ₱331.16 million and ₱267.31 million in 2015 and 2014, respectively.

   As of March 31, 2015 and December 31, 2014, amounts due from franchisees amounted to ₱225.42 million and ₱230.35 million, respectively. These amounts are net of allowance for impairment losses amounting to ₱29.46 million as of March 31, 2015 and December 31, 2014, respectively (Note 10).

c) The Group obtained a license to use the Daiso Business Model in the Philippines that was granted to RDDC by Daiso Industries Co., Ltd. (DICL) in Japan. In accordance with the license agreement, RDDC agrees to pay, among others, royalties to DICL based on a certain percentage of monthly net sales.

   Royalty expense amounted to ₱0.93 million and ₱0.53 million in 2015 and 2014, respectively.

d.) On September 21, 2012, RSSI paid ₱121.21 million in exchange for the trademarks that were duly registered in the Philippine Intellectual Rights Office. The trademark allows the Group to use the brand and operate its stores in the Philippines.

e.) The Group is a sub-licensee of Toys R Us in the Philippines. Royalty expense amounted to ₱12.24 million and ₱10.01 million in 2015 and 2014, respectively.

f.) On July 29, 2014, Costa International Limited granted the Group the development and operating rights to carry on the Costa business in the Philippines. The development agreement includes a franchise fee, 60.00% of which is payable upon execution of the agreement and the remaining 40.00% is payable one year after the date of the agreement subject to closing conditions, and annual service fee which is equal to a certain percentage of sales. In 2014, the Group recognized a franchise asset amounting to ₱13.81 million. The agreement is contracted for 5 years and subject to renewal.

g.) The Group has licenses and franchises to carry various global brands.

32. 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 on 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, 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.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING
March 31, 2015

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

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

The net proceeds have not been fully disbursed as of March 31, 2015. For the period covered January 1 to March 31, 2015, the application of the net proceeds is broken down as follows:

Use of Proceeds	Amount in Pesos
Expansion of store network	₱401,846,115
Renovation of existing stores	265,996,879
Other corporate purposes	45,881,606
Repayment of bank loans	15,269,416
Total	₱728,994,016

SUPPLEMENTARY SCHEDULES

I. Supplementary schedules required by Annex 68-E

- A. Financial Assets
- B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
- C. Amounts Receivable From Related Parties which are Eliminated During the Consolidation of Financial Statements
- D. Intangible Assets
- E. Short term and Long term Debt
- F. Indebtedness to Related Parties
- G. Guarantees of Securities of Other Issuers
- H. Capital Stock

II. Schedule of Financial Ratios

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE A: FINANCIAL ASSETS

March 31, 2015

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Value based on market quotation at end of reporting period	Income received and accrued
AFS Financial Assets				
Various bonds	₱15,284,912,593	₱15,332,151,372	₱15,332,151,372	₱157,697,347
Notes	1,683,700,000	1,683,700,000	1,683,700,000	18,062,275
Investment in preferred shares	4,000,000	2,020,000,000	2,020,000,000	27,875,000
Money Market Placements				
RBC	₱6,191,400	₱6,779,356	₱6,779,356	₱587,956
	₱16,978,803,993	₱19,042,630,728	₱19,042,630,728	₱204,222,578

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE B: AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDER (OTHER THAN RELATED PARTIES)

March 31, 2015

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of period

NOT APPLICABLE

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE C: AMOUNTS RECEIVABLES FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

March 31, 2015

Entity with Receivable Balance	Balance at Beginning of Period	Net Movement	Write-offs	Current	Noncurrent	Balance at end of period
Robinsons Retail Holdings Inc.	₱647,165,017	₱2,822,331,701	₱–	₱3,469,496,718	₱–	₱3,469,496,718
Robinsons Toys Inc.	228,074,071	(163,524,609)	–	64,549,462	–	64,549,462
Robinsons Convenience Stores Inc.	39,106,088	–	–	–	–	39,106,088
Robinsons Supermarket Corporation	15,579,310	(8,275,190)	–	7,304,120	–	7,304,120
Eurogrocer Corp.	135,270	(30,770)	–	104,500	–	104,500
Robinson's Incorporated	17,767,427	14,522,806	–	14,522,806	–	14,522,806
Robinson's Handyman Inc.	2,862,264	(580,402)	–	2,281,862	–	2,281,862
RHD Daiso- Saizen Inc.	70,498,671	(37,132,258)	–	33,366,413	–	33,366,413
	₱1,021,052,848	₱2,776,343,851	₱–	₱3,512,449,113	₱–	₱3,512,449,113

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE D: INTANGIBLE ASSETS

March 31, 2015

Description	Beginning balance	Additions at cost	Charged to costs and expenses	Charged to other accounts	Other changes	Ending balance
Trademark	₱1,566,917,532	₱–	₱–	₱–	₱–	₱1,566,917,532
Goodwill	1,356,625,947	–	–	–	–	1,356,625,947
License	96,969,698	–	(3,030,303)	–	–	93,939,395
Franchise	13,805,165	–	–	–	–	13,805,165
	₱3,034,318,342	₱–	(₱3,030,303)	₱–	₱–	₱3,031,288,039

See Note 16 of the Consolidated Financial Statements.

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE E: SHORT TERM AND LONG TERM DEBT

March 31, 2015

Title of issue and type of obligation	Amount authorized by indenture	Interest rates	Current portion	Noncurrent portion
Floating rate bank loans	₱97,768,837	5.3%	₱55,555,556	₱42,213,281
	₱97,768,837		₱55,555,556	₱42,213,281

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE F: INDEBTEDNESS TO RELATED PARTIES

March 31, 2015

Name of related party	Balance at beginning of period	Balance at end of period

NOT APPLICABLE

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE G: GUARANTEES OF SECURITIES OF OTHER ISSUERS

March 31, 2015

Name of issuing entity of securities guaranteed by the company for which this statements is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount of owned by person for which statement is filed	Nature of guarantee

NOT APPLICABLE

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE H: CAPITAL STOCK

March 31, 2015

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Common stock - ₱1 par value	2,000,000,000	1,385,000,000	–	520,067,497	380,182,503	484,750,000
	2,000,000,000	1,385,000,000	–	520,067,497	380,182,503	484,750,000

See Note 20 of the Consolidated Financial Statements

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL RATIOS

FOR THE PERIOD ENDED March 31, 2015 AND 2014

Financial Soundness Indicator	March 31, 2015	March 31, 2014
i. Liquidity analysis ratios:		
Current ratio	**1.66**	3.22
ii. Profitability ratio:		
Operating margin ratio	**0.22**	0.21
iii. Stability ratio:		
Solvency ratio	**0.09**	0.07
Net debt to equity ratio	**0.31**	0.33
Asset to equity ratio	**1.31**	1.33
Interest rate coverage rate ratio	**151.39**	145.37
iii. Other ratios		
Return on assets	**0.02**	0.02
Return on equity	**0.02**	0.03

**See attached supporting computation.*

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL RATIOS

FOR THE PERIOD ENDED MARCH 31, 2015 AND MARCH 31, 2014

	2015	2014
Current assets	**₱19,475,306,299**	₱37,626,804,142
Current liabilities	**11,725,305,383**	11,672,158,806
Current ratio	**1.66**	3.22
Operating income	**₱4,252,322,684**	₱3,664,837,504
Net sales	**19,715,150,870**	17,426,009,975
Operating margin ratio	**0.22**	0.21
After tax net profit	**₱822,276,791**	₱642,641,476
Depreciation and amortization	**399,401,139**	285,335,011
	1,221,677,930	927,976,487
Total liabilities	**12,969,765,401**	12,616,872,635
Solvency ratio	**0.09**	0.07
Total liabilities	**₱12,969,765,401**	₱12,616,872,635
Total equity	**42,163,068,022**	38,604,649,030
Debt to equity ratio	**0.31**	0.33
Total assets	**₱55,132,833,423**	₱51,221,521,665
Total equity	**42,163,068,022**	38,604,649,030
Asset to equity ratio	**1.31**	1.33
Earnings before interest and taxes	**₱790,097,369**	₱757,581,635
Interest expense	**5,218,795**	5,211,277
Interest rate coverage ratio	**151.39**	145.37
Net income	**₱822,276,791**	₱642,641,476
Average total assets	**53,177,177,544**	36,263,716,448
Return on assets	**0.02**	0.02
Net income	**₱822,276,791**	₱642,641,476
Average total equity	**40,383,858,526**	23,573,562,977
Return on equity	**0.02**	0.03

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

Consolidated Results of Operations
For the Three Months Ended March 31, 2015 and 2014
(Amounts in Millions Pesos)

Robinsons Retail Holdings, Inc. recorded net income of P822 million for the three months ended March 31, 2015, an increase of 28.0% as compared to P643 million for the three months ended March 31, 2014. The increase was largely due to increased income from operations as a result of new store openings and higher interest income from AFS investments.

Consolidated revenues increased by 13.1% from P17,426 million for the three months ended March 31, 2014 to P19,715 million for the three months ended March 31, 2015. The robust growth was largely due to increase in sales volume as a result of the additional 29 stores, rent and other income also increased from P324 million to P397 million or a 22.5% growth due to higher royalty fee income of the convenience store segment.

Gross profit for the three months ended March 31, 2015 amounted to P4,252 million, 16.0% higher than P3,665 million for the three months ended March 31, 2014. The increase was on the back of increased margins of the supermarket segment, higher vendor volume incentives and discounts.

Operating expenses grew by 19.4% from P3,232 million to P3,859 million for the three months ended March 31, 2015 due to higher selling expenses and accelerated store network expansion.

Other income and charges increased by 117.8% from P107 million to P233 million for the three months ended March 31, 2015 primarily due to the higher interest income earned from bond investments.

EBITDA (earnings before interests, taxes, depreciation, amortization and other non-cash items) expanded by 14.0% from P1,043 million for the three months ended March 31, 2014 to P1,189 million for the three months ended March 31, 2015. The increase was largely due to higher gross profit margins as compared to last year.

Supermarket

Robinsons Supermarket, the biggest business segment of the group, registered net sales of P9,689 million for the three months ended March 31, 2015, representing 11.3% growth from last year's net sales of P8,703 million. The growth was driven by the strong performance of the existing stores and sales contribution of the 15 new stores that were opened during the period.

The cost of merchandise sold grew by 11.0% from P7,123 million in 2014 to P7,906 million in 2015. Gross profit for the first quarter of the year amounted to P1,783 million, 12.9% higher than the P1,580 million registered in the same period last year. The increase was on the back of higher sales and vendor discounts. As a percentage to sales, gross margin increased 20 bps to 18.4% this year versus 18.2% last year.

The supermarket segment's EBIT reached P408 million as of end of March 2015, 13.2% jump from P361 million in the same period last year. Accordingly, EBITDA expanded by 14.4% to P559 million this year against P489 million last year.

Department Store

Robinsons Department Store (RDS) registered P2,985 million net sales for the three months ended March 31, 2015, a9.5% increase from P2,727 million for the same period last year. The percentage lift in net sales was attributable to the gain in same stores sales and the sales contribution of the new stores.

RDS' cost of sales amounted to P2,212 million for the three months ended March 31, 2015, an increase of 9.3% from P2,024 million for the same period last year. The growth in cost of sales could be directly attributable to the growth in net sales. The resulting gross profit of P774 million for the quarter, also improved by 10.0% against P703 million for the same period last year.

Although RDS realized growth in revenue, this was just enough to compensate the escalation in operating expenses. As a result, RDS' EBIT (earnings before interests and taxes) for the quarter amounted to P120 million, a slight increase of 0.7% from P119 million in the same period last year. The EBITDA for the quarter reached P171 million, 7.6% higher than last year's EBITDA of P159 million.

DIY Stores

The DIY segment ended the first quarter of 2015 with healthy increases in sales and gross margin. Net sales lifted by 20.9% from P1,825 million to P2,208 million for the three months ended March 31, 2014 and March 31, 2015, respectively.

The improvement was driven primarily by the strong performance of the existing stores coupled with the aggressive expansion of 27 new stores from 2014, which includes the 18 A.M. Builders' Depot stores acquired in July 2014. DIY's cost of sales grew by 21.3% from P1,249 million in 2014 to P1,515 million in 2015, in line with the increase in net sales. As a result, gross profit expanded to P692 million from P576 million in the three months ended 2015. As a percentage to sales, gross profit was at 31.4% this year against 31.6% last year. However, operating expenses as a percentage to sales swelled by 1.3 percentage points from 22.7% to 24.0% because the sales of the new stores are still ramping-up.

Consequently, EBIT was flattish at P161 million for the first quarter of 2015 versus same period last year. On the other hand EBITDA showed a modest growth of 12.5% to P212 million for the three months ended March 31, 2015 against P188 million for the same period in 2014.

Convenience Stores

The Convenience stores segment registered a system wide sales and merchandise sales of P1,796 million and P1,256 million, respectively, for the first quarter of 2015, a 13.6% and 18.6% growth from P1,581 million and P1,059 million of the same period last year. The increase in sales can be attributed to the increase in number of operating stores from last year's 402 to this year's 473 and same store sales growth of 5.0%.

Other Income which mainly consist of Royalty Fee grew by 23.6% from P269 million last year to P333 million this year. Royalty Fee is computed as a percentage of system wide Gross Profit and is about 99% of the total Other Income.

Cost of Sales grew by P176 million or 18.4%, to P1,135 million for the first quarter of 2015 from P959 million in 2014. Gross Margin is 0.1% higher from 9.5%% last year to 9.6% this year. Operating expenses grew by 30.5% which outweighed the increase in gross margin and other income of 22.9%. Convenience stores recorded an EBIT of P7 million this year versus last year's P27 million.

EBITDA generated for the first quarter of 2015 was P59 million, 15.1% lower than the P70 million recorded in the same period last year.

Convenience stores will continue its expansion mostly in the central business district areas and will continue to introduce breakthrough products and increase in efficiencies in operations.

Drug Stores

The drug store segment registered net sales of P1,875.6 million as of March 31, 2015, representing a growth of 11.6% from last year's sales of P1,679.9 million. The growth was mainly driven by the sales contribution of the 65 stores added from last year to March 2015, which includes Chavez Pharmacy, a seven-store retail chain acquired in June 2014.

The segment's cost of sales as of March 31, 2015 reached P1,563.9 million, representing an increase of 11.6% from the same period last year, which is in line with the sales growth. Consequently, gross margins have also expanded from P279.1 million in the first quarter of 2014 to P311.7 million in 2015.

EBIT for the first quarter of 2015 reached P73.2 million, representing a 7.2% jump from P68.3 million for the same period last year. Likewise, EBITDA also grew by 11.0% from P78.2 million to P86.9 million this year.

Specialty Stores

The net sales of the Specialty Stores segment increased by 23.9% from P1,547 million to P1,917 million for the three months ended March 31, 2014 and March 31, 2015, respectively. The higher net sales was attributed to higher same store sales growth and sales contribution from the new stores. The segment added 31 more stores after March 31, 2014 bringing the store network to 239 by the end of March 2015.

The cost of merchandise sold of Specialty Stores segment increased at a slower clip than net sales at 20.4% from P1,121 million to P1,351 million for the three months ended March 31, 2014 and March 31, 2015, respectively. As a result, gross margin rose to 29.5% this year versus 27.5% last year, resulting to a 33.0% jump in gross profit from P426 million to P566 million for the three months ended March 31, 2014 and March 31, 2015, respectively.

For the three months ended March 31, 2015, the Specialty Stores segment generated an EBITDA of P104 million, an increase of 71.9% as compared to P61 million last year. As a percentage to sales, EBITDA increased by 1.5 percentage points from 3.9% to 5.4% for the three months ended March 31, 2014 and March 31, 2015, respectively.

Financial Position

March 31, 2015 versus December 31, 2014

As of March 31, 2015, the Company's balance sheet showed consolidated assets of P55,133 million, which was 4.1% lower from the total consolidated assets of P57,494 million as of December 31, 2014.

Cash and cash equivalents decreased from P9,970 million as of December 31, 2014 to P7,151 million as of March 31, 2015. Net cash used in operating activities totaled P674 million. Net cash used in investing activities amounted to P2,126 million, P748 million of which were used to acquire properties and equipments and P1,264 were used to acquire available for sale investments. Net cash used in financing activities amounted to P19 million.

Trade and other receivables decreased by 35.7% from P1,529 million to P984 million.

Trade and other payables decreased by 24.8% from P14,139 million to P10,638 million.

Stockholder's equity grew from P41,236 million as of December 31, 2014 to P42,163 million as of March 31, 2015 due to higher net income during the period.