C03717-2015

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)

   Jul 3, 2015

2. SEC Identification Number

   10020

3. BIR Tax Identification No.

   000-596-509

4. Exact name of issuer as specified in its charter

   MJC INVESTMENTS CORPORATION

5. Province, country or other jurisdiction of incorporation

   Manila, Philippines

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

   12/F Strata 100 Building F. Ortigas Jr. Road, Ortigas Center, Pasig City
   Postal Code
   1605

8. Issuer's telephone number, including area code

   (632) 632-7373

9. Former name or former address, if changed since last report

   -

10. Securities registered pursuant to Sections 8 and 12 of the SRC 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	3,174,405,821

11. Indicate the item numbers reported herein

   -

MJC Investments Corporation
MJIC

PSE Disclosure Form LR-1 - Comprehensive Corporate Disclosure on Issuance of Shares (Private Placements, Share Swaps, Property-for-Share Swaps or Conversion of Liabilities/Debt into Equity)
Reference: Rule on Additional Listing of Securities

Subject of the Disclosure
Board acceptance of offer from Strategic Investors to subscribe to 673,791,662 shares of MJC Investments Corporation (the "Corporation")
Background/Description of the Disclosure
Pursuant to the approval of the Board of Directors during its special board meeting on January 14, 2015, additional equity infusion was made by the group of investors headed by Teik Seng Cheah to support the Corporation's capital build-up program intended for the completion of its hotel and entertainment project.

Date of Approval by Board of Directors	Jan 14, 2015

Comprehensive Corporate Disclosure

Description of the proposed transaction including the timetable for implementation, and related regulatory requirements
In line with the capital raising program of the Corporation, the Strategic Investors belonging to the group of Director Teik Seng Cheah offered to subscribe to additional 673,791,662 shares of stock to be taken from the increase in the authorized capital stock. Upon acceptance by the Board of Directors of the offer to subscribe on January 14, 2015, the Strategic Investors paid and remitted to the Corporation the amount of Php673,791,662.00 in cash representing full payment of the shares to be subscribed. (On September 23, 2013, the Securities and Exchange Commission (SEC) issued the Certificate of Approval of Increase of Capital Stock of the Corporation from One Billion Five Hundred Million Pesos (Php1,500,000,000.00) to Five Billion Pesos (Php5,000,000,000.00) Said increase was unanimously approved by the stockholders of the Corporation on July 23, 2012.)
Rationale for the transaction including the benefits which are expected to be accrued to the listed issuer as a result of the transaction

The Board of Directors accepted the offer of the Strategic Investors due to the following:

1. The group of the subscribing stockholders are strategic investors in the Corporation.
2. The transaction shall provide the Corporation with funds for the on-going construction of its hotel and entertainment project, a five-star hotel, tourism and entertainment hub which is located on its 7,510 square meter property at San Lazaro Tourism and Business Park (SLTBP) in Santa Cruz, Manila. SLTBP is already home to a high-end residential condominium project jointly developed by Ayala Land and MJC, and the SM San Lazaro. After due bidding, the Corporation chose DATEM, Inc. as the general contractor for the civil works of the hotel and entertainment project with a contract value of Php926 Million.

The aggregate value of the consideration, explaining how this is to be satisfied, including the terms of any agreements for payment on a deferred basis

The total consideration for the subscription to 673,791,662 common shares of the Corporation is Php673,791,662.00.

Upon acceptance by the Board, the Strategic Investors paid and remitted Php673,791,662.00 in cash representing full payment of the total subscription price of Php673,791,662.00

The basis upon which the consideration or the issue value was determined

The consideration was arrived at after considering the following: (i) The Investors are deemed Strategic Investors; (ii) The acceptance by the Strategic Investors of the transfer price of the property subject of the property-for-share swap, which is Php80,000.00 per square meter; (iii) The consideration was paid in full and in cash; and (iv) As per Punongbayan and Araullo, the fair value per share of the Corporation using market-based approach ranges from Php0.56 per share to Php1.35 per share, thus, the share price of Php1.00 per share under this transaction is fair and reasonable.

Detailed work program of the application of proceeds, the corresponding timetable of disbursements and status of each project included in the work program. For debt retirement application, state which projects were financed by debt being retired, the project cost, amount of project financed by debt and financing sources for the remaining cost of the project

The proceeds shall be applied to the on-going construction of the hotel and entertainment project which shall have 160 suites, a 1000+ person capacity column-less ballroom, more than 5,000 square meters of themed event space and more than a thousand parking slots. Construction works are already on-going at the site and full operation of the facility is anticipated within 500 days from award of the contract to DATEM, Inc.

Identity and/or corporate background of the beneficial owners of the shares subscribed, including the following

Beneficial Owners/Subscribers	Nature of Business	Nature of any material relationship with the Issuer and the parties to the joint venture, their directors/officers or any of their affiliates
East Bonham Holdings, Inc.	Holding Company	Stockholder
Branford Ridge Holdings, Inc.	Holding Company	Stockholder
Flying Heron Holdings, Inc.	Holding Company	Stockholder
Cherrygrove Holdings, Inc.	Holding Company	Stockholder
Orchardstar Holdings, Inc.	Holding Company	Stockholder
Belltower Lakes Holdings, Inc.	Holding Company	Stockholder
Purple Cassady Holdings, Inc.	Holding Company	Stockholder
Mulberry Orchid Holdings, Inc.	Holding Company	Stockholder

One Wisteria Loop Holdings, Inc.	Holding Company	Stockholder
Everdeen Sands Holdings, Inc.	Holding Company	Stockholder
Belgrave Square Holdings, Inc.	Holding Company	Stockholder
Savile Row Holdings, Inc.	Holding Company	Stockholder
Fairbrooks Holdings, Inc.	Holding Company	Stockholder
Montbrecia Place Holdings, Inc.	Holding Company	Stockholder
Pepperberry Vista Holdings, Inc.	Holding Company	Stockholder

Organizational/Ownership Structure of Subscribers

Beneficial Owners/Subscribers	Controlling Shareholders of Subscribers	Number of Shares Held	%
East Bonham Holdings, Inc.	Gabriel A. Dee	14,998	60
Branford Ridge Holdings, Inc.	Gabriel A. Dee	14,998	60
Flying Heron Holdings, Inc.	Gabriel A. Dee	14,998	60
Cherrygrove Holdings, Inc.	Gabriel A. Dee	14,998	60
Orchardstar Holdings, Inc.	Gabriel A. Dee	14,998	60
Belltower Lakes Holdings, Inc.	Gabriel A. Dee	14,998	60
Purple Cassady Holdings, Inc.	Gabriel A. Dee	14,998	60
Mulberry Orchid Holdings, Inc.	Gabriel A. Dee	14,998	60
One Wisteria Loop Holdings, Inc.	Gabriel A. Dee	14,998	60
Everdeen Sands Holdings, Inc.	Luis Dela Torre Quintos	24,995	100
Belgrave Square Holdings, Inc.	Romeo G. Roxas	24,995	100
Savile Row Holdings, Inc.	Hanzhel Joseph N. Dizon	24,995	100
Fairbrooks Holdings, Inc.	Anthony Que Garcia	24,995	100
Montbrecia Place Holdings, Inc.	Oliver C. Yulo	24,995	100
Pepperberry Vista Holdings, Inc.	George Caluya Goyena	24,995	100

For subscribers with no track record or with no operating history: the Subscriber must present a statement of active business pursuits and objectives which details the step undertaken and proposed to be undertaken by the Issuer in order to advance its business. Projected financial statements shall only be required should there be references made in the Statement to forecasts or targets

With respect to the Issuer, it is an investment holding company engaged in the business of acquiring by purchase, lease, or other, lands or interest in lands and realty, and to own, hold, improve or develop said land or real estate so acquired, and to build or cause to be built on any lands owned, held or occupied, buildings, facilities, and other structures with their appurtenances, for residential, commercial, mixed-use, leisure, gaming, amusement and entertainment purposes.

The interest which directors of the parties to the transaction have in the proposed transaction

Directors Teik Seng Cheah, Atty. Gabriel A. Dee, Atty. Cherrylyn G. Prado-Caoile, Atty. Bernadette V. Quiroz, Mr. Dennis Ryan C. Uy, and Mr. Jose Alvaro D. Rubio are representatives of the Subscribers in the Board of Directors of the Issuer.

Statement as to the steps to be taken, if any, to safeguard the interests of any independent shareholders

The stockholders, including majority of the minority stockholders, unanimously approved additional equity infusion by way of subscription to primary shares by the group of investors and other interested stockholders and related parties should the need arises under the Corporation’s capital build-up program to have additional funds for the completion of the hotel and entertainment project at the SLTBP.
Any conditions precedent to closing of the transaction
None.
Change(s) in the composition of the Board of Directors and Management
None, after the transaction.

Effects on the following

Ownership structure

Principal Shareholders	Before		After	
	Number of shares	%	Number of shares	%
Manila Jockey Club, Inc	708,160,137	28.32	708,160,137	22.31
East Bonham Holdings, Inc.	125,570,000	5.02	140,000,000	4.41
Branford Ridge Holdings, Inc.	125,569,000	5.02	140,000,000	4.41
Flying Heron Holdings, Inc.	125,571,000	5.02	140,000,000	4.41
Cherrygrove Holdings, Inc.	125,570,000	5.02	140,000,000	4.41
Orchardstar Holdings, Inc.	125,573,000	5.02	140,000,000	4.41
Belltower Lakes Holdings, Inc.	125,570,000	5.02	140,000,000	4.41
Purple Cassady Holdings, Inc.	125,572,000	5.02	140,000,000	4.41
Mulberry Orchid Holdings, Inc.	61,285,000	2.45	140,000,000	4.41
One Wisteria Loop Holdings, Inc.	63,892,500	2.56	145,000,000	4.57
Everdeen Sands Holdings, Inc.	53,471,250	2.14	122,300,000	3.85
Belgrave Square Holdings, Inc.	53,471,250	2.14	122,300,000	3.85
Savile Row Holdings, Inc.	53,471,250	2.14	122,300,000	3.85
Fairbrooks Holdings, Inc.	53,471,250	2.14	122,300,000	3.85
Montbrecia Place Holdings, Inc.	53,471,250	2.14	122,300,000	3.85
Pepperberry Vista Holdings, Inc.	53,471,250	2.14	122,291,662	3.85

Capital structure

Issued Shares

Type of Security /Stock Symbol	Before	After
COMMON/MJIC	2,500,614,159	3,174,405,821

Outstanding Shares

Type of Security /Stock Symbol	Before	After
COMMON/MJIC	2,500,614,159	3,174,405,821

Treasury Shares

Type of Security /Stock Symbol	Before	After	
COMMON/MJIC	0	0	

Listed Shares

Type of Security /Stock Symbol	Before	After	
COMMON/MJIC	2,295,173,150	2,968,964,812	

Effect(s) on the public float, if any	Public Ownership Percentage BEFORE the transaction was 17.09%; AFTER the transaction, Public Ownership Percentage is 13.46%
Effect(s) on foreign ownership level, if any	None.

Other Relevant Information

Pursuant to the Exchange's directives to the Corporation to submit the Audited Financial Statements of its Strategic Investors as a condition in the submission of the Comprehensive Corporate Disclosure LR-1, we attach herewith the required documents.

Here's the breakdown of the Listed Shares:

1. 2,295,173,150 are the previously listed shares.
2. Private Placement shares: 673,791,662 (subject for listing)

Total amount is: 2,968,964,812

Filed on behalf by:

Name	Lemuel Santos
Designation	Corporate Information Officer

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 1 2 1 5 7 5 6

Company Name

B E L G R A V E S Q U A R E H O L D I N G S , I N C .

Principal Office (No./Street/Barangay/City/Town)Province)

1 7 T H F L O O R L I B E R T Y C E N T E R 1 0 4
H . V . D E L A C O S T A S T . S A L C E D O
V I L L A G E M A K A T I C I T Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A F S		N A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	0 2 8 8 8 0 9 99	N A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
	4/7/2014	12/31

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
G A B R I E L D EE		8 8 8 0 999	

Contact Person's Address

1 7 T H / F L I B E R T Y C T R S A L C E D O V I L .

Note: In case of death, resgination 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.

BELGRAVE SQUARE HOLDINGS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **BELGRAVE SQUARE HOLDINGS, INC.** is responsible for the preparation and fair presentation of the financial statements for the year ended **December 31, 2014**, in accordance with the prescribed financial reporting framework indicated therein. The 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 or Trustees reviews and approves the financial statements and submit the same to the stockholders or members.

Loville Bernales Balgos, 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 report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such examination.

GABRIEL A. DEE
Chairman of the Board & President

RHODA A. ROQUE
Treasurer

TELLER NO. 1
01 JUL 2015
LANDBANK MAKATI ATRIUM BR.
BIR 086 296

Loville Bernales Balgos
CERTIFIED PUBLIC ACCOUNTANT

18 San Francisco St., Karuhatan,
Valenzuela City 1441 Philippines
Telefax (02) 292 61 37
Celphone (0917) 857 05 81
Email l_balgos@yahoo.com

INDEPENDENT AUDITOR'S REPORT

The Shareholders and the Board of Directors
Belgrave Square Holdings, Inc.
17th Floor, Liberty Center, 104 H.V. dela Costa Street,
Salcedo Village, Makati City

I have audited the accompanying financial statements of **Belgrave Square Holdings, Inc.**, which comprise the statement of financial position as at December 31, 2014, and the related statement of comprehensive operation, statement of changes in shareholders' equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statement of the company as of December 31, 2013, was unaudited.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards for Small Medium-Sized Entities; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of **Belgrave Square Holdings, Inc.** as at December 31, 2014, and of its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards for Small Medium-Sized Entities.

LOVILLE B. BALGOS
CPA Reg. No. 108875
TIN 179 571 645
PTR No. 3404510, Jan. 29, 2015, Valenzuela City
PRC-BOA Reg. No. 2403 (valid until December 31, 2017)
CDA CEA No. 0437 (valid until March 2, 2017)
BIR Tax Practitioner Acc. No. 05-004168-001-2013 (valid until July 31, 2016)

June 16, 2015
Valenzuela City

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Loville Bernales Balgos
CERTIFIED PUBLIC ACCOUNTANT

18 San Francisco St., Karuhatan,
Valenzuela City 1441 Philippines
Telefax (02) 292 61 37
Celphone (0917) 857 05 81
Email l_balgos@yahoo.com

SUPPLEMENTAL WRITTEN STATEMENT OF EXTERNAL AUDITOR

The Shareholders and the Board of Directors
Belgrave Square Holdings, Inc.
17th Floor, Liberty Center, 104 H.V. dela Costa Street,
Salcedo Village, Makati City

I have examined the financial statements of **Belgrave Square Holdings, Inc.** for the year ended December 31, 2014, on which I have rendered the attached report dated June 16, 2015.

In compliance with SRC Rule 68, I am stating that the company has a total number of one (1) stockholder owning one hundred (100) or more shares, and five (5) stockholders owning one (1) share each.

LOVILLE B. BALGOS
CPA Reg. No. 108875
TIN 179 571 645
PTR No. 3404510, Jan. 29, 2015, Valenzuela City
PRC-BOA Reg. No. 2403 (valid until December 31, 2017)
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June 16, 2015
Valenzuela City

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BELGRAVE SQUARE HOLDINGS, INC.

STATEMENTS OF COMPREHENSIVE INCOME

(in Philippine peso)

	Note(s)	Years Ended December 31 2014	2013
INTEREST INCOME	*2,19*	**47,436**	78,212
LESS: ADMINISTRATIVE EXPENSES	*2,13*	**32,000**	16,340
NET INCOME (LOSS) BEFORE INCOME TAXES		**15,436**	61,872
TAX BENEFIT AND DEFERRED TAX	*2,6*		
Benefit from NOLCO		**9,600**	4,902
Deferred Tax Expense		**(29,409)**	(596,650)
NET INCOME (LOSS)		**(4,373)**	(529,876)
OTHER COMPREHENSIVE INCOME			
Changes in fair value of available for sale investment	*2,5*	**5,881,837**	120,310,313
TOTAL COMPREHENSIVE INCOME		**5,877,464**	119,780,437
EARNINGS PER SHARE	*2,14*	**2.47**	9.89

See accompanying Notes to Financial Statements.

SEC-Satellite Office
Electronic Records Management Division
ICTD
JUL 01 2015
BY:
RECEIVED SUBJECT TO REVIEW OF FORM AND CONTENTS

BELGRAVE SQUARE HOLDINGS, INC.
STATEMENTS OF FINANCIAL POSITION
(in Philippine peso)

	Note(s)	December 31 2014	2013
ASSETS			
Current Assets			
Cash	2,4	**18,932,409**	68,916,972
Total Current Assets		**18,932,409**	68,916,972
NonCurrent Assets			
Available-for-Sale Investments	2,5	**179,663,400**	173,781,563
Deferred Tax Asset	2,6	**14,502**	4,902
Total NonCurrent Assets		**179,677,902**	173,786,465
		198,610,311	242,703,437
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accrued Expenses	2,7	**27,000**	27,000
Total Current Liabilities		**27,000**	27,000
NonCurrent Liabilities			
Advances from Shareholders	2,8	**72,304,340**	122,304,340
Deferred Tax Liability	2,10	**626,059**	596,650
Total NonCurrent Liabilities		**72,930,399**	122,900,990
Total Liabilities		**72,957,399**	122,927,990
Shareholders' Equity			
Capital Shares	2,11	**6,255**	6,255
Cumulative Effects of Changes in Fair Values	2,5	**126,192,151**	120,310,313
Cumulative Deficit		**(545,494)**	(541,121)
Total Shareholders' Equity		**125,652,912**	119,775,447
		198,610,311	242,703,437

See accompanying Notes to Financial Statements.

01 JUL 2015
LANDBANK MAKATI ATRIUM BR.
BIR 086 296

BELGRAVE SQUARE HOLDINGS, INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(in Philippine peso)

	Note(s)	Capital Shares	Changes in Fair Value	Cumulative Deficit	Total
Balance at January 1, 2013	2,11	6,255		(11,245)	(4,990)
Change in Fair Value of Investment in Securities	2,5		120,310,313		120,310,313
Less: Net Loss				(529,876)	(529,876)
Balance at December 31, 2013		6,255	120,310,313	(541,121)	119,775,447
Balance at January 1, 2014	*2,11*	**6,255**	**120,310,313**	**(541,121)**	**119,775,447**
Change in Fair Value of Investment in Securities	*2,5*		**5,881,837**		**5,881,837**
Add: Net Income				**(4,373)**	**(4,373)**
Balance at December 31, 2014		**6,255**	**126,192,151**	**(545,494)**	**125,652,912**

See accompanying Notes to Financial Statements.

BELGRAVE SQUARE HOLDINGS, INC.

STATEMENTS OF CASH FLOWS

(in Philippine Peso)

	Note(s)	Years Ended December 31 2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income		**15,436**	61,872
Adjustments for:			
Interest Income	2,19	**(47,436)**	(78,212)
Operating income before working capital changes		**(32,000)**	(16,340)
Increase (decrease) in:			
Accrued Expenses	2,7	-	16,000
Cash used in operations		**(32,000)**	(340)
Interest received		**47,436**	78,212
Net Cash provided by operations		**15,436**	77,872
CASH FLOWS FROM FINANCING ACTIVITY			
Advances from Stockholders	2,8	**(50,000,000)**	122,304,340
Net cash used in investing activities		**(50,000,000)**	122,304,340
CASH FLOWS FROM INVESTING ACTIVITY			
Acquisition of available for sale investment	2,5		(53,471,250)
Net cash used in investing activities		-	(53,471,250)
NET INCREASE (DECREASE) IN CASH		**(49,984,564)**	68,910,962
CASH AT BEGINNING OF THE YEAR	2,4	**68,916,972**	6,010
CASH AT END OF THE YEAR	2,4	**18,932,409**	68,916,972

See accompanying Notes to Financial Statements.

BELGRAVE SQUARE HOLDINGS, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2014

1. Corporate Information

Belgrave Square Holdings, Inc., was incorporated and registered with the Securities and Exchange Commission (SEC) as per Registration no. CS201215756 on September 11, 2012. The Company is a holding company with all the express powers of a corporation.

The primary purpose of this Corporation is to subscribe for, hold, assign, or otherwise dispose of property, including shares of stock, notes, and other securities of any corporation, to receive and dispose of the interest, dividends and income arising from such property, and to exercise in respect thereof all the rights, powers and privileges of ownership, including voting powers, without however engaging in business as an investment company under the Investment Company Act or a finance company or a dealer in securities or stocks, and only to hold the foregoing assets for purely investment purposes; to aid in any other manner any corporation any share of stock or other security of which are held by this corporation or in which it shall have interest, and to do any act designed to protect, preserve, improve or enhance the value of the property at any time held or controlled by this corporation.

Its principal office and registered address is at 17th Floor, Liberty Center, 104 H.V dela Costa Street, Salcedo Village, Makati City.

Status of Operations
The Company did not enter into any major or significant agreements that may create an impact on the financial statements. There are no material changes in the company policies and procedures.

The financial statements of the Company for the year ended December 31, 2014 was authorized for issue by the Board of Directors (BOD) on May 16, 2015.

2. Summary of Significant Accounting Policies

The financial statement prepared by **Belgrave Square Holdings, Inc.** in accordance with the 'PFRS for Small and Medium-sized Entities' issued by the Philippine Accounting Standards Board. These principal accounting policies applied in the preparation of these financial statements are summarized below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of presentation

The financial statements of the Company have been prepared on the historical cost convention and are presented in the Philippine Pesos, which is the Company's functional and presentation currency. All values represent absolute amounts except when otherwise indicated.

The preparation of financial statements in conformity with the PFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies.

2.2 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Philippine Peso' (PHP), which is the company's functional and the presentation currency.

2.3 Basic Financial Instruments

Basic financial instruments are initially recognized at the transaction price, including transaction costs (except if measured at fair value through profit or loss). However, if the acquisition or issuance involves a financing transaction, initial measurement is at the present value of future cash payments discounted at a market rate of interest for a similar instrument.

Subsequent to initial recognition, basic financial instruments are measured as follows:

- Debt instruments at amortized cost using the effective interest method;
- Commitments to receive a loan that are within the scope of this section, at cost (if any) less impairment; and
- Investments in non-convertible and non-puttable shares at fair value if it is reliably measurable, otherwise at cost less impairment.

Amortized cost is the present value of the financial instrument's future cash flows discounted at the effective interest rate (i.e. the rate that initially discounts estimated future cash flows to the initial carrying amount of the instrument). The interest expense (income) recognized in a period is the carrying amount at the beginning of the period multiplied by the effective interest rate for the period.

Financial assets and financial liabilities with no stated interest rate and that are classified as current are initially measured at an undiscounted amount.

Financial instruments measured at cost or amortized cost must be assessed for impairment at the end of each reporting period.

An impairment loss is reversed if the amount of the impairment loss decreased and the decrease can be related objectively to an event occurring after the impairment was recognized. A reversal should not result in a carrying amount that is greater than what it would have been had no impairment been recognized.

When estimating fair value the following hierarchy is used:

- Quoted price for an identical asset in an active market;
- A recent transaction price; and
- A valuation technique.

Financial assets are derecognized when:

- The contractual rights to the cash flows expire or are settled;
- Substantially all the risks and rewards of ownership have been transferred; or
- Despite retaining some risks and rewards, control of the financial asset has been transferred and the other part has the practical ability to sell the asset in its entirety without needing to impose additional restrictions on the transfer.

Any rights and obligations retained or created in a transfer that qualifies for derecognition are recognized separately.

Financial liabilities are derecognized only when the obligation is discharged, cancelled or expires.

2.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.5 Borrowings

Borrowings are recognized initially at the transaction price (that is, the present value of cash payable to the bank, including transaction costs). Borrowings are subsequently stated at amortized cost. Interest expense is recognized on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2.6 Trade Payables

Trade payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

2.7 Provisions

Provisions for restructuring costs and legal claims are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

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

2.8 Employee Benefits

Philippine Accounting Standard Number 19 applies to all employee benefits including a retirement benefit plan. It also applies to enterprises where retirement benefit is mandated by law.

The Company has no employees as of December 31, 2014 and 2013. Therefore, the Company has no legal or constructive obligation on retirement. As provided in the provisions of Presidential Decree No. 422, retail, service and agricultural establishments or operations employing not more than 10 employees or workers are exempted from the coverage of the provisions for retirement.

2.9 Share capital

Ordinary shares are classified as equity.

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

2.10 Retained Earnings

Retained earnings (deficit) include all current and prior period results as disclosed in the statement of income.

2.11 Revenue and Cost Recognition

Revenue comprises of revenues from the sale of goods and the rendering of services measured by reference to the fair value of consideration received or receivable by the Company for goods and services rendered, excluding value-added tax (VAT) and trade discounts.

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Company; and the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized:

Rendering of Services
Rendering of services is generally recognized when the customer has approved the service that has been provided. When the outcome of the contract cannot be measured reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

Interest Income
Interest income on bank deposits is recognized on a time proportion basis, net of applicable final withholding tax.

Dividend Income
Dividend income is recognized when the Company's right to receive payment or dividend has been established and the amount can be reliably measured. It is included in other income in the statement of comprehensive income.

Expense Recognition
Expenses are decreases in economic benefits during the accounting period in the form of

outflows or depletions in assets or incurrence of liabilities that result in the decrease in equity, other than those relating to distributions to equity participants. Costs and expenses are recognized in the period these were incurred.

Administrative Expenses
These expenses constitute costs of administering the business day-to-day operation and are recognized when incurred and includes services and other fees and miscellaneous.

2.12 Current and Deferred Income Tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except that a change attributable to an item of income or expense recognized as other comprehensive income is also recognized directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the country where the Company operates and generates taxable income.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

2.13 Dividend distribution

Dividend distribution to the company's shareholders is recognized as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

2.14 Related Party Transactions and Relationships

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more of the intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

2.15 Earnings per share

Basic earnings per share amounts are calculated by dividing the net income attributable to ordinary equity holders of the Company by the weighted average number of an ordinary share outstanding, adjusted for any stock dividends declared during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding, adjusted for any stock dividends declared during the year plus weighted average number of ordinary shares that would be issued on the conversion of all the dilutive ordinary shares into ordinary shares.

The Company has no dilutive potential common shares as of December 31, 2014 and 2013.

2.16 Events after the Reporting Date

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Accounting Judgments and Estimates

The Company's financial statements prepared in accordance with PFRS require management to make judgments, estimates and assumptions that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results may ultimately differ from these estimates.

3.1 Judgments

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

(a) Classification of Financial Instruments

The Company exercises judgments in classifying a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, rather than its legal form, governs its classification in the statement of financial position.

The Company determines that the classification of financial instruments at initial recognition and re-evaluates this designation at every reporting date.

3.2 Estimates and Assumptions

The financial statements prepared in compliance with PRFS require management to make estimates and assumptions that affect amounts reported in the financial statements and related notes. The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

(a) Determination of Fair Value of Financial Assets and Liabilities

Where the fair value of financial instruments recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from the observable market where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors affect the reported fair value of financial instruments. The assumptions used to estimate the fair value of financial assets and liabilities are described in Note 15.

The carrying values of the Company's financial assets amounted to Php198,595,809 and Php242,698,535 as of December 31, 2014 and 2013, respectively, while the carrying values of financial liabilities amounted to Php72,331,340 and Php122,331,340 as of December 31, 2014 and 2013, respectively (see Note 15).

(b) Impairment of Available-for-sale Financial Assets

No permanent decline in value on available-for-sale financial asset is recorded for the year 2014 and 2013. Unrealized gain of Php5,881,837 and Php120,310,313 on available-for-sale financial asset are recognized for the year ended December 31, 2014 and 2013.

(c) Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount 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 asset to be utilized. However, there is no absolute assurance that the Company will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

The Company's deferred tax asset – NOLCO is Php14,502 and PhP4,902 as of December 31, 2014 and 2013, respectively (see Note 6).

4. Cash

Cash include the following:

	2014	2013
Cash in Bank	**18,932,409**	68,916,972

Cash in banks generally earn interest at the respective rates based on daily bank deposit rates.

Interest income earned from savings account amounted to Php47,436 and PhP78,212 for the years ended December 31, 2014 and 2013, respectively.

5. Available-for-sale Financial Assets

Quoted available-for-sale financial assets mainly consist of investment in stocks of MJC Investments Corporation listed in the Philippines Stock Exchange (PSE) as follows:

	2014	2013
Quoted Available-for-sale financial assets	**53,471,250**	53,471,250
Unrealized fair value gain of AFS	**126,192,151**	120,310,313
	179,663,401	173,781,563

The Company recognized unrealized fair value gain in the statements of comprehensive operation.

The fair values of available-for-sale financial assets have been determined directly by reference to published prices in active markets.

These investments present the Company with opportunity for return through dividend income. Management intends to hold these investments for long term purposes.

Management believes that based on the assessment performed these investments are not impaired.

6. Deferred Tax Asset

This account refers to deferred tax of the Company arising from Net Operating Loss Carryover (NOLCO) details of NOLCO are as follows:

	Valid until	**2014**	2013
NOLCO-2013	2016	**4,902**	4,902
NOLCO-2014	2017	**9,600**	
		14,502	4,902

7. Accrued Expenses

The balance of accrued expense amounted to:

	2014	2013
Accrued Expenses	**27,000**	27,000

This account refers to accrual of services and other fees and is normally payable in 30 to 60 days.

The Company considers that the carrying amount of payables approximate their fair values since the above are short-term in nature.

8. Advances from Shareholders

The balance of advances from shareholders amounted to:

	2014	2013
Advances from Stockholders	**72,304,340**	122,304,340

This account refers to advances availed of from shareholders to finance the working capital requirements of the company which are unsecured and non-interest bearing.

The advances are non-collateral and non-interest bearing and will be settled in full with the shareholders concerned but there is no time frame set within which this amount should be paid (refer to Note 12).

9. Income Taxes

Computation of income tax is as follows:

	2014	2013
Income tax based on regular rate		
Income before tax expense	**15,436**	61,872
Less: Income subjected to final tax		
: Interest income	**(47,436)**	(78,212)
Loss	**(32,000)**	(16,340)
Tax rate	**30%**	30%
	(9,600)	(4,902)

Among the significant provisions and amendments of the National Internal Revenue Code (NIRC) that apply to the company are the following:

a) The Regular Corporate Income Tax (RCIT) rate of 30% is imposed on taxable income, net of applicable deductions;

b) Fringe benefits tax (same rate as the RCIT) is imposed on the grossed-up value of the benefits given by employers to their managerial and supervisory employees (final tax to be paid by the employer);

c) Minimum corporate income tax (MCIT) of 2% based on gross income, as defined under the Tax Code, is required to be paid starting on the fourth year from the date of registration with the Bureau of Internal Revenue (BIR) whenever the RCIT is lower than the MCIT. In the computation of the tax due for the taxable quarter, if the computed quarterly MCIT is higher than the quarterly normal income tax, the tax due to be paid for such taxable quarter at the time of filing the quarterly income tax return shall be the MCIT which is 2% of the gross income as of the end of the taxable quarter;

d) Net operating loss carryover (NOLCO) can be claimed as deduction against taxable income within three years after NOLCO is incurred;

e) The amount of interest expense allowed as income tax deduction is reduced by an

amount equal to 33% of the interest income subjected to final tax;

f) Optional standard deduction (OSD) equivalent to 40% of gross income may be claimed as an alternative in computing the RCIT; and

g) The ceiling on the amount of entertainment, amusement and recreation (EAR) expense that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company is limited to actual EAR paid but not to exceed 1% of net revenue.

10. Deferred Tax Liability

This account refers to deferred tax charge on gain on change in fair value of available for sale financial assets amounting to:

	2014	2013
Deferred Tax Liability	**626,059**	596,650

Under Section 127(A) of the tax code, sale, barter, exchange or other disposition of shares of stock listed and traded through the Local Stock Exchange (LSE) other than the sale by a dealer in securities is exempt from capital gains tax and regular corporate income tax but subject to ½ of 1% percentage tax.

11. Capital Shares

The Company's authorized, subscribed and paid-up shares details as follows:

	2014		2013	
	Shares	Amount	Shares	Amount
Authorized shares	**100,000**	**100,000**	100,000	100,000
Subscribed shares	**25,000**	**25,000**	25,000	25,000
Subscription receivable	**(18,745)**	**(18,745)**	(18,745)	(18,745)
Net paid-up	6,255	**6,255**	6,255	6,255

The Company has six (6) shareholders as of December 31, 2014 and 2013.

12. Related Party Disclosures

Related party relationship exists when one party has the ability to control, directly or indirectly, the other party or to influence the other party in making financial and operating decision.

Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

Refer to Note 8 for breakdown of Advances from Shareholders.

Since the company has no employees, there were no compensation paid to the Company's key management personnel for the years ended December 31, 2014 and 2013.

13. Administrative Expenses

This account consists of:

	2014	2013
Service and other fees	**32,000**	15,000
Miscellaneous		1,340
	32,000	16,340

14. Earnings/(Loss) Per Share

The earnings/(loss) and share data used in the basic/diluted earnings/(loss) per share computations are as follows:

	2014	2013
Earnings per the year (a)	**15,436**	61,872
Weighted average number of outstanding common shares (b)	**6,255**	6,255
	2.47	9.89

15. Capital Management

The Company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

As of December 31, 2014, the Company's cash and financial asset at fair value through profit or loss are Php18,932,409 and Php179,663,401, respectively; while as of December 31, 2013, these were Php68,916,972 and Php173,781,563, respectively.

The Company has no revenue from its commercial operations.

16. Taxes

Revenue Regulation (RR) No. 15-2010 prescribes the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. It requires disclosures of taxes, duties and licenses fees paid or accrued during the year.

Below are additional information required by RR No. 15-2010. These information are presented for purposes of filing with the Bureau of Internal Revenue (BIR) and are not a required part of the basic financial statements.

I. Output value-added tax (VAT)
The Company has no revenues subject to output tax for the year ended December 31, 2014.

II. Input VAT
The Company has no expenses subject to input tax for the year ended December 31, 2014.

III. Importations
The Company does not have any transaction requiring import entries, landed costs, duties and tariffs in 2014.

IV. Excise Tax
The Company has no transaction involving excise tax for 2013.

V. Documentary stamp tax (DST)
Belgrave Square has no transaction involving documentary stamp tax for 2013.

VI. All other local and national taxes
No other local and national taxes have been paid by the Company during the year.

VII. Withholding taxes
Since the Company has no employee, it has no transaction subject to withholding tax on compensation, expanded withholding tax, fringe benefit tax and final withholding tax for year ended December 31, 2014.

VIII. Tax assessment
The Company has no pending Letter of Authority (LOA) issued by the Bureau of Internal Revenue.

17. Supplementary Information Required by RR 19-2011

RR No. 19-2011 prescribes the BIR forms and modifies Revenue Memorandum Circular No. 57-2011. The revenue regulation is effective for all taxpayers required to file their income tax returns under section 51(A)(1) of the Tax Code, and are not required to file under section 51(A)(2) but who nevertheless opted to do so.

The amounts of taxable revenues and income, and deductible costs and expenses presented below, are based on relevant tax regulations issued by the BIR.

a) Revenues
The Company has no revenues for the year ended December 31, 2014 and 2013.

b) Direct operating expenses

The Company has no direct operating expenses for the year ended December 31, 2014 and 2013.

c) Non-operating and taxable other income
The Company's non-operating income are unrealized fair value gain and interest income amounting to Php5,881,837 and PhP47,436 during the year ended December 31, 2014. Unrealized fair value gain is not subject to both final tax and income tax while interest income is subject to final tax and is not subject to income tax.

d) Itemized deductions
This account consists of:

	2014	2013
Service and other fees	**32,000**	15,000
Miscellaneous		1,340
	32,000	16,340

e) Other information
All other information prescribed to be disclosed by the BIR have been included in the Note.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	2	1	5	7	4	8

Company Name

BELLTOWER LAKES HOLDINGS, INC

Principal Office (No./Street/Barangay/City/Town)Province)

17TH FLOOR LIBERTY CENTER 104
H.V. DELA COSTA ST. SALCEDO
VILLAGE MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS		NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	0 2 8 8 8 0 9 99	N A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
	4/7/2014	12/31

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
GABRIEL DEE		8 8 8 0 999	

Contact Person's Address

17TH/F LIBERTYCTR SALCEDO VIL.

Note: In case of death, resgination 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.

BELLTOWER LAKES HOLDINGS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **BELLTOWER LAKES HOLDINGS, INC.** is responsible for the preparation and fair presentation of the financial statements for the year ended **December 31, 2014**, in accordance with the prescribed financial reporting framework indicated therein. The 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 or Trustees reviews and approves the financial statements and submit the same to the stockholders or members.

Loville Bernales Balgos, 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 report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such examination.

GABRIEL A. DEE
Chairman of the Board & President

RHODA A. ROQUE
Treasurer

RECEIVED
TELLER NO.1
01 JUL 2015
LANDBANK MAKATI ATRIUM BR.
BIR 086 296

Loville Bernales Balgos
CERTIFIED PUBLIC ACCOUNTANT

18 San Francisco St., Karuhatan,
Valenzuela City 1441 Philippines
Telefax (02) 292 61 37
Celphone (0917) 857 05 81
Email l_balgos@yahoo.com

INDEPENDENT AUDITOR'S REPORT

The Shareholders and the Board of Directors
Belltower Lakes Holdings, Inc.
17th Floor, Liberty Center, 104 H.V. dela Costa Street,
Salcedo Village, Makati City

I have audited the accompanying financial statements of **Belltower Lakes Holdings, Inc.**, which comprise the statement of financial position as at December 31, 2014, and the related statement of comprehensive operation, statement of changes in shareholders' equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statement of the company as of December 31, 2013, was audited by another auditor whose report dated November 25, 2014 expressed an unqualified opinion in those statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of **Belltower Lakes Holdings, Inc.** as at December 31, 2014, and of its financial performance and its cash flow for the year then ended in accordance with Philippine Financial Reporting Standards.

LOVILLE B. BALGOS
CPA Reg. No. 108875
TIN 179 571 645
PTR No. 3404510, Jan. 29, 2015, Valenzuela City
PRC-BOA Reg. No. 2403 (valid until December 31, 2017)
CDA CEA No. 0437 (valid until March 2, 2017)
BIR Tax Practitioner Acc. No. 05-004168-001-2013 (valid until July 31, 2016)

June 16, 2015
Valenzuela City

Loville Bernales Balgos
CERTIFIED PUBLIC ACCOUNTANT

18 San Francisco St., Karuhatan,
Valenzuela City 1441 Philippines
Telefax (02) 292 61 37
Celphone (0917) 857 05 81
Email l_balgos@yahoo.com

SUPPLEMENTAL WRITTEN STATEMENT OF EXTERNAL AUDITOR

The Shareholders and the Board of Directors
Belltower Lakes Holdings, Inc.
17th Floor, Liberty Center, 104 H.V. dela Costa Street,
Salcedo Village, Makati City

I have examined the financial statements of **Belltower Lakes Holdings, Inc.** for the year ended December 31, 2014, on which I have rendered the attached report dated June 16, 2015.

In compliance with SRC Rule 68, I am stating that the company has a total number of two (2) stockholders owning one hundred (100) or more shares each, and four (4) stockholders owning one (1) share each.

LOVILLE B. BALGOS
CPA Reg. No. 108875
TIN 179 571 645
PTR No. 3404510, Jan. 29, 2015, Valenzuela City
PRC-BOA Reg. No. 2403 (valid until December 31, 2017)
CDA CEA No. 0437 (valid until March 2, 2017)
BIR Tax Practitioner Acc. No. 05-004168-001-2013 (valid until July 31, 2016)

June 16, 2015
Valenzuela City

01 JUL 2015
LANDBANK MAKATI ATRIUM BR.
BIR 086 296

BELLTOWER LAKES HOLDINGS, INC.

STATEMENTS OF COMPREHENSIVE INCOME

(in Philippine peso)

		Years Ended December 31	
	Note(s)	**2014**	2013
INTEREST INCOME	*2,19*	**105,328**	239,370
LESS: ADMINISTRATIVE EXPENSES	*2,13*	**37,000**	16,000
NET INCOME BEFORE INCOME TAXES		**68,328**	223,370
TAX BENEFIT AND DEFERRED TAX	*2,6*		
Benefit from NOLCO		**11,100**	4,800
Deferred Tax Expense		**(69,063)**	(1,412,663)
NET INCOME (LOSS)		**10,365**	(1,184,493)
OTHER COMPREHENSIVE INCOME			
Changes in fair value of available for sale investment	*2,5*	**13,812,700**	282,532,500
TOTAL COMPREHENSIVE INCOME		**13,823,065**	281,348,007
EARNINGS PER SHARE	*2,14*	**10.93**	35.72

See accompanying Notes to Financial Statements.

BELLTOWER LAKES HOLDINGS, INC.
STATEMENTS OF FINANCIAL POSITION
(in Philippine peso)

	Note(s)	December 31 **2014**	2013
ASSETS			
Current Assets			
Cash	*2,4*	**14,763,048**	14,689,720
Total Current Assets		**14,763,048**	14,689,720
NonCurrent Assets			
Available-for-Sale Investments	*2,5*	**421,915,200**	408,102,500
Deferred Tax Asset	*2,6*	**15,900**	4,800
Total NonCurrent Assets		**421,931,100**	408,107,300
		436,694,148	422,797,020
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accrued Expenses	*2,7*	**27,000**	27,000
Total Current Liabilities		**27,000**	27,000
NonCurrent Liabilities			
Advances from Shareholders	*2,8*	**140,019,341**	140,014,341
Deferred Tax Liability	*2,10*	**1,481,726**	1,412,663
Total NonCurrent Liabilities		**141,501,067**	141,427,004
Total Liabilities		**141,528,067**	141,454,004
Shareholders' Equity			
Capital Shares	*2,11*	**6,254**	6,254
Cumulative Effects of Changes in Fair Values	*2,5*	**296,345,200**	282,532,500
Cumulative Deficit		**(1,185,373)**	(1,195,738)
Total Shareholders' Equity		**295,166,081**	281,343,016
		436,694,148	422,797,020

See accompanying Notes to Financial Statements.

BELLTOWER LAKES HOLDINGS, INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(in Philippine peso)

	Note(s)	Capital Shares	Changes in Fair Value	Cumulative Deficit	Total
Balance at January 1, 2013	*2,11*	6,254		(11,245)	(4,991)
Change in Fair Value of Investment in Securities	*2,5*		282,532,500		282,532,500
Less: Net Loss				(1,184,493)	(1,184,493)
Balance at December 31, 2013		6,254	282,532,500	(1,195,738)	281,343,016
Balance at January 1, 2014	*2,11*	**6,254**	**282,532,500**	**(1,195,738)**	**281,343,016**
Change in Fair Value of Investment in Securities	*2,5*		**13,812,700**		**13,812,700**
Add: Net Income				**10,365**	**10,365**
Balance at December 31, 2014		**6,254**	**296,345,200**	**(1,185,373)**	**295,166,081**

See accompanying Notes to Financial Statements.

BELLTOWER LAKES HOLDINGS, INC.
STATEMENTS OF CASH FLOW
(in Philippine Peso)

	Note(s)	Years Ended December 31 2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income		**68,328**	223,370
Adjustments for:			
Interest Income	*2,19*	**(105,328)**	(239,370)
Operating income before working capital changes		**(37,000)**	(16,000)
Increase (decrease) in:			
Accrued Expenses	*2,7*	-	16,000
Cash used in operations		**(37,000)**	-
Interest received		**105,328**	239,370
Net Cash provided by operations		**68,328**	239,370
CASH FLOWS FROM FINANCING ACTIVITY			
Advances from Stockholders	*2,8*	**5,000**	140,014,341
Net cash used in investing activities		**5,000**	140,014,341
CASH FLOWS FROM INVESTING ACTIVITY			
Acquisition of available for sale investment	*2,5*		(125,570,000)
Net cash used in investing activities		-	(125,570,000)
NET INCREASE (DECREASE) IN CASH		**73,328**	14,683,711
CASH AT BEGINNING OF THE YEAR	*2,4*	**14,689,720**	6,009
CASH AT END OF THE YEAR	*2,4*	**14,763,048**	14,689,720

See accompanying Notes to Financial Statements.

BELLTOWER LAKES HOLDINGS, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2014 and 2013

1. Corporate Information

Belltower Holdings, Inc. (the Company), was incorporated and registered with the Securities and Exchange Commission (SEC) as per Registration no. CS201215748 on September 11, 2012. The Company is a holding company with all the express powers of a corporation.

The primary purpose of the Company is to subscribe for, hold, assign, or otherwise dispose of property, including shares of stock, notes, and other securities of any corporation, to receive and dispose of the interest, dividends and income arising from such property, and to exercise in respect thereof all the rights, powers and privileges of ownership, including voting powers, without however engaging in business as an investment company under the Investment Company Act or a finance company or a dealer in securities or stocks, and only to hold the foregoing assets for purely investment purposes; to aid in any other manner any corporation any share of stock or other security of which are held by this corporation or in which it shall have interest, and to do any act designed to protect, preserve, improve or enhance the value of the property at any time held or controlled by this corporation.

The Company's registered office, which is also its principal place of business, is located at 17th Floor, Liberty Center, 104 H.V. dela Costa Street, Salcedo Village, Makati City

Status of Operations
The Company did not enter into any major or significant agreements that may create an impact on the financial statements. There are no material changes in the company policies and procedures.

The financial statements of the Company for the year ended December 31, 2014 (including the comparatives for the year ended December 31, 2013) were authorized for issue by the Board of Directors (BOD) on June 16, 2015.

2. Summary of Significant Accounting Policies

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

2.1 Basis of presentation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial assets, property and equipment and investment property. The measurement bases are more fully described in the accounting policies that follow:

(b) Presentation of Financial Statements

The financial statements are presented in accordance with PAS 1 (Revised 2007), *Presentation of Financial Statements.* The Company presents all items of income and expenses in a single statement of comprehensive income. Two comparative periods are presented for the statement of financial position when the Company applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements, or reclassifies items in the financial statements.

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Company's functional presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

2.2 Adoption of New Interpretations, Revisions and Amendments of PFRS

In preparing these financial statements in accordance with PFRS, the Company has applied all mandatory exceptions and some of the optional exemptions from full retrospective application of the PFRS. However, there were no noted differences upon application of PFRS in the financial statements of the Company.

- PAS 1 : *Presentation of Financial Statements*
- PAS 7 : *Statement of Cash Flows*
- PAS 8 : *Accounting Policies, Changes in Accounting Estimates and Errors*
- PAS 10 : *Events after the Reporting Period*
- PAS 12 : *Income Taxes*
- PAS 18 : *Revenue*
- PAS 21 : *The Effects of Changes in Foreign Exchange Rates*
- PAS 23 : *Borrowing Costs*
- PAS 24 : *Related Party Disclosures*
- PAS 32 : *Financial Instruments: Disclosure and Presentation*
- PAS 33 : *Earnings per Share*
- PAS 34 : *Interim Financial Reporting*
- PAS 36 : *Impairment of Assets*
- PAS 37 : *Provision, Contingent Liabilities and Contingent Assets*
- PAS 39 : *Financial Instruments: Recognition and Measurement*
- PFRS 1 : *First-time Adoption of Philippine Financial Reporting Standards*
- PFRS 7 : *Financial Instruments: Disclosures*
- PFRS 9 : *Financial Instruments*
- PRFS 13 : *Fair Value Measurement*

- PAS 1, *Presentation of Financial Statements,* sets overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.

- PAS 7, *Statement of Cash Flows,* requires the provision of information about the historical changes in cash and cash equivalents of an entity by means of a statement of cash flows which classifies cash flows during the period from operating, investing and financing activities.

- PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors,* the objective of this standard is:

  a) to remove the allowed alternative to retrospective application of voluntary changes in accounting policies and retrospective restatement to correct prior periods;
  b) to eliminate the concept of a fundamental error;
  c) to articulate the hierarchy of guidance to which management refers, whose applicability it considers when selecting accounting policies in the absence of Standards and Interpretations that specifically apply; and
  d) to define material omissions or misstatements, and describe how to apply the concept of materiality when applying accounting policies and correcting error.

- PAS 10, *Events after the Reporting Period,* prescribes when an entity should adjust its financial statements for events after the reporting period and the disclosures that an entity should give about the date when the financial statements were authorized for issue and about events after the reporting period.

- PAS 12, *Income Taxes,* implements the balance sheet liability method of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test.

- PAS 18, *Revenue,* prescribes the accounting requirements for when to recognize revenue from the sale of goods, rendering of services, and for interest, royalties and dividends. Revenue is measured at the fair value of the consideration received or receivable and recognized when prescribed conditions are met, which depend on the nature of the revenue.

- PAS 21, *The Effects of Changes in Foreign Exchange Rates,* prescribes how to include foreign currency transactions and foreign operations in the financial statements of an entity and how to translate financial statements into a presentation currency. The standard excludes from its scope foreign currency derivatives that are within the scope of PFRS 9. Similarly, the material on hedge accounting has been moved to PAS 39, Financial Instruments – Recognition and Measurement.

- PAS 23, *Borrowing Costs,* prescribes the accounting treatment of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognized as an expense.

- PAS 24, *Related Party Disclosures,* requires a reporting entity to disclose transactions with its related parties and relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. Revised PAS 24, amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities.

- PAS 32, *Financial Instruments: Disclosure and Presentation,* establishes the principles for the presentation of financial instruments, particularly as to the classification of such instruments into financial assets, financial liabilities and equity instruments. The standard also provides guidance on the classification of related interest, dividends and gains/losses, and when financial assets and financial liabilities can be offset.

- PAS 33, *Earnings per Share,* prescribes principles for the determination and presentation of earnings per share, so as to improve performance comparisons between different entities in the same reporting period and between different reporting periods for the same entity.

- PAS 34, *Interim Financial Reporting,* prescribes the minimum content of an interim financial report and to prescribe the principles for recognition and measurement in complete or condensed financial statements for an interim period. This Standard does not mandate which entities should be required to publish interim financial reports, how frequently, or how soon after the end of an interim period. However, governments, securities regulators, stock exchanges, and accountancy bodies often require entities whose debt or equity securities are publicly traded to publish interim financial reports.

- PAS 36, *Impairment of Assets*, ensures that assets are carried at no more than their recoverable amount, and to define how recoverable amount is determined. It requires the recoverable amount of an asset to be measured whenever there is an indication that the asset may be impaired. PAS 36 applies to all assets except inventories, assets arising from construction contracts, deferred tax assets, assets arising from employee benefits, financial assets, investment property carried at fair value, agricultural assets carried at fair value, insurance contract assets, non-current assets held for sale.

- PAS 37, *Provision, Contingent Liabilities and Contingent Assets,* ensures that appropriate recognition criteria and measurement bases are applied to provisions, contingent liabilities and contingent assets and that sufficient information is disclosed in the notes to the financial statements to enable users to understand their nature, timing and amount. The key principle established by the Standard is that a provision should be recognized only when there is a liability i.e. a present obligation resulting from past events. The Standard thus aims to ensure that only genuine obligations are dealt with in the financial statements – planned future expenditure, even where authorized by the board of directors or equivalent governing body, is excluded from recognition.

- PAS 39, *Financial Instruments: Recognition and Measurement,* outlines the requirements for the recognition and measurement of financial assets, financial liabilities, and some contracts to buy or sell non-financial items. Financial instruments are initially recognized when an entity becomes a party to the contractual provisions of the instrument, and are classified into various categories depending upon the type of instrument, which then determines the subsequent measurement of the instrument (typically amortized cost or fair value). Special rules apply to embedded derivatives and hedging instruments.

Amendment to PAS 39 provides (a) additional guidance on determining whether loan prepayment penalties result in an embedded derivative that needs to be separated; (b) clarify that the scope exemption in PAS 39 paragraph 2(g) is restricted to forward contracts, i.e. not options, between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date within a reasonable period normally necessary to obtain any required approvals and to complete the transaction; and (c) clarify that the gains or losses on a cash flow hedge should be reclassified from other comprehensive income to profit or loss during the period that the hedged forecast cash flows impact profit or loss.

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards,* restructures the format of PFRS 1 without changing the standard's technical content. The revised version moves the exemptions and exceptions contained in the main body of PFRS to different appendices, and also removes PFRS 1 transitional provisions that are no longer considered relevant.

- PFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Liabilities* requires entity to disclose information about rights of set-off and related arrangements. The new disclosures are required for all recognized financial instruments that are subject to enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendment requires entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and liabilities recognized at the end of reporting period:

    a) The gross amounts of those recognized financial assets and liabilities;
    b) The amounts that are set-off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
    c) The net amounts presented in the statement of financial position;
    d) The amount subject to enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including;
        i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
        ii. Amounts related to financial collateral (including cash collateral); and
    e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

    The amendment only affects disclosures and has no impact on the Company's financial statements.

- PFRS 13, *Fair Value Measurement* establishes a single source of guidance under PFRS for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted.

Improvements to PFRS

The omnibus amendment to PFRS contains non-urgent but necessary amendments to PFRSs. The amendments are effective for annual periods beginning on or after January 1, 2013 and are applied retrospectively.

- PFRS 1, *First-time Adoption of PFRS – Borrowing Costs*, clarifies that, upon adoption of PFRS, an entity that capitalized borrowing costs in accordance with its previous generally accepted accounting principles, may carry forward, without any adjustment, the amount previously capitalized in its opening statement of financial position at the date of transition. Subsequent to the adoption of PFRS, borrowing costs are recognized in accordance with PAS 23, Borrowing Costs.

- PAS 1, *Presentation of Financial Statements – Clarification of the Requirements for Comparative Information*, clarifies the requirements for comparative information that are disclose voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatements or reclassification of items in the financial statements. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. On the other hand, supporting notes on the third statement of financial position (mandatory when there is a retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements) are not required. The amendments affect disclosures only and have no impact on the Company's financial statements.

- PAS 32, *Financial Instruments: Presentation – Tax Effect of Distribution to Holders of Equity Instruments,* clarifies that income taxes relating to distributions to equity holders and to transaction costs of an equity transactions are accounted for in accordance with Pas 12, Income Taxes. The Company expects that this amendment will not have any impact on its financial statements.

New or Revised Standards, Amendments to Standards and Interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2014, and have not been applied in preparing these financial statements. Except as otherwise indicated, the Company does not expect the adoption of these new and amended PFRS, PAS and Philippine Interpretations International Financial Reporting Interpretation Committee (IFRIC) to have significant impact on its financial statements.

The Company will adopt the following new or revised standards, amendments to standards and interpretations in the respective effective dates:

__Adopted on January 1, 2014__

- PAS 32, *Financial Instruments: Presentation – Offsetting Financial Assets and Liabilities* clarifies the meaning of "currently has a legal enforceable right to set-off" and the application of PAS 32 offsetting criteria to settlement systems which apply gross settlement mechanisms that are not simultaneous. While the amendment is expected not to have an impact on the net assets of the Company, any changes in offsetting is expected to impact leverage ratios and regulatory capital requirements. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014. The Company is currently assessing the impact of this Standard.

__To be Adopted on January 1, 2015__

- PFRS 9, *Financial Instruments: Classification and Measurements* reflects the first phase on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as define in PAS 39. The standard is effective for annual periods beginning on or before January 1, 2015. Work on impairment of financial instruments and hedge accounting is still ongoing, with a view to replacing PAS 39 in its entirety. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of Belltower's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities. Belltower will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

2.3 Financial Assets

Financial assets which are recognized when the Company becomes a party to the contractual terms of the financial instrument include cash and other financial instruments. Financial assets, other than hedging instruments, are classified into the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated at every reporting date at which date a choice of classification or accounting treatment is available, subject to compliance with specific provisions of applicable accounting standards.

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

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at fair value through profit or loss are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at fair value through profit or loss, are initially recorded at fair value and transaction costs related to it are recognized in the profit or loss.

A more detailed description of the four categories of financial assets is as follows:

(a) Financial Assets at Fair Value through Profit or Loss

This category include financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through profit or loss upon initial recognition. All derivatives fall into this category, except for those designated and effective as hedging instruments. Assets in this category are classified as current if they are either held for trading or are expected to be realized within 12 months from the end of the reporting period.

Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. Financial assets (are derivatives and financial instruments original designated as financial assets at fair value through profit or loss) may be reclassified out of fair value through profit or loss category if they are no longer held for the purpose of being sold or repurchased in the near term.

The Company does not maintain any financial assets at fair value through profit and loss as of December 31, 2014 and 2013.

(b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This accounting policy relates to the statement of financial position caption "Loans receivable" which arise primarily from trade receivables, advances to employees and other non-current receivables. Receivables are classified as current when these are expected to be realized within one year after the reporting date or the Company's normal operating cycle, which is one year. All other receivables and advances are classified as noncurrent.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Any change in their value is recognized in profit or loss. Impairment loss is provided when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the asset carrying amount and the present value of estimated cash flows.

(c) Held-to-Maturity Investments

This category includes non-derivative financial assets with fixed or determinable payments and a fixed date of maturity that the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Held-to maturity investments are included in non-current assets under Financial Assets account in the statement of financial position, except those maturing within 12 months from the reporting period, which are presented as part of current assets.

Subsequent to initial recognition, the investments are measured at amortized cost using the effective interest method, less impairment losses, if any. Impairment loss, which is the difference between the carrying value and the present value of estimated cash flows of the investment, is recognized when there is objective evidence that the investment has been impaired. Any changes to the carrying amount of the investment, including impairment loss, are recognized in profit or loss.

The Company does not maintain held-to-maturity investments as of December 31, 2014 and 2013.

(d) Available-for-sale Financial Assets

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets under the Financial Assets account in the statement of financial position unless management intends to dispose of the investment within 12 months from the reporting period.

All available-for-sale financial assets are measured at fair value, unless otherwise disclosed, with changes in value recognized in other comprehensive income, net of any effects arising from arising taxes. When the assets is disposed of or is determined to be impaired the cumulative gain or loss recognized in other comprehensive income is reclassified from revaluation reserve to profit or loss and presented as a reclassification adjustments within other comprehensive income.

Reversal of impairment loss is recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

The Company available-for-sale investments as of December 31, 2014 and 2013 amounted to Php421,915,200 and Php408,102,500, respectively.

All income and expenses, including impairment losses, relating to financial assets that are recognized in the profit or loss are presented as part of Finance Costs or Finance Income in the statement of comprehensive income.

For investments that are actively traded in organized financial markets, fair value is determined by reference to stock exchange-quoted market bid prices at the close of business on the reporting period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net assets base on the investment.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

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

De-recognition of financial assets occurs when the rights to receive cash flows from the financial instruments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

2.4 Financial Liabilities

Financial liabilities include interest-bearing loans and borrowing, trade and other payables and finance lease liabilities, due to related parties and other non-current liabilities, which are measured at amortized cost using the effective interest rate method.

Financial liabilities are recognized when the Company becomes a party to the contractual terms of the instrument. All interest-related charges are recognized as an expense in profit or loss under the caption Finance Costs in the statement of comprehensive income.

Interest-bearing loans and borrowings are raised for support of long-term funding of operations. They are recognized at proceeds received, net of direct issue costs.

Finance lease liabilities are measured at initial value less the capital element of lease repayments.

Trade payables are initially recognized at their fair value and subsequently measured at amortized cost.

Dividend distributions to shareholders are recognized as financial liabilities upon declaration by the Company.

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

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive operation.

The Company has not entered into any major financial, legal or business agreement aside from the normal business transactions nor has it made any major commitments which affect the financial position or results of operations.

The Company does not have any pending legal or labor case which should result to additional liability or unrecorded expense.

Offsetting
Financial assets and liabilities are only offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.5 Provisions

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.6 Revenue and Expense Recognition

Revenue comprises of revenues from the sale of goods and the rendering of services measured by reference to the fair value of consideration received or receivable by the Company for goods and services rendered, excluding value-added tax (VAT) and trade discounts.

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Company; and the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized:

Rendering of Services

Rendering of services is generally recognized when the customer has approved the service that has been provided. When the outcome of the contract cannot be measured reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

Interest Income

Interest income on bank deposits is recognized on a time proportion basis, net of applicable final withholding tax.

Dividend Income

Dividend income is recognized when the Company's right to receive payment or dividend has been established and the amount can be reliably measured. It is included in other income in the statement of comprehensive income.

Expense Recognition

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

Administrative Expenses
These expenses constitute costs of administering the business day-to-day operation and are recognized when incurred and includes services and other fees and miscellaneous.

2.7 Foreign Currency Transactions

The accounting records of the Company are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income as part of income or loss from operations.

2.8 Employee Benefits

Philippine Accounting Standard Number 19 applies to all employee benefits including a retirement benefit plan. It also applies to enterprises where retirement benefit is mandated by law.

The Company has no employees as of December 31, 2014 and 2013. Therefore, the Company has no legal or constructive obligation on retirement. As provided in the provisions of Presidential Decree No. 422, retail, service and agricultural establishments or operations employing not more than 10 employees or workers are exempted from the coverage of the provisions for retirement.

2.9 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are attributable to the acquisition, construction or production or a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

2.10 Income Taxes

Current Income 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 tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred Income Tax
Deferred income tax liability is provided, using the statement of financial position liability method, on all temporary differences at the reporting date between the tax bases of assets

and liabilities and their carrying amounts for financial reporting purposes.

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

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

Deferred income tax assets and liabilities are measured at the tax rate 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.

2.11 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes any premium received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Treasury shares are stated at the cost of reacquiring such shares.

Revaluation reserves comprise gains and losses due to the revaluation of property and equipment and certain financial assets.

Retained earnings include all current and prior period results of operations as disclosed in the statement of comprehensive income.

2.12 Related Party Transactions and Relationships

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more of the intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

2.13 Earnings per share

Basic earnings per share amounts are calculated by dividing the net income attributable to ordinary equity holders of the Company by the weighted average number of an ordinary share outstanding, adjusted for any stock dividends declared during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding, adjusted for any stock dividends declared during the year plus weighted average number of ordinary shares that would be issued on the conversion of all the dilutive ordinary shares into ordinary shares.

The Company has no dilutive potential common shares as of December 31, 2014 and 2013.

2.14 Events after the Reporting Date

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Accounting Judgments and Estimates

The Company's financial statements prepared in accordance with PFRS require management to make judgments, estimates and assumptions that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results may ultimately differ from these estimates.

3.1 Judgments

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

(a) Classification of Financial Instruments

The Company exercises judgments in classifying a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, rather than its legal form, governs its classification in the statement of financial position.

The Company determines that the classification of financial instruments at initial recognition and re-evaluates this designation at every reporting date.

3.2 Estimates and Assumptions

The financial statements prepared in compliance with PRFS require management to make estimates and assumptions that affect amounts reported in the financial statements and related notes. The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

(a) Determination of Fair Value of Financial Assets and Liabilities

Where the fair value of financial instruments recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from the observable market where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors affect the reported fair value of financial instruments. The assumptions used to estimate the fair value of financial assets and liabilities are described in Note 15.

The carrying values of the Company's financial assets amounted to Php436,678,248 and Php422,792,220 as of December 31, 2014 and 2013, respectively, while the carrying values of financial liabilities amounted to Php140,046,341 and Php140,041,341 as of December 31, 2014 and 2013, respectively (see Note 15).

(b) Impairment of Available-for-sale Financial Assets

No permanent decline in value on available-for-sale financial asset is recorded for the year 2014 and 2013. Unrealized gain of Php13,812,700 and Php282,532,500 on available-for-sale financial asset are recognized for the year ended December 31, 2014 and 2013.

(b) Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount 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 asset to be utilized. However, there is no absolute assurance that the Company will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

The Company's deferred tax asset – NOLCO is Php15,900 and PhP4,800 as of December 31, 2014 and 2013, respectively (see Note 6).

4. Cash

Cash include the following:

	2014	2013
Cash in Bank	**14,763,048**	14,689,720

Cash in banks generally earn interest at the respective rates based on daily bank deposit rates.

Interest income earned from savings account amounted to Php105,328 and PhP239,370 for the years ended December 31, 2014 and 2013, respectively.

5. Available-for-sale Financial Assets

Quoted available-for-sale financial assets mainly consist of investment in stocks of MJC Investments Corporation listed in the Philippines Stock Exchange (PSE) as follows:

	2014	2013
Quoted Available-for-sale financial assets	**125,570,000**	125,570,000
Unrealized fair value gain of AFS	**296,345,200**	282,532,500
	421,915,200	408,102,500

The Company recognized unrealized fair value gain in the statements of comprehensive operation.

The fair values of available-for-sale financial assets have been determined directly by reference to published prices in active markets.
These investments present the Company with opportunity for return through dividend income. Management intends to hold these investments for long term purposes.

Management believes that based on the assessment performed these investments are not impaired.

6. Deferred Tax Asset

This account refers to deferred tax of the Company arising from Net Operating Loss Carryover (NOLCO) details of NOLCO are as follows:

	Valid until	2014	2013
NOLCO-2013	2016	**4,800**	4,800
NOLCO-2014	2017	**11,100**	
		15,900	4,800

7. Accrued Expenses

The balance of accrued expense amounted to:

	2014	2013
Accrued Expenses	**27,000**	27,000

This account refers to accrual of services and other fees and is normally payable in 30 to 60 days.

The Company considers that the carrying amount of payables approximate their fair values since the above are short-term in nature.

8. Advances from Shareholders

The balance of advances from shareholders amounted to:

	2014	2013
Advances from Stockholders	**140,019,341**	140,014,341

This account refers to advances availed of from shareholders to finance the working capital requirements of the company which are unsecured and non-interest bearing.

The advances are non-collateral and non-interest bearing and will be settled in full with the shareholders concerned but there is no time frame set within which this amount should be paid (refer to Note 12).

9. Income Taxes

Computation of income tax is as follows:

	2014	2013
Income tax based on regular rate		
Income before tax expense	**68,328**	223,370
Less: Income subjected to final tax		
: Interest income	**(105,328)**	(239,370)
Loss	**(37,000)**	(16,000)
Tax rate	**30%**	30%
	(11,100)	(4,800)

Among the significant provisions and amendments of the National Internal Revenue Code (NIRC) that apply to the company are the following:

a) The Regular Corporate Income Tax (RCIT) rate of 30% is imposed on taxable income, net of applicable deductions;

b) Fringe benefits tax (same rate as the RCIT) is imposed on the grossed-up value of the benefits given by employers to their managerial and supervisory employees (final tax to be paid by the employer);

c) Minimum corporate income tax (MCIT) of 2% based on gross income, as defined under the Tax Code, is required to be paid starting on the fourth year from the date of registration with the Bureau of Internal Revenue (BIR) whenever the RCIT is lower than the MCIT. In the computation of the tax due for the taxable quarter, if the computed quarterly MCIT is higher than the quarterly normal income tax, the tax due to be paid for such taxable quarter at the time of filing the quarterly income tax return shall be the MCIT which is 2% of the gross income as of the end of the taxable quarter;

d) Net operating loss carryover (NOLCO) can be claimed as deduction against taxable income within three years after NOLCO is incurred;

e) The amount of interest expense allowed as income tax deduction is reduced by an amount equal to 33% of the interest income subjected to final tax;

f) Optional standard deduction (OSD) equivalent to 40% of gross income may be claimed as an alternative in computing the RCIT; and

g) The ceiling on the amount of entertainment, amusement and recreation (EAR) expense that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company is limited to actual EAR paid but not to exceed 1% of net revenue.

10. Deferred Tax Liability

This account refers to deferred tax charge on gain on change in fair value of available for sale financial assets amounting to:

	2014	2013
Deferred Tax Liability	**1,481,726**	1,412,663

Under Section 127(A) of the tax code, sale, barter, exchange or other disposition of shares of stock listed and traded through the Local Stock Exchange (LSE) other than the sale by a dealer in securities is exempt from capital gains tax and regular corporate income tax but subject to ½ of 1% percentage tax.

11. Capital Shares

The Company's authorized, subscribed and paid-up shares details as follows:

	2014		2013	
	Shares	Amount	Shares	Amount
Authorized shares	**100,000**	100,000	100,000	100,000
Subscribed shares	**25,000**	25,000	25,000	25,000
Subscription receivable	**(18,746)**	(18,746)	(18,746)	(18,746)
Net paid-up	**6,254**	6,254	6,254	6,254

The Company has six (6) shareholders as of December 31, 2014 and 2013.

12. Related Party Disclosures

Related party relationship exists when one party has the ability to control, directly or indirectly, the other party or to influence the other party in making financial and operating decision.

Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

Refer to Note 8 for breakdown of Advances from Shareholders.

Since the company has no employees, there were no compensation paid to the Company's key management personnel for the years ended December 31, 2014 and 2013.

13. Administrative Expenses

This account consists of:

	2014	2013
Service and other fees	**37,000**	15,000
Miscellaneous		1,000
	37,000	16,000

14. Earnings/(Loss) Per Share

The earnings/(loss) and share data used in the basic/diluted earnings/(loss) per share computations are as follows:

	2014	2013
Earnings/(Loss) per the year (a)	**68,328**	223,370
Weighted average number of outstanding common shares (b)	**6,254**	6,254
	10.93	35.72

15. Financial Assets and Liabilities

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements. There are no material unrecognized financial assets and liabilities as of December 31, 2014 and 2013:

	2014		2013	
	Carrying Amounts	**Fair Value**	Carrying Amounts	Fair Value
Assets				
Cash	**14,763,048**	**14,763,048**	14,689,720	14,689,720
Available for sale investments	**421,915,200**	**421,915,200**	408,102,500	408,102,500
	436,678,248	**436,678,248**	422,792,220	422,792,220
Liabilities				
Accrued expenses	**27,0000**	**27,000**	27,000	27,000
Advances from shareholders	**140,019,341**	**140,019,341**	140,014,341	140,014,341
	140,046,341	**140,046,341**	140,041,341	140,041,341

Current Assets and Liabilities
The carrying amounts of cash are assumed to approximate their fair values. This assumption is applied to liquid assets and the short-term elements of all financial assets.
The carrying amounts of accrued expenses approximate their fair values due to either the demand feature of the financial instruments or the relatively short-term maturities of these liabilities.

Non-Current Assets and Liabilities
Available for sale investments refers to quoted securities for which a reliable basis for fair value measurement is available and carried at cost, net of any impairment.

Advances from shareholders accounts approximate their fair values due to either the demand clause of the instrument or the nature of these liabilities.

16. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise of cash, available-for-sale investments, accrued expense and advances from shareholders. The main purpose of the financial instruments is to fund the Company's operations. The main risks arising from the use of financial instruments are credit risk, interest rate risk and liquidity risk. The Company's BOD reviews and approves the policies for managing each of these risks and they are summarized in the following pages.

Credit Risk
Credit risk represents the loss that the Company would incur if counterparty failed to perform its contractual obligations. The Company trades only with recognized and creditworthy third parties. It is the Company's policy that all credit is subject to credit verification procedures.

The credit risk arising from these financial assets arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments. The table below shows the maximum exposure to credit risk for the component of the statement of financial position:

	Gross Maximum Exposure	
	2014	2013
Cash		
In bank	**14,763,048**	14,689,720
Available-for-sale financial asset	**421,915,200**	408,102,500
	436,678,248	422,792,220

Accordingly, the Company has assessed the credit quality of the following financial assets:

- Cash is classified as "high grade" since cash in bank is placed in high profile banking institutions with good credit rating and bank standing
- Belltower rates credit quality of available for sale investments as standard because the counterparties have an average credit risk rating.

The credit quality of the financial assets of the Company's is as follows:

2014:

	Neither Past Due nor Impaired		
	High Grade	**Standard**	**Total**
Cash	**14,763,048**		**14,763,048**
Available for sale financial asset		**421,915,200**	**421,915,200**
	14,763,048	**421,915,200**	**436,678,248**

2013:

	Neither Past Due nor Impaired		
	High Grade	Standard	Total
Cash	14,689,720		14,689,720
Available for sale financial asset		408,102,500	408,102,500
	14,689,720	408,102,500	422,792,220

There are no significant concentrations of credit risk within the Company's accounts.

Interest Rate Risk

The company's exposure to the risk of changes in market interest rates relates primarily to receivable from and payable to related parties. The company, through its competencies in managing debt receivables and obligations, transacts with debtor and creditor to ensure the most advantageous terms and to reduce exposure to risk of changes in market interest rates. Table summary for accounts with exposure on interest risks is as follows:

	2014	2013
Asset		
Cash	**14,763,048**	14,689,720
Liability		
Advances from shareholders	**140,019,341**	140,014,341
	154,782,389	154,704,061

Liquidity Risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet the commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of contractual obligation; or inability to generate cash inflows as anticipated.

The Company seeks to manage its liquidity profile to be able to finance maturing debts. To cover its operating requirements and payment of debts, the Company intends to obtain advances from shareholders. This tool considers the maturity of both the Company's financial investments and financial assets.

The following table presents the financial assets and financial liabilities as of December 31, 2014 and 2013 analyzed according to when they are expected to be recovered or settled within one year and beyond one year from reporting dates:

	Due Within One Year	Due Beyond One Year	Total
Financial Assets			
Current Asset			
Cash in bank	14,763,048		14,763,048
Non-current Asset			
Available for sale financial asset		421,915,200	421,915,200
	14,763,048	421,915,200	436,678,248
Financial Liabilities			
Current Liabilities			
Accrued expenses	27,000		27,000
Non-current Liabilities			
Advances from shareholders		140,019,341	140,019,341
	27,000	140,019,341	140,046,341

The Company's current financial assets as of December 31, 2014 exceed its current financial liabilities by the amount of Php296,631,907. While in 2013, the Company's current financial liabilities exceed its current asset by the amount of Php282,750,879, thus, the Company has minimal exposure to liquidity risk. The Company's shareholders committed to support the Company's future activities where the Company may obtain advances. The Company also maintains active credit facilities with creditors and banks to increase availability of funds. Furthermore, the company manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility. Treasury procedures and controls are in place to ensure that sufficient cash is maintained to cover operational and working capital requirements. Management closely monitors future and contingent obligations of the entity.

17. Capital Management

The primary objective of the Company's management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it and profiles from capital ratio are set in light of changes in economic conditions and the risks underlying the Company's business operations and industry. To adjust the capital structure, the company may issue new shares through subscription of shares by the shareholders. No changes were made in the objectives, policies or processes in 2014 and 2013.

The Company considers its total equity reflected in the statements of financial position as its capital. The Company monitors its use of capital and the Company's adequacy by using leverage ratios on both debt (total debt/total equity) and gearing ratio (net debt/equity). Included as total debt are all current and noncurrent liabilities. Net debt means total debt less cash. Equity pertains to total equity as shown in the statement of financial position.

	2014	2013
Accrued expenses	**27,000**	27,000
Advances from shareholders	**140,019,341**	140,014,341
Total Liabilities (a)	**140,046,341**	140,041,341
Total Equity (c)	**295,166,081**	281,343,016
Debt to equity ratio (a/c)	**0.47**	0.50

Net debt (a)	**140,046,341**	140,041,341
Cash	**14,763,048**	14,689,720
Total Capital (b)	**154,809,389**	154,731,061
Gearing ratio (a/b)	**0.9046**	0.9051

The Company has no externally imposed capital requirement.

18. Taxes

Revenue Regulation (RR) No. 15-2010 prescribes the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. It requires disclosures of taxes, duties and licenses fees paid or accrued during the year.

Below are additional information required by RR No. 15-2010. These information are presented for purposes of filing with the Bureau of Internal Revenue (BIR) and are not a required part of the basic financial statements.

I. Output value-added tax (VAT)
The Company has no revenues subject to output tax for the year ended December 31, 2014.

II. Input VAT
The Company has no expenses subject to input tax for the year ended December 31, 2014.

III. Importations
The Company does not have any transaction requiring import entries, landed costs, duties and tariffs in 2014.

IV. Excise Tax
The Company has no transaction involving excise tax for 2013.

V. Documentary stamp tax (DST)
Belltower has no transaction involving documentary stamp tax for

2013.

VI. All other local and national taxes
No other local and national taxes have been paid by the Company during the year.

VII. Withholding taxes

Since the Company has no employee, it has no transaction subject to withholding tax on compensation, expanded withholding tax, fringe benefit tax and final withholding tax for year ended December 31, 2014.

VIII. Tax assessment

The Company has no pending Letter of Authority (LOA) issued by the Bureau of Internal Revenue.

19. Supplementary Information Required by RR 19-2011

RR No. 19-2011 prescribes the BIR forms and modifies Revenue Memorandum Circular No. 57-2011. The revenue regulation is effective for all taxpayers required to file their income tax returns under section 51(A)(1) of the Tax Code, and are not required to file under section 51(A)(2) but who nevertheless opted to do so.

The amounts of taxable revenues and income, and deductible costs and expenses presented below, are based on relevant tax regulations issued by the BIR.

a) Revenues
The Company has no revenues for the year ended December 31, 2014 and 2013.

b) Direct operating expenses
The Company has no direct operating expenses for the year ended December 31, 2014 and 2013.

c) Non-operating and taxable other income
The Company's non-operating income are unrealized fair value gain and interest income amounting to Php13,812,700 and PhP105,328 during the year ended December 31, 2014. Unrealized fair value gain is not subject to both final tax and income tax while interest income is subject to final tax and is not subject to income tax.

d) Itemized deductions
This account consists of:

	2014	2013
Service and other fees	**37,000**	15,000
Miscellaneous		1,000
	37,000	16,000

e) Other information
All other information prescribed to be disclosed by the BIR have been included in the Note.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 1 2 1 5 7 6 4

Company Name

B R A N F O R D   R I D G E   H O L D I N G S ,   I N C .

Principal Office (No./Street/Barangay/City/Town)Province)

1 7 T H   F L O O R   L I B E R T Y   C E N T E R   1 0 4

H . V .   D E L A   C O S T A   S T . S A L C E D O

V I L L A G E   M A K A T I   C I T Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A F S		N A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	0 2 8 8 8 0 9 99	N A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
	4/7/2014	12/31

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
G A B R I E L D EE		8 8 8 0 999	

Contact Person's Address

1 7 T H / F   L I B E R T Y C T R   S A L C E D O   V I L .

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.

BRANFORD RIDGE HOLDINGS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **BRANFORD RIDGE HOLDINGS, INC.** is responsible for the preparation and fair presentation of the financial statements for the year ended **December 31, 2014**, in accordance with the prescribed financial reporting framework indicated therein. The 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 or Trustees reviews and approves the financial statements and submit the same to the stockholders or members.

Loville Bernales Balgos, 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 report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such examination.

GABRIEL A. DEE
Chairman of the Board & President

RHODA A. ROQUE
Treasurer

RECEIVED
TELLER NO.1
01 JUL 2015
LANDBANK MAKATI ATRIUM BR.
BIR 086 296

Loville Bernales Balgos
CERTIFIED PUBLIC ACCOUNTANT
18 San Francisco St.,
Karuhatan,
Valenzuela City 1441 Philippines
Telefax (02) 292 61 37
Celphone (0917) 857 05 81
Email l_balgos@yahoo.com

INDEPENDENT AUDITOR'S REPORT

The Shareholders and the Board of Directors
Branford Ridge Holdings, Inc.
17th Floor, Liberty Center, 104 H.V. dela Costa Street,
Salcedo Village, Makati City

I have audited the accompanying financial statements of **Branford Ridge Holdings, Inc.**, which comprise the statement of financial position as at December 31, 2014, and the related statement of comprehensive operation, statement of changes in shareholders' equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statement of the company as of December 31, 2013, was unaudited.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of **Branford Ridge Holdings, Inc.** as at December 31, 2014, and of its financial performance and its cash flow for the year then ended in accordance with Philippine Financial Reporting Standards.

LOVILLE B. BALGOS
CPA Reg. No. 108875
TIN 179 571 645
PTR No. 3404510, Jan. 29, 2015, Valenzuela City
PRC-BOA Reg. No. 2403 (valid until December 31, 2017)
CDA CEA No. 0437 (valid until March 2, 2017)
BIR Tax Practitioner Acc. No. 05-004168-001-2013 (valid until July 31, 2016)

June 16, 2015
Valenzuela City

01 JUL 2015
LANDBANK MAKATI ATRIUM BR.
BIR 086 296

Loville Bernales Balgos
CERTIFIED PUBLIC ACCOUNTANT

18 San Francisco St., Karuhatan,
Valenzuela City 1441 Philippines
Telefax (02) 292 61 37
Celphone (0917) 857 05 81
Email l_balgos@yahoo.com

SUPPLEMENTAL WRITTEN STATEMENT OF EXTERNAL AUDITOR

The Shareholders and the Board of Directors
Branford Ridge Holdings, Inc.
17th Floor, Liberty Center, 104 H.V. dela Costa Street,
Salcedo Village, Makati City

I have examined the financial statements of **Branford Ridge Holdings, Inc.** for the year ended December 31, 2014, on which I have rendered the attached report dated June 16, 2015.

In compliance with SRC Rule 68, I am stating that the company has a total number of two (2) stockholders owning one hundred (100) or more shares each, and three (3) stockholders owning one (1) share each.

LOVILLE B. BALGOS
CPA Reg. No. 108875
TIN 179 571 645
PTR No. 3404510, Jan. 29, 2015, Valenzuela City
PRC-BOA Reg. No. 2403 (valid until December 31, 2017)
CDA CEA No. 0437 (valid until March 2, 2017)
BIR Tax Practitioner Acc. No. 05-004168-001-2013 (valid until July 31, 2016)

June 16, 2015
Valenzuela City

01 JUL 2015
LANDBANK MAKATI ATRIUM BR.
BIR 086 296

BRANFORD RIDGE HOLDINGS, INC.

STATEMENTS OF COMPREHENSIVE INCOME

(in Philippine peso)

		Years Ended December 31	
	Note(s)	**2014**	2013
INTEREST INCOME	*2,19*	**105,388**	246,681
LESS: ADMINISTRATIVE EXPENSES	*2,13*	**32,000**	16,000
NET INCOME BEFORE INCOME TAXES		**73,388**	230,681
TAX BENEFIT AND DEFERRED TAX	*2,6*		
Benefit from NOLCO		**9,600**	4,800
Deferred Tax Expense		**(69,063)**	(1,412,651)
NET INCOME (LOSS)		**13,925**	(1,177,170)
OTHER COMPREHENSIVE INCOME			
Changes in fair value of available for sale investment	*2,5*	**13,812,590**	282,530,250
TOTAL COMPREHENSIVE INCOME		**13,826,515**	281,353,080
EARNINGS PER SHARE	*2,14*	**11.73**	36.89

See accompanying Notes to Financial Statements.

BRANFORD RIDGE HOLDINGS, INC.
STATEMENTS OF FINANCIAL POSITION
(in Philippine peso)

	Note(s)	December 31 **2014**	2013
ASSETS			
Current Assets			
Cash	2,4	**14,771,419**	14,698,031
Total Current Assets		**14,771,419**	14,698,031
NonCurrent Assets			
Available-for-Sale Investments	2,5	**421,911,840**	408,099,250
Deferred Tax Asset	2,6	**14,400**	4,800
Total NonCurrent Assets		**421,926,240**	408,104,050
		436,697,659	422,802,081
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accrued Expenses	2,7	**27,000**	27,000
Total Current Liabilities		**27,000**	27,000
NonCurrent Liabilities			
Advances from Shareholders	2,8	**140,014,341**	140,014,341
Deferred Tax Liability	2,10	**1,481,714**	1,412,651
Total NonCurrent Liabilities		**141,496,055**	141,426,992
Total Liabilities		**141,523,055**	141,453,992
Shareholders' Equity			
Capital Shares	2,11	**6,254**	6,254
Cumulative Effects of Changes in Fair Values	2,5	**296,342,840**	282,530,250
Cumulative Deficit		**(1,174,490)**	(1,188,415)
Total Shareholders' Equity		**295,174,604**	281,348,089
		436,697,659	422,802,081

See accompanying Notes to Financial Statements.

BRANFORD RIDGE HOLDINGS, INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(in Philippine peso)

	Note(s)	Capital Shares	Changes in Fair Value	Cumulative Deficit	Total
Balance at January 1, 2013	*2,11*	6,254		(11,245)	(4,991)
Change in Fair Value of Investment in Securities	*2,5*		282,530,250		282,530,250
Less: Net Loss				(1,177,170)	(1,177,170)
Balance at December 31, 2013		6,254	282,530,250	(1,188,415)	281,348,089
Balance at January 1, 2014	***2,11***	**6,254**	**282,530,250**	**(1,188,415)**	**281,348,089**
Change in Fair Value of Investment in Securities	***2,5***		**13,812,590**		**13,812,590**
Add: Net Income				**13,925**	**13,925**
Balance at December 31, 2014		**6,254**	**296,342,840**	**(1,174,490)**	**295,174,604**

See accompanying Notes to Financial Statements.

BRANFORD RIDGE HOLDINGS, INC.
STATEMENTS OF CASH FLOW
(in Philippine Peso)

	Note(s)	Years Ended December 31 2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income		**73,388**	230,681
Adjustments for:			
Interest Income	2,19	**(105,388)**	(246,681)
Operating income before working capital changes		**(32,000)**	(16,000)
Increase (decrease) in:			
Accrued Expenses	2,7	-	16,000
Cash used in operations		**(32,000)**	-
Interest received		**105,388**	246,681
Net Cash provided by operations		**73,388**	246,681
CASH FLOWS FROM FINANCING ACTIVITY			
Advances from Stockholders	2,8	-	140,014,341
Net cash used in investing activities		-	140,014,341
CASH FLOWS FROM INVESTING ACTIVITY			
Acquisition of available for sale investment	2,5		(125,569,000)
Net cash used in investing activities		-	(125,569,000)
NET INCREASE (DECREASE) IN CASH		**73,388**	14,692,022
CASH AT BEGINNING OF THE YEAR	2,4	**14,698,031**	6,009
CASH AT END OF THE YEAR	2,4	**14,771,419**	14,698,031

See accompanying Notes to Financial Statements.

1. Corporate Information

Branford Ridge Holdings, Inc. (the Company), was incorporated and registered with the Securities and Exchange Commission (SEC) as per Registration no. CS201215764 on September 11, 2012. The Company is a holding company with all the express powers of a corporation.

The primary purpose of the Company is to subscribe for, hold, assign, or otherwise dispose of property, including shares of stock, notes, and other securities of any corporation, to receive and dispose of the interest, dividends and income arising from such property, and to exercise in respect thereof all the rights, powers and privileges of ownership, including voting powers, without however engaging in business as an investment company under the Investment Company Act or a finance company or a dealer in securities or stocks, and only to hold the foregoing assets for purely investment purposes; to aid in any other manner any corporation any share of stock or other security of which are held by this corporation or in which it shall have interest, and to do any act designed to protect, preserve, improve or enhance the value of the property at any time held or controlled by this corporation.

The Company's registered office, which is also its principal place of business, is located at 17th Floor, Liberty Center, 104 H.V. dela Costa Street, Salcedo Village, Makati City

Status of Operations
The Company did not enter into any major or significant agreements that may create an impact on the financial statements. There are no material changes in the company policies and procedures.

The financial statements of the Company for the year ended December 31, 2014 (including the comparatives for the year ended December 31, 2013) were authorized for issue by the Board of Directors (BOD) on June 15, 2015.

2. Summary of Significant Accounting Policies

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

2.1 Basis of presentation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards

Council (FRSC) from the pronouncements issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial assets, property and equipment and investment property. The measurement bases are more fully described in the accounting policies that follow:

(b) Presentation of Financial Statements

The financial statements are presented in accordance with PAS 1 (Revised 2007), *Presentation of Financial Statements.* The Company presents all items of income and expenses in a single statement of comprehensive income. Two comparative periods are presented for the statement of financial position when the Company applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements, or reclassifies items in the financial statements.

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Company's functional presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

2.2 Adoption of New Interpretations, Revisions and Amendments of PFRS

In preparing these financial statements in accordance with PFRS, the Company has applied all mandatory exceptions and some of the optional exemptions from full retrospective application of the PFRS. However, there were no noted differences upon application of PFRS in the financial statements of the Company.

- PAS 1 : *Presentation of Financial Statements*
- PAS 7 : *Statement of Cash Flows*
- PAS 8 : *Accounting Policies, Changes in Accounting Estimates and Errors*
- PAS 10 : *Events after the Reporting Period*
- PAS 12 : *Income Taxes*
- PAS 18 : *Revenue*
- PAS 21 : *The Effects of Changes in Foreign Exchange Rates*
- PAS 23 : *Borrowing Costs*
- PAS 24 : *Related Party Disclosures*
- PAS 32 : *Financial Instruments: Disclosure and Presentation*
- PAS 33 : *Earnings per Share*
- PAS 34 : *Interim Financial Reporting*
- PAS 36 : *Impairment of Assets*
- PAS 37 : *Provision, Contingent Liabilities and Contingent Assets*

- PAS 39 : *Financial Instruments: Recognition and Measurement*
- PFRS 1 : *First-time Adoption of Philippine Financial Reporting Standards*
- PFRS 7 : *Financial Instruments: Disclosures*
- PFRS 9 : *Financial Instruments*
- PRFS 13 : *Fair Value Measurement*

- PAS 1, *Presentation of Financial Statements,* sets overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.

- PAS 7, *Statement of Cash Flows,* requires the provision of information about the historical changes in cash and cash equivalents of an entity by means of a statement of cash flows which classifies cash flows during the period from operating, investing and financing activities.

- PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors,* the objective of this standard is:

  a) to remove the allowed alternative to retrospective application of voluntary changes in accounting policies and retrospective restatement to correct prior periods;
  b) to eliminate the concept of a fundamental error;
  c) to articulate the hierarchy of guidance to which management refers, whose applicability it considers when selecting accounting policies in the absence of Standards and Interpretations that specifically apply; and
  d) to define material omissions or misstatements, and describe how to apply the concept of materiality when applying accounting policies and correcting error.

- PAS 10, *Events after the Reporting Period,* prescribes when an entity should adjust its financial statements for events after the reporting period and the disclosures that an entity should give about the date when the financial statements were authorized for issue and about events after the reporting period.

- PAS 12, *Income Taxes,* implements the balance sheet liability method of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test.

- PAS 18, *Revenue,* prescribes the accounting requirements for when to recognize revenue from the sale of goods, rendering of services, and for interest, royalties and dividends. Revenue is measured at the fair value of the consideration received or receivable and recognized when prescribed conditions are met, which depend on the nature of the revenue.

- PAS 21, *The Effects of Changes in Foreign Exchange Rates,* prescribes how to include foreign currency transactions and foreign operations in the financial statements of an entity and how to translate financial statements into a presentation currency. The standard excludes from its scope foreign currency derivatives that are within the scope of PFRS 9. Similarly, the material on hedge accounting has been moved to PAS 39, Financial Instruments – Recognition and Measurement.

- PAS 23, *Borrowing Costs,* prescribes the accounting treatment of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognized as an expense.

- PAS 24, *Related Party Disclosures,* requires a reporting entity to disclose transactions with its related parties and relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. Revised PAS 24, amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities.

- PAS 32, *Financial Instruments: Disclosure and Presentation,* establishes the principles for the presentation of financial instruments, particularly as to the classification of such instruments into financial assets, financial liabilities and equity instruments. The standard also provides guidance on the classification of related interest, dividends and gains/losses, and when financial assets and financial liabilities can be offset.

- PAS 33, *Earnings per Share,* prescribes principles for the determination and presentation of earnings per share, so as to improve performance comparisons between different entities in the same reporting period and between different reporting periods for the same entity.

- PAS 34, *Interim Financial Reporting,* prescribes the minimum content of an interim financial report and to prescribe the principles for recognition and measurement in complete or condensed financial statements for an interim period. This Standard does not mandate which entities should be required to publish interim financial reports, how frequently, or how soon after the end of an interim period. However, governments, securities regulators, stock exchanges, and accountancy bodies often require entities whose debt or equity securities are publicly traded to publish interim financial reports.

- PAS 36, *Impairment of Assets*, ensures that assets are carried at no more than their recoverable amount, and to define how recoverable amount is determined. It requires the recoverable amount of an asset to be measured whenever there is an indication that the asset may be impaired. PAS 36 applies to all assets except inventories, assets arising from construction contracts, deferred tax assets, assets arising from employee benefits, financial assets, investment property carried at fair value, agricultural assets carried at fair value, insurance contract assets, non-current assets held for sale.

- PAS 37, *Provision, Contingent Liabilities and Contingent Assets,* ensures that appropriate recognition criteria and measurement bases are applied to provisions, contingent liabilities and contingent assets and that sufficient information is disclosed in the notes to the financial statements to enable users to understand their nature, timing and amount.

The key principle established by the Standard is that a provision should be recognized only when there is a liability i.e. a present obligation resulting from past events. The Standard thus aims to ensure that only genuine obligations are dealt with in the financial statements – planned future expenditure, even where authorized by the board of directors or equivalent governing body, is excluded from recognition.

- PAS 39, *Financial Instruments: Recognition and Measurement,* outlines the requirements for the recognition and measurement of financial assets, financial liabilities, and some contracts to buy or sell non-financial items. Financial instruments are initially recognized when an entity becomes a party to the contractual provisions of the instrument, and are classified into various categories depending upon the type of instrument, which then determines the subsequent measurement of the instrument (typically amortized cost or fair value). Special rules apply to embedded derivatives and hedging instruments.

  Amendment to PAS 39 provides (a) additional guidance on determining whether loan prepayment penalties result in an embedded derivative that needs to be separated; (b) clarify that the scope exemption in PAS 39 paragraph 2(g) is restricted to forward contracts, i.e. not options, between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date within a reasonable period normally necessary to obtain any required approvals and to complete the transaction; and (c) clarify that the gains or losses on a cash flow hedge should be reclassified from other comprehensive income to profit or loss during the period that the hedged forecast cash flows impact profit or loss.

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards,* restructures the format of PFRS 1 without changing the standard's technical content. The revised version moves the exemptions and exceptions contained in the main body of PFRS to different appendices, and also removes PFRS 1 transitional provisions that are no longer considered relevant.

- PFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Liabilities* requires entity to disclose information about rights of set-off and related arrangements. The new disclosures are required for all recognized financial instruments that are subject to enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendment requires entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and liabilities recognized at the end of reporting period:

  a) The gross amounts of those recognized financial assets and liabilities;
  b) The amounts that are set-off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
  c) The net amounts presented in the statement of financial position;
  d) The amount subject to enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including;
     i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and

ii. Amounts related to financial collateral (including cash collateral); and

e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

The amendment only affects disclosures and has no impact on the Company's financial statements.

- PFRS 13, *Fair Value Measurement* establishes a single source of guidance under PFRS for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted.

Improvements to PFRS

The omnibus amendment to PFRS contains non-urgent but necessary amendments to PFRSs. The amendments are effective for annual periods beginning on or after January 1, 2013 and are applied retrospectively.

- PFRS 1, *First-time Adoption of PFRS – Borrowing Costs*, clarifies that, upon adoption of PFRS, an entity that capitalized borrowing costs in accordance with its previous generally accepted accounting principles, may carry forward, without any adjustment, the amount previously capitalized in its opening statement of financial position at the date of transition. Subsequent to the adoption of PFRS, borrowing costs are recognized in accordance with PAS 23, Borrowing Costs.

- PAS 1, *Presentation of Financial Statements – Clarification of the Requirements for Comparative Information*, clarifies the requirements for comparative information that are disclose voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatements or reclassification of items in the financial statements. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. On the other hand, supporting notes on the third statement of financial position (mandatory when there is a retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements) are not required. The amendments affect disclosures only and have no impact on the Company's financial statements.

- PAS 32, *Financial Instruments: Presentation – Tax Effect of Distribution to Holders of Equity Instruments,* clarifies that income taxes relating to distributions to equity holders and to transaction costs of an equity transactions are accounted for in accordance with Pas 12, Income Taxes. The Company expects that this amendment will not have any impact on its financial statements.

New or Revised Standards, Amendments to Standards and Interpretations

A number of new standards, amendments to standards and interpretations are effective for

annual periods beginning after January 1, 2014, and have not been applied in preparing these financial statements. Except as otherwise indicated, the Company does not expect the adoption of these new and amended PFRS, PAS and Philippine Interpretations International Financial Reporting Interpretation Committee (IFRIC) to have significant impact on its financial statements.

The Company will adopt the following new or revised standards, amendments to standards and interpretations in the respective effective dates:

Adopted on January 1, 2014

- PAS 32, *Financial Instruments: Presentation – Offsetting Financial Assets and Liabilities* clarifies the meaning of "currently has a legal enforceable right to set-off" and the application of PAS 32 offsetting criteria to settlement systems which apply gross settlement mechanisms that are not simultaneous. While the amendment is expected not to have an impact on the net assets of the Company, any changes in offsetting is expected to impact leverage ratios and regulatory capital requirements. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014. The Company is currently assessing the impact of this Standard.

To be Adopted on January 1, 2015

- PFRS 9, *Financial Instruments: Classification and Measurements* reflects the first phase on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as define in PAS 39. The standard is effective for annual periods beginning on or before January 1, 2015. Work on impairment of financial instruments and hedge accounting is still ongoing, with a view to replacing PAS 39 in its entirety. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of Branford's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities. Branford will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

2.3 Financial Assets

Financial assets which are recognized when the Company becomes a party to the contractual terms of the financial instrument include cash and other financial instruments. Financial assets, other than hedging instruments, are classified into the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated at every reporting date at which date a choice of classification or accounting treatment is available, subject to compliance with specific provisions of applicable accounting standards.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid

investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of placement and that are subject to an insignificant risk of change in value.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at fair value through profit or loss are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at fair value through profit or loss, are initially recorded at fair value and transaction costs related to it are recognized in the profit or loss.

A more detailed description of the four categories of financial assets is as follows:

(a) Financial Assets at Fair Value through Profit or Loss

This category include financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through profit or loss upon initial recognition. All derivatives fall into this category, except for those designated and effective as hedging instruments. Assets in this category are classified as current if they are either held for trading or are expected to be realized within 12 months from the end of the reporting period.

Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. Financial assets (are derivatives and financial instruments original designated as financial assets at fair value through profit or loss) may be reclassified out of fair value through profit or loss category if they are no longer held for the purpose of being sold or repurchased in the near term.

The Company does not maintain any financial assets at fair value through profit and loss as of December 31, 2014 and 2013.

(b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This accounting policy relates to the statement of financial position caption "Loans receivable" which arise primarily from trade receivables, advances to employees and other non-current receivables. Receivables are classified as current when these are expected to be realized within one year after the reporting date or the Company's normal operating cycle, which is one year. All other receivables and advances are classified as noncurrent.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Any change in their value is recognized in profit or loss. Impairment loss is provided when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the asset carrying amount and the present value of estimated cash flows.

(c) Held-to-Maturity Investments

This category includes non-derivative financial assets with fixed or determinable payments and a fixed date of maturity that the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Held-to maturity investments are included in non-current assets under Financial Assets account in the statement of financial position, except those maturing within 12 months from the reporting period, which are presented as part of current assets.

Subsequent to initial recognition, the investments are measured at amortized cost using the effective interest method, less impairment losses, if any. Impairment loss, which is the difference between the carrying value and the present value of estimated cash flows of the investment, is recognized when there is objective evidence that the investment has been impaired. Any changes to the carrying amount of the investment, including impairment loss, are recognized in profit or loss.

The Company does not maintain held-to-maturity investments as of December 31, 2014 and 2013.

(d) Available-for-sale Financial Assets

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets under the Financial Assets account in the statement of financial position unless management intends to dispose of the investment within 12 months from the reporting period.

All available-for-sale financial assets are measured at fair value, unless otherwise disclosed, with changes in value recognized in other comprehensive income, net of any effects arising from arising taxes. When the assets is disposed of or is determined to be impaired the cumulative gain or loss recognized in other comprehensive income is reclassified from revaluation reserve to profit or loss and presented as a reclassification adjustments within other comprehensive income.

Reversal of impairment loss is recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

The Company available-for-sale investments as of December 31, 2014 and 2013 amounted to Php421,911,840 and Php408,099,250, respectively.

All income and expenses, including impairment losses, relating to financial assets that are recognized in the profit or loss are presented as part of Finance Costs or Finance Income in the statement of comprehensive income.

For investments that are actively traded in organized financial markets, fair value is determined by reference to stock exchange-quoted market bid prices at the close of business on the reporting period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net assets base on the investment.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

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

De-recognition of financial assets occurs when the rights to receive cash flows from the financial instruments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

2.4 Financial Liabilities

Financial liabilities include interest-bearing loans and borrowing, trade and other payables and finance lease liabilities, due to related parties and other non-current liabilities, which are measured at amortized cost using the effective interest rate method.

Financial liabilities are recognized when the Company becomes a party to the contractual terms of the instrument. All interest-related charges are recognized as an expense in profit or loss under the caption Finance Costs in the statement of comprehensive income.

Interest-bearing loans and borrowings are raised for support of long-term funding of operations. They are recognized at proceeds received, net of direct issue costs.

Finance lease liabilities are measured at initial value less the capital element of lease repayments.

Trade payables are initially recognized at their fair value and subsequently measured at amortized cost.

Dividend distributions to shareholders are recognized as financial liabilities upon declaration by the Company.

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

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive operation.

The Company has not entered into any major financial, legal or business agreement aside from the normal business transactions nor has it made any major commitments which affect the financial position or results of operations.

The Company does not have any pending legal or labor case which should result to additional liability or unrecorded expense.

Offsetting
Financial assets and liabilities are only offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.5 Provisions

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.6 Revenue and Expense Recognition

Revenue comprises of revenues from the sale of goods and the rendering of services measured by reference to the fair value of consideration received or receivable by the Company for goods and services rendered, excluding value-added tax (VAT) and trade discounts.

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Company; and the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized:

Rendering of Services
Rendering of services is generally recognized when the customer has approved the service that has been provided. When the outcome of the contract cannot be measured reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

Interest Income
Interest income on bank deposits is recognized on a time proportion basis, net of applicable final withholding tax.

Dividend Income
Dividend income is recognized when the Company's right to receive payment or dividend has been established and the amount can be reliably measured. It is included in other income in the statement of comprehensive income.

Expense Recognition
Expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions in assets or incurrence of liabilities that result in the decrease in equity, other than those relating to distributions to equity participants. Costs and expenses are recognized in the period these were incurred.

Administrative Expenses
These expenses constitute costs of administering the business day-to-day operation and are recognized when incurred and includes services and other fees and miscellaneous.

2.7 Foreign Currency Transactions

The accounting records of the Company are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income as part of income or loss from operations.

2.8 Employee Benefits

Philippine Accounting Standard Number 19 applies to all employee benefits including a retirement benefit plan. It also applies to enterprises where retirement benefit is mandated by law.

The Company has no employees as of December 31, 2014 and 2013. Therefore, the Company has no legal or constructive obligation on retirement. As provided in the provisions of Presidential Decree No. 422, retail, service and agricultural establishments or operations employing not more than 10 employees or workers are exempted from the coverage of the provisions for retirement.

2.9 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are attributable to the acquisition, construction or production or a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

2.10 Income Taxes

Current Income 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 tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred Income Tax
Deferred income tax liability is provided, using the statement of financial position liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

Deferred income tax assets and liabilities are measured at the tax rate 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.

2.11 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes any premium received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Treasury shares are stated at the cost of reacquiring such shares.

Revaluation reserves comprise gains and losses due to the revaluation of property and equipment and certain financial assets.

Retained earnings include all current and prior period results of operations as disclosed in the statement of comprehensive income.

2.12 Related Party Transactions and Relationships

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more of the intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

2.13 Earnings per share

Basic earnings per share amounts are calculated by dividing the net income attributable to ordinary equity holders of the Company by the weighted average number of an ordinary share outstanding, adjusted for any stock dividends declared during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding, adjusted for any stock dividends declared during the year plus weighted average number of ordinary shares that would be issued on the conversion of all the dilutive ordinary shares into ordinary shares.

The Company has no dilutive potential common shares as of December 31, 2014 and 2013.

2.14 Events after the Reporting Date

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Accounting Judgments and Estimates

The Company's financial statements prepared in accordance with PFRS require management to make judgments, estimates and assumptions that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results may ultimately differ from these estimates.

3.1 Judgments

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

(a) Classification of Financial Instruments

The Company exercises judgments in classifying a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, rather than its legal form, governs its classification in the statement of financial position.

The Company determines that the classification of financial instruments at initial recognition and re-evaluates this designation at every reporting date.

3.2 Estimates and Assumptions

The financial statements prepared in compliance with PRFS require management to make estimates and assumptions that affect amounts reported in the financial statements and related notes. The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

(a) Determination of Fair Value of Financial Assets and Liabilities

Where the fair value of financial instruments recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from the observable market where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors affect the reported fair value of financial instruments. The assumptions used to estimate the fair value of financial assets and liabilities are described in Note 15.

The carrying values of the Company's financial assets amounted to Php436,683,259 and Php422,797,281 as of December 31, 2014 and 2013, respectively, while the carrying values of financial liabilities amounted to Php140,041,341 both as of December 31, 2014 and 2013 (see Note 15).

(b) Impairment of Available-for-sale Financial Assets

No permanent decline in value on available-for-sale financial asset is recorded for the year 2014 and 2013. Unrealized gain of Php13,812,590 and Php282,530,250 on available-for-sale financial asset are recognized for the year ended December 31, 2014 and 2013.

(c) Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount 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 asset to be utilized. However, there is no absolute assurance that the Company will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

The Company's deferred tax asset – NOLCO is Php14,400 and PhP4,800 as of December 31, 2014 and 2013, respectively (see Note 6).

4. Cash

Cash include the following:

	2014	2013
Cash in Bank	**14,771,419**	14,698,031

Cash in banks generally earn interest at the respective rates based on daily bank deposit rates.

Interest income earned from savings account amounted to Php105,388 and PhP246,681 for the years ended December 31, 2014 and 2013, respectively.

5. Available-for-sale Financial Assets

Quoted available-for-sale financial assets mainly consist of investment in stocks of MJC Investments Corporation listed in the Philippines Stock Exchange (PSE) as follows:

	2014	2013
Quoted Available-for-sale financial assets	**125,569,000**	125,569,000
Unrealized fair value gain of AFS	**296,342,840**	282,530,250
	421,911,840	408,099,250

The Company recognized unrealized fair value gain in the statements of comprehensive operation.

The fair values of available-for-sale financial assets have been determined directly by reference to published prices in active markets.

These investments present the Company with opportunity for return through dividend income. Management intends to hold these investments for long term purposes.

Management believes that based on the assessment performed these investments are not impaired.

6. Deferred Tax Asset

This account refers to deferred tax of the Company arising from Net Operating Loss Carryover (NOLCO) details of NOLCO are as follows:

	Valid until	**2014**	2013
NOLCO-2013	2016	**4,800**	4,800
NOLCO-2014	2017	**9,600**	
		14,400	4,800

7. Accrued Expenses

The balance of accrued expense amounted to:

	2014	2013
Accrued Expenses	**27,000**	27,000

This account refers to accrual of services and other fees and is normally payable in 30 to 60 days.

The Company considers that the carrying amount of payables approximate their fair values since the above are short-term in nature.

8. Advances from Shareholders

The balance of advances from shareholders amounted to:

	2014	2013
Advances from Stockholders	**140,014,341**	140,014,341

This account refers to advances availed of from shareholders to finance the working capital requirements of the company which are unsecured and non-interest bearing.

The advances are non-collateral and non-interest bearing and will be settled in full with the shareholders concerned but there is no time frame set within which this amount should be paid (refer to Note 12).

9. Income Taxes

Computation of income tax is as follows:

	2014	2013
Income tax based on regular rate		
Income before tax expense	**73,388**	230,681
Less: Income subjected to final tax		
: Interest income	**(105,388)**	(246,681)
Loss	**(32,000)**	(16,000)
Tax rate	**30%**	30%
	(9,600)	(4,800)

Among the significant provisions and amendments of the National Internal Revenue Code (NIRC) that apply to the company are the following:

a) The Regular Corporate Income Tax (RCIT) rate of 30% is imposed on taxable income, net of applicable deductions;

b) Fringe benefits tax (same rate as the RCIT) is imposed on the grossed-up value of the benefits given by employers to their managerial and supervisory employees (final tax to be paid by the employer);

c) Minimum corporate income tax (MCIT) of 2% based on gross income, as defined under the Tax Code, is required to be paid starting on the fourth year from the date of registration with the Bureau of Internal Revenue (BIR) whenever the RCIT is lower than the MCIT. In the computation of the tax due for the taxable quarter, if the computed quarterly MCIT is higher than the quarterly normal income tax, the tax due to be paid for such taxable quarter at the time of filing the quarterly income tax return shall be the MCIT which is 2% of the gross income as of the end of the taxable quarter;

d) Net operating loss carryover (NOLCO) can be claimed as deduction against taxable income within three years after NOLCO is incurred;

e) The amount of interest expense allowed as income tax deduction is reduced by an amount equal to 33% of the interest income subjected to final tax;

f) Optional standard deduction (OSD) equivalent to 40% of gross income may be claimed as an alternative in computing the RCIT; and

g) The ceiling on the amount of entertainment, amusement and recreation (EAR) expense that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company is limited to actual EAR paid but not to exceed 1% of net revenue.

10. Deferred Tax Liability

This account refers to deferred tax charge on gain on change in fair value of available for sale financial assets amounting to:

	2014	2013
Deferred Tax Liability	**1,481,714**	1,412,674

Under Section 127(A) of the tax code, sale, barter, exchange or other disposition of shares of stock listed and traded through the Local Stock Exchange (LSE) other than the sale by a dealer in securities is exempt from capital gains tax and regular corporate income tax but subject to ½ of 1% percentage tax.

11. Capital Shares

The Company' s authorized, subscribed and paid-up shares details as follows:

	2014		2013	
	Shares	Amount	Shares	Amount
Authorized shares	**100,000**	100,000	100,000	100,000
Subscribed shares	**25,000**	25,000	25,000	25,000
Subscription receivable	**(18,746)**	(18,746)	(18,746)	(18,746)
Net paid-up	**6,254**	6,254	6,254	6,254

The Company has six (6) shareholders as of December 31, 2014 and 2013.

12. Related Party Disclosures

Related party relationship exists when one party has the ability to control, directly or indirectly, the other party or to influence the other party in making financial and operating decision.

Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

Refer to Note 8 for breakdown of Advances from Shareholders.

Since the company has no employees, there were no compensation paid to the Company's key management personnel for the years ended December 31, 2014 and 2013.

13. Administrative Expenses

This account consists of:

	2014	2013
Service and other fees	**32,000**	15,000
Miscellaneous		1,000
	32,000	16,000

14. Earnings/(Loss) Per Share

The earnings/(loss) and share data used in the basic/diluted earnings/(loss) per share computations are as follows:

	2014	2013
Earnings/(Loss) per the year (a)	**73,388**	230,681
Weighted average number of outstanding common shares (b)	**6,254**	6,254
	11.73	36.89

15. Financial Assets and Liabilities

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements. There are no material unrecognized financial assets and liabilities as of December 31, 2014 and 2013:

	2014		2013	
	Carrying Amounts	**Fair Value**	Carrying Amounts	Fair Value
Assets				
Cash	**14,771,419**	**14,771,419**	14,698,031	14,698,031
Available for sale investments	**421,911,840**	**421,911,840**	408,099,250	408,099,250
	436,683,259	**436,683,259**	422,797,281	422,797,281
Liabilities				
Accrued expenses	**27,0000**	**27,000**	27,000	27,000
Advances from shareholders	**140,014,341**	**140,014,341**	140,014,341	140,014,341
	140,041,341	**140,041,341**	140,041,341	140,041,341

Current Assets and Liabilities

The carrying amounts of cash are assumed to approximate their fair values. This assumption is applied to liquid assets and the short-term elements of all financial assets.

The carrying amounts of accrued expenses approximate their fair values due to either the demand feature of the financial instruments or the relatively short-term maturities of these liabilities.

Non-Current Assets and Liabilities
Available for sale investments refers to quoted securities for which a reliable basis for fair value measurement is available and carried at cost, net of any impairment.

Advances from shareholders accounts approximate their fair values due to either the demand clause of the instrument or the nature of these liabilities.

16. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise of cash, available-for-sale investments, accrued expense and advances from shareholders. The main purpose of the financial instruments is to fund the Company's operations. The main risks arising from the use of financial instruments are credit risk, interest rate risk and liquidity risk. The Company's BOD reviews and approves the policies for managing each of these risks and they are summarized in the following pages.

Credit Risk
Credit risk represents the loss that the Company would incur if counterparty failed to perform its contractual obligations. The Company trades only with recognized and creditworthy third parties. It is the Company's policy that all credit is subject to credit verification procedures.

The credit risk arising from these financial assets arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments. The table below shows the maximum exposure to credit risk for the component of the statement of financial position:

	Gross Maximum Exposure	
	2014	2013
Cash		
In bank	**14,771,419**	14,698,031
Available-for-sale financial asset	**421,911,840**	408,099,250
	436,683,259	422,797,281

Accordingly, the Company has assessed the credit quality of the following financial assets:

- Cash is classified as "high grade" since cash in bank is placed in high profile banking institutions with good credit rating and bank standing
- Branford rates credit quality of available for sale investments as standard because the counterparties have an average credit risk rating.

The credit quality of the financial assets of the Company's is as follows:

2014:

	Neither Past Due nor Impaired		
	High Grade	**Standard**	**Total**
Cash	**14,771,419**		**14,771,419**
Available for sale financial asset		**421,911,840**	**421,911,840**
	14,771,419	**421,911,840**	**436,683,259**

2013:

	Neither Past Due nor Impaired		
	High Grade	Standard	Total
Cash	14,698,031		14,698,031
Available for sale financial asset		408,099,250	408,099,250
	14,698,031	408,099,250	422,797,281

There are no significant concentrations of credit risk within the Company's accounts.

Interest Rate Risk
The company's exposure to the risk of changes in market interest rates relates primarily to receivable from and payable to related parties. The company, through its competencies in managing debt receivables and obligations, transacts with debtor and creditor to ensure the most advantageous terms and to reduce exposure to risk of changes in market interest rates. Table summary for accounts with exposure on interest risks is as follows:

	2014	2013
Asset		
Cash	**14,771,419**	14,698,031
Liability		
Advances from shareholders	**140,014,341**	140,014,341
	154,785,760	154,712,372

Liquidity Risk
Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet the commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of contractual obligation; or inability to generate cash inflows as anticipated.

The Company seeks to manage its liquidity profile to be able to finance maturing debts. To cover its operating requirements and payment of debts, the Company intends to obtain advances from shareholders. This tool considers the maturity of both the Company's financial investments and financial assets.

The following table presents the financial assets and financial liabilities as of December 31, 2014 and 2013 analyzed according to when they are expected to be recovered or settled within one year and beyond one year from reporting dates:

	Due Within One Year	Due Beyond One Year	Total
Financial Assets			
Current Asset			
Cash in bank	14,771,419		14,771,419
Non-current Asset			
Available for sale financial asset		421,911,840	421,911,840
	14,771,419	421,911,840	436,683,259
Financial Liabilities			
Current Liabilities			
Accrued expenses	27,000		27,000
Non-current Liabilities			
Advances from shareholders		140,014,341	140,014,341
	27,000	140,014,341	140,041,341

The Company's current financial assets as of December 31, 2014 exceed its current financial liabilities by the amount of Php296,641,918. While in 2013, the Company's current financial liabilities exceed its current asset by the amount of Php282,755,940, thus, the Company has minimal exposure to liquidity risk. The Company's shareholders committed to support the Company's future activities where the Company may obtain advances. The Company also maintains active credit facilities with creditors and banks to increase availability of funds. Furthermore, the company manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility. Treasury procedures and controls are in place to ensure that sufficient cash is maintained to cover operational and working capital requirements. Management closely monitors future and contingent obligations of the entity.

17. Capital Management

The primary objective of the Company's management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it and profiles from capital ratio are set in light of changes in economic conditions and the risks underlying the Company's business operations and industry. To adjust the capital structure, the company may issue new shares through subscription of shares by the shareholders. No changes were made in the objectives, policies or processes in 2014 and 2013.

The Company considers its total equity reflected in the statements of financial position as its capital. The Company monitors its use of capital and the Company's adequacy by using leverage ratios on both debt (total debt/total equity) and gearing ratio (net debt/equity). Included as total debt are all current and noncurrent liabilities. Net debt means total debt less cash.

Equity pertains to total equity as shown in the statement of financial position.

	2014	2013
Accrued expenses	**27,000**	27,000
Advances from shareholders	**140,014,341**	140,014,341
Total Liabilities (a)	**140,041,341**	140,041,341
Total Equity (c)	**295,174,604**	281,348,089
Debt to equity ratio (a/c)	**0.47**	0.50

Net debt (a)	**140,014,341**	140,041,341
Cash	**14,771,419**	14,698,031
Total Capital (b)	**154,785,760**	154,739,372
Gearing ratio (a/b)	**0.9046**	0.9050

The Company has no externally imposed capital requirement.

18. Taxes

Revenue Regulation (RR) No. 15-2010 prescribes the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. It requires disclosures of taxes, duties and licenses fees paid or accrued during the year.

Below are additional information required by RR No. 15-2010. These information are presented for purposes of filing with the Bureau of Internal Revenue (BIR) and are not a required part of the basic financial statements.

I. Output value-added tax (VAT)
The Company has no revenues subject to output tax for the year ended December 31, 2014.

II. Input VAT
The Company has no expenses subject to input tax for the year ended December 31, 2014.

III. Importations
The Company does not have any transaction requiring import entries, landed costs, duties and tariffs in 2014.

IV. Excise Tax
The Company has no transaction involving excise tax for 2013.

V. Documentary stamp tax (DST)
Branford has no transaction involving documentary stamp tax for 2013.

VI. All other local and national taxes

No other local and national taxes have been paid by the Company during the year.

VII. Withholding taxes

Since the Company has no employee, it has no transaction subject to withholding tax on compensation, expanded withholding tax, fringe benefit tax and final withholding tax for year ended December 31, 2014.

VIII. Tax assessment

The Company has no pending Letter of Authority (LOA) issued by the Bureau of Internal Revenue.

19. Supplementary Information Required by RR 19-2011

RR No. 19-2011 prescribes the BIR forms and modifies Revenue Memorandum Circular No. 57-2011. The revenue regulation is effective for all taxpayers required to file their income tax returns under section 51(A)(1) of the Tax Code, and are not required to file under section 51(A)(2) but who nevertheless opted to do so.

The amounts of taxable revenues and income, and deductible costs and expenses presented below, are based on relevant tax regulations issued by the BIR.

a) Revenues

The Company has no revenues for the year ended December 31, 2014 and 2013.

b) Direct operating expenses

The Company has no direct operating expenses for the year ended December 31, 2014 and 2013.

c) Non-operating and taxable other income

The Company's non-operating income are unrealized fair value gain and interest income amounting to Php13,812,590 and PhP105,388 during the year ended December 31, 2014. Unrealized fair value gain is not subject to both final tax and income tax while interest income is subject to final tax and is not subject to income tax.

d) Itemized deductions

This account consists of:

	2014	2013
Service and other fees	**32,000**	15,000
Miscellaneous		1,000
	32,000	16,000

e) Other information

All other information prescribed to be disclosed by the BIR have been included in the Note.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	2	1	5	7	6	5

Company Name

CHERRY GROVE HOLDINGS, INC.

Principal Office (No./Street/Barangay/City/Town)Province)

17TH FLOOR LIBERTY CENTER 104
H.V. DELA COSTA ST. SALCEDO
VILLAGE MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS		NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	0 2 8 8 8 0 9 99	N A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
	4/7/2014	12/31

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
GABRIEL DEE		8 8 8 0 999	

Contact Person's Address

17TH/F LIBERTY CTR SALCEDO VIL.

Note: In case of death, resgination 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.

CHERRYGROVE HOLDINGS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **CHERRYGROVE HOLDINGS, INC.** is responsible for the preparation and fair presentation of the financial statements for the year ended **December 31, 2014**, in accordance with the prescribed financial reporting framework indicated therein. The 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 or Trustees reviews and approves the financial statements and submit the same to the stockholders or members.

Loville Bernales Balgos, 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 report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such examination.

GABRIEL A. DEE
Chairman of the Board & President

RHODA A. ROQUE
Treasurer

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01 JUL 2015
LANDBANK MAKATI ATRIUM BR.
BIR 086 206

Loville Bernales Balgos
CERTIFIED PUBLIC ACCOUNTANT

18 San Francisco St., Karuhatan,
Valenzuela City 1441 Philippines
Telefax (02) 292 61 37
Celphone (0917) 857 05 81
Email l_balgos@yahoo.com

INDEPENDENT AUDITOR'S REPORT

The Shareholders and the Board of Directors
Cherrygrove Holdings, Inc.
17th Floor, Liberty Center, 104 H.V. dela Costa Street,
Salcedo Village, Makati City

I have audited the accompanying financial statements of **Cherrygrove Holdings, Inc.**, which comprise the statement of financial position as at December 31, 2014, and the related statement of comprehensive operation, statement of changes in shareholders' equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statement of the company as of December 31, 2013, was audited by another auditor whose report dated November 24, 2014, expressed an unqualified opinion in those statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of **Cherrygrove Holdings, Inc.** as at December 31, 2014, and of its financial performance and its cash flow for the year then ended in accordance with Philippine Financial Reporting Standards.

LOVILLE B. BALGOS
CPA Reg. No. 108875
TIN 179 571 645
PTR No. 3404510, Jan. 29, 2015, Valenzuela City
PRC-BOA Reg. No. 2403 (valid until December 31, 2017)
CDA CEA No. 0437 (valid until March 2, 2017)
BIR Tax Practitioner Acc. No. 05-004168-001-2013 (valid until July 31, 2016)

June 16, 2015
Valenzuela City

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01 JUL 2015
LANDBANK MAKATI ATRIUM BR.
BIR 086 296

Loville Bernales Balgos
CERTIFIED PUBLIC ACCOUNTANT

18 San Francisco St., Karuhatan,
Valenzuela City 1441 Philippines
Telefax (02) 292 61 37
Celphone (0917) 857 05 81
Email l_balgos@yahoo.com

SUPPLEMENTAL WRITTEN STATEMENT OF EXTERNAL AUDITOR

The Shareholders and the Board of Directors
Cherrygrove Holdings, Inc.
17th Floor, Liberty Center, 104 H.V. dela Costa Street,
Salcedo Village, Makati City

I have examined the financial statements of **Cherrygrove Holdings, Inc.** for the year ended December 31, 2014, on which I have rendered the attached report dated June 16, 2015.

In compliance with SRC Rule 68, I am stating that the company has a total number of two (2) stockholders owning one hundred (100) or more shares each, and four (4) stockholders owning one (1) share each.

LOVILLE B. BALGOS
CPA Reg. No. 108875
TIN 179 571 645
PTR No. 3404510, Jan. 29, 2015, Valenzuela City
PRC-BOA Reg. No. 2403 (valid until December 31, 2017)
CDA CEA No. 0437 (valid until March 2, 2017)
BIR Tax Practitioner Acc. No. 05-004168-001-2013 (valid until July 31, 2016)

June 16, 2015
Valenzuela City

01 JUL 2015
LANDBANK MAKATI ATRIUM BR.
BIR 086 296

CHERRYGROVE HOLDINGS, INC.
STATEMENTS OF COMPREHENSIVE INCOME
(in Philippine peso)

		Years Ended December 31	
	Note(s)	**2014**	2013
INTEREST INCOME	*2,19*	**105,392**	248,233
LESS: ADMINISTRATIVE EXPENSES	*2,13*	**32,000**	16,000
NET INCOME BEFORE INCOME TAXES		**73,392**	232,233
TAX BENEFIT AND DEFERRED TAX	*2,6*		
Benefit from NOLCO		**9,600**	4,800
Deferred Tax Expense		**(69,063)**	(1,412,663)
NET INCOME (LOSS)		**13,929**	(1,175,630)
OTHER COMPREHENSIVE INCOME			
Changes in fair value of available for sale investment	*2,5*	**13,812,700**	282,532,500
TOTAL COMPREHENSIVE INCOME		**13,826,629**	281,356,870
EARNINGS PER SHARE	*2,14*	**11.74**	37.13

See accompanying Notes to Financial Statements.

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01 JUL 2015
LANDBANK MAKATI ATRIUM BR.
BIR 086 296

CHERRYGROVE HOLDINGS, INC.
STATEMENTS OF FINANCIAL POSITION
(in Philippine peso)

	Note(s)	December 31 **2014**	2013
ASSETS			
Current Assets			
Cash	2,4	**14,771,975**	14,698,583
Total Current Assets		**14,771,975**	14,698,583
NonCurrent Assets			
Available-for-Sale Investments	2,5	**421,915,200**	408,102,500
Deferred Tax Asset	2,6	**14,400**	4,800
Total NonCurrent Assets		**421,929,600**	408,107,300
		436,701,575	422,805,883
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accrued Expenses	2,7	**27,000**	27,000
Total Current Liabilities		**27,000**	27,000
NonCurrent Liabilities			
Advances from Shareholders	2,8	**140,014,341**	140,014,341
Deferred Tax Liability	2,10	**1,481,726**	1,412,663
Total NonCurrent Liabilities		**141,496,067**	141,427,004
Total Liabilities		**141,523,067**	141,454,004
Shareholders' Equity			
Capital Shares	2,11	**6,254**	6,254
Cumulative Effects of Changes in Fair Values	2,5	**296,345,200**	282,532,500
Cumulative Deficit		**(1,172,946)**	(1,186,875)
Total Shareholders' Equity		**295,178,508**	281,351,879
		436,701,575	422,805,883

See accompanying Notes to Financial Statements.

CHERRYGROVE HOLDINGS, INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(in Philippine peso)

	Note(s)	Capital Shares	Changes in Fair Value	Cumulative Deficit	Total
Balance at January 1, 2013	*2,11*	6,254		(11,245)	(4,991)
Change in Fair Value of Investment in Securities	*2,5*		282,532,500		282,532,500
Less: Net Loss				(1,175,630)	(1,175,630)
Balance at December 31, 2013		6,254	282,532,500	(1,186,875)	281,351,879
Balance at January 1, 2014	***2,11***	**6,254**	**282,532,500**	**(1,186,875)**	**281,351,879**
Change in Fair Value of Investment in Securities	***2,5***		**13,812,700**		**13,812,700**
Add: Net Income				**13,929**	**13,929**
Balance at December 31, 2014		**6,254**	**296,345,200**	**(1,172,946)**	**295,178,508**

See accompanying Notes to Financial Statements.

CHERRYGROVE HOLDINGS, INC.

STATEMENTS OF CASH FLOW

(in Philippine Peso)

		Years Ended December 31	
	Note(s)	**2014**	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income		**73,392**	232,233
Adjustments for:			
Interest Income	*2,19*	**(105,392)**	(248,233)
Operating income before working capital changes		**(32,000)**	(16,000)
Increase (decrease) in:			
Accrued Expenses	*2,7*	-	16,000
Cash used in operations		**(32,000)**	-
Interest received		**105,392**	248,233
Net Cash provided by operations		**73,392**	248,233
CASH FLOWS FROM FINANCING ACTIVITY			
Advances from Stockholders	*2,8*	-	140,014,341
Net cash used in investing activities		-	140,014,341
CASH FLOWS FROM INVESTING ACTIVITY			
Acquisition of available for sale investment	*2,5*		(125,570,000)
Net cash used in investing activities		-	(125,570,000)
NET INCREASE (DECREASE) IN CASH		**73,392**	14,692,574
CASH AT BEGINNING OF THE YEAR	*2,4*	**14,698,583**	6,009
CASH AT END OF THE YEAR	*2,4*	**14,771,975**	14,698,583

See accompanying Notes to Financial Statements.

1. Corporate Information

Cherrygrove Holdings, Inc. (the Company), was incorporated and registered with the Securities and Exchange Commission (SEC) as per Registration no. CS201215765 on September 11, 2012. The Company is a holding company with all the express powers of a corporation.

The primary purpose of the Company is to subscribe for, hold, assign, or otherwise dispose of property, including shares of stock, notes, and other securities of any corporation, to receive and dispose of the interest, dividends and income arising from such property, and to exercise in respect thereof all the rights, powers and privileges of ownership, including voting powers, without however engaging in business as an investment company under the Investment Company Act or a finance company or a dealer in securities or stocks, and only to hold the foregoing assets for purely investment purposes; to aid in any other manner any corporation any share of stock or other security of which are held by this corporation or in which it shall have interest, and to do any act designed to protect, preserve, improve or enhance the value of the property at any time held or controlled by this corporation.

The Company's registered office, which is also its principal place of business, is located at 17th Floor, Liberty Center, 104 H.V. dela Costa Street, Salcedo Village, Makati City

Status of Operations
The Company did not enter into any major or significant agreements that may create an impact on the financial statements. There are no material changes in the company policies and procedures.

The financial statements of the Company for the year ended December 31, 2014 (including the comparatives for the year ended December 31, 2013) were authorized for issue by the Board of Directors (BOD) on June 15, 2015.

2. Summary of Significant Accounting Policies

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

2.1 Basis of presentation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards

Council (FRSC) from the pronouncements issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial assets, property and equipment and investment property. The measurement bases are more fully described in the accounting policies that follow:

(b) Presentation of Financial Statements

The financial statements are presented in accordance with PAS 1 (Revised 2007), *Presentation of Financial Statements.* The Company presents all items of income and expenses in a single statement of comprehensive income. Two comparative periods are presented for the statement of financial position when the Company applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements, or reclassifies items in the financial statements.

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Company's functional presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

2.2 Adoption of New Interpretations, Revisions and Amendments of PFRS

In preparing these financial statements in accordance with PFRS, the Company has applied all mandatory exceptions and some of the optional exemptions from full retrospective application of the PFRS. However, there were no noted differences upon application of PFRS in the financial statements of the Company.

- PAS 1 : *Presentation of Financial Statements*
- PAS 7 : *Statement of Cash Flows*
- PAS 8 : *Accounting Policies, Changes in Accounting Estimates and Errors*
- PAS 10 : *Events after the Reporting Period*
- PAS 12 : *Income Taxes*
- PAS 18 : *Revenue*
- PAS 21 : *The Effects of Changes in Foreign Exchange Rates*
- PAS 23 : *Borrowing Costs*
- PAS 24 : *Related Party Disclosures*
- PAS 32 : *Financial Instruments: Disclosure and Presentation*
- PAS 33 : *Earnings per Share*
- PAS 34 : *Interim Financial Reporting*
- PAS 36 : *Impairment of Assets*
- PAS 37 : *Provision, Contingent Liabilities and Contingent Assets*

- PAS 39 : *Financial Instruments: Recognition and Measurement*
- PFRS 1 : *First-time Adoption of Philippine Financial Reporting Standards*
- PFRS 7 : *Financial Instruments: Disclosures*
- PFRS 9 : *Financial Instruments*
- PRFS 13 : *Fair Value Measurement*

- PAS 1, *Presentation of Financial Statements,* sets overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.

- PAS 7, *Statement of Cash Flows,* requires the provision of information about the historical changes in cash and cash equivalents of an entity by means of a statement of cash flows which classifies cash flows during the period from operating, investing and financing activities.

- PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors,* the objective of this standard is:

  a) to remove the allowed alternative to retrospective application of voluntary changes in accounting policies and retrospective restatement to correct prior periods;
  b) to eliminate the concept of a fundamental error;
  c) to articulate the hierarchy of guidance to which management refers, whose applicability it considers when selecting accounting policies in the absence of Standards and Interpretations that specifically apply; and
  d) to define material omissions or misstatements, and describe how to apply the concept of materiality when applying accounting policies and correcting error.

- PAS 10, *Events after the Reporting Period,* prescribes when an entity should adjust its financial statements for events after the reporting period and the disclosures that an entity should give about the date when the financial statements were authorized for issue and about events after the reporting period.

- PAS 12, *Income Taxes,* implements the balance sheet liability method of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test.

- PAS 18, *Revenue,* prescribes the accounting requirements for when to recognize revenue from the sale of goods, rendering of services, and for interest, royalties and dividends. Revenue is measured at the fair value of the consideration received or receivable and recognized when prescribed conditions are met, which depend on the nature of the revenue.

- PAS 21, *The Effects of Changes in Foreign Exchange Rates,* prescribes how to include foreign currency transactions and foreign operations in the financial statements of an entity and how to translate financial statements into a presentation currency. The standard excludes from its scope foreign currency derivatives that are within the scope of PFRS 9. Similarly, the material on hedge accounting has been moved to PAS 39, Financial Instruments – Recognition and Measurement.

- PAS 23, *Borrowing Costs,* prescribes the accounting treatment of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognized as an expense.

- PAS 24, *Related Party Disclosures,* requires a reporting entity to disclose transactions with its related parties and relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. Revised PAS 24, amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities.

- PAS 32, *Financial Instruments: Disclosure and Presentation,* establishes the principles for the presentation of financial instruments, particularly as to the classification of such instruments into financial assets, financial liabilities and equity instruments. The standard also provides guidance on the classification of related interest, dividends and gains/losses, and when financial assets and financial liabilities can be offset.

- PAS 33, *Earnings per Share,* prescribes principles for the determination and presentation of earnings per share, so as to improve performance comparisons between different entities in the same reporting period and between different reporting periods for the same entity.

- PAS 34, *Interim Financial Reporting,* prescribes the minimum content of an interim financial report and to prescribe the principles for recognition and measurement in complete or condensed financial statements for an interim period. This Standard does not mandate which entities should be required to publish interim financial reports, how frequently, or how soon after the end of an interim period. However, governments, securities regulators, stock exchanges, and accountancy bodies often require entities whose debt or equity securities are publicly traded to publish interim financial reports.

- PAS 36, *Impairment of Assets*, ensures that assets are carried at no more than their recoverable amount, and to define how recoverable amount is determined. It requires the recoverable amount of an asset to be measured whenever there is an indication that the asset may be impaired. PAS 36 applies to all assets except inventories, assets arising from construction contracts, deferred tax assets, assets arising from employee benefits, financial assets, investment property carried at fair value, agricultural assets carried at fair value, insurance contract assets, non-current assets held for sale.

- PAS 37, *Provision, Contingent Liabilities and Contingent Assets,* ensures that appropriate recognition criteria and measurement bases are applied to provisions, contingent liabilities and contingent assets and that sufficient information is disclosed in the notes to the financial statements to enable users to understand their nature, timing and amount.

The key principle established by the Standard is that a provision should be recognized only when there is a liability i.e. a present obligation resulting from past events. The Standard thus aims to ensure that only genuine obligations are dealt with in the financial statements – planned future expenditure, even where authorized by the board of directors or equivalent governing body, is excluded from recognition.

- PAS 39, *Financial Instruments: Recognition and Measurement,* outlines the requirements for the recognition and measurement of financial assets, financial liabilities, and some contracts to buy or sell non-financial items. Financial instruments are initially recognized when an entity becomes a party to the contractual provisions of the instrument, and are classified into various categories depending upon the type of instrument, which then determines the subsequent measurement of the instrument (typically amortized cost or fair value). Special rules apply to embedded derivatives and hedging instruments.

  Amendment to PAS 39 provides (a) additional guidance on determining whether loan prepayment penalties result in an embedded derivative that needs to be separated; (b) clarify that the scope exemption in PAS 39 paragraph 2(g) is restricted to forward contracts, i.e. not options, between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date within a reasonable period normally necessary to obtain any required approvals and to complete the transaction; and (c) clarify that the gains or losses on a cash flow hedge should be reclassified from other comprehensive income to profit or loss during the period that the hedged forecast cash flows impact profit or loss.

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards,* restructures the format of PFRS 1 without changing the standard's technical content. The revised version moves the exemptions and exceptions contained in the main body of PFRS to different appendices, and also removes PFRS 1 transitional provisions that are no longer considered relevant.

- PFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Liabilities* requires entity to disclose information about rights of set-off and related arrangements. The new disclosures are required for all recognized financial instruments that are subject to enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendment requires entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and liabilities recognized at the end of reporting period:

  a) The gross amounts of those recognized financial assets and liabilities;
  b) The amounts that are set-off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
  c) The net amounts presented in the statement of financial position;
  d) The amount subject to enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including;
     i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and

    ii. Amounts related to financial collateral (including cash collateral); and
  e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

  The amendment only affects disclosures and has no impact on the Company's financial statements.

- PFRS 13, *Fair Value Measurement* establishes a single source of guidance under PFRS for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted.

Improvements to PFRS

The omnibus amendment to PFRS contains non-urgent but necessary amendments to PFRSs. The amendments are effective for annual periods beginning on or after January 1, 2013 and are applied retrospectively.

- PFRS 1, *First-time Adoption of PFRS – Borrowing Costs*, clarifies that, upon adoption of PFRS, an entity that capitalized borrowing costs in accordance with its previous generally accepted accounting principles, may carry forward, without any adjustment, the amount previously capitalized in its opening statement of financial position at the date of transition. Subsequent to the adoption of PFRS, borrowing costs are recognized in accordance with PAS 23, Borrowing Costs.

- PAS 1, *Presentation of Financial Statements – Clarification of the Requirements for Comparative Information*, clarifies the requirements for comparative information that are disclose voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatements or reclassification of items in the financial statements. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. On the other hand, supporting notes on the third statement of financial position (mandatory when there is a retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements) are not required. The amendments affect disclosures only and have no impact on the Company's financial statements.

- PAS 32, *Financial Instruments: Presentation – Tax Effect of Distribution to Holders of Equity Instruments,* clarifies that income taxes relating to distributions to equity holders and to transaction costs of an equity transactions are accounted for in accordance with Pas 12, Income Taxes. The Company expects that this amendment will not have any impact on its financial statements.

New or Revised Standards, Amendments to Standards and Interpretations

A number of new standards, amendments to standards and interpretations are effective for

annual periods beginning after January 1, 2014, and have not been applied in preparing these financial statements. Except as otherwise indicated, the Company does not expect the adoption of these new and amended PFRS, PAS and Philippine Interpretations International Financial Reporting Interpretation Committee (IFRIC) to have significant impact on its financial statements.

The Company will adopt the following new or revised standards, amendments to standards and interpretations in the respective effective dates:

Adopted on January 1, 2014

- PAS 32, *Financial Instruments: Presentation – Offsetting Financial Assets and Liabilities* clarifies the meaning of "currently has a legal enforceable right to set-off' and the application of PAS 32 offsetting criteria to settlement systems which apply gross settlement mechanisms that are not simultaneous. While the amendment is expected not to have an impact on the net assets of the Company, any changes in offsetting is expected to impact leverage ratios and regulatory capital requirements. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014. The Company is currently assessing the impact of this Standard.

To be Adopted on January 1, 2015

- PFRS 9, *Financial Instruments: Classification and Measurements* reflects the first phase on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as define in PAS 39. The standard is effective for annual periods beginning on or before January 1, 2015. Work on impairment of financial instruments and hedge accounting is still ongoing, with a view to replacing PAS 39 in its entirety. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of Cherrygrove's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities. Cherrygrove will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

2.3 Financial Assets

Financial assets which are recognized when the Company becomes a party to the contractual terms of the financial instrument include cash and other financial instruments. Financial assets, other than hedging instruments, are classified into the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated at every reporting date at which date a choice of classification or accounting treatment is available, subject to compliance with specific provisions of applicable accounting standards.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid

investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of placement and that are subject to an insignificant risk of change in value.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at fair value through profit or loss are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at fair value through profit or loss, are initially recorded at fair value and transaction costs related to it are recognized in the profit or loss.

A more detailed description of the four categories of financial assets is as follows:

(a) Financial Assets at Fair Value through Profit or Loss

This category include financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through profit or loss upon initial recognition. All derivatives fall into this category, except for those designated and effective as hedging instruments. Assets in this category are classified as current if they are either held for trading or are expected to be realized within 12 months from the end of the reporting period.

Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. Financial assets (are derivatives and financial instruments original designated as financial assets at fair value through profit or loss) may be reclassified out of fair value through profit or loss category if they are no longer held for the purpose of being sold or repurchased in the near term.

The Company does not maintain any financial assets at fair value through profit and loss as of December 31, 2014 and 2013.

(b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This accounting policy relates to the statement of financial position caption "Loans receivable" which arise primarily from trade receivables, advances to employees and other non-current receivables. Receivables are classified as current when these are expected to be realized within one year after the reporting date or the Company's normal operating cycle, which is one year. All other receivables and advances are classified as noncurrent.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Any change in their value is recognized in profit or loss. Impairment loss is provided when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the asset carrying amount and the present value of estimated cash flows.

(c) Held-to-Maturity Investments

This category includes non-derivative financial assets with fixed or determinable payments and a fixed date of maturity that the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Held-to maturity investments are included in non-current assets under Financial Assets account in the statement of financial position, except those maturing within 12 months from the reporting period, which are presented as part of current assets.

Subsequent to initial recognition, the investments are measured at amortized cost using the effective interest method, less impairment losses, if any. Impairment loss, which is the difference between the carrying value and the present value of estimated cash flows of the investment, is recognized when there is objective evidence that the investment has been impaired. Any changes to the carrying amount of the investment, including impairment loss, are recognized in profit or loss.

The Company does not maintain held-to-maturity investments as of December 31, 2014 and 2013.

(d) Available-for-sale Financial Assets

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets under the Financial Assets account in the statement of financial position unless management intends to dispose of the investment within 12 months from the reporting period.

All available-for-sale financial assets are measured at fair value, unless otherwise disclosed, with changes in value recognized in other comprehensive income, net of any effects arising from arising taxes. When the assets is disposed of or is determined to be impaired the cumulative gain or loss recognized in other comprehensive income is reclassified from revaluation reserve to profit or loss and presented as a reclassification adjustments within other comprehensive income.

Reversal of impairment loss is recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

The Company available-for-sale investments as of December 31, 2014 and 2013 amounted to Php421,915,200 and Php408,102,500, respectively.

All income and expenses, including impairment losses, relating to financial assets that are recognized in the profit or loss are presented as part of Finance Costs or Finance Income in the statement of comprehensive income.

For investments that are actively traded in organized financial markets, fair value is determined by reference to stock exchange-quoted market bid prices at the close of business on the reporting

period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net assets base on the investment.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

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

De-recognition of financial assets occurs when the rights to receive cash flows from the financial instruments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

2.4 Financial Liabilities

Financial liabilities include interest-bearing loans and borrowing, trade and other payables and finance lease liabilities, due to related parties and other non-current liabilities, which are measured at amortized cost using the effective interest rate method.

Financial liabilities are recognized when the Company becomes a party to the contractual terms of the instrument. All interest-related charges are recognized as an expense in profit or loss under the caption Finance Costs in the statement of comprehensive income.

Interest-bearing loans and borrowings are raised for support of long-term funding of operations. They are recognized at proceeds received, net of direct issue costs.

Finance lease liabilities are measured at initial value less the capital element of lease repayments.

Trade payables are initially recognized at their fair value and subsequently measured at amortized cost.

Dividend distributions to shareholders are recognized as financial liabilities upon declaration by the Company.

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

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive operation.

The Company has not entered into any major financial, legal or business agreement aside from

the normal business transactions nor has it made any major commitments which affect the financial position or results of operations.

The Company does not have any pending legal or labor case which should result to additional liability or unrecorded expense.

Offsetting
Financial assets and liabilities are only offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.5 Provisions

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.6 Revenue and Expense Recognition

Revenue comprises of revenues from the sale of goods and the rendering of services measured by reference to the fair value of consideration received or receivable by the Company for goods and services rendered, excluding value-added tax (VAT) and trade discounts.

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Company; and the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized:

Rendering of Services
Rendering of services is generally recognized when the customer has approved the service that has been provided. When the outcome of the contract cannot be measured reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

Interest Income
Interest income on bank deposits is recognized on a time proportion basis, net of applicable final withholding tax.

Dividend Income
Dividend income is recognized when the Company's right to receive payment or dividend has been established and the amount can be reliably measured. It is included in other income in the statement of comprehensive income.

Expense Recognition
Expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions in assets or incurrence of liabilities that result in the decrease in equity, other than those relating to distributions to equity participants. Costs and expenses are recognized in the period these were incurred.

Administrative Expenses
These expenses constitute costs of administering the business day-to-day operation and are recognized when incurred and includes services and other fees and miscellaneous.

2.7 Foreign Currency Transactions

The accounting records of the Company are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income as part of income or loss from operations.

2.8 Employee Benefits

Philippine Accounting Standard Number 19 applies to all employee benefits including a retirement benefit plan. It also applies to enterprises where retirement benefit is mandated by law.

The Company has no employees as of December 31, 2014 and 2013. Therefore, the Company has no legal or constructive obligation on retirement. As provided in the provisions of Presidential Decree No. 422, retail, service and agricultural establishments or operations employing not more than 10 employees or workers are exempted from the coverage of the provisions for retirement.

2.9 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are attributable to the acquisition, construction or production or a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

2.10 Income Taxes

Current Income 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 tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred Income Tax
Deferred income tax liability is provided, using the statement of financial position liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

Deferred income tax assets and liabilities are measured at the tax rate 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.

2.11 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes any premium received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Treasury shares are stated at the cost of reacquiring such shares.

Revaluation reserves comprise gains and losses due to the revaluation of property and equipment and certain financial assets.

Retained earnings include all current and prior period results of operations as disclosed in the statement of comprehensive income.

2.12 Related Party Transactions and Relationships

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more of the intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

2.13 Earnings per share

Basic earnings per share amounts are calculated by dividing the net income attributable to ordinary equity holders of the Company by the weighted average number of an ordinary share outstanding, adjusted for any stock dividends declared during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding, adjusted for any stock dividends declared during the year plus weighted average number of ordinary shares that would be issued on the conversion of all the dilutive ordinary shares into ordinary shares.

The Company has no dilutive potential common shares as of December 31, 2014 and 2013.

2.14 Events after the Reporting Date

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Accounting Judgments and Estimates

The Company's financial statements prepared in accordance with PFRS require management to make judgments, estimates and assumptions that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results may ultimately differ from these estimates.

3.1 Judgments

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

(a) Classification of Financial Instruments

The Company exercises judgments in classifying a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, rather than its legal form, governs its classification in the statement of financial position.

The Company determines that the classification of financial instruments at initial recognition and re-evaluates this designation at every reporting date.

3.2 Estimates and Assumptions

The financial statements prepared in compliance with PRFS require management to make estimates and assumptions that affect amounts reported in the financial statements and related notes. The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

(a) Determination of Fair Value of Financial Assets and Liabilities

Where the fair value of financial instruments recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from the observable market where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors affect the reported fair value of financial instruments. The assumptions used to estimate the fair value of financial assets and liabilities are described in Note 15.

The carrying values of the Company's financial assets amounted to Php436,687,175 and Php422,801,083 as of December 31, 2014 and 2013, respectively, while the carrying values of financial liabilities amounted to Php140,041,341 both as of December 31, 2014 and 2013 (see Note 15).

(b) Impairment of Available-for-sale Financial Assets

No permanent decline in value on available-for-sale financial asset is recorded for the year 2014 and 2013. Unrealized gain of Php13,812,700 and Php282,532,500 on available-for-sale financial asset are recognized for the year ended December 31, 2014 and 2013.

(b) Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount 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 asset to be utilized. However, there is no absolute assurance that the Company will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

The Company's deferred tax asset – NOLCO is Php14,400 and PhP4,800 as of December 31, 2014 and 2013, respectively (see Note 6).

4. Cash

Cash include the following:

	2014	2013
Cash in Bank	**14,771,975**	14,698,583

Cash in banks generally earn interest at the respective rates based on daily bank deposit rates.

Interest income earned from savings account amounted to Php105,392 and PhP248,233 for the years ended December 31, 2014 and 2013, respectively.

5. Available-for-sale Financial Assets

Quoted available-for-sale financial assets mainly consist of investment in stocks of MJC Investments Corporation listed in the Philippines Stock Exchange (PSE) as follows:

	2014	2013
Quoted Available-for-sale financial assets	**125,570,000**	125,570,000
Unrealized fair value gain of AFS	**296,345,200**	282,532,500
	421,915,200	408,102,500

The Company recognized unrealized fair value gain in the statements of comprehensive operation.

The fair values of available-for-sale financial assets have been determined directly by reference to published prices in active markets.

These investments present the Company with opportunity for return through dividend income. Management intends to hold these investments for long term purposes.

Management believes that based on the assessment performed these investments are not impaired.

6. Deferred Tax Asset

This account refers to deferred tax of the Company arising from Net Operating Loss Carryover (NOLCO) details of NOLCO are as follows:

	Valid until	**2014**	2013
NOLCO-2013	2016	**4,800**	4,800
NOLCO-2014	2017	**9,600**	
		14,400	4,800

7. Accrued Expenses

The balance of accrued expense amounted to:

	2014	2013
Accrued Expenses	**27,000**	27,000

This account refers to accrual of services and other fees and is normally payable in 30 to 60 days.

The Company considers that the carrying amount of payables approximate their fair values since the above are short-term in nature.

8. Advances from Shareholders

The balance of advances from shareholders amounted to:

	2014	2013
Advances from Stockholders	**140,014,341**	140,014,341

This account refers to advances availed of from shareholders to finance the working capital requirements of the company which are unsecured and non-interest bearing.

The advances are non-collateral and non-interest bearing and will be settled in full with the shareholders concerned but there is no time frame set within which this amount should be paid (refer to Note 12).

9. Income Taxes

Computation of income tax is as follows:

	2014	2013
Income tax based on regular rate		
Income before tax expense	**73,392**	232,233
Less: Income subjected to final tax		
: Interest income	**(105,392)**	(248,233)
Loss	**(32,000)**	(16,000)
Tax rate	**30%**	30%
	(9,600)	(4,800)

Among the significant provisions and amendments of the National Internal Revenue Code (NIRC) that apply to the company are the following:

a) The Regular Corporate Income Tax (RCIT) rate of 30% is imposed on taxable income, net of applicable deductions;

b) Fringe benefits tax (same rate as the RCIT) is imposed on the grossed-up value of the benefits given by employers to their managerial and supervisory employees (final tax to be paid by the employer);

c) Minimum corporate income tax (MCIT) of 2% based on gross income, as defined under the Tax Code, is required to be paid starting on the fourth year from the date of registration with the Bureau of Internal Revenue (BIR) whenever the RCIT is lower than the MCIT. In the computation of the tax due for the taxable quarter, if the computed quarterly MCIT is higher than the quarterly normal income tax, the tax due to be paid for such taxable quarter at the time of filing the quarterly income tax return shall be the MCIT which is 2% of the gross income as of the end of the taxable quarter;

d) Net operating loss carryover (NOLCO) can be claimed as deduction against taxable income within three years after NOLCO is incurred;

e) The amount of interest expense allowed as income tax deduction is reduced by an amount equal to 33% of the interest income subjected to final tax;

f) Optional standard deduction (OSD) equivalent to 40% of gross income may be claimed as an alternative in computing the RCIT; and

g) The ceiling on the amount of entertainment, amusement and recreation (EAR) expense that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company is limited to actual EAR paid but not to exceed 1% of net revenue.

10. Deferred Tax Liability

This account refers to deferred tax charge on gain on change in fair value of available for sale financial assets amounting to:

	2014	2013
Deferred Tax Liability	**1,481,727**	1,412,663

Under Section 127(A) of the tax code, sale, barter, exchange or other disposition of shares of stock listed and traded through the Local Stock Exchange (LSE) other than the sale by a dealer in securities is exempt from capital gains tax and regular corporate income tax but subject to ½ of 1% percentage tax.

11. Capital Shares

The Company's authorized, subscribed and paid-up shares details as follows:

	2014		2013	
	Shares	Amount	Shares	Amount
Authorized shares	**100,000**	100,000	100,000	100,000
Subscribed shares	**25,000**	25,000	25,000	25,000
Subscription receivable	**(18,746)**	(18,746)	(18,746)	(18,746)
Net paid-up	**6,254**	6,254	6,254	6,254

The Company has six (6) shareholders as of December 31, 2014 and 2013.

12. Related Party Disclosures

Related party relationship exists when one party has the ability to control, directly or indirectly, the other party or to influence the other party in making financial and operating decision.

Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

Refer to Note 8 for breakdown of Advances from Shareholders.

Since the company has no employees, there were no compensation paid to the Company's key management personnel for the years ended December 31, 2014 and 2013.

13. Administrative Expenses

This account consists of:

	2014	2013
Service and other fees	**32,000**	15,000
Miscellaneous		1,000
	32,000	16,000

14. Earnings/(Loss) Per Share

The earnings/(loss) and share data used in the basic/diluted earnings/(loss) per share computations are as follows:

	2014	2013
Earnings/(Loss) per the year (a)	**73,392**	232,233
Weighted average number of outstanding common shares (b)	**6,254**	6,254
	11.74	37.13

15. Financial Assets and Liabilities

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements. There are no material unrecognized financial assets and liabilities as of December 31, 2014 and 2013:

	2014		2013	
	Carrying Amounts	**Fair Value**	Carrying Amounts	Fair Value
Assets				
Cash	**14,771,975**	**14,771,975**	14,698,583	14,698,583
Available for sale investments	**421,915,200**	**421,915,200**	408,102,500	408,102,500
	436,687,175	**436,687,175**	422,801,083	422,801,083
Liabilities				
Accrued expenses	**27,0000**	**27,000**	27,000	27,000
Advances from shareholders	**140,014,341**	**140,014,341**	140,014,341	140,014,341
	140,041,341	**140,041,341**	140,041,341	140,041,341

Current Assets and Liabilities

The carrying amounts of cash are assumed to approximate their fair values. This assumption is applied to liquid assets and the short-term elements of all financial assets.

The carrying amounts of accrued expenses approximate their fair values due to either the demand feature of the financial instruments or the relatively short-term maturities of these liabilities.

Non-Current Assets and Liabilities
Available for sale investments refers to quoted securities for which a reliable basis for fair value measurement is available and carried at cost, net of any impairment.

Advances from shareholders accounts approximate their fair values due to either the demand clause of the instrument or the nature of these liabilities.

16. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise of cash, available-for-sale investments, accrued expense and advances from shareholders. The main purpose of the financial instruments is to fund the Company's operations. The main risks arising from the use of financial instruments are credit risk, interest rate risk and liquidity risk. The Company's BOD reviews and approves the policies for managing each of these risks and they are summarized in the following pages.

Credit Risk
Credit risk represents the loss that the Company would incur if counterparty failed to perform its contractual obligations. The Company trades only with recognized and creditworthy third parties. It is the Company's policy that all credit is subject to credit verification procedures.

The credit risk arising from these financial assets arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments. The table below shows the maximum exposure to credit risk for the component of the statement of financial position:

	Gross Maximum Exposure	
	2014	2013
Cash		
In bank	**14,771,975**	14,698,583
Available-for-sale financial asset	**421,915,200**	408,102,500
	436,687,175	422,801,083

Accordingly, the Company has assessed the credit quality of the following financial assets:

- Cash is classified as "high grade" since cash in bank is placed in high profile banking institutions with good credit rating and bank standing
- Cherrygrove rates credit quality of available for sale investments as standard because the counterparties have an average credit risk rating.

The credit quality of the financial assets of the Company's is as follows:

2014:

	Neither Past Due nor Impaired		
	High Grade	**Standard**	**Total**
Cash	**14,771,975**		**14,771,975**
Available for sale financial asset		**421,915,200**	**421,915,200**
	14,771,975	**421,915,200**	**436,687,175**

2013:

	Neither Past Due nor Impaired		
	High Grade	Standard	Total
Cash	14,698,583		14,698,583
Available for sale financial asset		408,102,500	408,102,500
	14,698,031	408,099,250	422,801,083

There are no significant concentrations of credit risk within the Company's accounts.

Interest Rate Risk

The company's exposure to the risk of changes in market interest rates relates primarily to receivable from and payable to related parties. The company, through its competencies in managing debt receivables and obligations, transacts with debtor and creditor to ensure the most advantageous terms and to reduce exposure to risk of changes in market interest rates. Table summary for accounts with exposure on interest risks is as follows:

	2014	2013
Asset		
Cash	**14,771,975**	14,698,583
Liability		
Advances from shareholders	**140,014,341**	140,014,341
	154,786,316	154,712,924

Liquidity Risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet the commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of contractual obligation; or inability to generate cash inflows as anticipated.

The Company seeks to manage its liquidity profile to be able to finance maturing debts. To cover its operating requirements and payment of debts, the Company intends to obtain advances from shareholders. This tool considers the maturity of both the Company's financial investments and financial assets.

The following table presents the financial assets and financial liabilities as of December 31, 2014 and 2013 analyzed according to when they are expected to be recovered or settled within one year and beyond one year from reporting dates:

	Due Within One Year	Due Beyond One Year	Total
Financial Assets			
Current Asset			
Cash in bank	14,771,975		14,771,975
Non-current Asset			
Available for sale financial asset		421,915,200	421,915,200
	14,771,975	421,915,200	436,687,175
Financial Liabilities			
Current Liabilities			
Accrued expenses	27,000		27,000
Non-current Liabilities			
Advances from shareholders		140,014,341	140,014,341
	27,000	140,014,341	140,041,341

The Company's current financial assets as of December 31, 2014 exceed its current financial liabilities by the amount of Php296,645,834. While in 2013, the Company's current financial liabilities exceed its current asset by the amount of Php282,759,942, thus, the Company has minimal exposure to liquidity risk. The Company's shareholders committed to support the Company's future activities where the Company may obtain advances. The Company also maintains active credit facilities with creditors and banks to increase availability of funds. Furthermore, the company manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility. Treasury procedures and controls are in place to ensure that sufficient cash is maintained to cover operational and working capital requirements. Management closely monitors future and contingent obligations of the entity.

17. Capital Management

The primary objective of the Company's management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it and profiles from capital ratio are set in light of changes in economic conditions and the risks underlying the Company's business operations and industry. To adjust the capital structure, the company may issue new shares through subscription of shares by the shareholders. No changes were made in the objectives, policies or processes in 2014 and 2013.

The Company considers its total equity reflected in the statements of financial position as its capital. The Company monitors its use of capital and the Company's adequacy by using leverage ratios on both debt (total debt/total equity) and gearing ratio (net debt/equity). Included

VI. All other local and national taxes

No other local and national taxes have been paid by the Company during the year.

VII. Withholding taxes

Since the Company has no employee, it has no transaction subject to withholding tax on compensation, expanded withholding tax, fringe benefit tax and final withholding tax for year ended December 31, 2014.

VIII. Tax assessment

The Company has no pending Letter of Authority (LOA) issued by the Bureau of Internal Revenue.

19. Supplementary Information Required by RR 19-2011

RR No. 19-2011 prescribes the BIR forms and modifies Revenue Memorandum Circular No. 57-2011. The revenue regulation is effective for all taxpayers required to file their income tax returns under section 51(A)(1) of the Tax Code, and are not required to file under section 51(A)(2) but who nevertheless opted to do so.

The amounts of taxable revenues and income, and deductible costs and expenses presented below, are based on relevant tax regulations issued by the BIR.

a) Revenues

The Company has no revenues for the year ended December 31, 2014 and 2013.

b) Direct operating expenses

The Company has no direct operating expenses for the year ended December 31, 2014 and 2013.

c) Non-operating and taxable other income

The Company's non-operating income are unrealized fair value gain and interest income amounting to Php13,812,700 and PhP105,392 during the year ended December 31, 2014. Unrealized fair value gain is not subject to both final tax and income tax while interest income is subject to final tax and is not subject to income tax.

d) Itemized deductions

This account consists of:

	2014	2013
Service and other fees	**32,000**	15,000
Miscellaneous		1,000
	32,000	16,000

e) Other information

All other information prescribed to be disclosed by the BIR have been included in the Note.

as total debt are all current and noncurrent liabilities. Net debt means total debt less cash. Equity pertains to total equity as shown in the statement of financial position.

	2014	2013
Accrued expenses	**27,000**	27,000
Advances from shareholders	**140,014,341**	140,014,341
Total Liabilities (a)	**140,041,341**	140,041,341
Total Equity (c)	**295,178,507**	281,351,879
Debt to equity ratio (a/c)	**0.47**	0.50

Net debt (a)	**140,014,341**	140,041,341
Cash	**14,771,975**	14,698,031
Total Capital (b)	**154,786,316**	154,739,372
Gearing ratio (a/b)	**0.9046**	0.9050

The Company has no externally imposed capital requirement.

18. Taxes

Revenue Regulation (RR) No. 15-2010 prescribes the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. It requires disclosures of taxes, duties and licenses fees paid or accrued during the year.

Below are additional information required by RR No. 15-2010. These information are presented for purposes of filing with the Bureau of Internal Revenue (BIR) and are not a required part of the basic financial statements.

I. Output value-added tax (VAT)
The Company has no revenues subject to output tax for the year ended December 31, 2014.

II. Input VAT
The Company has no expenses subject to input tax for the year ended December 31, 2014.

III. Importations
The Company does not have any transaction requiring import entries, landed costs, duties and tariffs in 2014.

IV. Excise Tax
The Company has no transaction involving excise tax for 2013.

V. Documentary stamp tax (DST)
Cherrygrove has no transaction involving documentary stamp tax for 2013.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	2	1	5	7	6	0

Company Name

MULBERRY ORCHID HOLDINGS INC.

Principal Office (No./Street/Barangay/City/Town)Province)

17TH FLOOR LIBERTY CENTER 104
H.V. DELA COSTA ST. SALCEDO
VILLAGE MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS		NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	0 2 8 8 8 0 9 99	N A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
	4/7/2014	12/31

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
GABRIEL DEE		8 8 8 0 999	

Contact Person's Address

17TH/F LIBERTYCTR SALCEDO VIL.

Note: In case of death, resgination 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.

MULBERRY ORCHID HOLDINGS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **MULBERRY ORCHID HOLDINGS, INC.** is responsible for the preparation and fair presentation of the financial statements for the year ended **December 31, 2014**, in accordance with the prescribed financial reporting framework indicated therein. The 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 or Trustees reviews and approves the financial statements and submit the same to the stockholders or members.

Loville Bernales Balgos, 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 report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such examination.

GABRIEL A. DEE
Chairman of the Board & President

RHODA A. ROQUE
Treasurer

01 JUL 2015
LANDBANK MAKATI ATRIUM BR.

Loville Bernales Balgos
CERTIFIED PUBLIC ACCOUNTANT

18 San Francisco St., Karuhatan,
Valenzuela City 1441 Philippines
Telefax (02) 292 61 37
Celphone (0917) 857 05 81
Email l_balgos@yahoo.com

INDEPENDENT AUDITOR'S REPORT

The Shareholders and the Board of Directors
Mulberry Orchid Holdings, Inc.
17th Floor, Liberty Center,
104 H.V. dela Costa Street,
Salcedo Village, Makati City, Metro Manila

I have audited the accompanying financial statements of **Mulberry Orchid Holdings, Inc.**, which comprise the statement of financial position as at December 31, 2014, and the related statement of comprehensive operation, statement of changes in shareholders' equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statement of the company as of December 31, 2013, was unaudited.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards for Small Medium-Sized Entities; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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

03 JUL 2015
LANDBANK MAKATI ATRIUM BR.
BIR 086 296

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 financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of **Mulberry Orchid Holdings, Inc.** as at December 31, 2014, and of its financial performance and its cash flow for the year then ended in accordance with Philippine Financial Reporting Standards for Small Medium-Sized Entities.

LOVILLE B. BALGOS
CPA Reg. No. 108875
TIN 179 571 645
PTR No. 3404510, Jan. 29, 2015, Valenzuela City
PRC-BOA Reg. No. 2403 (valid until December 31, 2017)
CDA CEA No. 0437 (valid until March 2, 2017)
BIR Tax Practitioner Acc. No. 05-004168-001-2013 (valid until July 31, 2016)

June 16, 2015
Valenzuela City

Loville Bernales Balgos
CERTIFIED PUBLIC ACCOUNTANT

18 San Francisco St., Karuhatan,
Valenzuela City 1441 Philippines
Telefax (02) 292 61 37
Celphone (0917) 857 05 81
Email l_balgos@yahoo.com

SUPPLEMENTAL WRITTEN STATEMENT OF EXTERNAL AUDITOR

The Shareholders and the Board of Directors
Mulberry Orchid Holdings, Inc.
17th Floor, Liberty Center, 104 H.V. dela Costa Street,
Salcedo Village, Makati City

I have examined the financial statements of **Mulberry Orchid Holdings, Inc.** for the year ended December 31, 2014, on which I have rendered the attached report dated June 16, 2015.

In compliance with SRC Rule 68, I am stating that the company has a total number of two (2) stockholders owning one hundred (100) or more shares each, and four (4) stockholders owning one (1) share each.

LOVILLE B. BALGOS
CPA Reg. No. 108875
TIN 179 571 645
PTR No. 3404510, Jan. 29, 2015, Valenzuela City
PRC-BOA Reg. No. 2403 (valid until December 31, 2017)
CDA CEA No. 0437 (valid until March 2, 2017)
BIR Tax Practitioner Acc. No. 05-004168-001-2013 (valid until July 31, 2016)

June 16, 2015
Valenzuela City

MULBERRY ORCHID HOLDINGS, INC.

STATEMENTS OF COMPREHENSIVE INCOME

(in Philippine peso)

		Years Ended December 31	
	Note(s)	**2014**	2013
INTEREST INCOME	*2,17*	**49,044**	90,254
LESS: ADMINISTRATIVE EXPENSES	*2,13*	**37,051**	16,340
NET INCOME BEFORE INCOME TAXES		**11,994**	73,914
TAX BENEFIT AND DEFERRED TAX	*2,6*		
Benefit from NOLCO		**11,115**	4,902
Deferred Tax Expense		**(33,707)**	(689,456)
NET INCOME (LOSS)		**(10,598)**	(610,640)
OTHER COMPREHENSIVE INCOME			
Changes in fair value of available for sale investment	*2,5*	**6,741,350**	137,891,250
TOTAL COMPREHENSIVE INCOME		**6,730,752**	137,280,610
EARNINGS PER SHARE	*2,14*	**1.92**	11.82

See accompanying Notes to Financial Statements.

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MULBERRY ORCHID HOLDINGS, INC.
STATEMENTS OF FINANCIAL POSITION
(in Philippine peso)

	Note(s)	December 31 **2014**	2013
ASSETS			
Current Assets			
Cash	2,4	**18,832,259**	78,815,265
Total Current Assets		**18,832,259**	78,815,265
NonCurrent Assets			
Available-for-Sale Investments	2,5	**205,917,600**	199,176,250
Deferred Tax Asset	2,6	**16,017**	4,902
Total NonCurrent Assets		**205,933,617**	199,181,152
		224,765,876	277,996,417
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accrued Expenses	2,7	**32,000**	27,000
Total Current Liabilities		**32,000**	27,000
NonCurrent Liabilities			
Advances from Shareholders	2,8	**80,004,341**	140,004,341
Deferred Tax Liability	2,10	**723,163**	689,456
Total NonCurrent Liabilities		**80,727,504**	140,693,797
Total Liabilities		**80,759,504**	140,720,797
Shareholders' Equity			
Capital Shares	2,11	**6,255**	6,255
Cumulative Effects of Changes in Fair Values	2,5	**144,632,600**	137,891,250
Cumulative Deficit		**(632,483)**	(621,885)
Total Shareholders' Equity		**144,006,372**	137,275,620
		224,765,876	277,996,417

See accompanying Notes to Financial Statements.

MULBERRY ORCHID HOLDINGS, INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(in Philippine peso)

	Note(s)	Capital Shares	Changes in Fair Value	Cumulative Deficit	Total
Balance at January 1, 2013	*2,11*	6,255		(11,245)	(4,990)
Change in Fair Value of Investment in Securities	*2,5*		137,891,250		137,891,250
Less: Net Loss				(610,640)	(610,640)
Balance at December 31, 2013		6,255	137,891,250	(621,885)	137,275,620
Balance at January 1, 2014	***2,11***	**6,255**	**137,891,250**	**(621,885)**	**137,275,620**
Change in Fair Value of Investment in Securities	***2,5***		**6,741,350**		**6,741,350**
Add: Net Income				**(10,598)**	**(10,598)**
Balance at December 31, 2014		**6,255**	**144,632,600**	**(632,483)**	**144,006,372**

See accompanying Notes to Financial Statements.

MULBERRY ORCHID HOLDINGS, INC.

STATEMENTS OF CASH FLOWS

(in Philippine Peso)

		Years Ended December 31	
	Note(s)	**2014**	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income		**11,994**	73,914
Adjustments for:			
Interest Income	*2,17*	**(49,044)**	(90,254)
Operating income before working capital changes		**(37,051)**	(16,340)
Increase (decrease) in:			
Accrued Expenses	*2,7*	**5,000**	16,000
Cash used in operations		**(32,051)**	(340)
Interest received		**49,044**	90,254
Net Cash provided by operations		**16,994**	89,914
CASH FLOWS FROM FINANCING ACTIVITY			
Advances from Stockholders	*2,8*	**(60,000,000)**	140,004,341
Net cash used in investing activities		**(60,000,000)**	140,004,341
CASH FLOWS FROM INVESTING ACTIVITY			
Acquisition of available for sale investment	*2,5*		(61,285,000)
Net cash used in investing activities		-	(61,285,000)
NET INCREASE (DECREASE) IN CASH		**(59,983,006)**	78,809,255
CASH AT BEGINNING OF THE YEAR	*2,4*	**78,815,265**	6,010
CASH AT END OF THE YEAR	*2,4*	**18,832,259**	78,815,265

See accompanying Notes to Financial Statements.

1. Corporate Information

Mulberry Orchid Holdings, Inc., was incorporated and registered with the Securities and Exchange Commission (SEC) as per Registration no. CS201215760 on September 11, 2012. The Company is a holding company with all the express powers of a corporation.

The primary purpose of this Corporation is to subscribe for, hold, assign, or otherwise dispose of property, including shares of stock, notes, and other securities of any corporation, to receive and dispose of the interest, dividends and income arising from such property, and to exercise in respect thereof all the rights, powers and privileges of ownership, including voting powers, without however engaging in business as an investment company under the Investment Company Act or a finance company or a dealer in securities or stocks, and only to hold the foregoing assets for purely investment purposes; to aid in any other manner any corporation any share of stock or other security of which are held by this corporation or in which it shall have interest, and to do any act designed to protect, preserve, improve or enhance the value of the property at any time held or controlled by this corporation.

Its principal office and registered address is at 17^{th} Floor, Liberty Center, 104 H.V dela Costa Street, Salcedo Village, Makati City.

Status of Operations
The Company did not enter into any major or significant agreements that may create an impact on the financial statements. There are no material changes in the company policies and procedures.

The financial statements of the Company for the year ended December 31, 2014 was authorized for issue by the Board of Directors (BOD) on May 16, 2015.

2. Summary of Significant Accounting Policies

The financial statement prepared by **Mulberry Orchid Holdings, Inc.** in accordance with the 'PFRS for Small and Medium-sized Entities' issued by the Philippine Accounting Standards Board. These principal accounting policies applied in the preparation of these financial statements are summarized below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of presentation

The financial statements of the Company have been prepared on the historical cost convention and are presented in the Philippine Pesos, which is the Company's functional and presentation currency. All values represent absolute amounts except when otherwise indicated.

The preparation of financial statements in conformity with the PFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies.

2.2 *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Philippine Peso' (PHP), which is the company's functional and the presentation currency.

2.3 *Basic Financial Instruments*

Basic financial instruments are initially recognized at the transaction price, including transaction costs (except if measured at fair value through profit or loss). However, if the acquisition or issuance involves a financing transaction, initial measurement is at the present value of future cash payments discounted at a market rate of interest for a similar instrument.

Subsequent to initial recognition, basic financial instruments are measured as follows:

- Debt instruments at amortized cost using the effective interest method;
- Commitments to receive a loan that are within the scope of this section, at cost (if any) less impairment; and
- Investments in non-convertible and non-puttable shares at fair value if it is reliably measurable, otherwise at cost less impairment.

Amortized cost is the present value of the financial instrument's future cash flows discounted at the effective interest rate (i.e. the rate that initially discounts estimated future cash flows to the initial carrying amount of the instrument). The interest expense (income) recognized in a period is the carrying amount at the beginning of the period multiplied by the effective interest rate for the period.

Financial assets and financial liabilities with no stated interest rate and that are classified as current are initially measured at an undiscounted amount.

Financial instruments measured at cost or amortized cost must be assessed for impairment at the end of each reporting period.

An impairment loss is reversed if the amount of the impairment loss decreased and the decrease can be related objectively to an event occurring after the impairment was recognized. A reversal should not result in a carrying amount that is greater than what it would have been had no impairment been recognized.

When estimating fair value the following hierarchy is used:

- Quoted price for an identical asset in an active market;
- A recent transaction price; and
- A valuation technique.

Financial assets are derecognized when:

- The contractual rights to the cash flows expire or are settled;
- Substantially all the risks and rewards of ownership have been transferred; or
- Despite retaining some risks and rewards, control of the financial asset has been transferred and the other part has the practical ability to sell the asset in its entirety without needing to impose additional restrictions on the transfer.

Any rights and obligations retained or created in a transfer that qualifies for derecognition are recognized separately.

Financial liabilities are derecognized only when the obligation is discharged, cancelled or expires.

2.4 *Cash and cash equivalents*

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.5 *Borrowings*

Borrowings are recognized initially at the transaction price (that is, the present value of cash payable to the bank, including transaction costs). Borrowings are subsequently stated at amortized cost. Interest expense is recognized on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2.6 *Trade Payables*

Trade payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

2.7 *Provisions*

Provisions for restructuring costs and legal claims are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

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

2.8 *Employee Benefits*

Philippine Accounting Standard Number 19 applies to all employee benefits including a retirement benefit plan. It also applies to enterprises where retirement benefit is mandated

by law.

The Company has no employees as of December 31, 2014 and 2013. Therefore, the Company has no legal or constructive obligation on retirement. As provided in the provisions of Presidential Decree No. 422, retail, service and agricultural establishments or operations employing not more than 10 employees or workers are exempted from the coverage of the provisions for retirement.

2.9 Share capital

Ordinary shares are classified as equity.

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

2.10 Retained Earnings

Retained earnings (deficit) include all current and prior period results as disclosed in the statement of income.

2.11 Revenue and Cost Recognition

Revenue comprises of revenues from the sale of goods and the rendering of services measured by reference to the fair value of consideration received or receivable by the Company for goods and services rendered, excluding value-added tax (VAT) and trade discounts.

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Company; and the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized:

Rendering of Services
Rendering of services is generally recognized when the customer has approved the service that has been provided. When the outcome of the contract cannot be measured reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

Interest Income
Interest income on bank deposits is recognized on a time proportion basis, net of applicable final withholding tax.

Dividend Income
Dividend income is recognized when the Company's right to receive payment or dividend has been established and the amount can be reliably measured. It is included in other income in the statement of comprehensive income.

Expense Recognition
Expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions in assets or incurrence of liabilities that result in the decrease in equity,

other than those relating to distributions to equity participants. Costs and expenses are recognized in the period these were incurred.

Administrative Expenses
These expenses constitute costs of administering the business day-to-day operation and are recognized when incurred and includes services and other fees and miscellaneous.

2.12 Current and Deferred Income Tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except that a change attributable to an item of income or expense recognized as other comprehensive income is also recognized directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the country where the Company operates and generates taxable income.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

2.13 Dividend distribution

Dividend distribution to the company's shareholders is recognized as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

2.14 Related Party Transactions and Relationships

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more of the intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

2.15 Earnings per share

Basic earnings per share amounts are calculated by dividing the net income attributable to ordinary equity holders of the Company by the weighted average number of an ordinary share outstanding, adjusted for any stock dividends declared during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to

ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding, adjusted for any stock dividends declared during the year plus weighted average number of ordinary shares that would be issued on the conversion of all the dilutive ordinary shares into ordinary shares.

The Company has no dilutive potential common shares as of December 31, 2014 and 2013.

2.16 Events after the Reporting Date

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Accounting Judgments and Estimates

The Company's financial statements prepared in accordance with PFRS require management to make judgments, estimates and assumptions that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results may ultimately differ from these estimates.

3.1 Judgments

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

(a) Classification of Financial Instruments

The Company exercises judgments in classifying a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, rather than its legal form, governs its classification in the statement of financial position.

The Company determines that the classification of financial instruments at initial recognition and re-evaluates this designation at every reporting date.

3.2 Estimates and Assumptions

The financial statements prepared in compliance with PRFS require management to make estimates and assumptions that affect amounts reported in the financial statements and related notes. The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

(a) Determination of Fair Value of Financial Assets and Liabilities

Where the fair value of financial instruments recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from the observable market where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors affect the reported fair value of financial instruments. The assumptions used to estimate the fair value of financial assets and liabilities are described in Note 15.

The carrying values of the Company's financial assets amounted to Php224,749,859 and Php277,991,515 as of December 31, 2014 and 2013, respectively, while the carrying values of financial liabilities amounted to Php80,036,341 and Php140,031,341 as of December 31, 2014 and 2013, respectively (see Note 15).

(b) Impairment of Available-for-sale Financial Assets

No permanent decline in value on available-for-sale financial asset is recorded for the year 2014 and 2013. Unrealized gain of Php6,741,350 and Php137,891,250 on available-for-sale financial asset are recognized for the year ended December 31, 2014 and 2013.

(b) Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount 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 asset to be utilized. However, there is no absolute assurance that the Company will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

The Company's deferred tax asset – NOLCO is Php16,017 and PhP4,902 as of December 31, 2014 and 2013, respectively (see Note 6).

4. Cash

Cash include the following:

	2014	2013
Cash in Bank	**18,832,259**	78,815,265

Cash in banks generally earn interest at the respective rates based on daily bank deposit rates.

Interest income earned from savings account amounted to Php49,044 and Php90,254 for the years ended December 31, 2014 and 2013, respectively.

5. Available-for-sale Financial Assets

Quoted available-for-sale financial assets mainly consist of investment in stocks of MJC Investments Corporation listed in the Philippines Stock Exchange (PSE) as follows:

	2014	2013
Quoted Available-for-sale financial assets	**61,285,000**	61,285,000
Unrealized fair value gain of AFS	**144,632,600**	137,891,250
	205,917,600	199,176,250

The Company recognized unrealized fair value gain in the statements of comprehensive operation.

The fair values of available-for-sale financial assets have been determined directly by reference to published prices in active markets.

These investments present the Company with opportunity for return through dividend income. Management intends to hold these investments for long term purposes.

Management believes that based on the assessment performed these investments are not impaired.

6. Deferred Tax Asset

This account refers to deferred tax of the Company arising from Net Operating Loss Carryover (NOLCO) details of NOLCO are as follows:

	Valid until	2014	2013
NOLCO-2013	2016	**4,902**	4,902
NOLCO-2014	2017	**11,115**	
		16,017	4,902

7. Accrued Expenses

The balance of accrued expense amounted to:

	2014	2013
Accrued Expenses	**32,000**	27,000

This account refers to accrual of services and other fees and is normally payable in 30 to 60 days.

The Company considers that the carrying amount of payables approximate their fair values since the above are short-term in nature.

8. Advances from Shareholders

The balance of advances from shareholders amounted to:

	2014	2013
Advances from Stockholders	**80,004,341**	140,004,341

This account refers to advances availed of from shareholders to finance the working capital requirements of the company which are unsecured and non-interest bearing.

The advances are non-collateral and non-interest bearing and will be settled in full with the shareholders concerned but there is no time frame set within which this amount should be paid (refer to Note 12).

9. Income Taxes

Computation of income tax is as follows:

	2014	2013
Income tax based on regular rate		
Income before tax expense	**11,994**	73,914
Less: Income subjected to final tax		
: Interest income	**(49,044)**	(90,254)
Loss	**(37,051)**	(16,340)
Tax rate	**30%**	30%
	(11,115)	(4,902)

Among the significant provisions and amendments of the National Internal Revenue Code (NIRC) that apply to the company are the following:

a) The Regular Corporate Income Tax (RCIT) rate of 30% is imposed on taxable income, net of applicable deductions;

b) Fringe benefits tax (same rate as the RCIT) is imposed on the grossed-up value of the benefits given by employers to their managerial and supervisory employees (final tax to be paid by the employer);

c) Minimum corporate income tax (MCIT) of 2% based on gross income, as defined under the Tax Code, is required to be paid starting on the fourth year from the date of registration with the Bureau of Internal Revenue (BIR) whenever the RCIT is lower than the MCIT. In the computation of the tax due for the taxable quarter, if the computed quarterly MCIT is higher than the quarterly normal income tax, the tax due to be paid for such taxable quarter at the time of filing the quarterly income tax return shall be the MCIT which is 2% of the gross income as of the end of the taxable quarter;

d) Net operating loss carryover (NOLCO) can be claimed as deduction against taxable income within three years after NOLCO is incurred;

e) The amount of interest expense allowed as income tax deduction is reduced by an

amount equal to 33% of the interest income subjected to final tax;

f) Optional standard deduction (OSD) equivalent to 40% of gross income may be claimed as an alternative in computing the RCIT; and

g) The ceiling on the amount of entertainment, amusement and recreation (EAR) expense that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company is limited to actual EAR paid but not to exceed 1% of net revenue.

10. Deferred Tax Liability

This account refers to deferred tax charge on gain on change in fair value of available for sale financial assets amounting to:

	2014	2013
Deferred Tax Liability	**723,163**	689,456

Under Section 127(A) of the tax code, sale, barter, exchange or other disposition of shares of stock listed and traded through the Local Stock Exchange (LSE) other than the sale by a dealer in securities is exempt from capital gains tax and regular corporate income tax but subject to ½ of 1% percentage tax.

11. Capital Shares

The Company's authorized, subscribed and paid-up shares details as follows:

	2014		2013	
	Shares	Amount	Shares	Amount
Authorized shares	**100,000**	100,000	100,000	100,000
Subscribed shares	**25,000**	25,000	25,000	25,000
Subscription receivable	**(18,745)**	(18,745)	(18,745)	(18,745)
Net paid-up	**6,255**	6,255	6,255	6,255

The Company has six (6) shareholders as of December 31, 2014 and 2013.

12. Related Party Disclosures

Related party relationship exists when one party has the ability to control, directly or indirectly, the other party or to influence the other party in making financial and operating decision.

Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

Refer to Note 8 for breakdown of Advances from Shareholders.

Since the company has no employees, there were no compensation paid to the Company's key management personnel for the years ended December 31, 2014 and 2013.

13. Administrative Expenses

This account consists of:

	2014	2013
Service and other fees	**37,001**	15,000
Miscellaneous	**50**	1,000
	37,051	16,000

14. Earnings/(Loss) Per Share

The earnings/(loss) and share data used in the basic/diluted earnings/(loss) per share computations are as follows:

	2014	2013
Earnings per the year (a)	**11,994**	73,914
Weighted average number of outstanding common shares (b)	**6,255**	6,255
	1.92	11.82

15. Capital Management

The Company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

As of December 31, 2014, the Company's cash and financial asset at fair value through profit or loss are Php18,832,259 and Php205,917,600, respectively; while as of December 31, 2013, these were Php78,815,265 and Php199,176,250, respectively.

The Company has no revenue from its commercial operations.

16. Taxes

Revenue Regulation (RR) No. 15-2010 prescribes the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. It requires disclosures of taxes, duties and licenses fees paid or accrued during the year.

Below are additional information required by RR No. 15-2010. These information are presented for purposes of filing with the Bureau of Internal Revenue (BIR) and are not a required part of the basic financial statements.

I. Output value-added tax (VAT)
The Company has no revenues subject to output tax for the year ended December 31, 2014.

II. Input VAT
The Company has no expenses subject to input tax for the year ended December 31, 2014.

III. Importations
The Company does not have any transaction requiring import entries, landed costs, duties and tariffs in 2014.

IV. Excise Tax
The Company has no transaction involving excise tax for 2013.

V. Documentary stamp tax (DST)
Mulberry Orchid has no transaction involving documentary stamp tax for 2013.

VI. All other local and national taxes
No other local and national taxes have been paid by the Company during the year.

VII. Withholding taxes
Since the Company has no employee, it has no transaction subject to withholding tax on compensation, expanded withholding tax, fringe benefit tax and final withholding tax for year ended December 31, 2014.

VIII. Tax assessment
The Company has no pending Letter of Authority (LOA) issued by the Bureau of Internal Revenue.

17. Supplementary Information Required by RR 19-2011

RR No. 19-2011 prescribes the BIR forms and modifies Revenue Memorandum Circular No. 57-2011. The revenue regulation is effective for all taxpayers required to file their income tax returns under section 51(A)(1) of the Tax Code, and are not required to file under section 51(A)(2) but who nevertheless opted to do so.

The amounts of taxable revenues and income, and deductible costs and expenses presented below, are based on relevant tax regulations issued by the BIR.

a) Revenues
The Company has no revenues for the year ended December 31, 2014 and 2013.

b) Direct operating expenses

The Company has no direct operating expenses for the year ended December 31, 2014 and 2013.

c) Non-operating and taxable other income
The Company's non-operating income are unrealized fair value gain and interest income amounting to Php6,741,350 and PhP49,044 during the year ended December 31, 2014. Unrealized fair value gain is not subject to both final tax and income tax while interest income is subject to final tax and is not subject to income tax.

d) Itemized deductions
This account consists of:

	2014	2013
Service and other fees	**37,051**	15,000
Miscellaneous		1,340
	37,051	16,340

e) Other information
All other information prescribed to be disclosed by the BIR have been included in the Note.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	2	1	5	7	5	8

Company Name

ONE WISTERIA HOLDINGS, INC.

Principal Office (No./Street/Barangay/City/Town)Province)

17TH FLOOR LIBERTY CENTER 104
H.V. DELA COSTA ST. SALCEDO
VILLAGE MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS		NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	0288809 99	N A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
	4/7/2014	12/31

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
GABRIEL DEE		8880 999	

Contact Person's Address

17TH/F LIBERTYCTR SALCEDO VIL.

Note: In case of death, resgination 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.

ONE WISTERIA LOOP HOLDINGS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **ONE WISTERIA LOOP HOLDINGS, INC.** is responsible for the preparation and fair presentation of the financial statements for the year ended **December 31, 2014**, in accordance with the prescribed financial reporting framework indicated therein. The 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 or Trustees reviews and approves the financial statements and submit the same to the stockholders or members.

Loville Bernales Balgos, 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 report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such examination.

GABRIEL A. DEE
Chairman of the Board & President

RHODA A. ROQUE
Treasurer

RECEIVED
TELLER NO.1
01 JUL 2015
LANDBANK MAKATI ATRIUM BR.
BIR 080 286

Loville Bernales Balgos
CERTIFIED PUBLIC ACCOUNTANT

18 San Francisco St., Karuhatan,
Valenzuela City 1441 Philippines
Telefax (02) 292 61 37
Celphone (0917) 857 05 81
Email l_balgos@yahoo.com

INDEPENDENT AUDITOR'S REPORT

The Shareholders and the Board of Directors
One Wisteria Loop Holdings, Inc.
17th Floor, Liberty Center, 104 H.V. dela Costa Street,
Salcedo Village, Makati City

I have audited the accompanying financial statements of **One Wisteria Loop Holdings, Inc.**, which comprise the statement of financial position as at December 31, 2014, and the related statement of comprehensive operation, statement of changes in shareholders' equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statement of the company as of December 31, 2013, was unaudited.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards for Small Medium-Sized Entities; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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 financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of **One Wisteria Loop Holdings, Inc.** as at December 31, 2014, and of its financial performance and its cash flow for the year then ended in accordance with Philippine Financial Reporting Standards for Small Medium-Sized Entities.

LOVILLE B. BALGOS
CPA Reg. No. 108875
TIN 179 571 645
PTR No. 3404510, Jan. 29, 2015, Valenzuela City
PRC-BOA Reg. No. 2403 (valid until December 31, 2017)
CDA CEA No. 0437 (valid until March 2, 2017)
BIR Tax Practitioner Acc. No. 05-004168-001-2013 (valid until July 31, 2016)

June 16, 2015
Valenzuela City

01 JUL 2015
LANDBANK MAKATI ATRIUM BR.
BIR 086 206

Loville Bernales Balgos
CERTIFIED PUBLIC ACCOUNTANT

18 San Francisco St., Karuhatan,
Valenzuela City 1441 Philippines
Telefax (02) 292 61 37
Celphone (0917) 857 05 81
Email l_balgos@yahoo.com

SUPPLEMENTAL WRITTEN STATEMENT OF EXTERNAL AUDITOR

The Shareholders and the Board of Directors
One Wisteria Loop Holdings, Inc.
17th Floor, Liberty Center, 104 H.V. dela Costa Street,
Salcedo Village, Makati City

I have examined the financial statements of **One Wisteria Loop Holdings, Inc.** for the year ended December 31, 2014, on which I have rendered the attached report dated June 16, 2015.

In compliance with SRC Rule 68, I am stating that the company has a total number of two (2) stockholders owning one hundred (100) or more shares each, and four (4) stockholders owning one (1) share each.

LOVILLE B. BALGOS
CPA Reg. No. 108875
TIN 179 571 645
PTR No. 3404510, Jan. 29, 2015, Valenzuela City
PRC-BOA Reg. No. 2403 (valid until December 31, 2017)
CDA CEA No. 0437 (valid until March 2, 2017)
BIR Tax Practitioner Acc. No. 05-004168-001-2013 (valid until July 31, 2016)

June 16, 2015
Valenzuela City

RECEIVED
TELLER NO.1
01 JUL 2015
LANDBANK MAKATI ATRIUM BR.
BIR 086 296

ONE WISTERIA LOOP HOLDINGS, INC.

STATEMENTS OF COMPREHENSIVE INCOME

(in Philippine peso)

		Years Ended December 31	
	Note(s)	**2014**	2013
INTEREST INCOME	*2,17*	**53,840**	93,234
LESS: ADMINISTRATIVE EXPENSES	*2,13*	**37,050**	16,340
NET INCOME BEFORE INCOME TAXES		**16,790**	76,894
TAX BENEFIT AND DEFERRED TAX	*2,6*		
Benefit from NOLCO		**11,115**	4,902
Deferred Tax Expense		**(35,141)**	(718,791)
NET INCOME (LOSS)		**(7,236)**	(636,995)
OTHER COMPREHENSIVE INCOME			
Changes in fair value of available for sale investment	*2,5*	**7,028,175**	143,758,125
TOTAL COMPREHENSIVE INCOME		**7,020,939**	143,121,130
EARNINGS PER SHARE	*2,14*	**2.68**	12.30

See accompanying Notes to Financial Statements.

ONE WISTERIA LOOP HOLDINGS, INC.
STATEMENTS OF FINANCIAL POSITION
(in Philippine peso)

	Note(s)	December 31 2014	2013
ASSETS			
Current Assets			
Cash	2-4	**1,232,534**	61,210,744
Total Current Assets		**1,232,534**	61,210,744
NonCurrent Assets			
Available-for-Sale Investments	2,5	**214,678,800**	207,650,625
Deferred Tax Asset	2,6	**16,017**	4,902
Total NonCurrent Assets		**214,694,817**	207,655,527
		215,927,351	268,866,271
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accrued Expenses	2,7	**32,000**	27,000
Total Current Liabilities		**32,000**	27,000
NonCurrent Liabilities			
Advances from Shareholders	2,8	**65,004,341**	125,004,341
Deferred Tax Liability	2,10	**753,932**	718,791
Total NonCurrent Liabilities		**65,758,273**	125,723,132
Total Liabilities		**65,790,273**	125,750,132
Shareholders' Equity			
Capital Shares	2,11	**6,254**	6,254
Cumulative Effects of Changes in Fair Values	2,5	**150,786,300**	143,758,125
Cumulative Deficit		**(655,476)**	(648,240)
Total Shareholders' Equity		**150,137,078**	143,116,139
		215,927,351	268,866,271

See accompanying Notes to Financial Statements.

ONE WISTERIA LOOP HOLDINGS, INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(in Philippine peso)

	Note(s)	Capital Shares	Changes in Fair Value	Cumulative Deficit	Total
Balance at January 1, 2013	*2,11*	6,254		(11,245)	(4,991)
Change in Fair Value of Investment in Securities	*2,5*		143,758,125		143,758,125
Less: Net Loss				(636,995)	(636,995)
Balance at December 31, 2013		6,254	143,758,125	(648,240)	143,116,139
Balance at January 1, 2014	***2,11***	**6,254**	**143,758,125**	**(648,240)**	**143,116,139**
Change in Fair Value of Investment in Securities	*2,5*		**7,028,175**		**7,028,175**
Add: Net Income				**(7,236)**	**(7,236)**
Balance at December 31, 2014		**6,254**	**150,786,300**	**(655,476)**	**150,137,078**

See accompanying Notes to Financial Statements.

ONE WISTERIA LOOP HOLDINGS, INC.

STATEMENTS OF CASH FLOW

(in Philippine Peso)

		Years Ended December 31	
	Note(s)	**2014**	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income		**16,790**	76,894
Adjustments for:			
Interest Income	*2,17*	**(53,840)**	(93,234)
Operating income before working capital changes		**(37,050)**	(16,340)
Increase (decrease) in:			
Accrued Expenses	*2,7*	**5,000**	16,000
Cash used in operations		**(32,050)**	(340)
Interest received		**53,840**	93,234
Net Cash provided by operations		**21,790**	92,894
CASH FLOWS FROM FINANCING ACTIVITY			
Advances from Stockholders	*2,8*	**(60,000,000)**	125,004,341
Net cash used in investing activities		**(60,000,000)**	125,004,341
CASH FLOWS FROM INVESTING ACTIVITY			
Acquisition of available for sale investment	*2,5*		(63,892,500)
Net cash used in investing activities		**-**	(63,892,500)
NET INCREASE (DECREASE) IN CASH		**(59,978,210)**	61,204,735
CASH AT BEGINNING OF THE YEAR	*2,4*	**61,210,744**	6,009
CASH AT END OF THE YEAR	*2,4*	**1,232,534**	61,210,744

See accompanying Notes to Financial Statements.

ONE WISTERIA LOOP HOLDINGS, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2014

1. Corporate Information

One Wisteria Loop Holdings, Inc., was incorporated and registered with the Securities and Exchange Commission (SEC) as per Registration no. CS201215758 on September 11, 2012. The Company is a holding company with all the express powers of a corporation.

The primary purpose of this Corporation is to subscribe for, hold, assign, or otherwise dispose of property, including shares of stock, notes, and other securities of any corporation, to receive and dispose of the interest, dividends and income arising from such property, and to exercise in respect thereof all the rights, powers and privileges of ownership, including voting powers, without however engaging in business as an investment company under the Investment Company Act or a finance company or a dealer in securities or stocks, and only to hold the foregoing assets for purely investment purposes; to aid in any other manner any corporation any share of stock or other security of which are held by this corporation or in which it shall have interest, and to do any act designed to protect, preserve, improve or enhance the value of the property at any time held or controlled by this corporation.

Its principal office and registered address is at 17th Floor, Liberty Center, 104 H.V dela Costa Street, Salcedo Village, Makati City.

Status of Operations
The Company did not enter into any major or significant agreements that may create an impact on the financial statements. There are no material changes in the company policies and procedures.

The financial statements of the Company for the year ended December 31, 2014 was authorized for issue by the Board of Directors (BOD) on June 16, 2015.

2. Summary of Significant Accounting Policies

The financial statement prepared by **One Wisteria Loop Holdings, Inc.** in accordance with the 'PFRS for Small and Medium-sized Entities' issued by the Philippine Accounting Standards Board. These principal accounting policies applied in the preparation of these financial statements are summarized below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of presentation

The financial statements of the Company have been prepared on the historical cost convention and are presented in the Philippine Pesos, which is the Company's functional and presentation currency. All values represent absolute amounts except when otherwise indicated.

The preparation of financial statements in conformity with the PFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies.

2.2 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Philippine Peso' (PHP), which is the company's functional and the presentation currency.

2.3 Basic Financial Instruments

Basic financial instruments are initially recognized at the transaction price, including transaction costs (except if measured at fair value through profit or loss). However, if the acquisition or issuance involves a financing transaction, initial measurement is at the present value of future cash payments discounted at a market rate of interest for a similar instrument.

Subsequent to initial recognition, basic financial instruments are measured as follows:

- Debt instruments at amortized cost using the effective interest method;
- Commitments to receive a loan that are within the scope of this section, at cost (if any) less impairment; and
- Investments in non-convertible and non-puttable shares at fair value if it is reliably measurable, otherwise at cost less impairment.

Amortized cost is the present value of the financial instrument's future cash flows discounted at the effective interest rate (i.e. the rate that initially discounts estimated future cash flows to the initial carrying amount of the instrument). The interest expense (income) recognized in a period is the carrying amount at the beginning of the period multiplied by the effective interest rate for the period.

Financial assets and financial liabilities with no stated interest rate and that are classified as current are initially measured at an undiscounted amount.

Financial instruments measured at cost or amortized cost must be assessed for impairment at the end of each reporting period.

An impairment loss is reversed if the amount of the impairment loss decreased and the decrease can be related objectively to an event occurring after the impairment was recognized. A reversal should not result in a carrying amount that is greater than what it would have been had no impairment been recognized.

When estimating fair value the following hierarchy is used:

- Quoted price for an identical asset in an active market;
- A recent transaction price; and
- A valuation technique.

Financial assets are derecognized when:

- The contractual rights to the cash flows expire or are settled;
- Substantially all the risks and rewards of ownership have been transferred; or
- Despite retaining some risks and rewards, control of the financial asset has been transferred and the other part has the practical ability to sell the asset in its entirety without needing to impose additional restrictions on the transfer.

Any rights and obligations retained or created in a transfer that qualifies for derecognition are recognized separately.

Financial liabilities are derecognized only when the obligation is discharged, cancelled or expires.

2.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.5 Borrowings

Borrowings are recognized initially at the transaction price (that is, the present value of cash payable to the bank, including transaction costs). Borrowings are subsequently stated at amortized cost. Interest expense is recognized on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2.6 Trade Payables

Trade payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

2.7 Provisions

Provisions for restructuring costs and legal claims are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

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

2.8 Employee Benefits

Philippine Accounting Standard Number 19 applies to all employee benefits including a retirement benefit plan. It also applies to enterprises where retirement benefit is mandated

by law.

The Company has no employees as of December 31, 2014 and 2013. Therefore, the Company has no legal or constructive obligation on retirement. As provided in the provisions of Presidential Decree No. 422, retail, service and agricultural establishments or operations employing not more than 10 employees or workers are exempted from the coverage of the provisions for retirement.

2.9 Share capital

Ordinary shares are classified as equity.

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

2.10 Retained Earnings

Retained earnings (deficit) include all current and prior period results as disclosed in the statement of income.

2.11 Revenue and Cost Recognition

Revenue comprises of revenues from the sale of goods and the rendering of services measured by reference to the fair value of consideration received or receivable by the Company for goods and services rendered, excluding value-added tax (VAT) and trade discounts.

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Company; and the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized:

Rendering of Services
Rendering of services is generally recognized when the customer has approved the service that has been provided. When the outcome of the contract cannot be measured reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

Interest Income
Interest income on bank deposits is recognized on a time proportion basis, net of applicable final withholding tax.

Dividend Income
Dividend income is recognized when the Company's right to receive payment or dividend has been established and the amount can be reliably measured. It is included in other income in the statement of comprehensive income.

Expense Recognition
Expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions in assets or incurrence of liabilities that result in the decrease in equity,

other than those relating to distributions to equity participants. Costs and expenses are recognized in the period these were incurred.

Administrative Expenses
These expenses constitute costs of administering the business day-to-day operation and are recognized when incurred and includes services and other fees and miscellaneous.

2.12 Current and Deferred Income Tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except that a change attributable to an item of income or expense recognized as other comprehensive income is also recognized directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the country where the Company operates and generates taxable income.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

2.13 Dividend distribution

Dividend distribution to the company's shareholders is recognized as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

2.14 Related Party Transactions and Relationships

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more of the intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

2.15 Earnings per share

Basic earnings per share amounts are calculated by dividing the net income attributable to ordinary equity holders of the Company by the weighted average number of an ordinary share outstanding, adjusted for any stock dividends declared during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to

ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding, adjusted for any stock dividends declared during the year plus weighted average number of ordinary shares that would be issued on the conversion of all the dilutive ordinary shares into ordinary shares.

The Company has no dilutive potential common shares as of December 31, 2014 and 2013.

2.16 Events after the Reporting Date

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Accounting Judgments and Estimates

The Company's financial statements prepared in accordance with PFRS require management to make judgments, estimates and assumptions that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results may ultimately differ from these estimates.

3.1 Judgments

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

(a) Classification of Financial Instruments

The Company exercises judgments in classifying a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, rather than its legal form, governs its classification in the statement of financial position.

The Company determines that the classification of financial instruments at initial recognition and re-evaluates this designation at every reporting date.

3.2 Estimates and Assumptions

The financial statements prepared in compliance with PRFS require management to make estimates and assumptions that affect amounts reported in the financial statements and related notes. The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

(a) Determination of Fair Value of Financial Assets and Liabilities

Where the fair value of financial instruments recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from the observable market where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors affect the reported fair value of financial instruments. The assumptions used to estimate the fair value of financial assets and liabilities are described in Note 15.

The carrying values of the Company's financial assets amounted to Php215,911,334 and Php268,861,369 as of December 31, 2014 and 2013, respectively, while the carrying values of financial liabilities amounted to Php65,036,341 and Php125,031,341 as of December 31, 2014 and 2013, respectively (see Note 15).

(b) Impairment of Available-for-sale Financial Assets

No permanent decline in value on available-for-sale financial asset is recorded for the year 2014 and 2013. Unrealized gain of Php7,028,175 and Php143,758,125 on available-for-sale financial asset are recognized for the year ended December 31, 2014 and 2013.

(b) Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount 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 asset to be utilized. However, there is no absolute assurance that the Company will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

The Company's deferred tax asset – NOLCO is Php16,017 and PhP4,902 as of December 31, 2014 and 2013, respectively (see Note 6).

4. Cash

Cash include the following:

	2014	2013
Cash in Bank	**1,232,534**	61,210,744

Cash in banks generally earn interest at the respective rates based on daily bank deposit rates.

Interest income earned from savings account amounted to Php53,840 and Php93,234 for the years ended December 31, 2014 and 2013, respectively.

5. Available-for-sale Financial Assets

Quoted available-for-sale financial assets mainly consist of investment in stocks of MJC Investments Corporation listed in the Philippines Stock Exchange (PSE) as follows:

	2014	2013
Quoted Available-for-sale financial assets	**63,892,500**	63,892,500
Unrealized fair value gain of AFS	**150,786,300**	143,758,125
	214,678,800	207,650,625

The Company recognized unrealized fair value gain in the statements of comprehensive operation.

The fair values of available-for-sale financial assets have been determined directly by reference to published prices in active markets.

These investments present the Company with opportunity for return through dividend income. Management intends to hold these investments for long term purposes.

Management believes that based on the assessment performed these investments are not impaired.

6. Deferred Tax Asset

This account refers to deferred tax of the Company arising from Net Operating Loss Carryover (NOLCO) details of NOLCO are as follows:

	Valid until	**2014**	2013
NOLCO-2013	2016	**4,902**	4,902
NOLCO-2014	2017	**11,115**	
		16,017	4,902

7. Accrued Expenses

The balance of accrued expense amounted to:

	2014	2013
Accrued Expenses	**32,000**	27,000

This account refers to accrual of services and other fees and is normally payable in 30 to 60 days.

The Company considers that the carrying amount of payables approximate their fair values since the above are short-term in nature.

8. Advances from Shareholders

The balance of advances from shareholders amounted to:

	2014	2013
Advances from Stockholders	**65,004,341**	125,004,341

This account refers to advances availed of from shareholders to finance the working capital requirements of the company which are unsecured and non-interest bearing.

The advances are non-collateral and non-interest bearing and will be settled in full with the shareholders concerned but there is no time frame set within which this amount should be paid (refer to Note 12).

9. Income Taxes

Computation of income tax is as follows:

	2014	2013
Income tax based on regular rate		
Income before tax expense	**16,790**	76,894
Less: Income subjected to final tax		
: Interest income	**(53,840)**	(93,234)
Loss	**(37,050)**	(16,340)
Tax rate	**30%**	30%
	(11,115)	(4,902)

Among the significant provisions and amendments of the National Internal Revenue Code (NIRC) that apply to the company are the following:

a) The Regular Corporate Income Tax (RCIT) rate of 30% is imposed on taxable income, net of applicable deductions;

b) Fringe benefits tax (same rate as the RCIT) is imposed on the grossed-up value of the benefits given by employers to their managerial and supervisory employees (final tax to be paid by the employer);

c) Minimum corporate income tax (MCIT) of 2% based on gross income, as defined under the Tax Code, is required to be paid starting on the fourth year from the date of registration with the Bureau of Internal Revenue (BIR) whenever the RCIT is lower than the MCIT. In the computation of the tax due for the taxable quarter, if the computed quarterly MCIT is higher than the quarterly normal income tax, the tax due to be paid for such taxable quarter at the time of filing the quarterly income tax return shall be the MCIT which is 2% of the gross income as of the end of the taxable quarter;

d) Net operating loss carryover (NOLCO) can be claimed as deduction against taxable income within three years after NOLCO is incurred;

e) The amount of interest expense allowed as income tax deduction is reduced by an

amount equal to 33% of the interest income subjected to final tax;

f) Optional standard deduction (OSD) equivalent to 40% of gross income may be claimed as an alternative in computing the RCIT; and

g) The ceiling on the amount of entertainment, amusement and recreation (EAR) expense that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company is limited to actual EAR paid but not to exceed 1% of net revenue.

10. Deferred Tax Liability

This account refers to deferred tax charge on gain on change in fair value of available for sale financial assets amounting to:

	2014	2013
Deferred Tax Liability	**753,932**	718,791

Under Section 127(A) of the tax code, sale, barter, exchange or other disposition of shares of stock listed and traded through the Local Stock Exchange (LSE) other than the sale by a dealer in securities is exempt from capital gains tax and regular corporate income tax but subject to ½ of 1% percentage tax.

11. Capital Shares

The Company's authorized, subscribed and paid-up shares details as follows:

	2014		2013	
	Shares	Amount	Shares	Amount
Authorized shares	**100,000**	100,000	100,000	100,000
Subscribed shares	**25,000**	25,000	25,000	25,000
Subscription receivable	**(18,746)**	(18,746)	(18,746)	(18,746)
Net paid-up	**6,254**	6,254	6,254	6,254

The Company has six (6) shareholders as of December 31, 2014 and 2013.

12. Related Party Disclosures

Related party relationship exists when one party has the ability to control, directly or indirectly, the other party or to influence the other party in making financial and operating decision.

Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

Refer to Note 8 for breakdown of Advances from Shareholders.

Since the company has no employees, there were no compensation paid to the Company's key management personnel for the years ended December 31, 2014 and 2013.

13. Administrative Expenses

This account consists of:

	2014	2013
Service and other fees	**37,000**	15,000
Miscellaneous	**50**	1,340
	37,050	16,340

14. Earnings/(Loss) Per Share

The earnings/(loss) and share data used in the basic/diluted earnings/(loss) per share computations are as follows:

	2014	2013
Earnings per the year (a)	**16,790**	76,894
Weighted average number of outstanding common shares (b)	**6,254**	6,254
	2.68	12.30

15. Capital Management

The Company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

As of December 31, 2014, the Company's cash and financial asset at fair value through profit or loss are Php1,232,534 and Php214,678,800, respectively; while as of December 31, 2013, these were Php61,210,744 and Php207,650,625, respectively.

The Company has no revenue from its commercial operations.

16. Taxes

Revenue Regulation (RR) No. 15-2010 prescribes the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. It requires disclosures of taxes, duties and licenses fees paid or accrued during the year.

Below are additional information required by RR No. 15-2010. These information are presented for purposes of filing with the Bureau of Internal Revenue (BIR) and are not a required part of the basic financial statements.

I. Output value-added tax (VAT)
The Company has no revenues subject to output tax for the year ended December 31, 2014.

II. Input VAT
The Company has no expenses subject to input tax for the year ended December 31, 2014.

III. Importations
The Company does not have any transaction requiring import entries, landed costs, duties and tariffs in 2014.

IV. Excise Tax
The Company has no transaction involving excise tax for 2013.

V. Documentary stamp tax (DST)
One Wisteria has no transaction involving documentary stamp tax for 2013.

VI. All other local and national taxes
No other local and national taxes have been paid by the Company during the year.

VII. Withholding taxes
Since the Company has no employee, it has no transaction subject to withholding tax on compensation, expanded withholding tax, fringe benefit tax and final withholding tax for year ended December 31, 2014.

VIII. Tax assessment
The Company has no pending Letter of Authority (LOA) issued by the Bureau of Internal Revenue.

17. Supplementary Information Required by RR 19-2011

RR No. 19-2011 prescribes the BIR forms and modifies Revenue Memorandum Circular No. 57-2011. The revenue regulation is effective for all taxpayers required to file their income tax returns under section 51(A)(1) of the Tax Code, and are not required to file under section 51(A)(2) but who nevertheless opted to do so.

The amounts of taxable revenues and income, and deductible costs and expenses presented below, are based on relevant tax regulations issued by the BIR.

a) Revenues
The Company has no revenues for the year ended December 31, 2014 and 2013.

b) Direct operating expenses

The Company has no direct operating expenses for the year ended December 31, 2014 and 2013.

c) Non-operating and taxable other income
The Company's non-operating income are unrealized fair value gain and interest income amounting to Php7,028,175 and PhP53,840 during the year ended December 31, 2014. Unrealized fair value gain is not subject to both final tax and income tax while interest income is subject to final tax and is not subject to income tax.

d) Itemized deductions
This account consists of:

	2014	2013
Service and other fees	**37,000**	15,000
Miscellaneous	**50**	1,340
	37,050	16,340

e) Other information
All other information prescribed to be disclosed by the BIR have been included in the Note.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	2	1	5	7	6	7

Company Name

O R C H A R D S T A R   H O L D I N G S ,   I N C .

Principal Office (No./Street/Barangay/City/Town)Province)

1 7 T H   F L O O R   L I B E R T Y   C E N T E R   1 0 4
H . V .   D E L A   C O S T A   S T . S A L C E D O
V I L L A G E   M A K A T I   C I T Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A F S		N A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	0 2 8 8 8 0 9 99	N A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
	4/7/2014	12/31

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
G A B R I E L D EE		8 8 8 0 999	

Contact Person's Address

1 7 T H / F   L I B E R T Y C T R   S A L C E D O   V I L .

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.

ORCHARDSTAR HOLDINGS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **ORCHARDSTAR HOLDINGS, INC.** is responsible for the preparation and fair presentation of the financial statements for the year ended **December 31, 2014**, in accordance with the prescribed financial reporting framework indicated therein. The 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 or Trustees reviews and approves the financial statements and submit the same to the stockholders or members.

Loville Bernales Balgos, 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 report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such examination.

GABRIEL A. DEE
Chairman of the Board & President

RHODA A. ROQUE
Treasurer

01 JUL 2015
LANDBANK MAKATI ATRIUM BR.
BIR 086 296

Loville Bernales Balgos
CERTIFIED PUBLIC ACCOUNTANT

18 San Francisco St., Karuhatan,
Valenzuela City 1441 Philippines
Telefax (02) 292 61 37
Celphone (0917) 857 05 81
Email l_balgos@yahoo.com

INDEPENDENT AUDITOR'S REPORT

The Shareholders and the Board of Directors
Orhardstar Holdings, Inc.
17th Floor, Liberty Center, 104 H.V. dela Costa Street,
Salcedo Village, Makati City

I have audited the accompanying financial statements of **Orhardstar Holdings, Inc.**, which comprise the statement of financial position as at December 31, 2014, and the related statement of comprehensive operation, statement of changes in shareholders' equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statement of the company as of December 31, 2013, was unaudited.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of **Orhardstar Holdings, Inc.** as at December 31, 2014, and of its financial performance and its cash flow for the year then ended in accordance with Philippine Financial Reporting Standards.

LOVILLE B. BALGOS
CPA Reg. No. 108875
TIN 179 571 645
PTR No. 3404510, Jan. 29, 2015, Valenzuela City
PRC-BOA Reg. No. 2403 (valid until December 31, 2017)
CDA CEA No. 0437 (valid until March 2, 2017)
BIR Tax Practitioner Acc. No. 05-004168-001-2013 (valid until July 31, 2016)

June 16, 2015
Valenzuela City

RECEIVED
TELLER NO.
01 JUL 2015
LANDBANK MAKATI ATRIUM BR.
BIR 086 296

Loville Bernales Balgos
CERTIFIED PUBLIC ACCOUNTANT

18 San Francisco St., Karuhatan,
Valenzuela City 1441 Philippines
Telefax (02) 292 61 37
Celphone (0917) 857 05 81
Email l_balgos@yahoo.com

SUPPLEMENTAL WRITTEN STATEMENT OF EXTERNAL AUDITOR

The Shareholders and the Board of Directors
Orchardstar Holdings, Inc.
17th Floor, Liberty Center, 104 H.V. dela Costa Street,
Salcedo Village, Makati City

I have examined the financial statements of **Orchardstar Holdings, Inc.** for the year ended December 31, 2014, on which I have rendered the attached report dated June 16, 2015.

In compliance with SRC Rule 68, I am stating that the company has a total number of two (2) stockholders owning one hundred (100) or more shares each, and four (4) stockholders owning one (1) share each.

LOVILLE B. BALGOS
CPA Reg. No. 108875
TIN 179 571 645
PTR No. 3404510, Jan. 29, 2015, Valenzuela City
PRC-BOA Reg. No. 2403 (valid until December 31, 2017)
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June 16, 2015
Valenzuela City

ORCHARDSTAR HOLDINGS, INC.

STATEMENTS OF COMPREHENSIVE INCOME

(in Philippine peso)

		Years Ended December 31	
	Note(s)	**2014**	2013
INTEREST INCOME	*2,19*	**107,801**	245,190
LESS: ADMINISTRATIVE EXPENSES	*2,13*	**31,000**	16,000
NET INCOME BEFORE INCOME TAXES		**76,801**	229,190
TAX BENEFIT AND DEFERRED TAX	*2,6*		
Benefit from NOLCO		**9,300**	4,800
Deferred Tax Expense		**(69,065)**	(1,412,696)
NET INCOME (LOSS)		**17,036**	(1,178,706)
OTHER COMPREHENSIVE INCOME			
Changes in fair value of available for sale investment	*2,5*	**13,813,030**	282,539,250
TOTAL COMPREHENSIVE INCOME		**13,830,066**	281,360,544
EARNINGS PER SHARE	*2,14*	**12.28**	36.65

See accompanying Notes to Financial Statements.

ORCHARDSTAR HOLDINGS, INC.
STATEMENTS OF FINANCIAL POSITION
(in Philippine peso)

	Note(s)	December 31 2014	2013
ASSETS			
Current Assets			
Cash	2,4	**14,774,341**	14,692,540
Total Current Assets		**14,774,341**	14,692,540
NonCurrent Assets			
Available-for-Sale Investments	2,5	**421,925,280**	408,112,250
Deferred Tax Asset	2,6	**14,100**	4,800
Total NonCurrent Assets		**421,939,380**	408,117,050
		436,713,721	422,809,590
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accrued Expenses	2,7	**32,000**	27,000
Total Current Liabilities		**32,000**	27,000
NonCurrent Liabilities			
Advances from Shareholders	2,8	**140,014,341**	140,014,341
Deferred Tax Liability	2,10	**1,481,761**	1,412,696
Total NonCurrent Liabilities		**141,496,102**	141,427,037
Total Liabilities		**141,528,102**	141,454,037
Shareholders' Equity			
Capital Shares	2,11	**6,254**	6,254
Cumulative Effects of Changes in Fair Values	2,5	**296,352,280**	282,539,250
Cumulative Deficit		**(1,172,915)**	(1,189,951)
Total Shareholders' Equity		**295,185,619**	281,355,553
		436,713,721	422,809,590

See accompanying Notes to Financial Statements.

ORCHARDSTAR HOLDINGS, INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(in Philippine peso)

	Note(s)	Capital Shares	Changes in Fair Value	Cumulative Deficit	Total
Balance at January 1, 2013	*2,11*	6,254		(11,245)	(4,991)
Change in Fair Value of Investment in Securities	*2,5*		282,539,250		282,539,250
Less: Net Loss				(1,178,706)	(1,178,706)
Balance at December 31, 2013		6,254	282,539,250	(1,189,951)	281,355,553
Balance at January 1, 2014	***2,11***	**6,254**	**282,539,250**	**(1,189,951)**	**281,355,553**
Change in Fair Value of Investment in Securities	***2,5***		**13,813,030**		**13,813,030**
Add: Net Income				**17,036**	**17,036**
Balance at December 31, 2014		**6,254**	**296,352,280**	**(1,172,915)**	**295,185,619**

See accompanying Notes to Financial Statements.

ORCHARDSTAR HOLDINGS, INC.
STATEMENTS OF CASH FLOWS
(in Philippine Peso)

	Note(s)	Years Ended December 31 2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income		**76,801**	229,190
Adjustments for:			
Interest Income	2,19	**(107,801)**	(245,190)
Operating income before working capital changes		**(31,000)**	(16,000)
Increase (decrease) in:			
Accrued Expenses	2,7	**5,000**	16,000
Cash used in operations		**(26,000)**	-
Interest received		**107,801**	245,190
Net Cash provided by operations		**81,801**	245,190
CASH FLOWS FROM FINANCING ACTIVITY			
Advances from Stockholders	2,8	-	140,014,341
Net cash used in investing activities		-	140,014,341
CASH FLOWS FROM INVESTING ACTIVITY			
Acquisition of available for sale investment	2,5		(125,573,000)
Net cash used in investing activities		-	(125,573,000)
NET INCREASE (DECREASE) IN CASH		**81,801**	14,686,531
CASH AT BEGINNING OF THE YEAR	2,4	**14,692,540**	6,009
CASH AT END OF THE YEAR	2,4	**14,774,341**	14,692,540

See accompanying Notes to Financial Statements.

ORCHARDSTAR HOLDINGS, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2014 and 2013

1. Corporate Information

Orchardstar Holdings, Inc. (the Company), was incorporated and registered with the Securities and Exchange Commission (SEC) as per Registration no. CS201215767 on September 11, 2012. The Company is a holding company with all the express powers of a corporation.

The primary purpose of the Company is to subscribe for, hold, assign, or otherwise dispose of property, including shares of stock, notes, and other securities of any corporation, to receive and dispose of the interest, dividends and income arising from such property, and to exercise in respect thereof all the rights, powers and privileges of ownership, including voting powers, without however engaging in business as an investment company under the Investment Company Act or a finance company or a dealer in securities or stocks, and only to hold the foregoing assets for purely investment purposes; to aid in any other manner any corporation any share of stock or other security of which are held by this corporation or in which it shall have interest, and to do any act designed to protect, preserve, improve or enhance the value of the property at any time held or controlled by this corporation.

The Company's registered office, which is also its principal place of business, is located at 17th Floor, Liberty Center, 104 H.V. dela Costa Street, Salcedo Village, Makati City

Status of Operations
The Company did not enter into any major or significant agreements that may create an impact on the financial statements. There are no material changes in the company policies and procedures.

The financial statements of the Company for the year ended December 31, 2014 (including the comparatives for the year ended December 31, 2013) were authorized for issue by the Board of Directors (BOD) on June 15, 2015.

2. Summary of Significant Accounting Policies

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

2.1 Basis of presentation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial assets, property and equipment and investment property. The measurement bases are more fully described in the accounting policies that follow:

(b) Presentation of Financial Statements

The financial statements are presented in accordance with PAS 1 (Revised 2007), *Presentation of Financial Statements.* The Company presents all items of income and expenses in a single statement of comprehensive income. Two comparative periods are presented for the statement of financial position when the Company applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements, or reclassifies items in the financial statements.

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Company's functional presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

2.2 Adoption of New Interpretations, Revisions and Amendments of PFRS

In preparing these financial statements in accordance with PFRS, the Company has applied all mandatory exceptions and some of the optional exemptions from full retrospective application of the PFRS. However, there were no noted differences upon application of PFRS in the financial statements of the Company.

- PAS 1 : *Presentation of Financial Statements*
- PAS 7 : *Statement of Cash Flows*
- PAS 8 : *Accounting Policies, Changes in Accounting Estimates and Errors*
- PAS 10 : *Events after the Reporting Period*
- PAS 12 : *Income Taxes*
- PAS 18 : *Revenue*
- PAS 21 : *The Effects of Changes in Foreign Exchange Rates*
- PAS 23 : *Borrowing Costs*
- PAS 24 : *Related Party Disclosures*
- PAS 32 : *Financial Instruments: Disclosure and Presentation*
- PAS 33 : *Earnings per Share*
- PAS 34 : *Interim Financial Reporting*
- PAS 36 : *Impairment of Assets*
- PAS 37 : *Provision, Contingent Liabilities and Contingent Assets*
- PAS 39 : *Financial Instruments: Recognition and Measurement*
- PFRS 1 : *First-time Adoption of Philippine Financial Reporting Standards*
- PFRS 7 : *Financial Instruments: Disclosures*
- PFRS 9 : *Financial Instruments*

- PRFS 13 : *Fair Value Measurement*

- PAS 1, *Presentation of Financial Statements,* sets overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.

- PAS 7, *Statement of Cash Flows,* requires the provision of information about the historical changes in cash and cash equivalents of an entity by means of a statement of cash flows which classifies cash flows during the period from operating, investing and financing activities.

- PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors,* the objective of this standard is:

  a) to remove the allowed alternative to retrospective application of voluntary changes in accounting policies and retrospective restatement to correct prior periods;
  b) to eliminate the concept of a fundamental error;
  c) to articulate the hierarchy of guidance to which management refers, whose applicability it considers when selecting accounting policies in the absence of Standards and Interpretations that specifically apply; and
  d) to define material omissions or misstatements, and describe how to apply the concept of materiality when applying accounting policies and correcting error.

- PAS 10, *Events after the Reporting Period,* prescribes when an entity should adjust its financial statements for events after the reporting period and the disclosures that an entity should give about the date when the financial statements were authorized for issue and about events after the reporting period.

- PAS 12, *Income Taxes,* implements the balance sheet liability method of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test.

- PAS 18, *Revenue,* prescribes the accounting requirements for when to recognize revenue from the sale of goods, rendering of services, and for interest, royalties and dividends. Revenue is measured at the fair value of the consideration received or receivable and recognized when prescribed conditions are met, which depend on the nature of the revenue.

- PAS 21, *The Effects of Changes in Foreign Exchange Rates,* prescribes how to include foreign currency transactions and foreign operations in the financial statements of an entity and how to translate financial statements into a presentation currency. The standard excludes from its scope foreign currency derivatives that are within the scope of PFRS 9. Similarly, the material on hedge accounting has been moved to PAS 39, Financial Instruments – Recognition and Measurement.

- PAS 23, *Borrowing Costs,* prescribes the accounting treatment of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognized as an expense.

- PAS 24, *Related Party Disclosures,* requires a reporting entity to disclose transactions with its related parties and relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. Revised PAS 24, amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities.

- PAS 32, *Financial Instruments: Disclosure and Presentation,* establishes the principles for the presentation of financial instruments, particularly as to the classification of such instruments into financial assets, financial liabilities and equity instruments. The standard also provides guidance on the classification of related interest, dividends and gains/losses, and when financial assets and financial liabilities can be offset.

- PAS 33, *Earnings per Share,* prescribes principles for the determination and presentation of earnings per share, so as to improve performance comparisons between different entities in the same reporting period and between different reporting periods for the same entity.

- PAS 34, *Interim Financial Reporting,* prescribes the minimum content of an interim financial report and to prescribe the principles for recognition and measurement in complete or condensed financial statements for an interim period. This Standard does not mandate which entities should be required to publish interim financial reports, how frequently, or how soon after the end of an interim period. However, governments, securities regulators, stock exchanges, and accountancy bodies often require entities whose debt or equity securities are publicly traded to publish interim financial reports.

- PAS 36, *Impairment of Assets*, ensures that assets are carried at no more than their recoverable amount, and to define how recoverable amount is determined. It requires the recoverable amount of an asset to be measured whenever there is an indication that the asset may be impaired. PAS 36 applies to all assets except inventories, assets arising from construction contracts, deferred tax assets, assets arising from employee benefits, financial assets, investment property carried at fair value, agricultural assets carried at fair value, insurance contract assets, non-current assets held for sale.

- PAS 37, *Provision, Contingent Liabilities and Contingent Assets,* ensures that appropriate recognition criteria and measurement bases are applied to provisions, contingent liabilities and contingent assets and that sufficient information is disclosed in the notes to the financial statements to enable users to understand their nature, timing and amount. The key principle established by the Standard is that a provision should be recognized only when there is a liability i.e. a present obligation resulting from past events. The Standard thus aims to ensure that only genuine obligations are dealt with in the financial statements – planned future expenditure, even where authorized by the board of directors or equivalent governing body is excluded from recognition.

- PAS 39, *Financial Instruments: Recognition and Measurement,* outlines the requirements for the recognition and measurement of financial assets, financial liabilities, and some contracts to buy or sell non-financial items. Financial instruments are initially recognized when an entity becomes a party to the contractual provisions of the instrument, and are classified into various categories depending upon the type of instrument, which then determines the subsequent measurement of the instrument (typically amortized cost or fair value). Special rules apply to embedded derivatives and hedging instruments.

  Amendment to PAS 39 provides (a) additional guidance on determining whether loan prepayment penalties result in an embedded derivative that needs to be separated; (b) clarify that the scope exemption in PAS 39 paragraph 2(g) is restricted to forward contracts, i.e. not options, between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date within a reasonable period normally necessary to obtain any required approvals and to complete the transaction; and (c) clarify that the gains or losses on a cash flow hedge should be reclassified from other comprehensive income to profit or loss during the period that the hedged forecast cash flows impact profit or loss.

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards,* restructures the format of PFRS 1 without changing the standard's technical content. The revised version moves the exemptions and exceptions contained in the main body of PFRS to different appendices, and also removes PFRS 1 transitional provisions that are no longer considered relevant.

- PFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Liabilities* requires entity to disclose information about rights of set-off and related arrangements. The new disclosures are required for all recognized financial instruments that are subject to enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendment requires entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and liabilities recognized at the end of reporting period:

  a) The gross amounts of those recognized financial assets and liabilities;
  b) The amounts that are set-off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
  c) The net amounts presented in the statement of financial position;
  d) The amount subject to enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including;
     i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
     ii. Amounts related to financial collateral (including cash collateral); and
  e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

The amendment only affects disclosures and has no impact on the Company's financial statements.

- PFRS 13, *Fair Value Measurement* establishes a single source of guidance under PFRS for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted.

Improvements to PFRS

The omnibus amendment to PFRS contains non-urgent but necessary amendments to PFRSs. The amendments are effective for annual periods beginning on or after January 1, 2013 and are applied retrospectively.

- PFRS 1, *First-time Adoption of PFRS – Borrowing Costs*, clarifies that, upon adoption of PFRS, an entity that capitalized borrowing costs in accordance with its previous generally accepted accounting principles, may carry forward, without any adjustment, the amount previously capitalized in its opening statement of financial position at the date of transition. Subsequent to the adoption of PFRS, borrowing costs are recognized in accordance with PAS 23, Borrowing Costs.

- PAS 1, *Presentation of Financial Statements – Clarification of the Requirements for Comparative Information*, clarifies the requirements for comparative information that are disclose voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatements or reclassification of items in the financial statements. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. On the other hand, supporting notes on the third statement of financial position (mandatory when there is a retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements) are not required. The amendments affect disclosures only and have no impact on the Company's financial statements.

- PAS 32, *Financial Instruments: Presentation – Tax Effect of Distribution to Holders of Equity Instruments,* clarifies that income taxes relating to distributions to equity holders and to transaction costs of an equity transactions are accounted for in accordance with Pas 12, Income Taxes. The Company expects that this amendment will not have any impact on its financial statements.

New or Revised Standards, Amendments to Standards and Interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2014, and have not been applied in preparing these financial statements. Except as otherwise indicated, the Company does not expect the adoption of these new and amended PFRS, PAS and Philippine Interpretations International Financial Reporting Interpretation Committee (IFRIC) to have significant impact on its financial statements.

The Company will adopt the following new or revised standards, amendments to standards and interpretations in the respective effective dates:

Adopted on January 1, 2014

- PAS 32, *Financial Instruments: Presentation – Offsetting Financial Assets and Liabilities* clarifies the meaning of "currently has a legal enforceable right to set-off' and the application of PAS 32 offsetting criteria to settlement systems which apply gross settlement mechanisms that are not simultaneous. While the amendment is expected not to have an impact on the net assets of the Company, any changes in offsetting is expected to impact leverage ratios and regulatory capital requirements. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014. The Company is currently assessing the impact of this Standard.

To be Adopted on January 1, 2015

- PFRS 9, *Financial Instruments: Classification and Measurements* reflects the first phase on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as define in PAS 39. The standard is effective for annual periods beginning on or before January 1, 2015. Work on impairment of financial instruments and hedge accounting is still ongoing, with a view to replacing PAS 39 in its entirety. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of Orchardstar's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities. Orchardstar will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

2.3 Financial Assets

Financial assets which are recognized when the Company becomes a party to the contractual terms of the financial instrument include cash and other financial instruments. Financial assets, other than hedging instruments, are classified into the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated at every reporting date at which date a choice of classification or accounting treatment is available, subject to compliance with specific provisions of applicable accounting standards.

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

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at fair value through profit or loss are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at fair value through profit or loss, are initially recorded at fair value and transaction costs related to it are recognized in the profit or loss.

A more detailed description of the four categories of financial assets is as follows:

(a) Financial Assets at Fair Value through Profit or Loss

This category include financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through profit or loss upon initial recognition. All derivatives fall into this category, except for those designated and effective as hedging instruments. Assets in this category are classified as current if they are either held for trading or are expected to be realized within 12 months from the end of the reporting period.

Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. Financial assets (are derivatives and financial instruments original designated as financial assets at fair value through profit or loss) may be reclassified out of fair value through profit or loss category if they are no longer held for the purpose of being sold or repurchased in the near term.

The Company does not maintain any financial assets at fair value through profit and loss as of December 31, 2014 and 2013.

(b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This accounting policy relates to the statement of financial position caption “Loans receivable” which arise primarily from trade receivables, advances to employees and other non-current receivables. Receivables are classified as current when these are expected to be realized within one year after the reporting date or the Company’s normal operating cycle, which is one year. All other receivables and advances are classified as noncurrent.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Any change in their value is recognized in profit or loss. Impairment loss is provided when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the asset carrying amount and the present value of estimated cash flows.

(c) Held-to-Maturity Investments

This category includes non-derivative financial assets with fixed or determinable payments and a fixed date of maturity that the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Held-to maturity investments are included in non-current assets under Financial Assets account in the statement of financial position, except those maturing within 12 months from the reporting period, which are presented as part of current assets.

Subsequent to initial recognition, the investments are measured at amortized cost using the effective interest method, less impairment losses, if any. Impairment loss, which is the difference between the carrying value and the present value of estimated cash flows of the investment, is recognized when there is objective evidence that the investment has been impaired. Any changes to the carrying amount of the investment, including impairment loss, are recognized in profit or loss.

The Company does not maintain held-to-maturity investments as of December 31, 2014 and 2013.

(d) *Available-for-sale Financial Assets*

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets under the Financial Assets account in the statement of financial position unless management intends to dispose of the investment within 12 months from the reporting period.

All available-for-sale financial assets are measured at fair value, unless otherwise disclosed, with changes in value recognized in other comprehensive income, net of any effects arising from arising taxes. When the assets is disposed of or is determined to be impaired the cumulative gain or loss recognized in other comprehensive income is reclassified from revaluation reserve to profit or loss and presented as a reclassification adjustments within other comprehensive income.

Reversal of impairment loss is recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

The Company available-for-sale investments as of December 31, 2014 and 2013 amounted to Php421,925,280 and Php408,112,250, respectively.

All income and expenses, including impairment losses, relating to financial assets that are recognized in the profit or loss are presented as part of Finance Costs or Finance Income in the statement of comprehensive income.

For investments that are actively traded in organized financial markets, fair value is determined by reference to stock exchange-quoted market bid prices at the close of business on the reporting period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net assets base on the investment.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

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

De-recognition of financial assets occurs when the rights to receive cash flows from the financial instruments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

2.4 Financial Liabilities

Financial liabilities include interest-bearing loans and borrowing, trade and other payables and finance lease liabilities, due to related parties and other non-current liabilities, which are measured at amortized cost using the effective interest rate method.

Financial liabilities are recognized when the Company becomes a party to the contractual terms of the instrument. All interest-related charges are recognized as an expense in profit or loss under the caption Finance Costs in the statement of comprehensive income.

Interest-bearing loans and borrowings are raised for support of long-term funding of operations. They are recognized at proceeds received, net of direct issue costs.

Finance lease liabilities are measured at initial value less the capital element of lease repayments.

Trade payables are initially recognized at their fair value and subsequently measured at amortized cost.

Dividend distributions to shareholders are recognized as financial liabilities upon declaration by the Company.

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

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive operation.

The Company has not entered into any major financial, legal or business agreement aside from the normal business transactions nor has it made any major commitments which affect the financial position or results of operations.

The Company does not have any pending legal or labor case which should result to additional liability or unrecorded expense.

Offsetting
Financial assets and liabilities are only offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.5 Provisions

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.6 Revenue and Expense Recognition

Revenue comprises of revenues from the sale of goods and the rendering of services measured by reference to the fair value of consideration received or receivable by the Company for goods and services rendered, excluding value-added tax (VAT) and trade discounts.

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Company; and the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized:

Rendering of Services
Rendering of services is generally recognized when the customer has approved the service that has been provided. When the outcome of the contract cannot be measured reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

Interest Income
Interest income on bank deposits is recognized on a time proportion basis, net of applicable final withholding tax.

Dividend Income
Dividend income is recognized when the Company's right to receive payment or dividend has been established and the amount can be reliably measured. It is included in other income in the statement of comprehensive income.

Expense Recognition
Expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions in assets or incurrence of liabilities that result in the decrease in equity,

other than those relating to distributions to equity participants. Costs and expenses are recognized in the period these were incurred.

Administrative Expenses
These expenses constitute costs of administering the business day-to-day operation and are recognized when incurred and includes services and other fees and miscellaneous.

2.7 Foreign Currency Transactions

The accounting records of the Company are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income as part of income or loss from operations.

2.8 Employee Benefits

Philippine Accounting Standard Number 19 applies to all employee benefits including a retirement benefit plan. It also applies to enterprises where retirement benefit is mandated by law.

The Company has no employees as of December 31, 2014 and 2013. Therefore, the Company has no legal or constructive obligation on retirement. As provided in the provisions of Presidential Decree No. 422, retail, service and agricultural establishments or operations employing not more than 10 employees or workers are exempted from the coverage of the provisions for retirement.

2.9 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are attributable to the acquisition, construction or production or a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

2.10 Income Taxes

Current Income 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 tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred Income Tax

Deferred income tax liability is provided, using the statement of financial position liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

Deferred income tax assets and liabilities are measured at the tax rate 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.

2.11 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes any premium received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Treasury shares are stated at the cost of reacquiring such shares.

Revaluation reserves comprise gains and losses due to the revaluation of property and equipment and certain financial assets.

Retained earnings include all current and prior period results of operations as disclosed in the statement of comprehensive income.

2.12 Related Party Transactions and Relationships

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more of the intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

2.13 Earnings per share

Basic earnings per share amounts are calculated by dividing the net income attributable to ordinary equity holders of the Company by the weighted average number of an ordinary share outstanding, adjusted for any stock dividends declared during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding, adjusted for any stock dividends declared during the year plus weighted average number of ordinary shares that would be issued on the conversion of all the dilutive ordinary shares into ordinary shares.

The Company has no dilutive potential common shares as of December 31, 2014 and 2013.

2.14 Events after the Reporting Date

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Accounting Judgments and Estimates

The Company's financial statements prepared in accordance with PFRS require management to make judgments, estimates and assumptions that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results may ultimately differ from these estimates.

3.1 Judgments

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

(a) Classification of Financial Instruments

The Company exercises judgments in classifying a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, rather than its legal form, governs its classification in the statement of financial position.

The Company determines that the classification of financial instruments at initial recognition and re-evaluates this designation at every reporting date.

3.2 Estimates and Assumptions

The financial statements prepared in compliance with PRFS require management to make estimates and assumptions that affect amounts reported in the financial statements and related notes. The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

(a) Determination of Fair Value of Financial Assets and Liabilities

Where the fair value of financial instruments recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from the observable market where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors affect the reported fair value of financial instruments. The assumptions used to estimate the fair value of financial assets and liabilities are described in Note 15.

The carrying values of the Company's financial assets amounted to Php436,699,621 and Php422,804,790 as of December 31, 2014 and 2013, respectively, while the carrying values of financial liabilities amounted to Php140,046,341 and Php140,041,341 as of December 31, 2014 and 2013, respectively (see Note 15).

(b) Impairment of Available-for-sale Financial Assets

No permanent decline in value on available-for-sale financial asset is recorded for the year 2014 and 2013. Unrealized gain of Php13,813,030 and Php282,539,250 on available-for-sale financial asset are recognized for the year ended December 31, 2014 and 2013.

(b) Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount 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 asset to be utilized. However, there is no absolute assurance that the Company will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

The Company's deferred tax asset – NOLCO is Php14,100 and PhP4,800 as of December 31, 2014 and 2013, respectively (see Note 6).

4. Cash

Cash include the following:

	2014	2013
Cash in Bank	**14,774,341**	14,692,540

Cash in banks generally earn interest at the respective rates based on daily bank deposit rates.

Interest income earned from savings account amounted to Php107,801 and PhP245,190 for the years ended December 31, 2014 and 2013, respectively.

5. Available-for-sale Financial Assets

Quoted available-for-sale financial assets mainly consist of investment in stocks of MJC Investments Corporation listed in the Philippines Stock Exchange (PSE) as follows:

	2014	2013
Quoted Available-for-sale financial assets	**125,573,000**	125,573,000
Unrealized fair value gain of AFS	**296,352,280**	282,539,250
	421,925,280	408,112,250

The Company recognized unrealized fair value gain in the statements of comprehensive operation.

The fair values of available-for-sale financial assets have been determined directly by reference to published prices in active markets.

These investments present the Company with opportunity for return through dividend income. Management intends to hold these investments for long term purposes.

Management believes that based on the assessment performed these investments are not impaired.

6. Deferred Tax Asset

This account refers to deferred tax of the Company arising from Net Operating Loss Carryover (NOLCO) details of NOLCO are as follows:

	Valid until	**2014**	2013
NOLCO-2013	2016	**4,800**	4,800
NOLCO-2014	2017	**9,300**	
		14,100	4,800

7. Accrued Expenses

The balance of accrued expense amounted to:

	2014	2013
Accrued Expenses	**32,000**	27,000

This account refers to accrual of services and other fees and is normally payable in 30 to 60 days.

The Company considers that the carrying amount of payables approximate their fair values since the above are short-term in nature.

8. Advances from Shareholders

The balance of advances from shareholders amounted to:

	2014	2013
Advances from Stockholders	**140,014,341**	140,014,341

This account refers to advances availed of from shareholders to finance the working capital requirements of the company which are unsecured and non-interest bearing.

The advances are non-collateral and non-interest bearing and will be settled in full with the shareholders concerned but there is no time frame set within which this amount should be paid (refer to Note 12).

9. Income Taxes

Computation of income tax is as follows:

	2014	2013
Income tax based on regular rate		
Income before tax expense	**76,801**	229,190
Less: Income subjected to final tax		
: Interest income	**(107,801)**	(245,190)
Loss	**(31,000)**	(16,000)
Tax rate	**30%**	30%
	(9,300)	(4,800)

Among the significant provisions and amendments of the National Internal Revenue Code (NIRC) that apply to the company are the following:

a) The Regular Corporate Income Tax (RCIT) rate of 30% is imposed on taxable income, net of applicable deductions;

b) Fringe benefits tax (same rate as the RCIT) is imposed on the grossed-up value of the benefits given by employers to their managerial and supervisory employees (final tax to be paid by the employer);

c) Minimum corporate income tax (MCIT) of 2% based on gross income, as defined under the Tax Code, is required to be paid starting on the fourth year from the date of registration with the Bureau of Internal Revenue (BIR) whenever the RCIT is lower than the MCIT. In the computation of the tax due for the taxable quarter, if the computed quarterly MCIT is higher than the quarterly normal income tax, the tax due to be paid for such taxable quarter at the time of filing the quarterly income tax return shall be the

MCIT which is 2% of the gross income as of the end of the taxable quarter;

d) Net operating loss carryover (NOLCO) can be claimed as deduction against taxable income within three years after NOLCO is incurred;

e) The amount of interest expense allowed as income tax deduction is reduced by an amount equal to 33% of the interest income subjected to final tax;

f) Optional standard deduction (OSD) equivalent to 40% of gross income may be claimed as an alternative in computing the RCIT; and

g) The ceiling on the amount of entertainment, amusement and recreation (EAR) expense that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company is limited to actual EAR paid but not to exceed 1% of net revenue.

10. Deferred Tax Liability

This account refers to deferred tax charge on gain on change in fair value of available for sale financial assets amounting to:

	2014	2013
Deferred Tax Liability	**1,481,761**	1,412,696

Under Section 127(A) of the tax code, sale, barter, exchange or other disposition of shares of stock listed and traded through the Local Stock Exchange (LSE) other than the sale by a dealer in securities is exempt from capital gains tax and regular corporate income tax but subject to ½ of 1% percentage tax.

11. Capital Shares

The Company' s authorized, subscribed and paid-up shares details as follows:

	2014		2013	
	Shares	Amount	Shares	Amount
Authorized shares	**100,000**	100,000	100,000	100,000
Subscribed shares	**25,000**	25,000	25,000	25,000
Subscription receivable	**(18,746)**	(18,746)	(18,746)	(18,746)
Net paid-up	**6,254**	6,254	6,254	6,254

The Company has six (6) shareholders as of December 31, 2014 and 2013.

12. Related Party Disclosures

Related party relationship exists when one party has the ability to control, directly or indirectly, the other party or to influence the other party in making financial and operating decision.

Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

Refer to Note 8 for breakdown of Advances from Shareholders.

Since the company has no employees, there were no compensation paid to the Company's key management personnel for the years ended December 31, 2014 and 2013.

13. Administrative Expenses

This account consists of:

	2014	2013
Service and other fees	**31,000**	15,000
Miscellaneous		1,000
	31,000	16,000

14. Earnings/(Loss) Per Share

The earnings/(loss) and share data used in the basic/diluted earnings/(loss) per share computations are as follows:

	2014	2013
Earnings/(Loss) per the year (a)	**76,801**	229,190
Weighted average number of outstanding common shares (b)	**6,254**	6,254
	12.28	36.65

15. Financial Assets and Liabilities

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements. There are no material unrecognized financial assets and liabilities as of December 31, 2014 and 2013:

	2014		2013	
	Carrying Amounts	**Fair Value**	Carrying Amounts	Fair Value
Assets				
Cash	**14,774,341**	**14,774,341**	14,692,540	14,692,540
Available for sale investments	**421,925,280**	**421,925,280**	408,112,250	408,112,250
	436,699,621	**436,699,621**	422,804,790	422,804,790
Liabilities				
Accrued expenses	**32,000**	**32,000**	27,000	27,000
Advances from shareholders	**140,014,341**	**140,014,341**	140,014,341	140,014,341
	140,046,341	**140,046,341**	140,041,341	140,041,341

Current Assets and Liabilities
The carrying amounts of cash are assumed to approximate their fair values. This assumption is applied to liquid assets and the short-term elements of all financial assets.

The carrying amounts of accrued expenses approximate their fair values due to either the demand feature of the financial instruments or the relatively short-term maturities of these liabilities.

Non-Current Assets and Liabilities
Available for sale investments refers to quoted securities for which a reliable basis for fair value measurement is available and carried at cost, net of any impairment.

Advances from shareholders accounts approximate their fair values due to either the demand clause of the instrument or the nature of these liabilities.

16. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise of cash, available-for-sale investments, accrued expense and advances from shareholders. The main purpose of the financial instruments is to fund the Company's operations. The main risks arising from the use of financial instruments are credit risk, interest rate risk and liquidity risk. The Company's BOD reviews and approves the policies for managing each of these risks and they are summarized in the following pages.

Credit Risk
Credit risk represents the loss that the Company would incur if counterparty failed to perform its contractual obligations. The Company trades only with recognized and creditworthy third parties. It is the Company's policy that all credit is subject to credit

verification procedures.

The credit risk arising from these financial assets arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments. The table below shows the maximum exposure to credit risk for the component of the statement of financial position:

	Gross Maximum Exposure	
	2014	2013
Cash		
In bank	**14,774,341**	14,692,540
Available-for-sale financial asset	**421,925,280**	408,112,250
	436,699,621	422,804,790

Accordingly, the Company has assessed the credit quality of the following financial assets:

- Cash is classified as "high grade" since cash in bank is placed in high profile banking institutions with good credit rating and bank standing
- Orchardstar rates credit quality of available for sale investments as standard because the counterparties have an average credit risk rating.

The credit quality of the financial assets of the Company's is as follows:

2014:

	Neither Past Due nor Impaired		
	High Grade	**Standard**	**Total**
Cash	**14,774,341**		**14,774,341**
Available for sale financial asset		**421,915,280**	**421,915,280**
	14,774,341	**421,915,280**	**436,699,621**

2013:

	Neither Past Due nor Impaired		
	High Grade	Standard	Total
Cash	14,692,540		14,692,540
Available for sale financial asset		408,112,250	408,112,250
	14,692,540	408,112,250	422,804,790

There are no significant concentrations of credit risk within the Company's accounts.

Interest Rate Risk

The company's exposure to the risk of changes in market interest rates relates primarily to receivable from and payable to related parties. The company, through its competencies in managing debt receivables and obligations, transacts with debtor and creditor to ensure the most advantageous terms and to reduce exposure to risk of changes in market interest rates. Table summary for accounts with exposure on interest risks is as follows:

	2014	2013
Asset		
Cash	**14,774,341**	14,692,540
Liability		
Advances from shareholders	**140,014,341**	140,014,341
	154,788,682	154,706,881

Liquidity Risk
Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet the commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of contractual obligation; or inability to generate cash inflows as anticipated.

The Company seeks to manage its liquidity profile to be able to finance maturing debts. To cover its operating requirements and payment of debts, the Company intends to obtain advances from shareholders. This tool considers the maturity of both the Company's financial investments and financial assets.

The following table presents the financial assets and financial liabilities as of December 31, 2014 and 2013 analyzed according to when they are expected to be recovered or settled within one year and beyond one year from reporting dates:

	Due Within One Year	**Due Beyond One Year**	**Total**
Financial Assets			
Current Asset			
Cash in bank	**14,774,341**		**14,774,341**
Non-current Asset			
Available for sale financial asset		**421,925,280**	**421,925,280**
	14,774,341	**421,925,280**	**436,699,621**
Financial Liabilities			
Current Liabilities			
Accrued expenses	**32,000**		**32,000**
Non-current Liabilities			
Advances from shareholders		**140,014,341**	**140,014,341**
	32,000	**140,014,341**	**140,046,341**

The Company's current financial assets as of December 31, 2014 exceed its current financial liabilities by the amount of Php296,653,280. While in 2013, the Company's current financial liabilities exceed its current asset by the amount of Php282,763,449, thus, the Company has minimal exposure to liquidity risk. The Company's shareholders committed to support the Company's future activities where the Company may obtain advances. The Company also maintains active credit facilities with creditors and banks to increase availability of funds. Furthermore, the company manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility. Treasury procedures and controls are in place to ensure that sufficient cash is maintained to cover operational and working capital requirements. Management closely monitors future and contingent obligations of the entity.

17. Capital Management

The primary objective of the Company's management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it and profiles from capital ratio are set in light of changes in economic conditions and the risks underlying the Company's business operations and industry. To adjust the capital structure, the company may issue new shares through subscription of shares by the shareholders. No changes were made in the objectives, policies or processes in 2014 and 2013.

The Company considers its total equity reflected in the statements of financial position as its capital. The Company monitors its use of capital and the Company's adequacy by using leverage ratios on both debt (total debt/total equity) and gearing ratio (net debt/equity). Included as total debt are all current and noncurrent liabilities. Net debt means total debt less cash. Equity pertains to total equity as shown in the statement of financial position.

	2014	2013
Accrued expenses	**32,000**	27,000
Advances from shareholders	**140,014,341**	140,014,341
Total Liabilities (a)	**140,046,341**	140,041,341
Total Equity (c)	**295,185,619**	281,355,553
Debt to equity ratio (a/c)	**0.47**	0.50
Net debt (a)	**140,014,341**	140,041,341
Cash	**14,774,341**	14,692,540
Total Capital (b)	**154,788,682**	154,733,881
Gearing ratio (a/b)	**0.9046**	0.9050

The Company has no externally imposed capital requirement.

18. Taxes

Revenue Regulation (RR) No. 15-2010 prescribes the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. It requires disclosures of taxes, duties and licenses fees paid or accrued during the year.

Below are additional information required by RR No. 15-2010. These information are presented for purposes of filing with the Bureau of Internal Revenue (BIR) and are not a required part of the basic financial statements.

I. Output value-added tax (VAT)

The Company has no revenues subject to output tax for the year ended December 31, 2014.

II. Input VAT
The Company has no expenses subject to input tax for the year ended December 31, 2014.

III. Importations
The Company does not have any transaction requiring import entries, landed costs, duties and tariffs in 2014.

IV. Excise Tax
The Company has no transaction involving excise tax for 2013.

V. Documentary stamp tax (DST)
Orchardstar has no transaction involving documentary stamp tax for

2013.

VI. All other local and national taxes
No other local and national taxes have been paid by the Company during the year.

VII. Withholding taxes
Since the Company has no employee, it has no transaction subject to withholding tax on compensation, expanded withholding tax, fringe benefit tax and final withholding tax for year ended December 31, 2014.

VIII. Tax assessment
The Company has no pending Letter of Authority (LOA) issued by the Bureau of Internal Revenue.

19. Supplementary Information Required by RR 19-2011

RR No. 19-2011 prescribes the BIR forms and modifies Revenue Memorandum Circular No. 57-2011. The revenue regulation is effective for all taxpayers required to file their income tax returns under section 51(A)(1) of the Tax Code, and are not required to file under section 51(A)(2) but who nevertheless opted to do so.

The amounts of taxable revenues and income, and deductible costs and expenses presented below, are based on relevant tax regulations issued by the BIR.

a) Revenues
The Company has no revenues for the year ended December 31, 2014 and 2013.

b) Direct operating expenses
The Company has no direct operating expenses for the year ended December 31, 2014 and 2013.

c) Non-operating and taxable other income
The Company's non-operating income are unrealized fair value gain and interest income amounting to Php13,813,030 and PhP107,801 during the year ended December 31, 2014. Unrealized fair value gain is not subject to both final tax and income tax while interest income is subject to final tax and is not subject to income tax.

d) Itemized deductions
This account consists of:

	2014	2013
Service and other fees	**31,000**	15,000
Miscellaneous		1,000
	31,000	16,000

e) Other information
All other information prescribed to be disclosed by the BIR have been included in the Note.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 1 2 1 5 7 5 1

Company Name

P E P P E R B E R R Y   V I S T A   H O L D I N G S   I N C

Principal Office (No./Street/Barangay/City/Town)Province)

1 7 T H   F L O O R   L I B E R T Y   C E N T E R   1 0 4

H . V .   D E L A   C O S T A   S T . S A L C E D O

V I L L A G E   M A K A T I   C I T Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A F S		N A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	0 2 8 8 8 0 9 99	N A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
	4/7/2014	12/31

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
G A B R I E L D EE		8 8 8 0 999	

Contact Person's Address

1 7 T H / F   L I B E R T Y C T R   S A L C E D O   V I L .

Note: In case of death, resgination 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.

PEPPERBERRY VISTA HOLDINGS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **PEPPERBERRY VISTA HOLDINGS, INC.** is responsible for the preparation and fair presentation of the financial statements for the year ended **December 31, 2014**, in accordance with the prescribed financial reporting framework indicated therein. The 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 or Trustees reviews and approves the financial statements and submit the same to the stockholders or members.

Loville Bernales Balgos, 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 report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such examination.

GABRIEL A. DEE
Chairman of the Board & President

RHODA A. ROQUE
Treasurer

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01 JUL 2015
LANDBANK MAKATI ATRIUM BR.
BIR 086 295

Loville Bernales Balgos
CERTIFIED PUBLIC ACCOUNTANT

18 San Francisco St., Karuhatan,
Valenzuela City 1441 Philippines
Telefax (02) 292 61 37
Celphone (0917) 857 05 81
Email l_balgos@yahoo.com

INDEPENDENT AUDITOR'S REPORT

The Shareholders and the Board of Directors
Pepperberry Vista Holdings. Inc.
17th Floor, Liberty Center, 104 H.V. dela Costa Street,
Salcedo Village, Makati City

I have audited the accompanying financial statements of **Pepperberry Vista Holdings. Inc.**, which comprise the statement of financial position as at December 31, 2014, and the related statement of comprehensive operation, statement of changes in shareholders' equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statement of the company as of December 31, 2013, was audited by another auditor whose report dated November 25, 2014, expressed an unqualified opinion in those statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards for Small Medium-Sized Entities; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of **Pepperberry Vista Holdings. Inc.** as at December 31, 2014, and of its financial performance and its cash flow for the year then ended in accordance with Philippine Financial Reporting Standards for Small Medium-Sized Entities.

LOVILLE B. BALGOS
CPA Reg. No. 108875
TIN 179 571 645
PTR No. 3404510, Jan. 29, 2015, Valenzuela City
PRC-BOA Reg. No. 2403 (valid until December 31, 2017)
CDA CEA No. 0437 (valid until March 2, 2017)
BIR Tax Practitioner Acc. No. 05-004168-001-2013 (valid until July 31, 2016)

June 16, 2015
Valenzuela City

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01 JUL 2015
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BIR 086 296

Loville Bernales Balgos
CERTIFIED PUBLIC ACCOUNTANT

18 San Francisco St., Karuhatan,
Valenzuela City 1441 Philippines
Telefax (02) 292 61 37
Celphone (0917) 857 05 81
Email l_balgos@yahoo.com

SUPPLEMENTAL WRITTEN STATEMENT OF EXTERNAL AUDITOR

The Shareholders and the Board of Directors
Pepperberry Vista Holdings. Inc.
17th Floor, Liberty Center, 104 H.V. dela Costa Street,
Salcedo Village, Makati City

I have examined the financial statements of **Pepperberry Vista Holdings. Inc.** for the year ended December 31, 2014, on which I have rendered the attached report dated June 16, 2015.

In compliance with SRC Rule 68, I am stating that the company has a total number of one (1) stockholder owning one hundred (100) or more shares, and five (5) stockholders owning one (1) share each.

LOVILLE B. BALGOS
CPA Reg. No. 108875
TIN 179 571 645
PTR No. 3404510, Jan. 29, 2015, Valenzuela City
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June 16, 2015
Valenzuela City

PEPPERBERRY VISTA HOLDINGS, INC.
STATEMENTS OF COMPREHENSIVE INCOME
(in Philippine peso)

		Years Ended December 31	
	Note(s)	**2014**	2013
INTEREST INCOME	*2,19*	**47,424**	76,864
LESS: ADMINISTRATIVE EXPENSES	*2,13*	**31,000**	16,340
NET INCOME BEFORE INCOME TAXES		**16,424**	60,524
TAX BENEFIT AND DEFERRED TAX	*2,6*		
Benefit from NOLCO		**9,300**	4,902
Deferred Tax Expense		**(29,409)**	(601,552)
NET INCOME (LOSS)		**(3,685)**	(536,126)
OTHER COMPREHENSIVE INCOME			
Changes in fair value of available for sale investment	*2,5*	**5,881,837**	120,310,312
TOTAL COMPREHENSIVE INCOME		**5,878,152**	119,774,186
EARNINGS PER SHARE	*2,14*	**2.63**	9.68

See accompanying Notes to Financial Statements.

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PEPPERBERRY VISTA HOLDINGS, INC.
STATEMENTS OF FINANCIAL POSITION
(in Philippine peso)

	Note(s)	December 31 2014	2013
ASSETS			
Current Assets			
Cash	2,4	**18,928,710**	68,907,286
Total Current Assets		**18,928,710**	68,907,286
NonCurrent Assets			
Available-for-Sale Investments	2,5	**179,663,400**	173,781,562
Deferred Tax Asset	2,6	**14,202**	4,902
Total NonCurrent Assets		**179,677,602**	173,786,464
		198,606,312	242,693,750
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accrued Expenses	2,7	**32,000**	27,000
Total Current Liabilities		**32,000**	27,000
NonCurrent Liabilities			
Advances from Shareholders	2,8	**72,296,002**	122,296,002
Deferred Tax Liability	2,10	**630,961**	601,552
Total NonCurrent Liabilities		**72,926,963**	122,897,554
Total Liabilities		**72,958,963**	122,924,554
Shareholders' Equity			
Capital Shares	2,11	**6,255**	6,255
Cumulative Effects of Changes in Fair Values	2,5	**126,192,151**	120,310,312
Cumulative Deficit		**(551,056)**	(547,371)
Total Shareholders' Equity		**125,647,349**	119,769,196
		198,606,312	242,693,750

See accompanying Notes to Financial Statements.

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PEPPERBERRY VISTA HOLDINGS, INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(in Philippine peso)

	Note(s)	Capital Shares	Changes in Fair Value	Cumulative Deficit	Total
Balance at January 1, 2013	*2,11*	6,255		(11,245)	(4,990)
Change in Fair Value of Investment in Securities	*2,5*		120,310,312		120,310,312
Less: Net Loss				(536,126)	(536,126)
Balance at December 31, 2013		6,255	120,310,312	(547,371)	119,769,196
Balance at January 1, 2014	***2,11***	**6,255**	**120,310,312**	**(547,371)**	**119,769,196**
Change in Fair Value of Investment in Securities	***2,5***		**5,881,838**		**5,881,838**
Less: Net Loss				**(3,685)**	**(3,685)**
Balance at December 31, 2014		**6,255**	**126,192,150**	**(551,056)**	**125,647,349**

See accompanying Notes to Financial Statements.

PEPPERBERRY VISTA HOLDINGS, INC.

STATEMENTS OF CASH FLOW

(in Philippine Peso)

		Years Ended December 31	
	Note(s)	**2014**	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income		**16,424**	60,524
Adjustments for:			
Interest Income	*2,19*	**(47,424)**	(76,864)
Operating income before working capital changes		**(31,000)**	(16,340)
Increase (decrease) in:			
Accrued Expenses	*2,7*	**5,000**	16,000
Cash used in operations		**(26,000)**	(340)
Interest received		**47,424**	76,864
Net Cash provided by operations		**21,424**	76,524
CASH FLOWS FROM FINANCING ACTIVITY			
Advances from Stockholders	*2,8*	**(50,000,000)**	122,296,002
Net cash used in investing activities		**(50,000,000)**	122,296,002
CASH FLOWS FROM INVESTING ACTIVITY			
Acquisition of available for sale investment	*2,5*		(53,471,250)
Net cash used in investing activities		-	(53,471,250)
NET INCREASE (DECREASE) IN CASH		**(49,978,576)**	68,901,276
CASH AT BEGINNING OF THE YEAR	*2,4*	**68,907,286**	6,010
CASH AT END OF THE YEAR	*2,4*	**18,928,710**	68,907,286

See accompanying Notes to Financial Statements.

PEPPERBERRY VISTA HOLDINGS, INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(in Philippine peso)

	Note(s)	Capital Shares	Changes in Fair Value	Cumulative Deficit	Total
Balance at January 1, 2013	*2,11*	6,255		(11,245)	(4,990)
Change in Fair Value of Investment in Securities	*2,5*		120,310,312		120,310,312
Less: Net Loss				(536,126)	(536,126)
Balance at December 31, 2013		6,255	120,310,312	(547,371)	119,769,196
Balance at January 1, 2014	***2,11***	**6,255**	**120,310,312**	**(547,371)**	**119,769,196**
Change in Fair Value of Investment in Securities	***2,5***		**5,881,838**		**5,881,838**
Less: Net Loss				**(3,685)**	**(3,685)**
Balance at December 31, 2014		**6,255**	**126,192,150**	**(551,056)**	**125,647,349**

See accompanying Notes to Financial Statements.

PEPPERBERRY VISTA HOLDINGS, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2014

1. Corporate Information

Pepperberry Vista Holdings, Inc., was incorporated and registered with the Securities and Exchange Commission (SEC) as per Registration no. CS201215751 on September 11, 2012. The Company is a holding company with all the express powers of a corporation.

The primary purpose of this Corporation is to subscribe for, hold, assign, or otherwise dispose of property, including shares of stock, notes, and other securities of any corporation, to receive and dispose of the interest, dividends and income arising from such property, and to exercise in respect thereof all the rights, powers and privileges of ownership, including voting powers, without however engaging in business as an investment company under the Investment Company Act or a finance company or a dealer in securities or stocks, and only to hold the foregoing assets for purely investment purposes; to aid in any other manner any corporation any share of stock or other security of which are held by this corporation or in which it shall have interest, and to do any act designed to protect, preserve, improve or enhance the value of the property at any time held or controlled by this corporation.

Its principal office and registered address is at 17th Floor, Liberty Center, 104 H.V dela Costa Street, Salcedo Village, Makati City.

Status of Operations
The Company did not enter into any major or significant agreements that may create an impact on the financial statements. There are no material changes in the company policies and procedures.

The financial statements of the Company for the year ended December 31, 2014 was authorized for issue by the Board of Directors (BOD) on June 16, 2015.

2. Summary of Significant Accounting Policies

The financial statement prepared by **Pepperberry Vista Holdings, Inc.** in accordance with the 'PFRS for Small and Medium-sized Entities' issued by the Philippine Accounting Standards Board. These principal accounting policies applied in the preparation of these financial statements are summarized below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of presentation

The financial statements of the Company have been prepared on the historical cost convention and are presented in the Philippine Pesos, which is the Company's functional and presentation currency. All values represent absolute amounts except when otherwise indicated.

The preparation of financial statements in conformity with the PFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies.

2.2 *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Philippine Peso' (PHP), which is the company's functional and the presentation currency.

2.3 *Basic Financial Instruments*

Basic financial instruments are initially recognized at the transaction price, including transaction costs (except if measured at fair value through profit or loss). However, if the acquisition or issuance involves a financing transaction, initial measurement is at the present value of future cash payments discounted at a market rate of interest for a similar instrument.

Subsequent to initial recognition, basic financial instruments are measured as follows:

- Debt instruments at amortized cost using the effective interest method;
- Commitments to receive a loan that are within the scope of this section, at cost (if any) less impairment; and
- Investments in non-convertible and non-puttable shares at fair value if it is reliably measurable, otherwise at cost less impairment.

Amortized cost is the present value of the financial instrument's future cash flows discounted at the effective interest rate (i.e. the rate that initially discounts estimated future cash flows to the initial carrying amount of the instrument). The interest expense (income) recognized in a period is the carrying amount at the beginning of the period multiplied by the effective interest rate for the period.

Financial assets and financial liabilities with no stated interest rate and that are classified as current are initially measured at an undiscounted amount.

Financial instruments measured at cost or amortized cost must be assessed for impairment at the end of each reporting period.

An impairment loss is reversed if the amount of the impairment loss decreased and the decrease can be related objectively to an event occurring after the impairment was recognized. A reversal should not result in a carrying amount that is greater than what it would have been had no impairment been recognized.

When estimating fair value the following hierarchy is used:

- Quoted price for an identical asset in an active market;
- A recent transaction price; and
- A valuation technique.

Financial assets are derecognized when:

- The contractual rights to the cash flows expire or are settled;
- Substantially all the risks and rewards of ownership have been transferred; or
- Despite retaining some risks and rewards, control of the financial asset has been transferred and the other part has the practical ability to sell the asset in its entirety without needing to impose additional restrictions on the transfer.

Any rights and obligations retained or created in a transfer that qualifies for derecognition are recognized separately.

Financial liabilities are derecognized only when the obligation is discharged, cancelled or expires.

2.4 *Cash and cash equivalents*

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.5 *Borrowings*

Borrowings are recognized initially at the transaction price (that is, the present value of cash payable to the bank, including transaction costs). Borrowings are subsequently stated at amortized cost. Interest expense is recognized on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2.6 *Trade Payables*

Trade payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

2.7 *Provisions*

Provisions for restructuring costs and legal claims are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

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

2.8 *Employee Benefits*

Philippine Accounting Standard Number 19 applies to all employee benefits including a retirement benefit plan. It also applies to enterprises where retirement benefit is mandated

by law.

The Company has no employees as of December 31, 2014 and 2013. Therefore, the Company has no legal or constructive obligation on retirement. As provided in the provisions of Presidential Decree No. 422, retail, service and agricultural establishments or operations employing not more than 10 employees or workers are exempted from the coverage of the provisions for retirement.

2.9 Share capital

Ordinary shares are classified as equity.

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

2.10 Retained Earnings

Retained earnings (deficit) include all current and prior period results as disclosed in the statement of income.

2.11 Revenue and Cost Recognition

Revenue comprises of revenues from the sale of goods and the rendering of services measured by reference to the fair value of consideration received or receivable by the Company for goods and services rendered, excluding value-added tax (VAT) and trade discounts.

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Company; and the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized:

Rendering of Services
Rendering of services is generally recognized when the customer has approved the service that has been provided. When the outcome of the contract cannot be measured reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

Interest Income
Interest income on bank deposits is recognized on a time proportion basis, net of applicable final withholding tax.

Dividend Income
Dividend income is recognized when the Company's right to receive payment or dividend has been established and the amount can be reliably measured. It is included in other income in the statement of comprehensive income.

Expense Recognition
Expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions in assets or incurrence of liabilities that result in the decrease in equity,

other than those relating to distributions to equity participants. Costs and expenses are recognized in the period these were incurred.

Administrative Expenses
These expenses constitute costs of administering the business day-to-day operation and are recognized when incurred and includes services and other fees and miscellaneous.

2.12 Current and Deferred Income Tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except that a change attributable to an item of income or expense recognized as other comprehensive income is also recognized directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the country where the Company operates and generates taxable income.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

2.13 Dividend distribution

Dividend distribution to the company's shareholders is recognized as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

2.14 Related Party Transactions and Relationships

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more of the intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

2.15 Earnings per share

Basic earnings per share amounts are calculated by dividing the net income attributable to ordinary equity holders of the Company by the weighted average number of an ordinary share outstanding, adjusted for any stock dividends declared during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to

ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding, adjusted for any stock dividends declared during the year plus weighted average number of ordinary shares that would be issued on the conversion of all the dilutive ordinary shares into ordinary shares.

The Company has no dilutive potential common shares as of December 31, 2014 and 2013.

2.16 Events after the Reporting Date

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Accounting Judgments and Estimates

The Company's financial statements prepared in accordance with PFRS require management to make judgments, estimates and assumptions that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results may ultimately differ from these estimates.

3.1 Judgments

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

(a) Classification of Financial Instruments

The Company exercises judgments in classifying a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, rather than its legal form, governs its classification in the statement of financial position.

The Company determines that the classification of financial instruments at initial recognition and re-evaluates this designation at every reporting date.

3.2 Estimates and Assumptions

The financial statements prepared in compliance with PRFS require management to make estimates and assumptions that affect amounts reported in the financial statements and related notes. The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

(a) Determination of Fair Value of Financial Assets and Liabilities

Where the fair value of financial instruments recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from the observable market where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors affect the reported fair value of financial instruments. The assumptions used to estimate the fair value of financial assets and liabilities are described in Note 15.

The carrying values of the Company's financial assets amounted to Php198,592,110 and Php242,688,848 as of December 31, 2014 and 2013, respectively, while the carrying values of financial liabilities amounted to Php72,328,002 and Php122,323,002 as of December 31, 2014 and 2013, respectively (see Note 15).

(b) Impairment of Available-for-sale Financial Assets

No permanent decline in value on available-for-sale financial asset is recorded for the year 2014 and 2013. Unrealized gain of Php5,881,837 and Php120,310,312 on available-for-sale financial asset are recognized for the year ended December 31, 2014 and 2013.

(b) Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount 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 asset to be utilized. However, there is no absolute assurance that the Company will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

The Company's deferred tax asset – NOLCO is Php14,202 and PhP4,902 as of December 31, 2014 and 2013, respectively (see Note 6).

4. Cash

Cash include the following:

	2014	2013
Cash in Bank	**18,928,710**	68,907,286

Cash in banks generally earn interest at the respective rates based on daily bank deposit rates.

Interest income earned from savings account amounted to Php47,424 and Php76,864 for the years ended December 31, 2014 and 2013, respectively.

5. Available-for-sale Financial Assets

Quoted available-for-sale financial assets mainly consist of investment in stocks of MJC Investments Corporation listed in the Philippines Stock Exchange (PSE) as follows:

	2014	2013
Quoted Available-for-sale financial assets	**53,471,250**	53,471,250
Unrealized fair value gain of AFS	**126,192,150**	120,310,312
	179,663,400	173,781,562

The Company recognized unrealized fair value gain in the statements of comprehensive operation.

The fair values of available-for-sale financial assets have been determined directly by reference to published prices in active markets.

These investments present the Company with opportunity for return through dividend income. Management intends to hold these investments for long term purposes.

Management believes that based on the assessment performed these investments are not impaired.

6. Deferred Tax Asset

This account refers to deferred tax of the Company arising from Net Operating Loss Carryover (NOLCO) details of NOLCO are as follows:

	Valid until	**2014**	2013
NOLCO-2013	2016	**4,902**	4,902
NOLCO-2014	2017	**9,300**	
		14,202	4,902

7. Accrued Expenses

The balance of accrued expense amounted to:

	2014	2013
Accrued Expenses	**32,000**	27,000

This account refers to accrual of services and other fees and is normally payable in 30 to 60 days.

The Company considers that the carrying amount of payables approximate their fair values since the above are short-term in nature.

8. Advances from Shareholders

The balance of advances from shareholders amounted to:

	2014	2013
Advances from Stockholders	**72,296,002**	122,296,002

This account refers to advances availed of from shareholders to finance the working capital requirements of the company which are unsecured and non-interest bearing.

The advances are non-collateral and non-interest bearing and will be settled in full with the shareholders concerned but there is no time frame set within which this amount should be paid (refer to Note 12).

9. Income Taxes

Computation of income tax is as follows:

	2014	2013
Income tax based on regular rate		
Income before tax expense	**16,424**	60,424
Less: Income subjected to final tax		
: Interest income	**(47,424)**	(76,864)
Loss	**(31,000)**	(16,340)
Tax rate	**30%**	30%
	(9,300)	(4,902)

Among the significant provisions and amendments of the National Internal Revenue Code (NIRC) that apply to the company are the following:

a) The Regular Corporate Income Tax (RCIT) rate of 30% is imposed on taxable income, net of applicable deductions;

b) Fringe benefits tax (same rate as the RCIT) is imposed on the grossed-up value of the benefits given by employers to their managerial and supervisory employees (final tax to be paid by the employer);

c) Minimum corporate income tax (MCIT) of 2% based on gross income, as defined under the Tax Code, is required to be paid starting on the fourth year from the date of registration with the Bureau of Internal Revenue (BIR) whenever the RCIT is lower than the MCIT. In the computation of the tax due for the taxable quarter, if the computed quarterly MCIT is higher than the quarterly normal income tax, the tax due to be paid for such taxable quarter at the time of filing the quarterly income tax return shall be the MCIT which is 2% of the gross income as of the end of the taxable quarter;

d) Net operating loss carryover (NOLCO) can be claimed as deduction against taxable income within three years after NOLCO is incurred;

e) The amount of interest expense allowed as income tax deduction is reduced by an

amount equal to 33% of the interest income subjected to final tax;

f) Optional standard deduction (OSD) equivalent to 40% of gross income may be claimed as an alternative in computing the RCIT; and

g) The ceiling on the amount of entertainment, amusement and recreation (EAR) expense that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company is limited to actual EAR paid but not to exceed 1% of net revenue.

10. Deferred Tax Liability

This account refers to deferred tax charge on gain on change in fair value of available for sale financial assets amounting to:

	2014	2013
Deferred Tax Liability	**630,961**	601,552

Under Section 127(A) of the tax code, sale, barter, exchange or other disposition of shares of stock listed and traded through the Local Stock Exchange (LSE) other than the sale by a dealer in securities is exempt from capital gains tax and regular corporate income tax but subject to ½ of 1% percentage tax.

11. Capital Shares

The Company's authorized, subscribed and paid-up shares details as follows:

	2014		2013	
	Shares	Amount	Shares	Amount
Authorized shares	**100,000**	100,000	100,000	100,000
Subscribed shares	**25,000**	25,000	25,000	25,000
Subscription receivable	**(18,745)**	(18,745)	(18,745)	(18,745)
Net paid-up	**6,255**	6,255	6,255	6,255

The Company has six (6) shareholders as of December 31, 2014 and 2013.

12. Related Party Disclosures

Related party relationship exists when one party has the ability to control, directly or indirectly, the other party or to influence the other party in making financial and operating decision.

Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

Refer to Note 8 for breakdown of Advances from Shareholders.

Since the company has no employees, there were no compensation paid to the Company's key management personnel for the years ended December 31, 2014 and 2013.

13. Administrative Expenses

This account consists of:

	2014	2013
Service and other fees	**31,000**	15,000
Miscellaneous		1,340
	31,000	16,340

14. Earnings/(Loss) Per Share

The earnings/(loss) and share data used in the basic/diluted earnings/(loss) per share computations are as follows:

	2014	2013
Earnings per the year (a)	**16,424**	60,524
Weighted average number of outstanding common shares (b)	**6,255**	6,255
	2.63	9.68

15. Capital Management

The Company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

As of December 31, 2014, the Company's cash and financial asset at fair value through profit or loss are Php18,928,710 and Php179,663,400, respectively; while as of December 31, 2013, these were Php68,907,286 and Php173,781,562, respectively.

The Company has no revenue from its commercial operations.

16. Taxes

Revenue Regulation (RR) No. 15-2010 prescribes the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. It requires disclosures of taxes, duties and licenses fees paid or accrued during the year.

Below are additional information required by RR No. 15-2010. These information are presented for purposes of filing with the Bureau of Internal Revenue (BIR) and are not a required part of the basic financial statements.

I. Output value-added tax (VAT)
The Company has no revenues subject to output tax for the year ended December 31, 2014.

II. Input VAT
The Company has no expenses subject to input tax for the year ended December 31, 2014.

III. Importations
The Company does not have any transaction requiring import entries, landed costs, duties and tariffs in 2014.

IV. Excise Tax
The Company has no transaction involving excise tax for 2013.

V. Documentary stamp tax (DST)
Pepperberry Vista has no transaction involving documentary stamp tax for 2013.

VI. All other local and national taxes
No other local and national taxes have been paid by the Company during the year.

VII. Withholding taxes
Since the Company has no employee, it has no transaction subject to withholding tax on compensation, expanded withholding tax, fringe benefit tax and final withholding tax for year ended December 31, 2014.

VIII. Tax assessment
The Company has no pending Letter of Authority (LOA) issued by the Bureau of Internal Revenue.

17. Supplementary Information Required by RR 19-2011

RR No. 19-2011 prescribes the BIR forms and modifies Revenue Memorandum Circular No. 57-2011. The revenue regulation is effective for all taxpayers required to file their income tax returns under section 51(A)(1) of the Tax Code, and are not required to file under section 51(A)(2) but who nevertheless opted to do so.

The amounts of taxable revenues and income, and deductible costs and expenses presented below, are based on relevant tax regulations issued by the BIR.

a) Revenues
The Company has no revenues for the year ended December 31, 2014 and 2013.

b) Direct operating expenses
The Company has no direct operating expenses for the year ended December 31, 2014 and

2013.

c) Non-operating and taxable other income
The Company's non-operating income are unrealized fair value gain and interest income amounting to Php5,881,837 and PhP47,424 during the year ended December 31, 2014. Unrealized fair value gain is not subject to both final tax and income tax while interest income is subject to final tax and is not subject to income tax.

d) Itemized deductions

This account consists of:

	2014	2013
Service and other fees	**31,000**	15,000
Miscellaneous		1,340
	31,000	16,340

e) Other information
All other information prescribed to be disclosed by the BIR have been included in the Note.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 1 2 1 5 7 5 7

Company Name

P U R P L E   C A S S A D Y   H O L D I N G S ,   I N C .

Principal Office (No./Street/Barangay/City/Town)Province)

1 7 T H   F L O O R   L I B E R T Y   C E N T E R   1 0 4

H . V .   D E L A   C O S T A   S T . S A L C E D O

V I L L A G E   M A K A T I   C I T Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A F S		N A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	0 2 8 8 8 0 9 99	N A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
	4/7/2014	12/31

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
G A B R I E L D EE		8 8 8 0 999	

Contact Person's Address

1 7 T H / F   L I B E R T Y C T R   S A L C E D O   V I L .

Note: In case of death, resgination 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.

PURPLE CASSADY HOLDINGS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **PURPLE CASSADY HOLDINGS, INC.** is responsible for the preparation and fair presentation of the financial statements for the year ended **December 31, 2014**, in accordance with the prescribed financial reporting framework indicated therein. The 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 or Trustees reviews and approves the financial statements and submit the same to the stockholders or members.

Loville Bernales Balgos, 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 report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such examination.

GABRIEL A. DEE
Chairman of the Board & President

RHODA A. ROQUE
Treasurer

TELLER NO. 1
01 JUL 2015
LANDBANK MAKATI ATRIUM BR.
BIR 086 296

Loville Bernales Balgos
CERTIFIED PUBLIC ACCOUNTANT

18 San Francisco St., Karuhatan,
Valenzuela City 1441 Philippines
Telefax (02) 292 61 37
Celphone (0917) 857 05 81
Email l_balgos@yahoo.com

INDEPENDENT AUDITOR'S REPORT

The Shareholders and the Board of Directors
Purple Cassady Holding, Inc.
17th Floor, Liberty Center, 104 H.V. dela Costa Street,
Salcedo Village, Makati City

I have audited the accompanying financial statements of **Purple Cassady Holding, Inc.**, which comprise the statement of financial position as at December 31, 2014, and the related statement of comprehensive operation, statement of changes in shareholders' equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statement of the company as of December 31, 2013, was unaudited.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of **Purple Cassady Holding, Inc.** as at December 31, 2014, and of its financial performance and its cash flow for the year then ended in accordance with Philippine Financial Reporting Standards.

LOVILLE B. BALGOS
CPA Reg. No. 108875
TIN 179 571 645
PTR No. 3404510, Jan. 29, 2015, Valenzuela City
PRC-BOA Reg. No. 2403 (valid until December 31, 2017)
CDA CEA No. 0437 (valid until March 2, 2017)
BIR Tax Practitioner Acc. No. 05-004168-001-2013 (valid until July 31, 2016)

June 16, 2015
Valenzuela City

Loville Bernales Balgos
CERTIFIED PUBLIC ACCOUNTANT

18 San Francisco St., Karuhatan,
Valenzuela City 1441 Philippines
Telefax (02) 292 61 37
Celphone (0917) 857 05 81
Email l_balgos@yahoo.com

SUPPLEMENTAL WRITTEN STATEMENT OF EXTERNAL AUDITOR

The Shareholders and the Board of Directors
Purple Cassady Holding, Inc.
17th Floor, Liberty Center, 104 H.V. dela Costa Street,
Salcedo Village, Makati City

I have examined the financial statements of **Purple Cassady Holding, Inc.** for the year ended December 31, 2014, on which I have rendered the attached report dated June 16, 2015.

In compliance with SRC Rule 68, I am stating that the company has a total number of two (2) stockholders owning one hundred (100) or more shares each, and four (4) stockholders owning one (1) share each.

LOVILLE B. BALGOS
CPA Reg. No. 108875
TIN 179 571 645
PTR No. 3404510, Jan. 29, 2015, Valenzuela City
PRC-BOA Reg. No. 2403 (valid until December 31, 2017)
CDA CEA No. 0437 (valid until March 2, 2017)
BIR Tax Practitioner Acc. No. 05-004168-001-2013 (valid until July 31, 2016)

June 16, 2015
Valenzuela City

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SEC-Satellite Office
Electronic Records Management Division
ICTD
JUL 01 2015
BY:
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PURPLE CASSADY HOLDINGS, INC.
STATEMENTS OF FINANCIAL POSITION
(in Philippine peso)

	Note(s)	December 31 2014	2013
ASSETS			
Current Assets			
Cash	2,4	**14,761,023**	14,687,709
Total Current Assets		**14,761,023**	14,687,709
NonCurrent Assets			
Available-for-Sale Investments	2,5	**421,921,920**	408,109,000
Deferred Tax Asset	2,6	**15,900**	4,800
Total NonCurrent Assets		**421,937,820**	408,113,800
		436,698,843	422,801,509
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accrued Expenses	2,7	**32,000**	27,000
Total Current Liabilities		**32,000**	27,000
NonCurrent Liabilities			
Advances from Shareholders	2,8	**140,014,341**	140,014,341
Deferred Tax Liability	2,10	**1,481,750**	1,412,685
Total NonCurrent Liabilities		**141,496,091**	141,427,026
Total Liabilities		**141,528,091**	141,454,026
Shareholders' Equity			
Capital Shares	2,11	**6,254**	6,254
Cumulative Effects of Changes in Fair Values	2,5	**296,349,920**	282,537,000
Cumulative Deficit		**(1,185,422)**	(1,195,771)
Total Shareholders' Equity		**295,170,752**	281,347,483
		436,698,843	422,801,509

See accompanying Notes to Financial Statements.

TELLER NO. 1
01 JUL 2015
LANDBANK MAKATI ATRIUM BR.
BIR 086 296

PURPLE CASSADY HOLDINGS, INC.

STATEMENTS OF COMPREHENSIVE INCOME

(in Philippine peso)

		Years Ended December 31	
	Note(s)	**2014**	2013
INTEREST INCOME	*2,19*	**105,314**	239,359
LESS: ADMINISTRATIVE EXPENSES	*2,13*	**37,000**	16,000
NET INCOME BEFORE INCOME TAXES		**68,314**	223,359
TAX BENEFIT AND DEFERRED TAX	*2,6*		
Benefit from NOLCO		**11,100**	4,800
Deferred Tax Expense		**(69,065)**	(1,412,685)
NET INCOME (LOSS)		**10,349**	(1,184,526)
OTHER COMPREHENSIVE INCOME			
Changes in fair value of available for sale investment	*2,5*	**13,812,920**	282,537,000
TOTAL COMPREHENSIVE INCOME		**13,823,269**	281,352,474
EARNINGS PER SHARE	*2,14*	**10.92**	35.71

See accompanying Notes to Financial Statements.

PURPLE CASSADY HOLDINGS, INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(in Philippine peso)

	Note(s)	Capital Shares	Changes in Fair Value	Cumulative Deficit	Total
Balance at January 1, 2013	*2,11*	6,254		(11,245)	(4,991)
Change in Fair Value of Investment in Securities	*2,5*		282,537,000		282,537,000
Less: Net Loss				(1,184,526)	(1,184,526)
Balance at December 31, 2013		6,254	282,537,000	(1,195,771)	281,347,483
Balance at January 1, 2014	***2,11***	**6,254**	**282,537,000**	**(1,195,771)**	**281,347,483**
Change in Fair Value of Investment in Securities	***2,5***		**13,812,920**		**13,812,920**
Add: Net Income				**10,349**	**10,349**
Balance at December 31, 2014		**6,254**	**296,349,920**	**(1,185,422)**	**295,170,752**

See accompanying Notes to Financial Statements.

PURPLE CASSADY HOLDINGS, INC.

STATEMENTS OF CASH FLOWS

(in Philippine Peso)

		Years Ended December 31	
	Note(s)	**2014**	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income		**68,314**	223,359
Adjustments for:			
Interest Income	*2,19*	**(105,314)**	(239,359)
Operating income before working capital changes		**(37,000)**	(16,000)
Increase (decrease) in:			
Accrued Expenses	*2,7*	**5,000**	16,000
Cash used in operations		**(32,000)**	-
Interest received		**105,314**	239,359
Net Cash provided by operations		**73,314**	239,359
CASH FLOWS FROM FINANCING ACTIVITY			
Advances from Stockholders	*2,8*	-	140,014,341
Net cash used in investing activities		-	140,014,341
CASH FLOWS FROM INVESTING ACTIVITY			
Acquisition of available for sale investment	*2,5*		(125,572,000)
Net cash used in investing activities		-	(125,572,000)
NET INCREASE (DECREASE) IN CASH		**73,314**	14,681,700
CASH AT BEGINNING OF THE YEAR	*2,4*	**14,687,709**	6,009
CASH AT END OF THE YEAR	*2,4*	**14,761,023**	14,687,709

See accompanying Notes to Financial Statements.

PURPLE CASSADY HOLDINGS, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2014 and 2013

1. Corporate Information

Purple Cassady Holdings, Inc. (the Company), was incorporated and registered with the Securities and Exchange Commission (SEC) as per Registration no. CS201215757 on September 11, 2012. The Company is a holding company with all the express powers of a corporation.

The primary purpose of the Company is to subscribe for, hold, assign, or otherwise dispose of property, including shares of stock, notes, and other securities of any corporation, to receive and dispose of the interest, dividends and income arising from such property, and to exercise in respect thereof all the rights, powers and privileges of ownership, including voting powers, without however engaging in business as an investment company under the Investment Company Act or a finance company or a dealer in securities or stocks, and only to hold the foregoing assets for purely investment purposes; to aid in any other manner any corporation any share of stock or other security of which are held by this corporation or in which it shall have interest, and to do any act designed to protect, preserve, improve or enhance the value of the property at any time held or controlled by this corporation.

The Company's registered office, which is also its principal place of business, is located at 17th Floor, Liberty Center, 104 H.V. dela Costa Street, Salcedo Village, Makati City

Status of Operations

The Company did not enter into any major or significant agreements that may create an impact on the financial statements. There are no material changes in the company policies and procedures.

The financial statements of the Company for the year ended December 31, 2014 (including the comparatives for the year ended December 31, 2013) were authorized for issue by the Board of Directors (BOD) on June 16, 2015.

2. Summary of Significant Accounting Policies

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

2.1 Basis of presentation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial assets, property and equipment and investment property. The measurement bases are more fully described in the accounting policies that follow:

(b) Presentation of Financial Statements

The financial statements are presented in accordance with PAS 1 (Revised 2007), *Presentation of Financial Statements.* The Company presents all items of income and expenses in a single statement of comprehensive income. Two comparative periods are presented for the statement of financial position when the Company applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements, or reclassifies items in the financial statements.

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Company's functional presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

2.2 Adoption of New Interpretations, Revisions and Amendments of PFRS

In preparing these financial statements in accordance with PFRS, the Company has applied all mandatory exceptions and some of the optional exemptions from full retrospective application of the PFRS. However, there were no noted differences upon application of PFRS in the financial statements of the Company.

- PAS 1 : *Presentation of Financial Statements*
- PAS 7 : *Statement of Cash Flows*
- PAS 8 : *Accounting Policies, Changes in Accounting Estimates and Errors*
- PAS 10 : *Events after the Reporting Period*
- PAS 12 : *Income Taxes*
- PAS 18 : *Revenue*
- PAS 21 : *The Effects of Changes in Foreign Exchange Rates*
- PAS 23 : *Borrowing Costs*
- PAS 24 : *Related Party Disclosures*
- PAS 32 : *Financial Instruments: Disclosure and Presentation*
- PAS 33 : *Earnings per Share*
- PAS 34 : *Interim Financial Reporting*
- PAS 36 : *Impairment of Assets*
- PAS 37 : *Provision, Contingent Liabilities and Contingent Assets*
- PAS 39 : *Financial Instruments: Recognition and Measurement*
- PFRS 1 : *First-time Adoption of Philippine Financial Reporting Standards*
- PFRS 7 : *Financial Instruments: Disclosures*
- PFRS 9 : *Financial Instruments*

- PRFS 13 : *Fair Value Measurement*

- PAS 1, *Presentation of Financial Statements,* sets overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.

- PAS 7, *Statement of Cash Flows,* requires the provision of information about the historical changes in cash and cash equivalents of an entity by means of a statement of cash flows which classifies cash flows during the period from operating, investing and financing activities.

- PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors,* the objective of this standard is:

  a) to remove the allowed alternative to retrospective application of voluntary changes in accounting policies and retrospective restatement to correct prior periods;
  b) to eliminate the concept of a fundamental error;
  c) to articulate the hierarchy of guidance to which management refers, whose applicability it considers when selecting accounting policies in the absence of Standards and Interpretations that specifically apply; and
  d) to define material omissions or misstatements, and describe how to apply the concept of materiality when applying accounting policies and correcting error.

- PAS 10, *Events after the Reporting Period,* prescribes when an entity should adjust its financial statements for events after the reporting period and the disclosures that an entity should give about the date when the financial statements were authorized for issue and about events after the reporting period.

- PAS 12, *Income Taxes,* implements the balance sheet liability method of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test.

- PAS 18, *Revenue,* prescribes the accounting requirements for when to recognize revenue from the sale of goods, rendering of services, and for interest, royalties and dividends. Revenue is measured at the fair value of the consideration received or receivable and recognized when prescribed conditions are met, which depend on the nature of the revenue.

- PAS 21, *The Effects of Changes in Foreign Exchange Rates,* prescribes how to include foreign currency transactions and foreign operations in the financial statements of an entity and how to translate financial statements into a presentation currency. The standard excludes from its scope foreign currency derivatives that are within the scope of PFRS 9. Similarly, the material on hedge accounting has been moved to PAS 39, Financial Instruments – Recognition and Measurement.

- PAS 23, *Borrowing Costs,* prescribes the accounting treatment of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognized as an expense.

- PAS 24, *Related Party Disclosures,* requires a reporting entity to disclose transactions with its related parties and relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. Revised PAS 24, amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities.

- PAS 32, *Financial Instruments: Disclosure and Presentation,* establishes the principles for the presentation of financial instruments, particularly as to the classification of such instruments into financial assets, financial liabilities and equity instruments. The standard also provides guidance on the classification of related interest, dividends and gains/losses, and when financial assets and financial liabilities can be offset.

- PAS 33, *Earnings per Share,* prescribes principles for the determination and presentation of earnings per share, so as to improve performance comparisons between different entities in the same reporting period and between different reporting periods for the same entity.

- PAS 34, *Interim Financial Reporting,* prescribes the minimum content of an interim financial report and to prescribe the principles for recognition and measurement in complete or condensed financial statements for an interim period. This Standard does not mandate which entities should be required to publish interim financial reports, how frequently, or how soon after the end of an interim period. However, governments, securities regulators, stock exchanges, and accountancy bodies often require entities whose debt or equity securities are publicly traded to publish interim financial reports.

- PAS 36, *Impairment of Assets,* ensures that assets are carried at no more than their recoverable amount, and to define how recoverable amount is determined. It requires the recoverable amount of an asset to be measured whenever there is an indication that the asset may be impaired. PAS 36 applies to all assets except inventories, assets arising from construction contracts, deferred tax assets, assets arising from employee benefits, financial assets, investment property carried at fair value, agricultural assets carried at fair value, insurance contract assets, non-current assets held for sale.

- PAS 37, *Provision, Contingent Liabilities and Contingent Assets,* ensures that appropriate recognition criteria and measurement bases are applied to provisions, contingent liabilities and contingent assets and that sufficient information is disclosed in the notes to the financial statements to enable users to understand their nature, timing and amount. The key principle established by the Standard is that a provision should be recognized only when there is a liability i.e. a present obligation resulting from past events. The Standard thus aims to ensure that only genuine obligations are dealt with in the financial statements – planned future expenditure, even where authorized by the board of directors or equivalent governing body, is excluded from recognition.

- PAS 39, *Financial Instruments: Recognition and Measurement,* outlines the requirements for the recognition and measurement of financial assets, financial liabilities, and some contracts to buy or sell non-financial items. Financial instruments are initially recognized when an entity becomes a party to the contractual provisions of the instrument, and are classified into various categories depending upon the type of instrument, which then determines the subsequent measurement of the instrument (typically amortized cost or fair value). Special rules apply to embedded derivatives and hedging instruments.

  Amendment to PAS 39 provides (a) additional guidance on determining whether loan prepayment penalties result in an embedded derivative that needs to be separated; (b) clarify that the scope exemption in PAS 39 paragraph 2(g) is restricted to forward contracts, i.e. not options, between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date within a reasonable period normally necessary to obtain any required approvals and to complete the transaction; and (c) clarify that the gains or losses on a cash flow hedge should be reclassified from other comprehensive income to profit or loss during the period that the hedged forecast cash flows impact profit or loss.

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards,* restructures the format of PFRS 1 without changing the standard's technical content. The revised version moves the exemptions and exceptions contained in the main body of PFRS to different appendices, and also removes PFRS 1 transitional provisions that are no longer considered relevant.

- PFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Liabilities* requires entity to disclose information about rights of set-off and related arrangements. The new disclosures are required for all recognized financial instruments that are subject to enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendment requires entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and liabilities recognized at the end of reporting period:

  a) The gross amounts of those recognized financial assets and liabilities;
  b) The amounts that are set-off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
  c) The net amounts presented in the statement of financial position;
  d) The amount subject to enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including;
     i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
     ii. Amounts related to financial collateral (including cash collateral); and
  e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

  The amendment only affects disclosures and has no impact on the Company's financial statements.

- PFRS 13, *Fair Value Measurement* establishes a single source of guidance under PFRS for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted.

Improvements to PFRS

The omnibus amendment to PFRS contains non-urgent but necessary amendments to PFRSs. The amendments are effective for annual periods beginning on or after January 1, 2013 and are applied retrospectively.

- PFRS 1, *First-time Adoption of PFRS – Borrowing Costs*, clarifies that, upon adoption of PFRS, an entity that capitalized borrowing costs in accordance with its previous generally accepted accounting principles, may carry forward, without any adjustment, the amount previously capitalized in its opening statement of financial position at the date of transition. Subsequent to the adoption of PFRS, borrowing costs are recognized in accordance with PAS 23, Borrowing Costs.

- PAS 1, *Presentation of Financial Statements – Clarification of the Requirements for Comparative Information*, clarifies the requirements for comparative information that are disclose voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatements or reclassification of items in the financial statements. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. On the other hand, supporting notes on the third statement of financial position (mandatory when there is a retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements) are not required. The amendments affect disclosures only and have no impact on the Company's financial statements.

- PAS 32, *Financial Instruments: Presentation – Tax Effect of Distribution to Holders of Equity Instruments,* clarifies that income taxes relating to distributions to equity holders and to transaction costs of an equity transactions are accounted for in accordance with Pas 12, Income Taxes. The Company expects that this amendment will not have any impact on its financial statements.

New or Revised Standards, Amendments to Standards and Interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2014, and have not been applied in preparing these financial statements. Except as otherwise indicated, the Company does not expect the adoption of these new and amended PFRS, PAS and Philippine Interpretations International Financial Reporting Interpretation Committee (IFRIC) to have significant impact on its financial statements.

The Company will adopt the following new or revised standards, amendments to standards and interpretations in the respective effective dates:

Adopted on January 1, 2014

- PAS 32, *Financial Instruments: Presentation – Offsetting Financial Assets and Liabilities* clarifies the meaning of "currently has a legal enforceable right to set-off" and the application of PAS 32 offsetting criteria to settlement systems which apply gross settlement mechanisms that are not simultaneous. While the amendment is expected not to have an impact on the net assets of the Company, any changes in offsetting is expected to impact leverage ratios and regulatory capital requirements. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014. The Company is currently assessing the impact of this Standard.

To be Adopted on January 1, 2015

- PFRS 9, *Financial Instruments: Classification and Measurements* reflects the first phase on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as define in PAS 39. The standard is effective for annual periods beginning on or before January 1, 2015. Work on impairment of financial instruments and hedge accounting is still ongoing, with a view to replacing PAS 39 in its entirety. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of Purple Cassady's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities. Purple Cassady will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

2.3 Financial Assets

Financial assets which are recognized when the Company becomes a party to the contractual terms of the financial instrument include cash and other financial instruments. Financial assets, other than hedging instruments, are classified into the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated at every reporting date at which date a choice of classification or accounting treatment is available, subject to compliance with specific provisions of applicable accounting standards.

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

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at fair value through profit or loss are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at fair value through profit or loss, are initially recorded at fair value and transaction costs related to it are recognized in the profit or loss.

A more detailed description of the four categories of financial assets is as follows:

(a) Financial Assets at Fair Value through Profit or Loss

This category include financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through profit or loss upon initial recognition. All derivatives fall into this category, except for those designated and effective as hedging instruments. Assets in this category are classified as current if they are either held for trading or are expected to be realized within 12 months from the end of the reporting period.

Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. Financial assets (are derivatives and financial instruments original designated as financial assets at fair value through profit or loss) may be reclassified out of fair value through profit or loss category if they are no longer held for the purpose of being sold or repurchased in the near term.

The Company does not maintain any financial assets at fair value through profit and loss as of December 31, 2014 and 2013.

(b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This accounting policy relates to the statement of financial position caption "Loans receivable" which arise primarily from trade receivables, advances to employees and other non-current receivables. Receivables are classified as current when these are expected to be realized within one year after the reporting date or the Company's normal operating cycle, which is one year. All other receivables and advances are classified as noncurrent.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Any change in their value is recognized in profit or loss. Impairment loss is provided when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the asset carrying amount and the present value of estimated cash flows.

(c) Held-to-Maturity Investments

This category includes non-derivative financial assets with fixed or determinable payments and a fixed date of maturity that the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Held-to maturity investments are included in non-current assets under Financial Assets account in the statement of financial position, except those maturing within 12 months from the reporting period, which are presented as part of current assets.

Subsequent to initial recognition, the investments are measured at amortized cost using the effective interest method, less impairment losses, if any. Impairment loss, which is the difference between the carrying value and the present value of estimated cash flows of the investment, is recognized when there is objective evidence that the investment has been impaired. Any changes to the carrying amount of the investment, including impairment loss, are recognized in profit or loss.

The Company does not maintain held-to-maturity investments as of December 31, 2014 and 2013.

(d) *Available-for-sale Financial Assets*

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets under the Financial Assets account in the statement of financial position unless management intends to dispose of the investment within 12 months from the reporting period.

All available-for-sale financial assets are measured at fair value, unless otherwise disclosed, with changes in value recognized in other comprehensive income, net of any effects arising from arising taxes. When the assets is disposed of or is determined to be impaired the cumulative gain or loss recognized in other comprehensive income is reclassified from revaluation reserve to profit or loss and presented as a reclassification adjustments within other comprehensive income.

Reversal of impairment loss is recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

The Company available-for-sale investments as of December 31, 2014 and 2013 amounted to Php421,921,920 and Php408,109,000, respectively.

All income and expenses, including impairment losses, relating to financial assets that are recognized in the profit or loss are presented as part of Finance Costs or Finance Income in the statement of comprehensive income.

For investments that are actively traded in organized financial markets, fair value is determined by reference to stock exchange-quoted market bid prices at the close of business on the reporting period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net assets base on the investment.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

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

De-recognition of financial assets occurs when the rights to receive cash flows from the financial instruments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

2.4 Financial Liabilities

Financial liabilities include interest-bearing loans and borrowing, trade and other payables and finance lease liabilities, due to related parties and other non-current liabilities, which are measured at amortized cost using the effective interest rate method.

Financial liabilities are recognized when the Company becomes a party to the contractual terms of the instrument. All interest-related charges are recognized as an expense in profit or loss under the caption Finance Costs in the statement of comprehensive income.

Interest-bearing loans and borrowings are raised for support of long-term funding of operations. They are recognized at proceeds received, net of direct issue costs.

Finance lease liabilities are measured at initial value less the capital element of lease repayments.

Trade payables are initially recognized at their fair value and subsequently measured at amortized cost.

Dividend distributions to shareholders are recognized as financial liabilities upon declaration by the Company.

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

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive operation.

The Company has not entered into any major financial, legal or business agreement aside from the normal business transactions nor has it made any major commitments which affect the financial position or results of operations.

The Company does not have any pending legal or labor case which should result to additional liability or unrecorded expense.

Offsetting
Financial assets and liabilities are only offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.5 Provisions

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.6 Revenue and Expense Recognition

Revenue comprises of revenues from the sale of goods and the rendering of services measured by reference to the fair value of consideration received or receivable by the Company for goods and services rendered, excluding value-added tax (VAT) and trade discounts.

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Company; and the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized:

Rendering of Services

Rendering of services is generally recognized when the customer has approved the service that has been provided. When the outcome of the contract cannot be measured reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

Interest Income

Interest income on bank deposits is recognized on a time proportion basis, net of applicable final withholding tax.

Dividend Income

Dividend income is recognized when the Company's right to receive payment or dividend has been established and the amount can be reliably measured. It is included in other income in the statement of comprehensive income.

Expense Recognition

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

Administrative Expenses
These expenses constitute costs of administering the business day-to-day operation and are recognized when incurred and includes services and other fees and miscellaneous.

2.7 Foreign Currency Transactions

The accounting records of the Company are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income as part of income or loss from operations.

2.8 Employee Benefits

Philippine Accounting Standard Number 19 applies to all employee benefits including a retirement benefit plan. It also applies to enterprises where retirement benefit is mandated by law.

The Company has no employees as of December 31, 2014 and 2013. Therefore, the Company has no legal or constructive obligation on retirement. As provided in the provisions of Presidential Decree No. 422, retail, service and agricultural establishments or operations employing not more than 10 employees or workers are exempted from the coverage of the provisions for retirement.

2.9 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are attributable to the acquisition, construction or production or a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

2.10 Income Taxes

Current Income 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 tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred Income Tax
Deferred income tax liability is provided, using the statement of financial position liability method, on all temporary differences at the reporting date between the tax bases of assets

and liabilities and their carrying amounts for financial reporting purposes.

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

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

Deferred income tax assets and liabilities are measured at the tax rate 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.

2.11 Equity

Capital stock represents the nominal value of shares that have been issued.
Additional paid-in capital includes any premium received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Treasury shares are stated at the cost of reacquiring such shares.

Revaluation reserves comprise gains and losses due to the revaluation of property and equipment and certain financial assets.

Retained earnings include all current and prior period results of operations as disclosed in the statement of comprehensive income.

2.12 Related Party Transactions and Relationships

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more of the intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

2.13 Earnings per share

Basic earnings per share amounts are calculated by dividing the net income attributable to ordinary equity holders of the Company by the weighted average number of an ordinary share outstanding, adjusted for any stock dividends declared during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding, adjusted for any stock dividends declared during the year plus weighted average number of ordinary shares that would be issued on the conversion of all the dilutive ordinary shares into ordinary shares.

The Company has no dilutive potential common shares as of December 31, 2014 and 2013.

2.14 Events after the Reporting Date

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

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3. Significant Accounting Judgments and Estimates

The Company's financial statements prepared in accordance with PFRS require management to make judgments, estimates and assumptions that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results may ultimately differ from these estimates.

3.1 Judgments

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

(a) Classification of Financial Instruments

The Company exercises judgments in classifying a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, rather than its legal form, governs its classification in the statement of financial position.

The Company determines that the classification of financial instruments at initial recognition and re-evaluates this designation at every reporting date.

3.2 Estimates and Assumptions

The financial statements prepared in compliance with PRFS require management to make estimates and assumptions that affect amounts reported in the financial statements and related notes. The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

(a) Determination of Fair Value of Financial Assets and Liabilities

Where the fair value of financial instruments recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from the observable market where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors affect the reported fair value of financial instruments. The assumptions used to estimate the fair value of financial assets and liabilities are described in Note 15.

The carrying values of the Company's financial assets amounted to Php436,682,943 and Php422,796,709 as of December 31, 2014 and 2013, respectively, while the carrying values of financial liabilities amounted to Php140,046,341 and Php140,041,341as of December 31, 2014 and 2013, respectively (see Note 15).

(b) Impairment of Available-for-sale Financial Assets

No permanent decline in value on available-for-sale financial asset is recorded for the year 2014 and 2013. Unrealized gain of Php13,812,920 and Php282,537,000 on available-for-sale financial asset are recognized for the year ended December 31, 2014 and 2013.

(b) Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount 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 asset to be utilized. However, there is no absolute assurance that the Company will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

The Company's deferred tax asset – NOLCO is Php15,900 and PhP4,800 as of December 31, 2014 and 2013, respectively (see Note 6).

4. Cash

Cash include the following:

	2014	2013
Cash in Bank	**14,761,203**	14,687,709

Cash in banks generally earn interest at the respective rates based on daily bank deposit rates.

Interest income earned from savings account amounted to Php105,314 and PhP239,359 for the years ended December 31, 2014 and 2013, respectively.

5. Available-for-sale Financial Assets

Quoted available-for-sale financial assets mainly consist of investment in stocks of MJC Investments Corporation listed in the Philippines Stock Exchange (PSE) as follows:

	2014	2013
Quoted Available-for-sale financial assets	**125,572,000**	125,572,000
Unrealized fair value gain of AFS	**296,349,920**	282,537,000
	421,921,920	408,109,000

The Company recognized unrealized fair value gain in the statements of comprehensive operation.

The fair values of available-for-sale financial assets have been determined directly by reference to published prices in active markets.

These investments present the Company with opportunity for return through dividend income. Management intends to hold these investments for long term purposes.

Management believes that based on the assessment performed these investments are not impaired.

6. Deferred Tax Asset

This account refers to deferred tax of the Company arising from Net Operating Loss Carryover (NOLCO) details of NOLCO are as follows:

	Valid until	**2014**	2013
NOLCO-2013	2016	**4,800**	4,800
NOLCO-2014	2017	**11,100**	
		15,900	4,800

7. Accrued Expenses

The balance of accrued expense amounted to:

	2014	2013
Accrued Expenses	**32,000**	27,000

This account refers to accrual of services and other fees and is normally payable in 30 to 60 days.

The Company considers that the carrying amount of payables approximate their fair values since the above are short-term in nature.

8. Advances from Shareholders

The balance of advances from shareholders amounted to:

	2014	2013
Advances from Stockholders	**140,014,341**	140,014,341

This account refers to advances availed of from shareholders to finance the working capital requirements of the company which are unsecured and non-interest bearing.

The advances are non-collateral and non-interest bearing and will be settled in full with the shareholders concerned but there is no time frame set within which this amount should be paid (refer to Note 12).

9. Income Taxes

Computation of income tax is as follows:

	2014	2013
Income tax based on regular rate		
Income before tax expense	**68,314**	223,559
Less: Income subjected to final tax		
: Interest income	**(105,314)**	(239,359)
Loss	**(37,000)**	(16,000)
Tax rate	**30%**	30%
	(11,100)	(4,800)

Among the significant provisions and amendments of the National Internal Revenue Code (NIRC) that apply to the company are the following:

a) The Regular Corporate Income Tax (RCIT) rate of 30% is imposed on taxable income, net of applicable deductions;

b) Fringe benefits tax (same rate as the RCIT) is imposed on the grossed-up value of the benefits given by employers to their managerial and supervisory employees (final tax to be paid by the employer);

c) Minimum corporate income tax (MCIT) of 2% based on gross income, as defined under the Tax Code, is required to be paid starting on the fourth year from the date of registration with the Bureau of Internal Revenue (BIR) whenever the RCIT is lower than the MCIT. In the computation of the tax due for the taxable quarter, if the computed quarterly MCIT is higher than the quarterly normal income tax, the tax due to be paid for such taxable quarter at the time of filing the quarterly income tax return shall be the MCIT which is 2% of the gross income as of the end of the taxable quarter;

d) Net operating loss carryover (NOLCO) can be claimed as deduction against taxable income within three years after NOLCO is incurred;

e) The amount of interest expense allowed as income tax deduction is reduced by an

amount equal to 33% of the interest income subjected to final tax;

f) Optional standard deduction (OSD) equivalent to 40% of gross income may be claimed as an alternative in computing the RCIT; and

g) The ceiling on the amount of entertainment, amusement and recreation (EAR) expense that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company is limited to actual EAR paid but not to exceed 1% of net revenue.

10. Deferred Tax Liability

This account refers to deferred tax charge on gain on change in fair value of available for sale financial assets amounting to:

	2014	2013
Deferred Tax Liability	**1,481,750**	1,412,685

Under Section 127(A) of the tax code, sale, barter, exchange or other disposition of shares of stock listed and traded through the Local Stock Exchange (LSE) other than the sale by a dealer in securities is exempt from capital gains tax and regular corporate income tax but subject to ½ of 1% percentage tax.

11. Capital Shares

The Company's authorized, subscribed and paid-up shares details as follows:

	2014		2013	
	Shares	Amount	Shares	Amount
Authorized shares	**100,000**	100,000	100,000	100,000
Subscribed shares	**25,000**	25,000	25,000	25,000
Subscription receivable	**(18,746)**	(18,746)	(18,746)	(18,746)
Net paid-up	**6,254**	6,254	6,254	6,254

The Company has six (6) shareholders as of December 31, 2014 and 2013.

12. Related Party Disclosures

Related party relationship exists when one party has the ability to control, directly or indirectly, the other party or to influence the other party in making financial and operating decision.

Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

See Note 7 for breakdown of Advances from Shareholders.

Since the company has no employees, there were no compensation paid to the Company's key management personnel for the years ended December 31, 2014 and 2013.

13. Administrative Expenses

This account consists of:

	2014	2013
Service and other fees	**37,000**	15,000
Miscellaneous		1,000
	37,000	16,000

14. Earnings/(Loss) Per Share

The earnings/(loss) and share data used in the basic/diluted earnings/(loss) per share computations are as follows:

	2014	2013
Earnings/(Loss) per the year (a)	**68,314**	223,359
Weighted average number of outstanding common shares (b)	**6,254**	6,254
	10.92	35.71

15. Financial Assets and Liabilities

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements. There are no material unrecognized financial assets and liabilities as of December 31, 2014 and 2013:

	2014		2013	
	Carrying Amounts	**Fair Value**	Carrying Amounts	Fair Value
Assets				
Cash	**14,761,023**	**14,761,023**	14,687,709	14,687,709
Available for sale investments	**421,921,920**	**421,921,920**	408,109,000	408,109,000
	436,682,943	**436,682,943**	422,796,709	422,796,709
Liabilities				
Accrued expenses	**32,000**	**32,000**	27,000	27,000
Advances from shareholders	**140,014,341**	**140,014,341**	140,014,341	140,014,341
	140,046,341	**140,046,341**	140,041,341	140,041,341

Current Assets and Liabilities
The carrying amounts of cash are assumed to approximate their fair values. This assumption is applied to liquid assets and the short-term elements of all financial assets.
The carrying amounts of accrued expenses approximate their fair values due to either the demand feature of the financial instruments or the relatively short-term maturities of these liabilities.

Non-Current Assets and Liabilities
Available for sale investments refers to quoted securities for which a reliable basis for fair value measurement is available and carried at cost, net of any impairment.

Advances from shareholders accounts approximate their fair values due to either the demand clause of the instrument or the nature of these liabilities.

16. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise of cash, available-for-sale investments, accrued expense and advances from shareholders. The main purpose of the financial instruments is to fund the Company's operations. The main risks arising from the use of financial instruments are credit risk, interest rate risk and liquidity risk. The Company's BOD reviews and approves the policies for managing each of these risks and they are summarized in the following pages.

Credit Risk
Credit risk represents the loss that the Company would incur if counterparty failed to perform its contractual obligations. The Company trades only with recognized and creditworthy third parties. It is the Company's policy that all credit is subject to credit verification procedures.

The credit risk arising from these financial assets arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments. The table below shows the maximum exposure to credit risk for the component of the statement of financial position:

	Gross Maximum Exposure	
	2014	2013
Cash		
In bank	**14,761,023**	14,687,709
Available-for-sale financial asset	**421,921,920**	408,109,000
	436,682,943	422,796,709

Accordingly, the Company has assessed the credit quality of the following financial assets:

- Cash is classified as "high grade" since cash in bank is placed in high profile banking institutions with good credit rating and bank standing
- Purple Cassady rates credit quality of available for sale investments as standard because the counterparties have an average credit risk rating.

The credit quality of the financial assets of the Company's is as follows:

2014:

	Neither Past Due nor Impaired		
	High Grade	**Standard**	**Total**
Cash	**14,761,023**		**14,761,023**
Available for sale financial asset		**421,921,920**	**421,921,920**
	14,761,023	**421,921,920**	**436,682,943**

2013:

	Neither Past Due nor Impaired		
	High Grade	Standard	Total
Cash	14,687,709		14,687,709
Available for sale financial asset		408,109,000	408,109,000
	14,687,709	408,109,000	422,796,709

There are no significant concentrations of credit risk within the Company's accounts.

Interest Rate Risk

The company's exposure to the risk of changes in market interest rates relates primarily to receivable from and payable to related parties. The company, through its competencies in managing debt receivables and obligations, transacts with debtor and creditor to ensure the most advantageous terms and to reduce exposure to risk of changes in market interest rates. Table summary for accounts with exposure on interest risks is as follows:

	2014	2013
Asset		
Cash	**14,761,023**	14,687,709
Liability		
Advances from shareholders	**140,014,341**	140,014,341
	154,775,364	154,702,050

Liquidity Risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet the commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of contractual obligation; or inability to generate cash inflows as anticipated.

The Company seeks to manage its liquidity profile to be able to finance maturing debts. To cover its operating requirements and payment of debts, the Company intends to obtain advances from shareholders. This tool considers the maturity of both the Company's financial investments and financial assets.

The following table presents the financial assets and financial liabilities as of December 31, 2014 and 2013 analyzed according to when they are expected to be recovered or settled within one year and beyond one year from reporting dates:

	Due Within One Year	Due Beyond One Year	Total
Financial Assets			
Current Asset			
Cash in bank	**14,761,023**		**14,761,023**
Non-current Asset			
Available for sale financial asset		**421,921,920**	**421,921,920**
	14,761,023	**421,921,920**	**436,682,943**
Financial Liabilities			
Current Liabilities			
Accrued expenses	**32,000**		**32,000**
Non-current Liabilities			
Advances from shareholders		**140,014,341**	**140,014,341**
	32,000	**140,014,341**	**140,046,341**

The Company's current financial assets as of December 31, 2014 exceed its current financial liabilities by the amount of Php296,636,602. While in 2013, the Company's current financial liabilities exceed its current asset by the amount of Php282,755,368, thus, the Company has minimal exposure to liquidity risk. The Company's shareholders committed to support the Company's future activities where the Company may obtain advances. The Company also maintains active credit facilities with creditors and banks to increase availability of funds. Furthermore, the company manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility. Treasury procedures and controls are in place to ensure that sufficient cash is maintained to cover operational and working capital requirements. Management closely monitors future and contingent obligations of the entity.

17. Capital Management

The primary objective of the Company's management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it and profiles from capital ratio are set in light of changes in economic conditions and the risks underlying the Company's business operations and industry. To adjust the capital structure, the company may issue new shares through subscription of shares by the shareholders. No changes were made in the objectives, policies or processes in 2014 and 2013.

The Company considers its total equity reflected in the statements of financial position as its capital. The Company monitors its use of capital and the Company's adequacy by using leverage ratios on both debt (total debt/total equity) and gearing ratio (net debt/equity). Included as total debt are all current and noncurrent liabilities. Net debt means total debt less cash. Equity pertains to total equity as shown in the statement of financial position.

	2014	2013
Accrued expenses	**32,000**	27,000
Advances from shareholders	**140,014,341**	140,014,341
Total Liabilities (a)	**140,046,341**	140,041,341
Total Equity (c)	**295,170,752**	281,347,483
Debt to equity ratio (a/c)	**0.47**	0.50

Net debt (a)	**140,046,341**	140,041,341
Cash	**14,761,023**	14,687,709
Total Capital (b)	**154,807,364**	154,729,050
Gearing ratio (a/b)	**0.9046**	0.9051

The Company has no externally imposed capital requirement.

18. Taxes

Revenue Regulation (RR) No. 15-2010 prescribes the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. It requires disclosures of taxes, duties and licenses fees paid or accrued during the year.

Below are additional information required by RR No. 15-2010. These information are presented for purposes of filing with the Bureau of Internal Revenue (BIR) and are not a required part of the basic financial statements.

I. Output value-added tax (VAT)
The Company has no revenues subject to output tax for the year ended December 31, 2014.

II. Input VAT
The Company has no expenses subject to input tax for the year ended December 31, 2014.

III. Importations
The Company does not have any transaction requiring import entries, landed costs, duties and tariffs in 2014.

IV. Excise Tax
The Company has no transaction involving excise tax for 2014.

V. Documentary stamp tax (DST)
The Company has no transaction involving documentary stamp tax for 2014.

VI. All other local and national taxes
No other local and national taxes have been paid by the Company during the year.

VII. Withholding taxes

Since the Company has no employee, it has no transaction subject to withholding tax on compensation, expanded withholding tax, fringe benefit tax and final withholding tax for year ended December 31, 2014.

VIII. Tax assessment
The Company has no pending Letter of Authority (LOA) issued by the Bureau of Internal Revenue.

19. Supplementary Information Required by RR 19-2011

RR No. 19-2011 prescribes the BIR forms and modifies Revenue Memorandum Circular No. 57-2011. The revenue regulation is effective for all taxpayers required to file their income tax returns under section 51(A)(1) of the Tax Code, and are not required to file under section 51(A)(2) but who nevertheless opted to do so.

The amounts of taxable revenues and income, and deductible costs and expenses presented below, are based on relevant tax regulations issued by the BIR.

a) Revenues
The Company has no revenues for the year ended December 31, 2014 and 2013.

b) Direct operating expenses
The Company has no direct operating expenses for the year ended December 31, 2014 and 2013.

c) Non-operating and taxable other income
The Company's non-operating income are unrealized fair value gain and interest income amounting to Php13,812,920 and PhP105,314 during the year ended December 31, 2014. Unrealized fair value gain is not subject to both final tax and income tax while interest income is subject to final tax and is not subject to income tax.

d) Itemized deductions
This account consists of:

	2014	2013
Service and other fees	**37,000**	15,000
Miscellaneous		1,000
	37,000	16,000

e) Other information
All other information prescribed to be disclosed by the BIR have been included in the Note.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 1 2 1 5 7 5 3

Company Name

S A V I L E R O W H O L D I N G S I N C .

Principal Office (No./Street/Barangay/City/Town)Province)

1 7 T H F L O O R L I B E R T Y C E N T E R 1 0 4

H . V . D E L A C O S T A S T . S A L C E D O

V I L L A G E M A K A T I C I T Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A F S		N A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	0 2 8 8 8 0 9 99	N A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
	4/7/2014	12/31

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
G A B R I E L D EE		8 8 8 0 999	

Contact Person's Address

1 7 T H / F L I B E R T Y C T R S A L C E D O V I L .

Note: In case of death, resgination 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.

SAVILE ROW HOLDINGS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **SAVILE ROW HOLDINGS, INC.** is responsible for the preparation and fair presentation of the financial statements for the year ended **December 31, 2014**, in accordance with the prescribed financial reporting framework indicated therein. The 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 or Trustees reviews and approves the financial statements and submit the same to the stockholders or members.

Loville Bernales Balgos, 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 report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such examination.

GABRIEL A. DEE
Chairman of the Board & President

RHODA A. ROQUE
Treasurer

Loville Bernales Balgos
CERTIFIED PUBLIC ACCOUNTANT

18 San Francisco St., Karuhatan,
Valenzuela City 1441 Philippines
Telefax (02) 292 61 37
Celphone (0917) 857 05 81
Email l_balgos@yahoo.com

INDEPENDENT AUDITOR'S REPORT

The Shareholders and the Board of Directors
Savile Row Holdings, Inc.
17th Floor, Liberty Center, 104 H.V. dela Costa Street,
Salcedo Village, Makati City

I have audited the accompanying financial statements of **Savile Row Holdings, Inc.**, which comprise the statement of financial position as at December 31, 2014, and the related statement of comprehensive operation, statement of changes in shareholders' equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statement of the company as of December 31, 2013, was unaudited.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards for Small Medium-Sized Entities; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of **Savile Row Holdings, Inc.,** as at December 31, 2014, and of its financial performance and its cash flow for the year then ended in accordance with Philippine Financial Reporting Standards for Small Medium-Sized Entities.

LOVILLE B. BALGOS
CPA Reg. No. 108875
TIN 179 571 645
PTR No. 3404510, Jan. 29, 2015, Valenzuela City
PRC-BOA Reg. No. 2403 (valid until December 31, 2017)
CDA CEA No. 0437 (valid until March 2, 2017)
BIR Tax Practitioner Acc. No. 05-004168-001-2013 (valid until July 31, 2016)

June 16, 2015
Valenzuela City

Loville Bernales Balgos
CERTIFIED PUBLIC ACCOUNTANT

18 San Francisco St., Karuhatan,
Valenzuela City 1441 Philippines
Telefax (02) 292 61 37
Celphone (0917) 857 05 81
Email l_balgos@yahoo.com

SUPPLEMENTAL WRITTEN STATEMENT OF EXTERNAL AUDITOR

The Shareholders and the Board of Directors
Savile Row Holdings, Inc.
17th Floor, Liberty Center, 104 H.V. dela Costa Street,
Salcedo Village, Makati City

I have examined the financial statements of **Savile Row Holdings, Inc.** for the year ended December 31, 2014, on which I have rendered the attached report dated June 16, 2015.

In compliance with SRC Rule 68, I am stating that the company has a total number of one (1) stockholder owning one hundred (100) or more shares, and five (5) stockholders owning one (1) share each.

LOVILLE B. BALGOS
CPA Reg. No. 108875
TIN 179 571 645
PTR No. 3404510, Jan. 29, 2015, Valenzuela City
PRC-BOA Reg. No. 2403 (valid until December 31, 2017)
CDA CEA No. 0437 (valid until March 2, 2017)
BIR Tax Practitioner Acc. No. 05-004168-001-2013 (valid until July 31, 2016)

June 16, 2015
Valenzuela City

SAVILE ROW HOLDINGS, INC.
STATEMENTS OF FINANCIAL POSITION
(in Philippine peso)

	Note(s)	December 31 2014	2013
ASSETS			
Current Assets			
Cash	2-4	**18,933,070**	68,917,632
Total Current Assets		**18,933,070**	68,917,632
NonCurrent Assets			
Available-for-Sale Investments	2,5	**179,663,400**	173,781,562
Deferred Tax Asset	2,6	**16,002**	4,902
Total NonCurrent Assets		**179,679,402**	173,786,464
		198,612,472	242,704,096
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accrued Expenses	2,7	**32,000**	27,000
Total Current Liabilities		**32,000**	27,000
NonCurrent Liabilities			
Advances from Shareholders	2,8	**72,304,340**	122,304,340
Deferred Tax Liability	2,10	**630,960**	601,551
Total NonCurrent Liabilities		**72,935,300**	122,905,891
Total Liabilities		**72,967,300**	122,932,891
Shareholders' Equity			
Capital Shares	2,11	**6,255**	6,255
Cumulative Effects of Changes in Fair Values	2,5	**126,192,150**	120,310,312
Cumulative Deficit		**(553,233)**	(545,362)
Total Shareholders' Equity		**125,645,172**	119,771,205
		198,612,472	242,704,096

See accompanying Notes to Financial Statements.

SEC-Satellite Office
JUL 01 2015
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SAVILE ROW HOLDINGS, INC.
STATEMENTS OF COMPREHENSIVE INCOME
(in Philippine peso)

	Note(s)	Years Ended December 31 2014	2013
INTEREST INCOME	2,17	**47,438**	78,872
LESS: ADMINISTRATIVE EXPENSES	2,13	**37,000**	16,340
NET INCOME BEFORE INCOME TAXES		**10,438**	62,532
TAX BENEFIT AND DEFERRED TAX	2,6		
Benefit from NOLCO		**11,100**	4,902
Deferred Tax Expense		**(29,409)**	(601,551)
NET INCOME (LOSS)		**(7,871)**	(534,117)
OTHER COMPREHENSIVE INCOME			
Changes in fair value of available for sale investmen	2,5	**5,881,837.50**	120,310,312
TOTAL COMPREHENSIVE INCOME		**5,873,966**	119,776,195
EARNINGS PER SHARE	2,14	**1.67**	10.00

See accompanying Notes to Financial Statements.

01 JUL 2015
LANDBANK MAKATI ATRIUM BR.
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SEC-Satellite Office
JUL 01 2015
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SAVILE ROW HOLDINGS, INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(in Philippine peso)

	Note(s)	Capital Shares	Changes in Fair Value	Cumulative Deficit	Total
Balance at January 1, 2013	*2,11*	6,255		(11,245)	(4,990)
Change in Fair Value of Investment in Securities	*2,5*		120,310,312		120,310,312
Less: Net Loss				(534,117)	(534,117)
Balance at December 31, 2013		6,255	120,310,312	(545,362)	119,771,205
Balance at January 1, 2014	*2,11*	**6,255**	**120,310,312**	**(545,362)**	**119,771,205**
Change in Fair Value of Investment in Securities	*2,5*		**5,881,838**		**5,881,838**
Less: Net Loss				**(7,871)**	**(7,871)**
Balance at December 31, 2014		**6,255**	**126,192,150**	**(553,233)**	**125,645,172**

See accompanying Notes to Financial Statements.

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TELLER NO. 1
01 JUL 2015
LANDBANK MAKATI ATRIUM BR.

SAVILE ROW HOLDINGS, INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(in Philippine peso)

	Note(s)	Capital Shares	Changes in Fair Value	Cumulative Deficit	Total
Balance at January 1, 2013	2,11	6,255		(11,245)	(4,990)
Change in Fair Value of Investment in Securities	2,5		120,310,312		120,310,312
Less: Net Loss				(534,117)	(534,117)
Balance at December 31, 2013		6,255	120,310,312	(545,362)	119,771,205
Balance at January 1, 2014	2,11	**6,255**	**120,310,312**	**(545,362)**	**119,771,205**
Change in Fair Value of Investment in Securities	2,5		**5,881,838**		**5,881,838**
Less: Net Loss				**(7,871)**	**(7,871)**
Balance at December 31, 2014		**6,255**	**126,192,150**	**(553,233)**	**125,645,172**

See accompanying Notes to Financial Statements.

SAVILE ROW HOLDINGS, INC.

STATEMENTS OF CASH FLOWS

(in Philippine Peso)

		Years Ended December 31	
	Note(s)	**2014**	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income		**10,438**	62,532
Adjustments for:			
Interest Income	*2,17*	**(47,438)**	(78,872)
Operating income before working capital changes		**(37,000)**	(16,340)
Increase (decrease) in:			
Accrued Expenses	*2,7*	**5,000**	16,000
Cash used in operations		**(32,000)**	(340)
Interest received		**47,438**	78,872
Net Cash provided by operations		**15,438**	78,532
CASH FLOWS FROM FINANCING ACTIVITY			
Advances from Stockholders	*2,8*	**(50,000,000)**	122,304,340
Net cash used in investing activities		**(50,000,000)**	122,304,340
CASH FLOWS FROM INVESTING ACTIVITY			
Acquisition of available for sale investment	*2,5*		(53,471,250)
Net cash used in investing activities		-	(53,471,250)
NET INCREASE (DECREASE) IN CASH		**(49,984,562)**	68,911,622
CASH AT BEGINNING OF THE YEAR	*2,4*	**68,917,632**	6,010
CASH AT END OF THE YEAR	*2,4*	**18,933,070**	68,917,632

See accompanying Notes to Financial Statements.

1. Corporate Information

Savile Row Holdings, Inc., was incorporated and registered with the Securities and Exchange Commission (SEC) as per Registration no. CS201215753 on September 11, 2012. The Company is a holding company with all the express powers of a corporation.

The primary purpose of this Corporation is to subscribe for, hold, assign, or otherwise dispose of property, including shares of stock, notes, and other securities of any corporation, to receive and dispose of the interest, dividends and income arising from such property, and to exercise in respect thereof all the rights, powers and privileges of ownership, including voting powers, without however engaging in business as an investment company under the Investment Company Act or a finance company or a dealer in securities or stocks, and only to hold the foregoing assets for purely investment purposes; to aid in any other manner any corporation any share of stock or other security of which are held by this corporation or in which it shall have interest, and to do any act designed to protect, preserve, improve or enhance the value of the property at any time held or controlled by this corporation.

Its principal office and registered address is at 17th Floor, Liberty Center, 104 H.V dela Costa Street, Salcedo Village, Makati City.

Status of Operations
The Company did not enter into any major or significant agreements that may create an impact on the financial statements. There are no material changes in the company policies and procedures.

The financial statements of the Company for the year ended December 31, 2014 was authorized for issue by the Board of Directors (BOD) on May 16, 2015.

2. Summary of Significant Accounting Policies

The financial statement prepared by **Savile Row Holdings, Inc.** in accordance with the 'PFRS for Small and Medium-sized Entities' issued by the Philippine Accounting Standards Board. These principal accounting policies applied in the preparation of these financial statements are summarized below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of presentation

The financial statements of the Company have been prepared on the historical cost convention and are presented in the Philippine Pesos, which is the Company's functional and presentation currency. All values represent absolute amounts except when otherwise indicated.

The preparation of financial statements in conformity with the PFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies.

2.2 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Philippine Peso' (PHP), which is the company's functional and the presentation currency.

2.3 Basic Financial Instruments

Basic financial instruments are initially recognized at the transaction price, including transaction costs (except if measured at fair value through profit or loss). However, if the acquisition or issuance involves a financing transaction, initial measurement is at the present value of future cash payments discounted at a market rate of interest for a similar instrument.

Subsequent to initial recognition, basic financial instruments are measured as follows:

- Debt instruments at amortized cost using the effective interest method;
- Commitments to receive a loan that are within the scope of this section, at cost (if any) less impairment; and
- Investments in non-convertible and non-puttable shares at fair value if it is reliably measurable, otherwise at cost less impairment.

Amortized cost is the present value of the financial instrument's future cash flows discounted at the effective interest rate (i.e. the rate that initially discounts estimated future cash flows to the initial carrying amount of the instrument). The interest expense (income) recognized in a period is the carrying amount at the beginning of the period multiplied by the effective interest rate for the period.

Financial assets and financial liabilities with no stated interest rate and that are classified as current are initially measured at an undiscounted amount.

Financial instruments measured at cost or amortized cost must be assessed for impairment at the end of each reporting period.

An impairment loss is reversed if the amount of the impairment loss decreased and the decrease can be related objectively to an event occurring after the impairment was recognized. A reversal should not result in a carrying amount that is greater than what it would have been had no impairment been recognized.

When estimating fair value the following hierarchy is used:

- Quoted price for an identical asset in an active market;
- A recent transaction price; and
- A valuation technique.

Financial assets are derecognized when:

- The contractual rights to the cash flows expire or are settled;
- Substantially all the risks and rewards of ownership have been transferred; or
- Despite retaining some risks and rewards, control of the financial asset has been transferred and the other part has the practical ability to sell the asset in its entirety without needing to impose additional restrictions on the transfer.

Any rights and obligations retained or created in a transfer that qualifies for derecognition are recognized separately.

Financial liabilities are derecognized only when the obligation is discharged, cancelled or expires.

2.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.5 Borrowings

Borrowings are recognized initially at the transaction price (that is, the present value of cash payable to the bank, including transaction costs). Borrowings are subsequently stated at amortized cost. Interest expense is recognized on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2.6 Trade Payables

Trade payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

2.7 Provisions

Provisions for restructuring costs and legal claims are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

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

2.8 Employee Benefits

Philippine Accounting Standard Number 19 applies to all employee benefits including a retirement benefit plan. It also applies to enterprises where retirement benefit is mandated

by law.

The Company has no employees as of December 31, 2014 and 2013. Therefore, the Company has no legal or constructive obligation on retirement. As provided in the provisions of Presidential Decree No. 422, retail, service and agricultural establishments or operations employing not more than 10 employees or workers are exempted from the coverage of the provisions for retirement.

2.9 Share capital

Ordinary shares are classified as equity.

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

2.10 Retained Earnings

Retained earnings (deficit) include all current and prior period results as disclosed in the statement of income.

2.11 Revenue and Cost Recognition

Revenue comprises of revenues from the sale of goods and the rendering of services measured by reference to the fair value of consideration received or receivable by the Company for goods and services rendered, excluding value-added tax (VAT) and trade discounts.

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Company; and the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized:

Rendering of Services
Rendering of services is generally recognized when the customer has approved the service that has been provided. When the outcome of the contract cannot be measured reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

Interest Income
Interest income on bank deposits is recognized on a time proportion basis, net of applicable final withholding tax.

Dividend Income
Dividend income is recognized when the Company's right to receive payment or dividend has been established and the amount can be reliably measured. It is included in other income in the statement of comprehensive income.

Expense Recognition
Expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions in assets or incurrence of liabilities that result in the decrease in equity,

other than those relating to distributions to equity participants. Costs and expenses are recognized in the period these were incurred.

Administrative Expenses
These expenses constitute costs of administering the business day-to-day operation and are recognized when incurred and includes services and other fees and miscellaneous.

2.12 Current and Deferred Income Tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except that a change attributable to an item of income or expense recognized as other comprehensive income is also recognized directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the country where the Company operates and generates taxable income.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

2.13 Dividend distribution

Dividend distribution to the company's shareholders is recognized as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

2.14 Related Party Transactions and Relationships

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more of the intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

2.15 Earnings per share

Basic earnings per share amounts are calculated by dividing the net income attributable to ordinary equity holders of the Company by the weighted average number of an ordinary share outstanding, adjusted for any stock dividends declared during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to

ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding, adjusted for any stock dividends declared during the year plus weighted average number of ordinary shares that would be issued on the conversion of all the dilutive ordinary shares into ordinary shares.

The Company has no dilutive potential common shares as of December 31, 2014 and 2013.

2.16 Events after the Reporting Date

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Accounting Judgments and Estimates

The Company's financial statements prepared in accordance with PFRS require management to make judgments, estimates and assumptions that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results may ultimately differ from these estimates.

3.1 Judgments

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

(a) Classification of Financial Instruments

The Company exercises judgments in classifying a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, rather than its legal form, governs its classification in the statement of financial position.

The Company determines that the classification of financial instruments at initial recognition and re-evaluates this designation at every reporting date.

3.2 Estimates and Assumptions

The financial statements prepared in compliance with PRFS require management to make estimates and assumptions that affect amounts reported in the financial statements and related notes. The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

(a) Determination of Fair Value of Financial Assets and Liabilities

Where the fair value of financial instruments recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from the observable market where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors affect the reported fair value of financial instruments. The assumptions used to estimate the fair value of financial assets and liabilities are described in Note 15.

The carrying values of the Company's financial assets amounted to Php198,596,470 and Php242,699,194 as of December 31, 2014 and 2013, respectively, while the carrying values of financial liabilities amounted to Php72,336,340 and Php122,331,340 as of December 31, 2014 and 2013, respectively (see Note 15).

(b) Impairment of Available-for-sale Financial Assets

No permanent decline in value on available-for-sale financial asset is recorded for the year 2014 and 2013. Unrealized gain of Php5,881,837 and Php120,310,312 on available-for-sale financial asset are recognized for the year ended December 31, 2014 and 2013.

(b) Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount 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 asset to be utilized. However, there is no absolute assurance that the Company will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

The Company's deferred tax asset – NOLCO is Php16,002 and PhP4,902 as of December 31, 2014 and 2013, respectively (see Note 6).

4. Cash

Cash include the following:

	2014	2013
Cash in Bank	**18,933,070**	68,917,632

Cash in banks generally earn interest at the respective rates based on daily bank deposit rates.

Interest income earned from savings account amounted to Php47,438 and Php78,872 for the years ended December 31, 2014 and 2013, respectively.

5. Available-for-sale Financial Assets

Quoted available-for-sale financial assets mainly consist of investment in stocks of MJC Investments Corporation listed in the Philippines Stock Exchange (PSE) as follows:

	2014	2013
Quoted Available-for-sale financial assets	**53,471,250**	53,471,250
Unrealized fair value gain of AFS	**126,192,150**	120,310,312
	179,663,400	173,781,562

The Company recognized unrealized fair value gain in the statements of comprehensive operation.

The fair values of available-for-sale financial assets have been determined directly by reference to published prices in active markets.

These investments present the Company with opportunity for return through dividend income. Management intends to hold these investments for long term purposes.

Management believes that based on the assessment performed these investments are not impaired.

6. Deferred Tax Asset

This account refers to deferred tax of the Company arising from Net Operating Loss Carryover (NOLCO) details of NOLCO are as follows:

	Valid until	**2014**	2013
NOLCO-2013	2016	**4,902**	4,902
NOLCO-2014	2017	**11,100**	
		16,002	4,902

7. Accrued Expenses

The balance of accrued expense amounted to:

	2014	2013
Accrued Expenses	**32,000**	27,000

This account refers to accrual of services and other fees and is normally payable in 30 to 60 days.

The Company considers that the carrying amount of payables approximate their fair values since the above are short-term in nature.

8. Advances from Shareholders

The balance of advances from shareholders amounted to:

	2014	2013
Advances from Stockholders	**72,304,340**	122,304,340

This account refers to advances availed of from shareholders to finance the working capital requirements of the company which are unsecured and non-interest bearing.

The advances are non-collateral and non-interest bearing and will be settled in full with the shareholders concerned but there is no time frame set within which this amount should be paid (refer to Note 12).

9. Income Taxes

Computation of income tax is as follows:

	2014	2013
Income tax based on regular rate		
Income before tax expense	**10,438**	62,532
Less: Income subjected to final tax		
: Interest income	**(47,438)**	(78,872)
Loss	**(37,000)**	(16,340)
Tax rate	**30%**	30%
	(11,100)	(4,902)

Among the significant provisions and amendments of the National Internal Revenue Code (NIRC) that apply to the company are the following:

a) The Regular Corporate Income Tax (RCIT) rate of 30% is imposed on taxable income, net of applicable deductions;

b) Fringe benefits tax (same rate as the RCIT) is imposed on the grossed-up value of the benefits given by employers to their managerial and supervisory employees (final tax to be paid by the employer);

c) Minimum corporate income tax (MCIT) of 2% based on gross income, as defined under the Tax Code, is required to be paid starting on the fourth year from the date of registration with the Bureau of Internal Revenue (BIR) whenever the RCIT is lower than the MCIT. In the computation of the tax due for the taxable quarter, if the computed quarterly MCIT is higher than the quarterly normal income tax, the tax due to be paid for such taxable quarter at the time of filing the quarterly income tax return shall be the MCIT which is 2% of the gross income as of the end of the taxable quarter;

d) Net operating loss carryover (NOLCO) can be claimed as deduction against taxable income within three years after NOLCO is incurred;

e) The amount of interest expense allowed as income tax deduction is reduced by an

amount equal to 33% of the interest income subjected to final tax;

f) Optional standard deduction (OSD) equivalent to 40% of gross income may be claimed as an alternative in computing the RCIT; and

g) The ceiling on the amount of entertainment, amusement and recreation (EAR) expense that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company is limited to actual EAR paid but not to exceed 1% of net revenue.

10. Deferred Tax Liability

This account refers to deferred tax charge on gain on change in fair value of available for sale financial assets amounting to:

	2014	2013
Deferred Tax Liability	**630,960**	601,551

Under Section 127(A) of the tax code, sale, barter, exchange or other disposition of shares of stock listed and traded through the Local Stock Exchange (LSE) other than the sale by a dealer in securities is exempt from capital gains tax and regular corporate income tax but subject to ½ of 1% percentage tax.

11. Capital Shares

The Company' s authorized, subscribed and paid-up shares details as follows:

	2014		2013	
	Shares	Amount	Shares	Amount
Authorized shares	**100,000**	100,000	100,000	100,000
Subscribed shares	**25,000**	25,000	25,000	25,000
Subscription receivable	**(18,745)**	(18,745)	(18,745)	(18,745)
Net paid-up	**6,255**	6,255	6,255	6,255

The Company has six (6) shareholders as of December 31, 2014 and 2013.

12. Related Party Disclosures

Related party relationship exists when one party has the ability to control, directly or indirectly, the other party or to influence the other party in making financial and operating decision.

Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

Refer to Note 8 for breakdown of Advances from Shareholders.

Since the company has no employees, there were no compensation paid to the Company's key management personnel for the years ended December 31, 2014 and 2013.

13. Administrative Expenses

This account consists of:

	2014	2013
Service and other fees	**37,000**	15,000
Miscellaneous		1,340
	37,000	16,340

14. Earnings/(Loss) Per Share

The earnings/(loss) and share data used in the basic/diluted earnings/(loss) per share computations are as follows:

	2014	2013
Earnings per the year (a)	**10,438**	62,532
Weighted average number of outstanding common shares (b)	**6,255**	6,255
	1.67	10.00

15. Capital Management

The Company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

As of December 31, 2014, the Company's cash and financial asset at fair value through profit or loss are Php18,933,070 and Php179,663,400, respectively; while as of December 31, 2013, these were Php68,917,632 and Php173,781,562, respectively.

The Company has no revenue from its commercial operations.

16. Taxes

Revenue Regulation (RR) No. 15-2010 prescribes the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. It requires disclosures of taxes, duties and licenses fees paid or accrued during the year.

Below are additional information required by RR No. 15-2010. These information are presented for purposes of filing with the Bureau of Internal Revenue (BIR) and are not a required part of the basic financial statements.

I. Output value-added tax (VAT)
The Company has no revenues subject to output tax for the year ended December 31, 2014.

II. Input VAT
The Company has no expenses subject to input tax for the year ended December 31, 2014.

III. Importations
The Company does not have any transaction requiring import entries, landed costs, duties and tariffs in 2014.

IV. Excise Tax
The Company has no transaction involving excise tax for 2013.

V. Documentary stamp tax (DST)
Savile Row has no transaction involving documentary stamp tax for 2013.

VI. All other local and national taxes
No other local and national taxes have been paid by the Company during the year.

VII. Withholding taxes
Since the Company has no employee, it has no transaction subject to withholding tax on compensation, expanded withholding tax, fringe benefit tax and final withholding tax for year ended December 31, 2014.

VIII. Tax assessment
The Company has no pending Letter of Authority (LOA) issued by the Bureau of Internal Revenue.

17. Supplementary Information Required by RR 19-2011

RR No. 19-2011 prescribes the BIR forms and modifies Revenue Memorandum Circular No. 57-2011. The revenue regulation is effective for all taxpayers required to file their income tax returns under section 51(A)(1) of the Tax Code, and are not required to file under section 51(A)(2) but who nevertheless opted to do so.

The amounts of taxable revenues and income, and deductible costs and expenses presented below, are based on relevant tax regulations issued by the BIR.

a) Revenues
The Company has no revenues for the year ended December 31, 2014 and 2013.

b) Direct operating expenses

The Company has no direct operating expenses for the year ended December 31, 2014 and 2013.

c) Non-operating and taxable other income
The Company's non-operating income are unrealized fair value gain and interest income amounting to Php5,881,837 and PhP47,438 during the year ended December 31, 2014. Unrealized fair value gain is not subject to both final tax and income tax while interest income is subject to final tax and is not subject to income tax.

d) Itemized deductions
This account consists of:

	2014	2013
Service and other fees	**37,000**	15,000
Miscellaneous		1,340
	37,000	16,340

e) Other information
All other information prescribed to be disclosed by the BIR have been included in the Note.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 1 2 1 5 8 4 2

Company Name

EAST BONHAM HOLDINGS, INC.

Principal Office (No./Street/Barangay/City/Town)Province)

17TH FLOOR LIBERTY CENTER 104
H.V. DELA COSTA ST.SALCEDO
VILLAGE MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS		NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	0 2 8 8 8 0 9 99	N A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
	4/7/2014	12/31

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
G A B R I E L D EE		8 8 8 0 999	

Contact Person's Address

1 7 T H / F L I B E R T Y C T R S A L C E D O V I L .

Note: In case of death, resgination 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.

EAST BONHAM HOLDINGS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **EAST BONHAM HOLDINGS, INC.** is responsible for the preparation and fair presentation of the financial statements for the year ended **December 31, 2014**, in accordance with the prescribed financial reporting framework indicated therein. The 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 or Trustees reviews and approves the financial statements and submit the same to the stockholders or members.

Loville Bernales Balgos, 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 report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such examination.

GABRIEL A. DEE
Chairman of the Board & President

RHODA A. ROQUE
Treasurer

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01 JUL 2015
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BIR 086 296

Loville Bernales Balgos
CERTIFIED PUBLIC ACCOUNTANT

18 San Francisco St., Karuhatan,
Valenzuela City 1441 Philippines
Telefax (02) 292 61 37
Celphone (0917) 857 05 81
Email l_balgos@yahoo.com

INDEPENDENT AUDITOR'S REPORT

The Shareholders and the Board of Directors
East Bonham Holdings, Inc.
17th Floor, Liberty Center, 104 H.V. dela Costa Street,
Salcedo Village, Makati City

I have audited the accompanying financial statements of **East Bonham Holdings, Inc.**, which comprise the statement of financial position as at December 31, 2014, and the related statement of comprehensive operation, statement of changes in shareholders' equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statement of the company as of December 31, 2013, was unaudited.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of **East Bonham Holdings, Inc.** as at December 31, 2014, and of its financial performance and its cash flow for the year then ended in accordance with Philippine Financial Reporting Standards.

LOVILLE B. BALGOS
CPA Reg. No. 108875
TIN 179 571 645
PTR No. 3404510, Jan. 29, 2015, Valenzuela City
PRC-BOA Reg. No. 2403 (valid until December 31, 2017)
CDA CEA No. 0437 (valid until March 2, 2017)
BIR Tax Practitioner Acc. No. 05-004168-001-2013 (valid until July 31, 2016)

June 16, 2015
Valenzuela City

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01 JUL 2015
LANDBANK MAKATI ATRIUM BR.
BIR 086 296

Loville Bernales Balgos
CERTIFIED PUBLIC ACCOUNTANT

18 San Francisco St., Karuhatan,
Valenzuela City 1441 Philippines
Telefax (02) 292 61 37
Celphone (0917) 857 05 81
Email l_balgos@yahoo.com

SUPPLEMENTAL WRITTEN STATEMENT OF EXTERNAL AUDITOR

The Shareholders and the Board of Directors
East Bonham Holdings, Inc.
17th Floor, Liberty Center, 104 H.V. dela Costa Street,
Salcedo Village, Makati City

I have examined the financial statements of **East Bonham Holdings, Inc.** for the year ended December 31, 2014, on which I have rendered the attached report dated June 16, 2015.

In compliance with SRC Rule 68, I am stating that the company has a total number of two (2) stockholders owning one hundred (100) or more shares each, and four (4) stockholders owning one (1) share each.

LOVILLE B. BALGOS
CPA Reg. No. 108875
TIN 179 571 645
PTR No. 3404510, Jan. 29, 2015, Valenzuela City
PRC-BOA Reg. No. 2403 (valid until December 31, 2017)
CDA CEA No. 0437 (valid until March 2, 2017)
BIR Tax Practitioner Acc. No. 05-004168-001-2013 (valid until July 31, 2016)

June 16, 2015
Valenzuela City

TELLER NO 1
01 JUL 2015
LANDBANK MAKATI ATRIUM BR.
BIR 086 296

EAST BONHAM HOLDINGS, INC.
STATEMENTS OF COMPREHENSIVE INCOME
(in Philippine peso)

	Note(s)	Years Ended December 31 **2014**	2013
INTEREST INCOME	*2,19*	**107,834**	246,675
LESS: ADMINISTRATIVE EXPENSES	*2,13*	**26,000**	16,000
NET INCOME BEFORE INCOME TAXES		**81,834**	230,675
TAX BENEFIT AND DEFERRED TAX	*2,6*		
Benefit from NOLCO		**7,800**	4,800
Deferred Tax Expense		**(69,063)**	(1,412,663)
NET INCOME (LOSS)		**20,571**	(1,177,188)
OTHER COMPREHENSIVE INCOME			
Changes in fair value of available for sale investment	*2,5*	**13,812,700**	282,532,500
TOTAL COMPREHENSIVE INCOME		**13,833,271**	281,355,312
EARNINGS PER SHARE	*2,14*	**13.09**	36.89

See accompanying Notes to Financial Statements.

RECEIVED
TELLER NO. 1
01 JUL 2015
LANDBANK MAKATI ATRIUM BR.
BIR 086 296

EAST BONHAM HOLDINGS, INC.
STATEMENTS OF FINANCIAL POSITION
(in Philippine peso)

	Note(s)	December 31 2014	2013
ASSETS			
Current Assets			
Cash	2,4	**14,778,859**	14,697,025
Total Current Assets		**14,778,859**	14,697,025
NonCurrent Assets			
Available-for-Sale Investments	2,5	**421,915,200**	408,102,500
Deferred Tax Asset	2,6	**12,600**	4,800
Total NonCurrent Assets		**421,927,800**	408,107,300
		436,706,659	422,804,325
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accrued Expenses	2,7	**27,000**	27,000
Total Current Liabilities		**27,000**	27,000
NonCurrent Liabilities			
Advances from Shareholders	2,8	**140,014,341**	140,014,341
Deferred Tax Liability	2,10	**1,481,726**	1,412,663
Total NonCurrent Liabilities		**141,496,067**	141,427,004
Total Liabilities		**141,523,067**	141,454,004
Shareholders' Equity			
Capital Shares	2,11	**6,254**	6,254
Cumulative Effects of Changes in Fair Values	2,5	**296,345,200**	282,532,500
Cumulative Deficit		**(1,167,862)**	(1,188,433)
Total Shareholders' Equity		**295,183,592**	281,350,321
		436,706,659	422,804,325

See accompanying Notes to Financial Statements.

EAST BONHAM HOLDINGS, INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(in Philippine peso)

	Note(s)	Capital Shares	Changes in Fair Value	Cumulative Deficit	Total
Balance at January 1, 2013	*2,11*	6,254		(11,245)	(4,991)
Change in Fair Value of Investment in Securities	*2,5*		282,532,500		282,532,500
Less: Net Loss				(1,177,188)	(1,177,188)
Balance at December 31, 2013		6,254	282,532,500	(1,188,433)	281,350,321
Balance at January 1, 2014	*2,11*	**6,254**	**282,532,500**	**(1,188,433)**	**281,350,321**
Change in Fair Value of Investment in Securities	*2,5*		**13,812,700**		**13,812,700**
Add: Net Income				**20,571**	**20,571**
Balance at December 31, 2014		**6,254**	**296,345,200**	**(1,167,862)**	**295,183,592**

See accompanying Notes to Financial Statements.

EAST BONHAM HOLDINGS, INC.

STATEMENTS OF CASH FLOW

(in Philippine Peso)

		Years Ended December 31	
	Note(s)	**2014**	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income		**81,834**	230,675
Adjustments for:			
Interest Income	*2,19*	**(107,834)**	(246,675)
Operating income before working capital changes		**(26,000)**	(16,000)
Increase (decrease) in:			
Accrued Expenses	*2,7*	-	16,000
Cash used in operations		**(26,000)**	-
Interest received		**107,834**	246,675
Net Cash provided by operations		**81,834**	246,675
CASH FLOWS FROM FINANCING ACTIVITY			
Advances from Stockholders	*2,8*	-	140,014,341
Net cash used in investing activities		-	140,014,341
CASH FLOWS FROM INVESTING ACTIVITY			
Acquisition of available for sale investment	*2,5*		(125,570,000)
Net cash used in investing activities		-	(125,570,000)
NET INCREASE (DECREASE) IN CASH		**81,834**	14,691,016
CASH AT BEGINNING OF THE YEAR	*2,4*	**14,697,025**	6,009
CASH AT END OF THE YEAR	*2,4*	**14,778,859**	14,697,025

See accompanying Notes to Financial Statements.

1. Corporate Information

East Bonham Holdings, Inc. (the Company), was incorporated and registered with the Securities and Exchange Commission (SEC) as per Registration no. CS201215842 on September 11, 2012. The Company is a holding company with all the express powers of a corporation.

The primary purpose of the Company is to subscribe for, hold, assign, or otherwise dispose of property, including shares of stock, notes, and other securities of any corporation, to receive and dispose of the interest, dividends and income arising from such property, and to exercise in respect thereof all the rights, powers and privileges of ownership, including voting powers, without however engaging in business as an investment company under the Investment Company Act or a finance company or a dealer in securities or stocks, and only to hold the foregoing assets for purely investment purposes; to aid in any other manner any corporation any share of stock or other security of which are held by this corporation or in which it shall have interest, and to do any act designed to protect, preserve, improve or enhance the value of the property at any time held or controlled by this corporation.

The Company's registered office, which is also its principal place of business, is located at 17th Floor, Liberty Center, 104 H.V. dela Costa Street, Salcedo Village, Makati City

Status of Operations
The Company did not enter into any major or significant agreements that may create an impact on the financial statements. There are no material changes in the company policies and procedures.

The financial statements of the Company for the year ended December 31, 2014 (including the comparatives for the year ended December 31, 2013) were authorized for issue by the Board of Directors (BOD) on June 15, 2015.

2. Summary of Significant Accounting Policies

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

2.1 Basis of presentation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards

Council (FRSC) from the pronouncements issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial assets, property and equipment and investment property. The measurement bases are more fully described in the accounting policies that follow:

(b) Presentation of Financial Statements

The financial statements are presented in accordance with PAS 1 (Revised 2007), *Presentation of Financial Statements.* The Company presents all items of income and expenses in a single statement of comprehensive income. Two comparative periods are presented for the statement of financial position when the Company applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements, or reclassifies items in the financial statements.

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Company's functional presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

2.2 Adoption of New Interpretations, Revisions and Amendments of PFRS

In preparing these financial statements in accordance with PFRS, the Company has applied all mandatory exceptions and some of the optional exemptions from full retrospective application of the PFRS. However, there were no noted differences upon application of PFRS in the financial statements of the Company.

- PAS 1 : *Presentation of Financial Statements*
- PAS 7 : *Statement of Cash Flows*
- PAS 8 : *Accounting Policies, Changes in Accounting Estimates and Errors*
- PAS 10 : *Events after the Reporting Period*
- PAS 12 : *Income Taxes*
- PAS 18 : *Revenue*
- PAS 21 : *The Effects of Changes in Foreign Exchange Rates*
- PAS 23 : *Borrowing Costs*
- PAS 24 : *Related Party Disclosures*
- PAS 32 : *Financial Instruments: Disclosure and Presentation*
- PAS 33 : *Earnings per Share*
- PAS 34 : *Interim Financial Reporting*
- PAS 36 : *Impairment of Assets*
- PAS 37 : *Provision, Contingent Liabilities and Contingent Assets*

- PAS 39 : *Financial Instruments: Recognition and Measurement*
- PFRS 1 : *First-time Adoption of Philippine Financial Reporting Standards*
- PFRS 7 : *Financial Instruments: Disclosures*
- PFRS 9 : *Financial Instruments*
- PRFS 13 : *Fair Value Measurement*

- PAS 1, *Presentation of Financial Statements,* sets overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.

- PAS 7, *Statement of Cash Flows,* requires the provision of information about the historical changes in cash and cash equivalents of an entity by means of a statement of cash flows which classifies cash flows during the period from operating, investing and financing activities.

- PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors,* the objective of this standard is:

  a) to remove the allowed alternative to retrospective application of voluntary changes in accounting policies and retrospective restatement to correct prior periods;
  b) to eliminate the concept of a fundamental error;
  c) to articulate the hierarchy of guidance to which management refers, whose applicability it considers when selecting accounting policies in the absence of Standards and Interpretations that specifically apply; and
  d) to define material omissions or misstatements, and describe how to apply the concept of materiality when applying accounting policies and correcting error.

- PAS 10, *Events after the Reporting Period,* prescribes when an entity should adjust its financial statements for events after the reporting period and the disclosures that an entity should give about the date when the financial statements were authorized for issue and about events after the reporting period.

- PAS 12, *Income Taxes,* implements the balance sheet liability method of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test.

- PAS 18, *Revenue,* prescribes the accounting requirements for when to recognize revenue from the sale of goods, rendering of services, and for interest, royalties and dividends. Revenue is measured at the fair value of the consideration received or receivable and recognized when prescribed conditions are met, which depend on the nature of the revenue.

- PAS 21, *The Effects of Changes in Foreign Exchange Rates,* prescribes how to include foreign currency transactions and foreign operations in the financial statements of an entity and how to translate financial statements into a presentation currency. The standard excludes from its scope foreign currency derivatives that are within the scope of PFRS 9. Similarly, the material on hedge accounting has been moved to PAS 39, Financial Instruments – Recognition and Measurement.

- PAS 23, *Borrowing Costs,* prescribes the accounting treatment of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognized as an expense.

- PAS 24, *Related Party Disclosures,* requires a reporting entity to disclose transactions with its related parties and relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. Revised PAS 24, amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities.

- PAS 32, *Financial Instruments: Disclosure and Presentation,* establishes the principles for the presentation of financial instruments, particularly as to the classification of such instruments into financial assets, financial liabilities and equity instruments. The standard also provides guidance on the classification of related interest, dividends and gains/losses, and when financial assets and financial liabilities can be offset.

- PAS 33, *Earnings per Share,* prescribes principles for the determination and presentation of earnings per share, so as to improve performance comparisons between different entities in the same reporting period and between different reporting periods for the same entity.

- PAS 34, *Interim Financial Reporting,* prescribes the minimum content of an interim financial report and to prescribe the principles for recognition and measurement in complete or condensed financial statements for an interim period. This Standard does not mandate which entities should be required to publish interim financial reports, how frequently, or how soon after the end of an interim period. However, governments, securities regulators, stock exchanges, and accountancy bodies often require entities whose debt or equity securities are publicly traded to publish interim financial reports.

- PAS 36, *Impairment of Assets*, ensures that assets are carried at no more than their recoverable amount, and to define how recoverable amount is determined. It requires the recoverable amount of an asset to be measured whenever there is an indication that the asset may be impaired. PAS 36 applies to all assets except inventories, assets arising from construction contracts, deferred tax assets, assets arising from employee benefits, financial assets, investment property carried at fair value, agricultural assets carried at fair value, insurance contract assets, non-current assets held for sale.

- PAS 37, *Provision, Contingent Liabilities and Contingent Assets,* ensures that appropriate recognition criteria and measurement bases are applied to provisions, contingent liabilities and contingent assets and that sufficient information is disclosed in the notes to the financial statements to enable users to understand their nature, timing and amount.

The key principle established by the Standard is that a provision should be recognized only when there is a liability i.e. a present obligation resulting from past events. The Standard thus aims to ensure that only genuine obligations are dealt with in the financial statements – planned future expenditure, even where authorized by the board of directors or equivalent governing body, is excluded from recognition.

- PAS 39, *Financial Instruments: Recognition and Measurement,* outlines the requirements for the recognition and measurement of financial assets, financial liabilities, and some contracts to buy or sell non-financial items. Financial instruments are initially recognized when an entity becomes a party to the contractual provisions of the instrument, and are classified into various categories depending upon the type of instrument, which then determines the subsequent measurement of the instrument (typically amortized cost or fair value). Special rules apply to embedded derivatives and hedging instruments.

  Amendment to PAS 39 provides (a) additional guidance on determining whether loan prepayment penalties result in an embedded derivative that needs to be separated; (b) clarify that the scope exemption in PAS 39 paragraph 2(g) is restricted to forward contracts, i.e. not options, between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date within a reasonable period normally necessary to obtain any required approvals and to complete the transaction; and (c) clarify that the gains or losses on a cash flow hedge should be reclassified from other comprehensive income to profit or loss during the period that the hedged forecast cash flows impact profit or loss.

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards,* restructures the format of PFRS 1 without changing the standard's technical content. The revised version moves the exemptions and exceptions contained in the main body of PFRS to different appendices, and also removes PFRS 1 transitional provisions that are no longer considered relevant.

- PFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Liabilities* requires entity to disclose information about rights of set-off and related arrangements. The new disclosures are required for all recognized financial instruments that are subject to enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendment requires entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and liabilities recognized at the end of reporting period:

  a) The gross amounts of those recognized financial assets and liabilities;
  b) The amounts that are set-off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
  c) The net amounts presented in the statement of financial position;
  d) The amount subject to enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including;
     i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and

ii. Amounts related to financial collateral (including cash collateral); and

e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

The amendment only affects disclosures and has no impact on the Company's financial statements.

- PFRS 13, *Fair Value Measurement* establishes a single source of guidance under PFRS for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted.

Improvements to PFRS

The omnibus amendment to PFRS contains non-urgent but necessary amendments to PFRSs. The amendments are effective for annual periods beginning on or after January 1, 2013 and are applied retrospectively.

- PFRS 1, *First-time Adoption of PFRS – Borrowing Costs*, clarifies that, upon adoption of PFRS, an entity that capitalized borrowing costs in accordance with its previous generally accepted accounting principles, may carry forward, without any adjustment, the amount previously capitalized in its opening statement of financial position at the date of transition. Subsequent to the adoption of PFRS, borrowing costs are recognized in accordance with PAS 23, Borrowing Costs.

- PAS 1, *Presentation of Financial Statements – Clarification of the Requirements for Comparative Information*, clarifies the requirements for comparative information that are disclose voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatements or reclassification of items in the financial statements. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. On the other hand, supporting notes on the third statement of financial position (mandatory when there is a retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements) are not required. The amendments affect disclosures only and have no impact on the Company's financial statements.

- PAS 32, *Financial Instruments: Presentation – Tax Effect of Distribution to Holders of Equity Instruments,* clarifies that income taxes relating to distributions to equity holders and to transaction costs of an equity transactions are accounted for in accordance with Pas 12, Income Taxes. The Company expects that this amendment will not have any impact on its financial statements.

New or Revised Standards, Amendments to Standards and Interpretations

A number of new standards, amendments to standards and interpretations are effective for

annual periods beginning after January 1, 2014, and have not been applied in preparing these financial statements. Except as otherwise indicated, the Company does not expect the adoption of these new and amended PFRS, PAS and Philippine Interpretations International Financial Reporting Interpretation Committee (IFRIC) to have significant impact on its financial statements.

The Company will adopt the following new or revised standards, amendments to standards and interpretations in the respective effective dates:

<u>Adopted on January 1, 2014</u>

- PAS 32, *Financial Instruments: Presentation – Offsetting Financial Assets and Liabilities* clarifies the meaning of "currently has a legal enforceable right to set-off" and the application of PAS 32 offsetting criteria to settlement systems which apply gross settlement mechanisms that are not simultaneous. While the amendment is expected not to have an impact on the net assets of the Company, any changes in offsetting is expected to impact leverage ratios and regulatory capital requirements. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014. The Company is currently assessing the impact of this Standard.

<u>To be Adopted on January 1, 2015</u>

- PFRS 9, *Financial Instruments: Classification and Measurements* reflects the first phase on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as define in PAS 39. The standard is effective for annual periods beginning on or before January 1, 2015. Work on impairment of financial instruments and hedge accounting is still ongoing, with a view to replacing PAS 39 in its entirety. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of East Bonham's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities. East Bonham will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

2.3 Financial Assets

Financial assets which are recognized when the Company becomes a party to the contractual terms of the financial instrument include cash and other financial instruments. Financial assets, other than hedging instruments, are classified into the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated at every reporting date at which date a choice of classification or accounting treatment is available, subject to compliance with specific provisions of applicable accounting standards.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid

investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of placement and that are subject to an insignificant risk of change in value.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at fair value through profit or loss are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at fair value through profit or loss, are initially recorded at fair value and transaction costs related to it are recognized in the profit or loss.

A more detailed description of the four categories of financial assets is as follows:

(a) Financial Assets at Fair Value through Profit or Loss

This category include financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through profit or loss upon initial recognition. All derivatives fall into this category, except for those designated and effective as hedging instruments. Assets in this category are classified as current if they are either held for trading or are expected to be realized within 12 months from the end of the reporting period.

Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. Financial assets (are derivatives and financial instruments original designated as financial assets at fair value through profit or loss) may be reclassified out of fair value through profit or loss category if they are no longer held for the purpose of being sold or repurchased in the near term.

The Company does not maintain any financial assets at fair value through profit and loss as of December 31, 2014 and 2013.

(b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This accounting policy relates to the statement of financial position caption "Loans receivable" which arise primarily from trade receivables, advances to employees and other non-current receivables. Receivables are classified as current when these are expected to be realized within one year after the reporting date or the Company's normal operating cycle, which is one year. All other receivables and advances are classified as noncurrent.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Any change in their value is recognized in profit or loss. Impairment loss is provided when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the asset carrying amount and the present value of estimated cash flows.

(c) Held-to-Maturity Investments

This category includes non-derivative financial assets with fixed or determinable payments and a fixed date of maturity that the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Held-to maturity investments are included in non-current assets under Financial Assets account in the statement of financial position, except those maturing within 12 months from the reporting period, which are presented as part of current assets.

Subsequent to initial recognition, the investments are measured at amortized cost using the effective interest method, less impairment losses, if any. Impairment loss, which is the difference between the carrying value and the present value of estimated cash flows of the investment, is recognized when there is objective evidence that the investment has been impaired. Any changes to the carrying amount of the investment, including impairment loss, are recognized in profit or loss.

The Company does not maintain held-to-maturity investments as of December 31, 2014 and 2013.

(d) Available-for-sale Financial Assets

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets under the Financial Assets account in the statement of financial position unless management intends to dispose of the investment within 12 months from the reporting period.

All available-for-sale financial assets are measured at fair value, unless otherwise disclosed, with changes in value recognized in other comprehensive income, net of any effects arising from arising taxes. When the assets is disposed of or is determined to be impaired the cumulative gain or loss recognized in other comprehensive income is reclassified from revaluation reserve to profit or loss and presented as a reclassification adjustments within other comprehensive income.

Reversal of impairment loss is recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

The Company available-for-sale investments as of December 31, 2014 and 2013 amounted to Php421,915,200 and Php408,102,500, respectively.

All income and expenses, including impairment losses, relating to financial assets that are recognized in the profit or loss are presented as part of Finance Costs or Finance Income in the statement of comprehensive income.

For investments that are actively traded in organized financial markets, fair value is determined by reference to stock exchange-quoted market bid prices at the close of business on the reporting

period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net assets base on the investment.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

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

De-recognition of financial assets occurs when the rights to receive cash flows from the financial instruments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

2.4 Financial Liabilities

Financial liabilities include interest-bearing loans and borrowing, trade and other payables and finance lease liabilities, due to related parties and other non-current liabilities, which are measured at amortized cost using the effective interest rate method.

Financial liabilities are recognized when the Company becomes a party to the contractual terms of the instrument. All interest-related charges are recognized as an expense in profit or loss under the caption Finance Costs in the statement of comprehensive income.

Interest-bearing loans and borrowings are raised for support of long-term funding of operations. They are recognized at proceeds received, net of direct issue costs.

Finance lease liabilities are measured at initial value less the capital element of lease repayments.

Trade payables are initially recognized at their fair value and subsequently measured at amortized cost.

Dividend distributions to shareholders are recognized as financial liabilities upon declaration by the Company.

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

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive operation.

The Company has not entered into any major financial, legal or business agreement aside from

the normal business transactions nor has it made any major commitments which affect the financial position or results of operations.

The Company does not have any pending legal or labor case which should result to additional liability or unrecorded expense.

Offsetting
Financial assets and liabilities are only offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.5 Provisions

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.6 Revenue and Expense Recognition

Revenue comprises of revenues from the sale of goods and the rendering of services measured by reference to the fair value of consideration received or receivable by the Company for goods and services rendered, excluding value-added tax (VAT) and trade discounts.

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Company; and the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized:

Rendering of Services
Rendering of services is generally recognized when the customer has approved the service that has been provided. When the outcome of the contract cannot be measured reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

Interest Income
Interest income on bank deposits is recognized on a time proportion basis, net of applicable final withholding tax.

Dividend Income
Dividend income is recognized when the Company's right to receive payment or dividend has been established and the amount can be reliably measured. It is included in other income in the statement of comprehensive income.

Expense Recognition
Expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions in assets or incurrence of liabilities that result in the decrease in equity, other than those relating to distributions to equity participants. Costs and expenses are recognized in the period these were incurred.

Administrative Expenses
These expenses constitute costs of administering the business day-to-day operation and are recognized when incurred and includes services and other fees and miscellaneous.

2.7 Foreign Currency Transactions

The accounting records of the Company are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income as part of income or loss from operations.

2.8 Employee Benefits

Philippine Accounting Standard Number 19 applies to all employee benefits including a retirement benefit plan. It also applies to enterprises where retirement benefit is mandated by law.

The Company has no employees as of December 31, 2014 and 2013. Therefore, the Company has no legal or constructive obligation on retirement. As provided in the provisions of Presidential Decree No. 422, retail, service and agricultural establishments or operations employing not more than 10 employees or workers are exempted from the coverage of the provisions for retirement.

2.9 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are attributable to the acquisition, construction or production or a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

2.10 Income Taxes

Current Income 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 tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred Income Tax
Deferred income tax liability is provided, using the statement of financial position liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

Deferred income tax assets and liabilities are measured at the tax rate 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.

2.11 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes any premium received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Treasury shares are stated at the cost of reacquiring such shares.

Revaluation reserves comprise gains and losses due to the revaluation of property and equipment and certain financial assets.

Retained earnings include all current and prior period results of operations as disclosed in the statement of comprehensive income.

2.12 Related Party Transactions and Relationships

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more of the intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

2.13 Earnings per share

Basic earnings per share amounts are calculated by dividing the net income attributable to ordinary equity holders of the Company by the weighted average number of an ordinary share outstanding, adjusted for any stock dividends declared during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding, adjusted for any stock dividends declared during the year plus weighted average number of ordinary shares that would be issued on the conversion of all the dilutive ordinary shares into ordinary shares.

The Company has no dilutive potential common shares as of December 31, 2014 and 2013.

2.14 Events after the Reporting Date

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Accounting Judgments and Estimates

The Company's financial statements prepared in accordance with PFRS require management to make judgments, estimates and assumptions that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results may ultimately differ from these estimates.

3.1 Judgments

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

(a) Classification of Financial Instruments

The Company exercises judgments in classifying a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, rather than its legal form, governs its classification in the statement of financial position.

The Company determines that the classification of financial instruments at initial recognition and re-evaluates this designation at every reporting date.

3.2 Estimates and Assumptions

The financial statements prepared in compliance with PRFS require management to make estimates and assumptions that affect amounts reported in the financial statements and related notes. The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

(a) Determination of Fair Value of Financial Assets and Liabilities

Where the fair value of financial instruments recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from the observable market where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors affect the reported fair value of financial instruments. The assumptions used to estimate the fair value of financial assets and liabilities are described in Note 15.

The carrying values of the Company's financial assets amounted to Php436,694,059 and Php422,799,525 as of December 31, 2014 and 2013, respectively, while the carrying values of financial liabilities amounted to Php140,041,341 both as of December 31, 2014 and 2013 (see Note 15).

(b) Impairment of Available-for-sale Financial Assets

No permanent decline in value on available-for-sale financial asset is recorded for the year 2014 and 2013. Unrealized gain of Php13,812,700 and Php282,532,500 on available-for-sale financial asset are recognized for the year ended December 31, 2014 and 2013.

(c) Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount 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 asset to be utilized. However, there is no absolute assurance that the Company will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

The Company's deferred tax asset – NOLCO is Php12,600 and PhP4,800 as of December 31, 2014 and 2013, respectively (see Note 6).

4. Cash

Cash include the following:

	2014	2013
Cash in Bank	**14,778,859**	14,697,025

Cash in banks generally earn interest at the respective rates based on daily bank deposit rates.

Interest income earned from savings account amounted to Php107,834 and PhP246,675 for the years ended December 31, 2014 and 2013, respectively.

5. Available-for-sale Financial Assets

Quoted available-for-sale financial assets mainly consist of investment in stocks of MJC Investments Corporation listed in the Philippines Stock Exchange (PSE) as follows:

	2014	2013
Quoted Available-for-sale financial assets	**125,570,000**	125,570,000
Unrealized fair value gain of AFS	**296,345,200**	282,532,500
	421,915,200	408,102,500

The Company recognized unrealized fair value gain in the statements of comprehensive operation.

The fair values of available-for-sale financial assets have been determined directly by reference to published prices in active markets.

These investments present the Company with opportunity for return through dividend income. Management intends to hold these investments for long term purposes.

Management believes that based on the assessment performed these investments are not impaired.

6. Deferred Tax Asset

This account refers to deferred tax of the Company arising from Net Operating Loss Carryover (NOLCO) details of NOLCO are as follows:

	Valid until	**2014**	2013
NOLCO-2013	2016	**4,800**	4,800
NOLCO-2014	2017	**7,800**	
		12,600	4,800

7. Accrued Expenses

The balance of accrued expense amounted to:

	2014	2013
Accrued Expenses	**27,000**	27,000

This account refers to accrual of services and other fees and is normally payable in 30 to 60 days.

The Company considers that the carrying amount of payables approximate their fair values since the above are short-term in nature.

8. Advances from Shareholders

The balance of advances from shareholders amounted to:

	2014	2013
Advances from Stockholders	**140,014,341**	140,014,341

This account refers to advances availed of from shareholders to finance the working capital requirements of the company which are unsecured and non-interest bearing.

The advances are non-collateral and non-interest bearing and will be settled in full with the shareholders concerned but there is no time frame set within which this amount should be paid (refer to Note 12).

9. Income Taxes

Computation of income tax is as follows:

	2014	2013
Income tax based on regular rate		
Income before tax expense	**81,835**	230,675
Less: Income subjected to final tax		
: Interest income	**(107,834)**	(246,675)
Loss	**(26,000)**	(16,000)
Tax rate	**30%**	30%
	(7,800)	(4,800)

Among the significant provisions and amendments of the National Internal Revenue Code (NIRC) that apply to the company are the following:

a) The Regular Corporate Income Tax (RCIT) rate of 30% is imposed on taxable income, net of applicable deductions;

b) Fringe benefits tax (same rate as the RCIT) is imposed on the grossed-up value of the benefits given by employers to their managerial and supervisory employees (final tax to be paid by the employer);

c) Minimum corporate income tax (MCIT) of 2% based on gross income, as defined under the Tax Code, is required to be paid starting on the fourth year from the date of registration with the Bureau of Internal Revenue (BIR) whenever the RCIT is lower than the MCIT. In the computation of the tax due for the taxable quarter, if the computed quarterly MCIT is higher than the quarterly normal income tax, the tax due to be paid for such taxable quarter at the time of filing the quarterly income tax return shall be the MCIT which is 2% of the gross income as of the end of the taxable quarter;

d) Net operating loss carryover (NOLCO) can be claimed as deduction against taxable income within three years after NOLCO is incurred;

e) The amount of interest expense allowed as income tax deduction is reduced by an amount equal to 33% of the interest income subjected to final tax;

f) Optional standard deduction (OSD) equivalent to 40% of gross income may be claimed as an alternative in computing the RCIT; and

g) The ceiling on the amount of entertainment, amusement and recreation (EAR) expense that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company is limited to actual EAR paid but not to exceed 1% of net revenue.

10. Deferred Tax Liability

This account refers to deferred tax charge on gain on change in fair value of available for sale financial assets amounting to:

	2014	2013
Deferred Tax Liability	**1,481,727**	1,412,674

Under Section 127(A) of the tax code, sale, barter, exchange or other disposition of shares of stock listed and traded through the Local Stock Exchange (LSE) other than the sale by a dealer in securities is exempt from capital gains tax and regular corporate income tax but subject to ½ of 1% percentage tax.

11. Capital Shares

The Company's authorized, subscribed and paid-up shares details as follows:

	2014		2013	
	Shares	Amount	Shares	Amount
Authorized shares	**100,000**	100,000	100,000	100,000
Subscribed shares	**25,000**	25,000	25,000	25,000
Subscription receivable	**(18,746)**	(18,746)	(18,746)	(18,746)
Net paid-up	**6,254**	6,254	6,254	6,254

The Company has six (6) shareholders as of December 31, 2014 and 2013.

12. Related Party Disclosures

Related party relationship exists when one party has the ability to control, directly or indirectly, the other party or to influence the other party in making financial and operating decision.

Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

Refer to Note 8 for breakdown of Advances from Shareholders.

Since the company has no employees, there were no compensation paid to the Company's key management personnel for the years ended December 31, 2014 and 2013.

13. Administrative Expenses

This account consists of:

	2014	2013
Service and other fees	**26,000**	15,000
Miscellaneous		1,000
	26,000	16,000

14. Earnings/(Loss) Per Share

The earnings/(loss) and share data used in the basic/diluted earnings/(loss) per share computations are as follows:

	2014	2013
Earnings per the year (a)	**81,835**	230,675
Weighted average number of outstanding common shares (b)	**6,254**	6,254
	13.09	36.88

15. Financial Assets and Liabilities

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements. There are no material unrecognized financial assets and liabilities as of December 31, 2014 and 2013:

	2014		2013	
	Carrying Amounts	**Fair Value**	Carrying Amounts	Fair Value
Assets				
Cash	**14,778,860**	**14,778,860**	14,697,025	14,697,025
Available for sale investments	**421,915,200**	**421,915,200**	408,102,500	408,102,500
	436,694,060	**436,694,060**	422,799,525	422,799,525
Liabilities				
Accrued expenses	**27,0000**	**27,000**	27,000	27,000
Advances from shareholders	**140,014,341**	**140,014,341**	140,014,341	140,014,341
	140,041,341	**140,041,341**	140,041,341	140,041,341

Current Assets and Liabilities
The carrying amounts of cash are assumed to approximate their fair values. This assumption is applied to liquid assets and the short-term elements of all financial assets.

The carrying amounts of accrued expenses approximate their fair values due to either the demand feature of the financial instruments or the relatively short-term maturities of these liabilities.

Non-Current Assets and Liabilities
Available for sale investments refers to quoted securities for which a reliable basis for fair value measurement is available and carried at cost, net of any impairment.

Advances from shareholders accounts approximate their fair values due to either the demand clause of the instrument or the nature of these liabilities.

16. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise of cash, available-for-sale investments, accrued expense and advances from shareholders. The main purpose of the financial instruments is to fund the Company's operations. The main risks arising from the use of financial instruments are credit risk, interest rate risk and liquidity risk. The Company's BOD reviews and approves the policies for managing each of these risks and they are summarized in the following pages.

Credit Risk
Credit risk represents the loss that the Company would incur if counterparty failed to perform its contractual obligations. The Company trades only with recognized and creditworthy third parties. It is the Company's policy that all credit is subject to credit verification procedures.

The credit risk arising from these financial assets arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments. The table below shows the maximum exposure to credit risk for the component of the statement of financial position:

	Gross Maximum Exposure	
	2014	2013
Cash		
In bank	**14,778,860**	14,697,025
Available-for-sale financial asset	**421,915,200**	408,102,500
	436,694,060	422,799,525

Accordingly, the Company has assessed the credit quality of the following financial assets:

- Cash is classified as "high grade" since cash in bank is placed in high profile banking institutions with good credit rating and bank standing
- East Bonham rates credit quality of available for sale investments as standard because the counterparties have an average credit risk rating.

The credit quality of the financial assets of the Company's is as follows:

2014:

	Neither Past Due nor Impaired		
	High Grade	**Standard**	**Total**
Cash	**14,778,860**		**14,778,860**
Available for sale financial asset		**421,915,200**	**421,915,200**
	14,778,860	**421,915,200**	**436,694,060**

2013:

	Neither Past Due nor Impaired		
	High Grade	Standard	Total
Cash	14,697,025		14,697,025
Available for sale financial asset		408,102,500	408,102,500
	14,697,025	408,102,500	422,799,525

There are no significant concentrations of credit risk within the Company's accounts.

Interest Rate Risk
The company's exposure to the risk of changes in market interest rates relates primarily to receivable from and payable to related parties. The company, through its competencies in managing debt receivables and obligations, transacts with debtor and creditor to ensure the most advantageous terms and to reduce exposure to risk of changes in market interest rates. Table summary for accounts with exposure on interest risks is as follows:

	2014	2013
Asset		
Cash	**14,778,860**	14,697,025
Liability		
Advances from shareholders	**140,014,341**	140,014,341
	154,793,201	154,711,366

Liquidity Risk
Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet the commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of contractual obligation; or inability to generate cash inflows as anticipated.

The Company seeks to manage its liquidity profile to be able to finance maturing debts. To cover its operating requirements and payment of debts, the Company intends to obtain advances from shareholders. This tool considers the maturity of both the Company's financial investments and financial assets.

The following table presents the financial assets and financial liabilities as of December 31, 2014 and 2013 analyzed according to when they are expected to be recovered or settled within one year and beyond one year from reporting dates:

	Due Within One Year	Due Beyond One Year	Total
Financial Assets			
Current Asset			
Cash in bank	14,778,860		14,778,860
Non-current Asset			
Available for sale financial asset		421,915,200	421,915,200
	14,778,860	421,915,200	436,694,060
Financial Liabilities			
Current Liabilities			
Accrued expenses	27,000		27,000
Non-current Liabilities			
Advances from shareholders		140,014,341	140,014,341
	27,000	140,014,341	140,041,341

The Company's current financial assets as of December 31, 2014 exceed its current financial liabilities by the amount of Php296,652,718. While in 2013, the Company's current financial liabilities exceed its current asset by the amount of Php282,758,184, thus, the Company has minimal exposure to liquidity risk. The Company's shareholders committed to support the Company's future activities where the Company may obtain advances. The Company also maintains active credit facilities with creditors and banks to increase availability of funds. Furthermore, the company manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility. Treasury procedures and controls are in place to ensure that sufficient cash is maintained to cover operational and working capital requirements. Management closely monitors future and contingent obligations of the entity.

17. Capital Management

The primary objective of the Company's management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it and profiles from capital ratio are set in light of changes in economic conditions and the risks underlying the Company's business operations and industry. To adjust the capital structure, the company may issue new shares through subscription of shares by the shareholders. No changes were made in the objectives, policies or processes in 2014 and 2013.

The Company considers its total equity reflected in the statements of financial position as its capital. The Company monitors its use of capital and the Company's adequacy by using leverage ratios on both debt (total debt/total equity) and gearing ratio (net debt/equity). Included as total debt are all current and noncurrent liabilities. Net debt means total debt less cash. Equity pertains to total equity as shown in the statement of financial position.

	2014	2013
Accrued expenses	**27,000**	27,000
Advances from shareholders	**140,014,341**	140,014,341
Total Liabilities (a)	**140,041,341**	140,041,341
Total Equity (c)	**295,183,592**	281,350,321
Debt to equity ratio (a/c)	**0.47**	0.50

Net debt (a)	**140,014,341**	140,041,341
Cash	**14,778,860**	14,697,025
Total Capital (b)	**154,793,201**	154,738,366
Gearing ratio (a/b)	**0.9045**	0.9050

The Company has no externally imposed capital requirement.

18. Taxes

Revenue Regulation (RR) No. 15-2010 prescribes the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. It requires disclosures of taxes, duties and licenses fees paid or accrued during the year.

Below are additional information required by RR No. 15-2010. These information are presented for purposes of filing with the Bureau of Internal Revenue (BIR) and are not a required part of the basic financial statements.

I. Output value-added tax (VAT)
The Company has no revenues subject to output tax for the year ended December 31, 2014.

II. Input VAT
The Company has no expenses subject to input tax for the year ended December 31, 2014.

III. Importations
The Company does not have any transaction requiring import entries, landed costs, duties and tariffs in 2014.

IV. Excise Tax
The Company has no transaction involving excise tax for 2013.

V. Documentary stamp tax (DST)
East Bonham has no transaction involving documentary stamp tax for 2013.

VI. All other local and national taxes

No other local and national taxes have been paid by the Company during the year.

VII. Withholding taxes

Since the Company has no employee, it has no transaction subject to withholding tax on compensation, expanded withholding tax, fringe benefit tax and final withholding tax for year ended December 31, 2014.

VIII. Tax assessment

The Company has no pending Letter of Authority (LOA) issued by the Bureau of Internal Revenue.

19. Supplementary Information Required by RR 19-2011

RR No. 19-2011 prescribes the BIR forms and modifies Revenue Memorandum Circular No. 57-2011. The revenue regulation is effective for all taxpayers required to file their income tax returns under section 51(A)(1) of the Tax Code, and are not required to file under section 51(A)(2) but who nevertheless opted to do so.

The amounts of taxable revenues and income, and deductible costs and expenses presented below, are based on relevant tax regulations issued by the BIR.

a) Revenues

The Company has no revenues for the year ended December 31, 2014 and 2013.

b) Direct operating expenses

The Company has no direct operating expenses for the year ended December 31, 2014 and 2013.

c) Non-operating and taxable other income

The Company's non-operating income are unrealized fair value gain and interest income amounting to Php282,532,500 and PhP107,834 during the year ended December 31, 2014. Unrealized fair value gain is not subject to both final tax and income tax while interest income is subject to final tax and is not subject to income tax.

d) Itemized deductions

This account consists of:

	2014	2013
Service and other fees	**26,000**	15,000
Miscellaneous		1,000
	26,000	16,000

e) Other information

All other information prescribed to be disclosed by the BIR have been included in the Note.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

CS201215747

Company Name

EVERDEEN SANDS HOLDINGS, INC.

Principal Office (No./Street/Barangay/City/Town)Province)

17TH FLOOR LIBERTY CENTER 104

H.V. DELA COSTA ST. SALCEDO

VILLAGE MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS		NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	0288809 99	NA

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
	4/7/2014	12/31

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
GABRIEL DEE		8880 999	

Contact Person's Address

17TH/F LIBERTYCTR SALCEDO VIL.

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.

EVERDEEN SANDS HOLDINGS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **EVERDEEN SANDS HOLDINGS, INC.** is responsible for the preparation and fair presentation of the financial statements for the year ended **December 31, 2014**, in accordance with the prescribed financial reporting framework indicated therein. The 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 or Trustees reviews and approves the financial statements and submit the same to the stockholders or members.

Loville Bernales Balgos, 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 report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such examination.

GABRIEL A. DEE
Chairman of the Board & President

RHODA A. ROQUE
Treasurer

01 JUL 2015
LANDBANK MAKATI ATRIUM BR.
BIR 086 296

Loville Bernales Balgos
CERTIFIED PUBLIC ACCOUNTANT

18 San Francisco St., Karuhatan,
Valenzuela City 1441 Philippines
Telefax (02) 292 61 37
Celphone (0917) 857 05 81
Email l_balgos@yahoo.com

INDEPENDENT AUDITOR'S REPORT

The Shareholders and the Board of Directors
Everdeen Sands Holdings, Inc.
17th Floor, Liberty Center, 104 H.V. dela Costa Street,
Salcedo Village, Makati City

I have audited the accompanying financial statements of **Everdeen Sands Holdings, Inc.**, which comprise the statement of financial position as at December 31, 2014, and the related statement of comprehensive operation, statement of changes in shareholders' equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statement of the company as of December 31, 2013, was unaudited.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards for Small Medium-Sized Entities; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

01 JUL 2015
ANDBANK MAKATI ATRIUM BR.
BIR 086 296

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of **Everdeen Sands Holdings, Inc.** as at December 31, 2014, and of its financial performance and its cash flow for the year then ended in accordance with Philippine Financial Reporting Standards for Small Medium-Sized Entities.

LOVILLE B. BALGOS
CPA Reg. No. 108875
TIN 179 571 645
PTR No. 3404510, Jan. 29, 2015, Valenzuela City
PRC-BOA Reg. No. 2403 (valid until December 31, 2017)
CDA CEA No. 0437 (valid until March 2, 2017)
BIR Tax Practitioner Acc. No. 05-004168-001-2013 (valid until July 31, 2016)

June 16, 2015
Valenzuela City

01 JUL 2015
NDBANK MAKATI ATRIUM BR.
BIR 046 296

Loville Bernales Balgos
CERTIFIED PUBLIC ACCOUNTANT

18 San Francisco St., Karuhatan,
Valenzuela City 1441 Philippines
Telefax (02) 292 61 37
Celphone (0917) 857 05 81
Email l_balgos@yahoo.com

SUPPLEMENTAL WRITTEN STATEMENT OF EXTERNAL AUDITOR

The Shareholders and the Board of Directors
Everdeen Sands Holdings, Inc.
17th Floor, Liberty Center, 104 H.V. dela Costa Street,
Salcedo Village, Makati City

I have examined the financial statements of **Everdeen Sands Holdings, Inc.** for the year ended December 31, 2014, on which I have rendered the attached report dated June 16, 2015.

In compliance with SRC Rule 68, I am stating that the company has a total number of one (1) stockholder owning one hundred (100) or more shares, and five (5) stockholders owning one (1) share each.

LOVILLE B. BALGOS
CPA Reg. No. 108875
TIN 179 571 645
PTR No. 3404510, Jan. 29, 2015, Valenzuela City
PRC-BOA Reg. No. 2403 (valid until December 31, 2017)
CDA CEA No. 0437 (valid until March 2, 2017)
BIR Tax Practitioner Acc. No. 05-004168-001-2013 (valid until July 31, 2016)

June 16, 2015
Valenzuela City

EVERDEEN SANDS HOLDINGS, INC.
STATEMENTS OF COMPREHENSIVE INCOME
(in Philippine peso)

		Years Ended December 31	
	Note(s)	**2014**	2013
INTEREST INCOME	*2,19*	**47,492**	89,613
LESS: ADMINISTRATIVE EXPENSES	*2,13*	**113,357**	16,440
NET INCOME (LOSS) BEFORE INCOME TAXES		**(65,866)**	73,173
TAX BENEFIT AND DEFERRED TAX	*2,6*		
Benefit from NOLCO		**34,007**	4,932
Deferred Tax Expense		**(29,409)**	(601,552)
NET INCOME (LOSS)		**(61,268)**	(523,447)
OTHER COMPREHENSIVE INCOME			
Changes in fair value of available for sale investment	*2,5*	**5,881,837**	120,310,312
TOTAL COMPREHENSIVE INCOME		**5,820,570**	119,786,865
EARNINGS PER SHARE	*2,14*	**(10.53)**	11.70

See accompanying Notes to Financial Statements.

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EVERDEEN SANDS HOLDINGS, INC.
STATEMENTS OF FINANCIAL POSITION
(in Philippine peso)

	Note(s)	**December 31 2014**	2013
ASSETS			
Current Assets			
Cash	2,4	**18,912,057**	68,972,923
Total Current Assets		**18,912,057**	68,972,923
NonCurrent Assets			
Available-for-Sale Investments	2,5	**179,663,400**	173,781,562
Deferred Tax Asset	2,6	**38,939**	4,932
Total NonCurrent Assets		**179,702,339**	173,786,494
		198,614,396	242,759,417
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accrued Expenses	2,7	**27,000**	27,000
Total Current Liabilities		**27,000**	27,000
NonCurrent Liabilities			
Advances from Shareholders	2,8	**72,352,990**	122,347,990
Deferred Tax Liability	2,10	**630,961**	601,552
Total NonCurrent Liabilities		**72,983,951**	122,949,542
Total Liabilities		**73,010,951**	122,976,542
Shareholders' Equity			
Capital Shares	2,11	**6,255**	6,255
Cumulative Effects of Changes in Fair Values	2,5	**126,192,150**	120,310,312
Cumulative Deficit		**(594,960)**	(533,692)
Total Shareholders' Equity		**125,603,445**	119,782,875
		198,614,396	242,759,417

See accompanying Notes to Financial Statements.

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EVERDEEN SANDS HOLDINGS, INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(in Philippine peso)

	Note(s)	Capital Shares	Changes in Fair Value	Cumulative Deficit	Total
Balance at January 1, 2013	*2,11*	6,255		(10,245)	(3,990)
Change in Fair Value of Investment in Securities	*2,5*		120,310,312		120,310,312
Less: Net Loss				(523,447)	(523,447)
Balance at December 31, 2013		6,255	120,310,312	(533,692)	119,782,875
Balance at January 1, 2014	***2,11***	**6,255**	**120,310,312**	**(533,692)**	**119,782,875**
Change in Fair Value of Investment in Securities	*2,5*		**5,881,838**		**5,881,838**
Less: Net Loss				**(61,268)**	**(61,268)**
Balance at December 31, 2014		**6,255**	**126,192,150**	**(594,960)**	**125,603,445**

See accompanying Notes to Financial Statements.

EVERDEEN SANDS HOLDINGS, INC.

STATEMENTS OF CASH FLOW

(in Philippine Peso)

	Note(s)	Years Ended December 31 2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income		**(65,866)**	73,173
Adjustments for:			
Interest Income	2,19	**(47,492)**	(89,613)
Operating income before working capital changes		**(113,357)**	(16,440)
Increase (decrease) in:			
Accrued Expenses	2,7	**-**	17,000
Cash used in operations		**(113,357)**	560
Interest received		**47,492**	89,613
Net Cash provided by operations		**(65,866)**	90,173
CASH FLOWS FROM FINANCING ACTIVITY			
Advances from Stockholders	2,8	**(49,995,000)**	122,347,990
Net cash used in investing activities		**(49,995,000)**	122,347,990
CASH FLOWS FROM INVESTING ACTIVITY			
Acquisition of available for sale investment	2,5		(53,471,250)
Net cash used in investing activities		**-**	(53,471,250)
NET INCREASE (DECREASE) IN CASH		**(50,060,866)**	68,966,913
CASH AT BEGINNING OF THE YEAR	2,4	**68,972,923**	6,010
CASH AT END OF THE YEAR	2,4	**18,912,057**	68,972,923

See accompanying Notes to Financial Statements.

1. Corporate Information

Everdeen Sands Holdings, Inc., was incorporated and registered with the Securities and Exchange Commission (SEC) as per Registration no. CS201215747 on September 11, 2012. The Company is a holding company with all the express powers of a corporation.

The primary purpose of this Corporation is to subscribe for, hold, assign, or otherwise dispose of property, including shares of stock, notes, and other securities of any corporation, to receive and dispose of the interest, dividends and income arising from such property, and to exercise in respect thereof all the rights, powers and privileges of ownership, including voting powers, without however engaging in business as an investment company under the Investment Company Act or a finance company or a dealer in securities or stocks, and only to hold the foregoing assets for purely investment purposes; to aid in any other manner any corporation any share of stock or other security of which are held by this corporation or in which it shall have interest, and to do any act designed to protect, preserve, improve or enhance the value of the property at any time held or controlled by this corporation.

Its principal office and registered address is at 17th Floor, Liberty Center, 104 H.V dela Costa Street, Salcedo Village, Makati City.

Status of Operations
The Company did not enter into any major or significant agreements that may create an impact on the financial statements. There are no material changes in the company policies and procedures.

The financial statements of the Company for the year ended December 31, 2014 was authorized for issue by the Board of Directors (BOD) on June 16, 2015.

2. Summary of Significant Accounting Policies

The financial statement prepared by **Everdeen Sands Holdings, Inc.** in accordance with the 'PFRS for Small and Medium-sized Entities' issued by the Philippine Accounting Standards Board. These principal accounting policies applied in the preparation of these financial statements are summarized below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of presentation

The financial statements of the Company have been prepared on the historical cost convention and are presented in the Philippine Pesos, which is the Company's functional and presentation currency. All values represent absolute amounts except when otherwise indicated.

The preparation of financial statements in conformity with the PFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies.

2.2 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Philippine Peso' (PHP), which is the company's functional and the presentation currency.

2.3 Basic Financial Instruments

Basic financial instruments are initially recognized at the transaction price, including transaction costs (except if measured at fair value through profit or loss). However, if the acquisition or issuance involves a financing transaction, initial measurement is at the present value of future cash payments discounted at a market rate of interest for a similar instrument.

Subsequent to initial recognition, basic financial instruments are measured as follows:

- Debt instruments at amortized cost using the effective interest method;
- Commitments to receive a loan that are within the scope of this section, at cost (if any) less impairment; and
- Investments in non-convertible and non-puttable shares at fair value if it is reliably measurable, otherwise at cost less impairment.

Amortized cost is the present value of the financial instrument's future cash flows discounted at the effective interest rate (i.e. the rate that initially discounts estimated future cash flows to the initial carrying amount of the instrument). The interest expense (income) recognized in a period is the carrying amount at the beginning of the period multiplied by the effective interest rate for the period.

Financial assets and financial liabilities with no stated interest rate and that are classified as current are initially measured at an undiscounted amount.

Financial instruments measured at cost or amortized cost must be assessed for impairment at the end of each reporting period.

An impairment loss is reversed if the amount of the impairment loss decreased and the decrease can be related objectively to an event occurring after the impairment was recognized. A reversal should not result in a carrying amount that is greater than what it would have been had no impairment been recognized.

When estimating fair value the following hierarchy is used:

- Quoted price for an identical asset in an active market;
- A recent transaction price; and
- A valuation technique.

Financial assets are derecognized when:

- The contractual rights to the cash flows expire or are settled;
- Substantially all the risks and rewards of ownership have been transferred; or
- Despite retaining some risks and rewards, control of the financial asset has been transferred and the other part has the practical ability to sell the asset in its entirety without needing to impose additional restrictions on the transfer.

Any rights and obligations retained or created in a transfer that qualifies for derecognition are recognized separately.

Financial liabilities are derecognized only when the obligation is discharged, cancelled or expires.

2.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.5 Borrowings

Borrowings are recognized initially at the transaction price (that is, the present value of cash payable to the bank, including transaction costs). Borrowings are subsequently stated at amortized cost. Interest expense is recognized on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2.6 Trade Payables

Trade payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

2.7 Provisions

Provisions for restructuring costs and legal claims are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

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

2.8 Employee Benefits

Philippine Accounting Standard Number 19 applies to all employee benefits including a retirement benefit plan. It also applies to enterprises where retirement benefit is mandated

by law.

The Company has no employees as of December 31, 2014 and 2013. Therefore, the Company has no legal or constructive obligation on retirement. As provided in the provisions of Presidential Decree No. 422, retail, service and agricultural establishments or operations employing not more than 10 employees or workers are exempted from the coverage of the provisions for retirement.

2.9 Share capital

Ordinary shares are classified as equity.

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

2.10 Retained Earnings

Retained earnings (deficit) include all current and prior period results as disclosed in the statement of income.

2.11 Revenue and Cost Recognition

Revenue comprises of revenues from the sale of goods and the rendering of services measured by reference to the fair value of consideration received or receivable by the Company for goods and services rendered, excluding value-added tax (VAT) and trade discounts.

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Company; and the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized:

Rendering of Services
Rendering of services is generally recognized when the customer has approved the service that has been provided. When the outcome of the contract cannot be measured reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

Interest Income
Interest income on bank deposits is recognized on a time proportion basis, net of applicable final withholding tax.

Dividend Income
Dividend income is recognized when the Company's right to receive payment or dividend has been established and the amount can be reliably measured. It is included in other income in the statement of comprehensive income.

Expense Recognition
Expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions in assets or incurrence of liabilities that result in the decrease in equity,

other than those relating to distributions to equity participants. Costs and expenses are recognized in the period these were incurred.

Administrative Expenses
These expenses constitute costs of administering the business day-to-day operation and are recognized when incurred and includes services and other fees and miscellaneous.

2.12 Current and Deferred Income Tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except that a change attributable to an item of income or expense recognized as other comprehensive income is also recognized directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the country where the Company operates and generates taxable income.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

2.13 Dividend distribution

Dividend distribution to the company's shareholders is recognized as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

2.14 Related Party Transactions and Relationships

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more of the intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

2.15 Earnings per share

Basic earnings per share amounts are calculated by dividing the net income attributable to ordinary equity holders of the Company by the weighted average number of an ordinary share outstanding, adjusted for any stock dividends declared during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to

ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding, adjusted for any stock dividends declared during the year plus weighted average number of ordinary shares that would be issued on the conversion of all the dilutive ordinary shares into ordinary shares.

The Company has no dilutive potential common shares as of December 31, 2014 and 2013.

2.16 Events after the Reporting Date

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Accounting Judgments and Estimates

The Company's financial statements prepared in accordance with PFRS require management to make judgments, estimates and assumptions that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results may ultimately differ from these estimates.

3.1 Judgments

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

(a) Classification of Financial Instruments

The Company exercises judgments in classifying a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, rather than its legal form, governs its classification in the statement of financial position.

The Company determines that the classification of financial instruments at initial recognition and re-evaluates this designation at every reporting date.

3.2 Estimates and Assumptions

The financial statements prepared in compliance with PRFS require management to make estimates and assumptions that affect amounts reported in the financial statements and related notes. The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

(a) Determination of Fair Value of Financial Assets and Liabilities

Where the fair value of financial instruments recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from the observable market where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors affect the reported fair value of financial instruments. The assumptions used to estimate the fair value of financial assets and liabilities are described in Note 15.

The carrying values of the Company's financial assets amounted to Php198,575,456 and Php242,754,485 as of December 31, 2014 and 2013, respectively, while the carrying values of financial liabilities amounted to Php72,379,990 and Php122,374,990 as of December 31, 2014 and 2013, respectively (see Note 15).

(b) Impairment of Available-for-sale Financial Assets

No permanent decline in value on available-for-sale financial asset is recorded for the year 2014 and 2013. Unrealized gain of Php5,881,837 and Php120,310,312 on available-for-sale financial asset are recognized for the year ended December 31, 2014 and 2013.

(c) Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount 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 asset to be utilized. However, there is no absolute assurance that the Company will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

The Company's deferred tax asset – NOLCO is Php38,939 and PhP4,932 as of December 31, 2014 and 2013, respectively (see Note 6).

4. Cash

Cash include the following:

	2014	2013
Cash in Bank	**18,912,057**	68,972,923

Cash in banks generally earn interest at the respective rates based on daily bank deposit rates.

Interest income earned from savings account amounted to Php47,492 and Php89,613 for the years ended December 31, 2014 and 2013, respectively.

5. Available-for-sale Financial Assets

Quoted available-for-sale financial assets mainly consist of investment in stocks of MJC Investments Corporation listed in the Philippines Stock Exchange (PSE) as follows:

	2014	2013
Quoted Available-for-sale financial assets	**53,471,250**	53,471,250
Unrealized fair value gain of AFS	**126,192,150**	120,310,312
	179,663,400	173,781,562

The Company recognized unrealized fair value gain in the statements of comprehensive operation.

The fair values of available-for-sale financial assets have been determined directly by reference to published prices in active markets.

These investments present the Company with opportunity for return through dividend income. Management intends to hold these investments for long term purposes.

Management believes that based on the assessment performed these investments are not impaired.

6. Deferred Tax Asset

This account refers to deferred tax of the Company arising from Net Operating Loss Carryover (NOLCO) details of NOLCO are as follows:

	Valid until	**2014**	2013
NOLCO-2013	2016	**4,932**	4,932
NOLCO-2014	2017	**34,007**	
		38,939	4,932

7. Accrued Expenses

The balance of accrued expense amounted to:

	2014	2013
Accrued Expenses	**27,000**	27,000

This account refers to accrual of services and other fees and is normally payable in 30 to 60 days.

The Company considers that the carrying amount of payables approximate their fair values since the above are short-term in nature.

8. Advances from Shareholders

The balance of advances from shareholders amounted to:

	2014	2013
Advances from Stockholders	**72,352,990**	122,347,990

This account refers to advances availed of from shareholders to finance the working capital requirements of the company which are unsecured and non-interest bearing.

The advances are non-collateral and non-interest bearing and will be settled in full with the shareholders concerned but there is no time frame set within which this amount should be paid (refer to Note 12).

9. Income Taxes

Computation of income tax is as follows:

	2014	2013
Income tax based on regular rate		
Income before tax expense	**(65,866)**	73,173
Less: Income subjected to final tax		
: Interest income	**(47,492)**	(89,613)
Loss	**(113,357)**	(16,440)
Tax rate	**30%**	30%
	(34,007)	(4,932)

Among the significant provisions and amendments of the National Internal Revenue Code (NIRC) that apply to the company are the following:

a) The Regular Corporate Income Tax (RCIT) rate of 30% is imposed on taxable income, net of applicable deductions;

b) Fringe benefits tax (same rate as the RCIT) is imposed on the grossed-up value of the benefits given by employers to their managerial and supervisory employees (final tax to be paid by the employer);

c) Minimum corporate income tax (MCIT) of 2% based on gross income, as defined under the Tax Code, is required to be paid starting on the fourth year from the date of registration with the Bureau of Internal Revenue (BIR) whenever the RCIT is lower than the MCIT. In the computation of the tax due for the taxable quarter, if the computed quarterly MCIT is higher than the quarterly normal income tax, the tax due to be paid for such taxable quarter at the time of filing the quarterly income tax return shall be the MCIT which is 2% of the gross income as of the end of the taxable quarter;

d) Net operating loss carryover (NOLCO) can be claimed as deduction against taxable income within three years after NOLCO is incurred;

e) The amount of interest expense allowed as income tax deduction is reduced by an

amount equal to 33% of the interest income subjected to final tax;

f) Optional standard deduction (OSD) equivalent to 40% of gross income may be claimed as an alternative in computing the RCIT; and

g) The ceiling on the amount of entertainment, amusement and recreation (EAR) expense that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company is limited to actual EAR paid but not to exceed 1% of net revenue.

10. Deferred Tax Liability

This account refers to deferred tax charge on gain on change in fair value of available for sale financial assets amounting to:

	2014	2013
Deferred Tax Liability	**626,059**	601,552

Under Section 127(A) of the tax code, sale, barter, exchange or other disposition of shares of stock listed and traded through the Local Stock Exchange (LSE) other than the sale by a dealer in securities is exempt from capital gains tax and regular corporate income tax but subject to ½ of 1% percentage tax.

11. Capital Shares

The Company's authorized, subscribed and paid-up shares details as follows:

	2014		2013	
	Shares	Amount	Shares	Amount
Authorized shares	**100,000**	100,000	100,000	100,000
Subscribed shares	**25,000**	25,000	25,000	25,000
Subscription receivable	**(18,745)**	(18,745)	(18,745)	(18,745)
Net paid-up	**6,255**	6,255	6,255	6,255

The Company has five (5) shareholders as of December 31, 2014 and 2013.

12. Related Party Disclosures

Related party relationship exists when one party has the ability to control, directly or indirectly, the other party or to influence the other party in making financial and operating decision.

Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

Refer to Note 8 for breakdown of Advances from Shareholders.

Since the company has no employees, there were no compensation paid to the Company's key management personnel for the years ended December 31, 2014 and 2013.

13. Administrative Expenses

This account consists of:

	2014	2013
Service and other fees	**113,357**	15,000
Miscellaneous		1,440
	113,357	16,440

14. Earnings/(Loss) Per Share

The earnings/(loss) and share data used in the basic/diluted earnings/(loss) per share computations are as follows:

	2014	2013
Earnings per the year (a)	**(65,866)**	73,173
Weighted average number of outstanding common shares (b)	**6,255**	6,255
	(10.53)	11.70

15. Capital Management

The Company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

As of December 31, 2014, the Company's cash and financial asset at fair value through profit or loss are Php18,912,057 and Php179,663,400, respectively; while as of December 31, 2013, these were Php68,972,923 and Php173,781,562, respectively.

The Company has no revenue from its commercial operations.

16. Taxes

Revenue Regulation (RR) No. 15-2010 prescribes the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. It requires disclosures of taxes, duties and licenses fees paid or accrued during the year.

Below are additional information required by RR No. 15-2010. These information are presented for purposes of filing with the Bureau of Internal Revenue (BIR) and are not a required part of the basic financial statements.

I. Output value-added tax (VAT)
The Company has no revenues subject to output tax for the year ended December 31, 2014.

II. Input VAT
The Company has no expenses subject to input tax for the year ended December 31, 2014.

III. Importations
The Company does not have any transaction requiring import entries, landed costs, duties and tariffs in 2014.

IV. Excise Tax
The Company has no transaction involving excise tax for 2013.

V. Documentary stamp tax (DST)
Everdeen Sands has no transaction involving documentary stamp tax for 2013.

VI. All other local and national taxes
No other local and national taxes have been paid by the Company during the year.

VII. Withholding taxes
Since the Company has no employee, it has no transaction subject to withholding tax on compensation, expanded withholding tax, fringe benefit tax and final withholding tax for year ended December 31, 2014.

VIII. Tax assessment
The Company has no pending Letter of Authority (LOA) issued by the Bureau of Internal Revenue.

17. Supplementary Information Required by RR 19-2011

RR No. 19-2011 prescribes the BIR forms and modifies Revenue Memorandum Circular No. 57-2011. The revenue regulation is effective for all taxpayers required to file their income tax returns under section 51(A)(1) of the Tax Code, and are not required to file under section 51(A)(2) but who nevertheless opted to do so.

The amounts of taxable revenues and income, and deductible costs and expenses presented below, are based on relevant tax regulations issued by the BIR.

a) Revenues
The Company has no revenues for the year ended December 31, 2014 and 2013.

b) Direct operating expenses

The Company has no direct operating expenses for the year ended December 31, 2014 and 2013.

c) Non-operating and taxable other income
The Company's non-operating income are unrealized fair value gain and interest income amounting to Php5,881,837 and PhP47,492 during the year ended December 31, 2014. Unrealized fair value gain is not subject to both final tax and income tax while interest income is subject to final tax and is not subject to income tax.

d) Itemized deductions

This account consists of:

	2014	2013
Service and other fees	**113,357**	15,000
Miscellaneous		1,440
	113,357	16,440

e) Other information
All other information prescribed to be disclosed by the BIR have been included in the Note.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 1 2 1 5 8 4 1

Company Name

F A I R B R O O K S H O L D I N G S , I N C .

Principal Office (No./Street/Barangay/City/Town)Province)

1 7 T H F L O O R L I B E R T Y C E N T E R 1 0 4

H . V . D E L A C O S T A S T . S A L C E D O

V I L L A G E M A K A T I C I T Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A F S		N A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	0 2 8 8 8 0 9 99	N A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
	4/7/2014	12/31

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
G A B R I E L D EE		8 8 8 0 999	

Contact Person's Address

1 7 T H / F L I B E R T Y C T R S A L C E D O V I L .

Note: In case of death, resgination 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.

FAIRBROOKS HOLDINGS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **FAIRBROOKS HOLDINGS, INC.** is responsible for the preparation and fair presentation of the financial statements for the year ended **December 31, 2014**, in accordance with the prescribed financial reporting framework indicated therein. The 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 or Trustees reviews and approves the financial statements and submit the same to the stockholders or members.

Loville Bernales Balgos, 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 report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such examination.

GABRIEL A. DEE
Chairman of the Board & President

RHODA A. ROQUE
Treasurer

01 JUL 2015
LANDBANK MAKATI ATRIUM BR.
BIR 086 296

Loville Bernales Balgos
CERTIFIED PUBLIC ACCOUNTANT

18 San Francisco St., Karuhatan,
Valenzuela City 1441 Philippines
Telefax (02) 292 61 37
Celphone (0917) 857 05 81
Email l_balgos@yahoo.com

INDEPENDENT AUDITOR'S REPORT

The Shareholders and the Board of Directors
Fairbrooks Holdings, Inc.
17th Floor, Liberty Center, 104 H.V. dela Costa Street,
Salcedo Village, Makati City

I have audited the accompanying financial statements of **Fairbrooks Holdings, Inc.**, which comprise the statement of financial position as at December 31, 2014, and the related statement of comprehensive operation, statement of changes in shareholders' equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statement of the company as of December 31, 2013, was unaudited.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards for Small Medium-Sized Entities; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

Loville Bernales Balgos
CERTIFIED PUBLIC ACCOUNTANT

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of **Fairbrooks Holdings, Inc.** as at December 31, 2014, and of its financial performance and its cash flow for the year then ended in accordance with Philippine Financial Reporting Standards for Small Medium-Sized Entities.

LOVILLE B. BALGOS
CPA Reg. No. 108875
TIN 179 571 645
PTR No. 3404510, Jan. 29, 2015, Valenzuela City
PRC-BOA Reg. No. 2403 (valid until December 31, 2017)
CDA CEA No. 0437 (valid until March 2, 2017)
BIR Tax Practitioner Acc. No. 05-004168-001-2013 (valid until July 31, 2016)

June 16, 2015
Valenzuela City

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BIR 086 256

Loville Bernales Balgos
CERTIFIED PUBLIC ACCOUNTANT

18 San Francisco St., Karuhatan,
Valenzuela City 1441 Philippines
Telefax (02) 292 61 37
Celphone (0917) 857 05 81
Email l_balgos@yahoo.com

SUPPLEMENTAL WRITTEN STATEMENT OF EXTERNAL AUDITOR

The Shareholders and the Board of Directors
Fairbrooks Holdings, Inc.
17th Floor, Liberty Center, 104 H.V. dela Costa Street,
Salcedo Village, Makati City

I have examined the financial statements of **Fairbrooks Holdings, Inc.** for the year ended December 31, 2014, on which I have rendered the attached report dated June 16, 2015.

In compliance with SRC Rule 68, I am stating that the company has a total number of one (1) stockholder owning one hundred (100) or more shares, and five (5) stockholders owning one (1) share each.

LOVILLE B. BALGOS
CPA Reg. No. 108875
TIN 179 571 645
PTR No. 3404510, Jan. 29, 2015, Valenzuela City
PRC-BOA Reg. No. 2403 (valid until December 31, 2017)
CDA CEA No. 0437 (valid until March 2, 2017)
BIR Tax Practitioner Acc. No. 05-004168-001-2013 (valid until July 31, 2016)

June 16, 2015
Valenzuela City

FAIRBROOKS HOLDINGS, INC.

STATEMENTS OF COMPREHENSIVE INCOME

(in Philippine peso)

	Note(s)	Years Ended December 31 2014	2013
INTEREST INCOME	*2,19*	**47,442**	77,542
LESS: ADMINISTRATIVE EXPENSES	*2,13*	**26,000**	17,340
NET INCOME (LOSS) BEFORE INCOME TAXES		**21,442**	60,202
TAX BENEFIT AND DEFERRED TAX	*2,6*		
Benefit from NOLCO		**7,800**	5,202
Deferred Tax Expense		**(29,409)**	(601,552)
NET INCOME (LOSS)		**(167)**	(536,148)
OTHER COMPREHENSIVE INCOME			
Changes in fair value of available for sale investmen	*2,5*	**5,881,837**	120,310,313
TOTAL COMPREHENSIVE INCOME		**5,881,670**	119,774,165
EARNINGS PER SHARE	*2,14*	**3.43**	9.62

See accompanying Notes to Financial Statements.

SEC-Satellite Office
Electronic Records Management Division
ICTD
JUL 01 2015
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FAIRBROOKS HOLDINGS, INC.
STATEMENTS OF FINANCIAL POSITION
(in Philippine peso)

	Note(s)	December 31 **2014**	2013
ASSETS			
Current Assets			
Cash	2,4	**18,937,744**	68,916,302
Total Current Assets		**18,937,744**	68,916,302
NonCurrent Assets			
Available-for-Sale Investments	2,5	**179,663,400**	173,781,563
Deferred Tax Asset	2,6	**13,002**	5,202.00
Total NonCurrent Assets		**179,676,402**	173,786,765
		198,614,146	242,703,067
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accrued Expenses	2,7	**27,000**	27,000
Total Current Liabilities		**27,000**	27,000
NonCurrent Liabilities			
Advances from Shareholders	2,8	**72,304,340**	122,304,340
Deferred Tax Liability	2,10	**630,961**	601,552
Total NonCurrent Liabilities		**72,935,301**	122,905,892
Total Liabilities		**72,962,301**	122,932,892
Shareholders' Equity			
Capital Shares	2,11	**6,255**	6,255
Cumulative Effects of Changes in Fair Values	2,5	**126,192,150**	120,310,313
Cumulative Deficit		**(546,560)**	(546,393)
Total Shareholders' Equity		**125,651,845**	119,770,175
		198,614,146	242,703,067

See accompanying Notes to Financial Statements.

01 JUL 2015
LANDBANK MAKATI ATRIUM BR.
BIR 086 296

FAIRBROOKS HOLDINGS, INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(in Philippine peso)

	Note(s)	Capital Shares	Changes in Fair Value	Cumulative Deficit	Total
Balance at January 1, 2013	*2,11*	6,255		(10,245)	(3,990)
Change in Fair Value of Investment in Securities	*2,5*		120,310,313		120,310,313
Less: Net Loss				(536,148)	(536,148)
Balance at December 31, 2013		6,255	120,310,313	(546,393)	119,770,175
Balance at January 1, 2014	***2,11***	**6,255**	**120,310,313**	**(546,393)**	**119,770,175**
Change in Fair Value of Investment in Securities	*2,5*		**5,881,837**		**5,881,837**
Less: Net Loss				**(167)**	**(167)**
Balance at December 31, 2014		**6,255**	**126,192,150**	**(546,560)**	**125,651,845**

See accompanying Notes to Financial Statements.

FAIRBROOKS HOLDINGS, INC.

STATEMENTS OF CASH FLOW

(in Philippine Peso)

	Note(s)	Years Ended December 31 2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income		**21,442**	60,202
Adjustments for:			
Interest Income	*2,19*	**(47,442)**	(77,542)
Operating income before working capital changes		**(26,000)**	(17,340)
Increase (decrease) in:			
Accrued Expenses	*2,7*	**-**	17,000
Cash used in operations		**(26,000)**	(340)
Interest received		**47,442**	77,542
Net Cash provided by operations		**21,442**	77,202
CASH FLOWS FROM FINANCING ACTIVITY			
Advances from Stockholders	*2,8*	**(50,000,000)**	122,304,340
Net cash used in investing activities		**(50,000,000)**	122,304,340
CASH FLOWS FROM INVESTING ACTIVITY			
Acquisition of available for sale investment	*2,5*		(53,471,250)
Net cash used in investing activities		**-**	(53,471,250)
NET INCREASE (DECREASE) IN CASH		**(49,978,558)**	68,910,292
CASH AT BEGINNING OF THE YEAR	*2,4*	**68,916,302**	6,010
CASH AT END OF THE YEAR	*2,4*	**18,937,744**	68,916,302

See accompanying Notes to Financial Statements.

FAIRBROOKS HOLDINGS, INC.

NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2014

1. Corporate Information

Fairbrooks Holdings, Inc., was incorporated and registered with the Securities and Exchange Commission (SEC) as per Registration no. CS201215841 on September 11, 2012. The Company is a holding company with all the express powers of a corporation.

The primary purpose of this Corporation is to subscribe for, hold, assign, or otherwise dispose of property, including shares of stock, notes, and other securities of any corporation, to receive and dispose of the interest, dividends and income arising from such property, and to exercise in respect thereof all the rights, powers and privileges of ownership, including voting powers, without however engaging in business as an investment company under the Investment Company Act or a finance company or a dealer in securities or stocks, and only to hold the foregoing assets for purely investment purposes; to aid in any other manner any corporation any share of stock or other security of which are held by this corporation or in which it shall have interest, and to do any act designed to protect, preserve, improve or enhance the value of the property at any time held or controlled by this corporation.

Its principal office and registered address is at 17th Floor, Liberty Center, 104 H.V dela Costa Street, Salcedo Village, Makati City.

Status of Operations
The Company did not enter into any major or significant agreements that may create an impact on the financial statements. There are no material changes in the company policies and procedures.

The financial statements of the Company for the year ended December 31, 2014 was authorized for issue by the Board of Directors (BOD) on June 16, 2015.

2. Summary of Significant Accounting Policies

The financial statement prepared by **Fairbrooks Holdings, Inc.** in accordance with the 'PFRS for Small and Medium-sized Entities' issued by the Philippine Accounting Standards Board. These principal accounting policies applied in the preparation of these financial statements are summarized below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of presentation

The financial statements of the Company have been prepared on the historical cost convention and are presented in the Philippine Pesos, which is the Company's functional and presentation currency. All values represent absolute amounts except when otherwise indicated.

The preparation of financial statements in conformity with the PFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies.

2.2 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Philippine Peso' (PHP), which is the company's functional and the presentation currency.

2.3 Basic Financial Instruments

Basic financial instruments are initially recognized at the transaction price, including transaction costs (except if measured at fair value through profit or loss). However, if the acquisition or issuance involves a financing transaction, initial measurement is at the present value of future cash payments discounted at a market rate of interest for a similar instrument.

Subsequent to initial recognition, basic financial instruments are measured as follows:

- Debt instruments at amortized cost using the effective interest method;
- Commitments to receive a loan that are within the scope of this section, at cost (if any) less impairment; and
- Investments in non-convertible and non-puttable shares at fair value if it is reliably measurable, otherwise at cost less impairment.

Amortized cost is the present value of the financial instrument's future cash flows discounted at the effective interest rate (i.e. the rate that initially discounts estimated future cash flows to the initial carrying amount of the instrument). The interest expense (income) recognized in a period is the carrying amount at the beginning of the period multiplied by the effective interest rate for the period.

Financial assets and financial liabilities with no stated interest rate and that are classified as current are initially measured at an undiscounted amount.

Financial instruments measured at cost or amortized cost must be assessed for impairment at the end of each reporting period.

An impairment loss is reversed if the amount of the impairment loss decreased and the decrease can be related objectively to an event occurring after the impairment was recognized. A reversal should not result in a carrying amount that is greater than what it would have been had no impairment been recognized.

When estimating fair value the following hierarchy is used:

- Quoted price for an identical asset in an active market;
- A recent transaction price; and
- A valuation technique.

Financial assets are derecognized when:

- The contractual rights to the cash flows expire or are settled;
- Substantially all the risks and rewards of ownership have been transferred; or
- Despite retaining some risks and rewards, control of the financial asset has been transferred and the other part has the practical ability to sell the asset in its entirety without needing to impose additional restrictions on the transfer.

Any rights and obligations retained or created in a transfer that qualifies for derecognition are recognized separately.

Financial liabilities are derecognized only when the obligation is discharged, cancelled or expires.

2.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.5 Borrowings

Borrowings are recognized initially at the transaction price (that is, the present value of cash payable to the bank, including transaction costs). Borrowings are subsequently stated at amortized cost. Interest expense is recognized on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2.6 Trade Payables

Trade payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

2.7 Provisions

Provisions for restructuring costs and legal claims are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

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

2.8 Employee Benefits

Philippine Accounting Standard Number 19 applies to all employee benefits including a retirement benefit plan. It also applies to enterprises where retirement benefit is mandated

by law.

The Company has no employees as of December 31, 2014 and 2013. Therefore, the Company has no legal or constructive obligation on retirement. As provided in the provisions of Presidential Decree No. 422, retail, service and agricultural establishments or operations employing not more than 10 employees or workers are exempted from the coverage of the provisions for retirement.

2.9 Share capital

Ordinary shares are classified as equity.

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

2.10 Retained Earnings

Retained earnings (deficit) include all current and prior period results as disclosed in the statement of income.

2.11 Revenue and Cost Recognition

Revenue comprises of revenues from the sale of goods and the rendering of services measured by reference to the fair value of consideration received or receivable by the Company for goods and services rendered, excluding value-added tax (VAT) and trade discounts.

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Company; and the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized:

Rendering of Services
Rendering of services is generally recognized when the customer has approved the service that has been provided. When the outcome of the contract cannot be measured reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

Interest Income
Interest income on bank deposits is recognized on a time proportion basis, net of applicable final withholding tax.

Dividend Income
Dividend income is recognized when the Company's right to receive payment or dividend has been established and the amount can be reliably measured. It is included in other income in the statement of comprehensive income.

Expense Recognition
Expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions in assets or incurrence of liabilities that result in the decrease in equity,

other than those relating to distributions to equity participants. Costs and expenses are recognized in the period these were incurred.

Administrative Expenses
These expenses constitute costs of administering the business day-to-day operation and are recognized when incurred and includes services and other fees and miscellaneous.

2.12 Current and Deferred Income Tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except that a change attributable to an item of income or expense recognized as other comprehensive income is also recognized directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the country where the Company operates and generates taxable income.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

2.13 Dividend distribution

Dividend distribution to the company's shareholders is recognized as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

2.14 Related Party Transactions and Relationships

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more of the intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

2.15 Earnings per share

Basic earnings per share amounts are calculated by dividing the net income attributable to ordinary equity holders of the Company by the weighted average number of an ordinary share outstanding, adjusted for any stock dividends declared during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to

ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding, adjusted for any stock dividends declared during the year plus weighted average number of ordinary shares that would be issued on the conversion of all the dilutive ordinary shares into ordinary shares.

The Company has no dilutive potential common shares as of December 31, 2014 and 2013.

2.16 Events after the Reporting Date

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Accounting Judgments and Estimates

The Company's financial statements prepared in accordance with PFRS require management to make judgments, estimates and assumptions that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results may ultimately differ from these estimates.

3.1 Judgments

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

(a) Classification of Financial Instruments

The Company exercises judgments in classifying a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, rather than its legal form, governs its classification in the statement of financial position.

The Company determines that the classification of financial instruments at initial recognition and re-evaluates this designation at every reporting date.

3.2 Estimates and Assumptions

The financial statements prepared in compliance with PRFS require management to make estimates and assumptions that affect amounts reported in the financial statements and related notes. The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

(a) Determination of Fair Value of Financial Assets and Liabilities

Where the fair value of financial instruments recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from the observable market where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors affect the reported fair value of financial instruments. The assumptions used to estimate the fair value of financial assets and liabilities are described in Note 15.

The carrying values of the Company's financial assets amounted to Php198,601,144 and Php242,697,865 as of December 31, 2014 and 2013, respectively, while the carrying values of financial liabilities amounted to Php72,331,340 and Php122,331,340 as of December 31, 2014 and 2013, respectively (see Note 15).

(b) Impairment of Available-for-sale Financial Assets

No permanent decline in value on available-for-sale financial asset is recorded for the year 2014. Unrealized gain of Php5,881,837 on available-for-sale financial asset are recognized for the year ended December 31, 2014.

(c) Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount 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 asset to be utilized. However, there is no absolute assurance that the Company will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

The Company's deferred tax asset – NOLCO is Php13,002 and PhP5,202 as of December 31, 2014 and 2013, respectively (see Note 6).

4. Cash

Cash include the following:

	2014	2013
Cash in Bank	**18,937,744**	68,916,302

Cash in banks generally earn interest at the respective rates based on daily bank deposit rates.

Interest income earned from savings account amounted to Php47,442 and Php77,542 for the years ended December 31, 2014 and 2013, respectively.

5. Available-for-sale Financial Assets

Quoted available-for-sale financial assets mainly consist of investment in stocks of MJC Investments Corporation listed in the Philippines Stock Exchange (PSE) as follows:

	2014	2013
Quoted Available-for-sale financial assets	**53,471,250**	53,471,250
Unrealized fair value gain of AFS	**126,192,150**	120,310,313
	179,663,400	173,781,563

The Company recognized unrealized fair value gain in the statements of comprehensive operation.

The fair values of available-for-sale financial assets have been determined directly by reference to published prices in active markets.

These investments present the Company with opportunity for return through dividend income. Management intends to hold these investments for long term purposes.

Management believes that based on the assessment performed these investments are not impaired.

6. Deferred Tax Asset

This account refers to deferred tax of the Company arising from Net Operating Loss Carryover (NOLCO) details of NOLCO are as follows:

	Valid until	2014	2013
NOLCO-2013	2016	**5,202**	5,202
NOLCO-2014	2017	**7,800**	
		13,002	5,202

7. Accrued Expenses

The balance of accrued expense amounted to:

	2014	2013
Accrued Expenses	**27,000**	27,000

This account refers to accrual of services and other fees and is normally payable in 30 to 60 days.

The Company considers that the carrying amount of payables approximate their fair values since the above are short-term in nature.

8. Advances from Shareholders

The balance of advances from shareholders amounted to:

	2014	2013
Advances from Stockholders	**72,304,340**	122,304,340

This account refers to advances availed of from shareholders to finance the working capital requirements of the company which are unsecured and non-interest bearing.

The advances are non-collateral and non-interest bearing and will be settled in full with the shareholders concerned but there is no time frame set within which this amount should be paid (refer to Note 12).

9. Income Taxes

Computation of income tax is as follows:

	2014	2013
Income tax based on regular rate		
Income before tax expense	**21,442**	60,202
Less: Income subjected to final tax		
: Interest income	**(47,442)**	(77,542)
Loss	**(26,000)**	17,340
Tax rate	**30%**	30%
	(7,800)	(5,202)

Among the significant provisions and amendments of the National Internal Revenue Code (NIRC) that apply to the company are the following:

a) The Regular Corporate Income Tax (RCIT) rate of 30% is imposed on taxable income, net of applicable deductions;

b) Fringe benefits tax (same rate as the RCIT) is imposed on the grossed-up value of the benefits given by employers to their managerial and supervisory employees (final tax to be paid by the employer);

c) Minimum corporate income tax (MCIT) of 2% based on gross income, as defined under the Tax Code, is required to be paid starting on the fourth year from the date of registration with the Bureau of Internal Revenue (BIR) whenever the RCIT is lower than the MCIT. In the computation of the tax due for the taxable quarter, if the computed quarterly MCIT is higher than the quarterly normal income tax, the tax due to be paid for such taxable quarter at the time of filing the quarterly income tax return shall be the MCIT which is 2% of the gross income as of the end of the taxable quarter;

d) Net operating loss carryover (NOLCO) can be claimed as deduction against taxable income within three years after NOLCO is incurred;

e) The amount of interest expense allowed as income tax deduction is reduced by an amount equal to 33% of the interest income subjected to final tax;

f) Optional standard deduction (OSD) equivalent to 40% of gross income may be claimed as an alternative in computing the RCIT; and

g) The ceiling on the amount of entertainment, amusement and recreation (EAR) expense that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company is limited to actual EAR paid but not to exceed 1% of net revenue.

10. Deferred Tax Liability

This account refers to deferred tax charge on gain on change in fair value of available for sale financial assets amounting to:

	2014	2013
Deferred Tax Liability	**630,961**	601,552

Under Section 127(A) of the tax code, sale, barter, exchange or other disposition of shares of stock listed and traded through the Local Stock Exchange (LSE) other than the sale by a dealer in securities is exempt from capital gains tax and regular corporate income tax but subject to ½ of 1% percentage tax.

11. Capital Shares

The Company' s authorized, subscribed and paid-up shares details as follows:

	2014		2013	
	Shares	**Amount**	Shares	Amount
Authorized shares	**100,000**	**100,000**	100,000	100,000
Subscribed shares	**25,000**	**25,000**	25,000	25,000
Subscription receivable	**(18,745)**	**(18,745)**	(18,745)	(18,745)
Net paid-up	**6,255**	**6,255**	6,255	6,255

The Company has five (5) shareholders as of December 31, 2014 and 2013.

12. Related Party Disclosures

Related party relationship exists when one party has the ability to control, directly or indirectly, the other party or to influence the other party in making financial and operating decision.

Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

Refer to Note 8 for breakdown of Advances from Shareholders.

Since the company has no employees, there were no compensation paid to the Company's key management personnel for the years ended December 31, 2014 and 2013.

13. Administrative Expenses

This account consists of:

	2014	2013
Service and other fees	**26,000**	**16,000**
Miscellaneous		**1,340**
	26,000	**17,340**

14. Earnings/(Loss) Per Share

The earnings/(loss) and share data used in the basic/diluted earnings/(loss) per share computations are as follows:

	2014	2013
Earnings per the year (a)	**21,442**	60,202
Weighted average number of outstanding common shares (b)	**6,255**	6,255
	3.43	9.62

15. Capital Management

The Company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

As of December 31, 2014, the Company's cash and financial asset at fair value through profit or loss are Php18,937,744 and Php179,663,400, respectively; while as of December 31, 2013, these were Php68,916,302 and Php173,781,563, respectively.

The Company has no revenue from its commercial operations.

16. Taxes

Revenue Regulation (RR) No. 15-2010 prescribes the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. It requires disclosures of taxes, duties and licenses fees paid or accrued during the year.

Below are additional information required by RR No. 15-2010. These information are presented for purposes of filing with the Bureau of Internal Revenue (BIR) and are not a required part of the basic financial statements.

I. Output value-added tax (VAT)
The Company has no revenues subject to output tax for the year ended December 31, 2014.

II. Input VAT
The Company has no expenses subject to input tax for the year ended December 31, 2014.

III. Importations
The Company does not have any transaction requiring import entries, landed costs, duties and tariffs in 2014.

IV. Excise Tax
The Company has no transaction involving excise tax for 2013.

V. Documentary stamp tax (DST)
Fairbrooks has no transaction involving documentary stamp tax for 2013.

VI. All other local and national taxes
No other local and national taxes have been paid by the Company during the year.

VII. Withholding taxes
Since the Company has no employee, it has no transaction subject to withholding tax on compensation, expanded withholding tax, fringe benefit tax and final withholding tax for year ended December 31, 2014.

VIII. Tax assessment
The Company has no pending Letter of Authority (LOA) issued by the Bureau of Internal Revenue.

17. Supplementary Information Required by RR 19-2011

RR No. 19-2011 prescribes the BIR forms and modifies Revenue Memorandum Circular No. 57-2011. The revenue regulation is effective for all taxpayers required to file their income tax returns under section 51(A)(1) of the Tax Code, and are not required to file under section 51(A)(2) but who nevertheless opted to do so.

The amounts of taxable revenues and income, and deductible costs and expenses presented below, are based on relevant tax regulations issued by the BIR.

a) Revenues
The Company has no revenues for the year ended December 31, 2014 and 2013.

b) Direct operating expenses
The Company has no direct operating expenses for the year ended December 31, 2014 and

2013.

c) Non-operating and taxable other income
The Company's non-operating income are unrealized fair value gain and interest income amounting to Php5,881,837 and PhP47,442 during the year ended December 31, 2014. Unrealized fair value gain is not subject to both final tax and income tax while interest income is subject to final tax and is not subject to income tax.

d) Itemized deductions

This account consists of:

	2014	2013
Service and other fees	26,000	16,000
Miscellaneous		1,340
	26,000	17,340

e) Other information
All other information prescribed to be disclosed by the BIR have been included in the Note.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 1 2 1 5 7 5 4

Company Name

F L Y I N G H E R O N H O L D I N G S I N C .

Principal Office (No./Street/Barangay/City/Town)Province)

1 7 T H F L O O R L I B E R T Y C E N T E R 1 0 4

H . V . D E L A . C O S T A S T . S A L C E D O

V I L L A G E M A K A T I C I T Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A F S		N A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	0 2 8 8 8 0 9 99	N A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
	4/7/2014	12/31

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
G A B R I E L D EE		8 8 8 0 999	

Contact Person's Address

1 7 T H / F L I B E R T Y C T R S A L C E D O V I L .

Note: In case of death, resgination 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.

FLYING HERON HOLDINGS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **FLYING HERON HOLDINGS, INC.** is responsible for the preparation and fair presentation of the financial statements for the year ended **December 31, 2014**, in accordance with the prescribed financial reporting framework indicated therein. The 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 or Trustees reviews and approves the financial statements and submit the same to the stockholders or members.

Loville Bernales Balgos, 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 report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such examination.

GABRIEL A. DEE
Chairman of the Board & President

RHODA A. ROQUE
Treasurer

01 JUL 2015
LANDBANK MAKATI ATRIUM BR.
BIR 086 296

Loville Bernales Balgos
CERTIFIED PUBLIC ACCOUNTANT

18 San Francisco St., Karuhatan,
Valenzuela City 1441 Philippines
Telefax (02) 292 61 37
Celphone (0917) 857 05 81
Email l_balgos@yahoo.com

INDEPENDENT AUDITOR'S REPORT

The Shareholders and the Board of Directors
Flying Heron Holdings, Inc.
17th Floor, Liberty Center, 104 H.V. dela Costa Street,
Salcedo Village, Makati City

I have audited the accompanying financial statements of **Flying Heron Holdings, Inc.**, which comprise the statement of financial position as at December 31, 2014, and the related statement of comprehensive operation, statement of changes in shareholders' equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statement of the company as of December 31, 2013, was audited by another auditor whose report dated November 25, 2014, expressed an unqualified opinion in those statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of **Flying Heron Holdings, Inc.** as at December 31, 2014, and of its financial performance and its cash flow for the year then ended in accordance with Philippine Financial Reporting Standards.

LOVILLE B. BALGOS
CPA Reg. No. 108875
TIN 179 571 645
PTR No. 3404510, Jan. 29, 2015, Valenzuela City
PRC-BOA Reg. No. 2403 (valid until December 31, 2017)
CDA CEA No. 0437 (valid until March 2, 2017)
BIR Tax Practitioner Acc. No. 05-004168-001-2013 (valid until July 31, 2016)

June 16, 2015
Valenzuela City

RECEIVED
TELLER NO.1
01 JUL 2015
LANDBANK MAKATI ATRIUM BR.
BIR 086 296

Loville Bernales Balgos
CERTIFIED PUBLIC ACCOUNTANT

18 San Francisco St., Karuhatan,
Valenzuela City 1441 Philippines
Telefax (02) 292 61 37
Celphone (0917) 857 05 81
Email l_balgos@yahoo.com

SUPPLEMENTAL WRITTEN STATEMENT OF EXTERNAL AUDITOR

The Shareholders and the Board of Directors
Flying Heron Holdings, Inc.
17th Floor, Liberty Center, 104 H.V. dela Costa Street,
Salcedo Village, Makati City

I have examined the financial statements of **Flying Heron Holdings, Inc.** for the year ended December 31, 2014, on which I have rendered the attached report dated June 16, 2015.

In compliance with SRC Rule 68, I am stating that the company has a total number of two (2) stockholders owning one hundred (100) or more shares each, and four (4) stockholders owning one (1) share each.

LOVILLE B. BALGOS
CPA Reg. No. 108875
TIN 179 571 645
PTR No. 3404510, Jan. 29, 2015, Valenzuela City
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June 16, 2015
Valenzuela City

TELLER NO. 1
01 JUL 2015
LANDBANK MAKATI ATRIUM BR.
BIR 086 296

FLYING HERON HOLDINGS, INC.

STATEMENTS OF COMPREHENSIVE INCOME

(in Philippine peso)

		Years Ended December 31	
	Note(s)	**2014**	2013
INTEREST INCOME	*2,19*	**107,816**	245,201
LESS: ADMINISTRATIVE EXPENSES	*2,13*	**26,000**	16,000
NET INCOME BEFORE INCOME TAXES		**81,816**	229,201
TAX BENEFIT AND DEFERRED TAX	*2,6*		
Benefit from NOLCO		**7,800**	4,800
Deferred Tax Expense		**(69,064)**	(1,412,674)
NET INCOME (LOSS)		**20,552**	(1,178,673)
OTHER COMPREHENSIVE INCOME			
Changes in fair value of available for sale investment	*2,5*	**13,812,810**	282,534,750
TOTAL COMPREHENSIVE INCOME		**13,833,362**	281,356,077
EARNINGS PER SHARE	*2,14*	**13.08**	36.65

See accompanying Notes to Financial Statements.

FLYING HERON HOLDINGS, INC.
STATEMENTS OF FINANCIAL POSITION
(in Philippine peso)

	Note(s)	December 31 2014	2013
ASSETS			
Current Assets			
Cash	2,4	**14,776,367**	14,694,551
Total Current Assets		**14,776,367**	14,694,551
NonCurrent Assets			
Available-for-Sale Investments	2,5	**421,918,560**	408,105,750
Deferred Tax Asset	2,6	**12,600**	4,800
Total NonCurrent Assets		**421,931,160**	408,110,550
		436,707,527	422,805,101
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accrued Expenses	2,7	**27,000**	27,000
Total Current Liabilities		**27,000**	27,000
NonCurrent Liabilities			
Advances from Shareholders	2,8	**140,014,341**	140,014,341
Deferred Tax Liability	2,10	**1,481,738**	1,412,674
Total NonCurrent Liabilities		**141,496,079**	141,427,015
Total Liabilities		**141,523,079**	141,454,015
Shareholders' Equity			
Capital Shares	2,11	**6,254**	6,254
Cumulative Effects of Changes in Fair Values	2,5	**296,347,560**	282,534,750
Cumulative Deficit		**(1,169,366)**	(1,189,918)
Total Shareholders' Equity		**295,184,448**	281,351,086
		436,707,527	422,805,101

See accompanying Notes to Financial Statements.

FLYING HERON HOLDINGS, INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(in Philippine peso)

	Note(s)	Capital Shares	Changes in Fair Value	Cumulative Deficit	Total
Balance at January 1, 2013	*2,11*	6,254		(11,245.00)	(4,991)
Change in Fair Value of Investment in Securities	*2,5*		282,534,750		282,534,750
Less: Net Loss				(1,178,673)	(1,178,673)
Balance at December 31, 2013		6,254	282,534,750	(1,189,918)	281,351,086
Balance at January 1, 2014	*2,11*	**6,254**	**282,534,750**	**(1,189,918)**	**281,351,086**
Change in Fair Value of Investment in Securities	*2,5*		**13,812,810**		**13,812,810**
Add: Net Income				**20,552**	**20,552**
Balance at December 31, 2014		**6,254**	**296,347,560**	**(1,169,366)**	**295,184,448**

See accompanying Notes to Financial Statements.

FLYING HERON HOLDINGS, INC.

STATEMENTS OF CASH FLOW

(in Philippine Peso)

		Years Ended December 31	
	Note(s)	**2014**	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income		**81,816**	229,201
Adjustments for:			
Interest Income	*2,19*	**(107,816)**	(245,201)
Operating income before working capital changes		**(26,000)**	(16,000)
Increase (decrease) in:			
Accrued Expenses	*2,7*	-	16,000
Cash used in operations		**(26,000)**	-
Interest received		**107,816**	245,201
Net Cash provided by operations		**81,816**	245,201
CASH FLOWS FROM FINANCING ACTIVITY			
Advances from Stockholders	*2,8*	-	140,014,341
Net cash used in investing activities		-	140,014,341
CASH FLOWS FROM INVESTING ACTIVITY			
Acquisition of available for sale investment	*2,5*		(125,571,000)
Net cash used in investing activities		-	(125,571,000)
NET INCREASE (DECREASE) IN CASH		**81,816**	14,688,542
CASH AT BEGINNING OF THE YEAR	*2,4*	**14,694,551**	6,009
CASH AT END OF THE YEAR	*2,4*	**14,776,367**	14,694,551

See accompanying Notes to Financial Statements.

1. Corporate Information

Flying Heron Holdings, Inc. (the Company), was incorporated and registered with the Securities and Exchange Commission (SEC) as per Registration no. CS201215754 on September 11, 2012. The Company is a holding company with all the express powers of a corporation.

The primary purpose of the Company is to subscribe for, hold, assign, or otherwise dispose of property, including shares of stock, notes, and other securities of any corporation, to receive and dispose of the interest, dividends and income arising from such property, and to exercise in respect thereof all the rights, powers and privileges of ownership, including voting powers, without however engaging in business as an investment company under the Investment Company Act or a finance company or a dealer in securities or stocks, and only to hold the foregoing assets for purely investment purposes; to aid in any other manner any corporation any share of stock or other security of which are held by this corporation or in which it shall have interest, and to do any act designed to protect, preserve, improve or enhance the value of the property at any time held or controlled by this corporation.

The Company's registered office, which is also its principal place of business, is located at 17th Floor, Liberty Center, 104 H.V. dela Costa Street, Salcedo Village, Makati City

Status of Operations
The Company did not enter into any major or significant agreements that may create an impact on the financial statements. There are no material changes in the company policies and procedures.

The financial statements of the Company for the year ended December 31, 2014 (including the comparatives for the year ended December 31, 2013) were authorized for issue by the Board of Directors (BOD) on May 21, 2015.

2. Summary of Significant Accounting Policies

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

2.1 Basis of presentation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards

Council (FRSC) from the pronouncements issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial assets, property and equipment and investment property. The measurement bases are more fully described in the accounting policies that follow:

(b) Presentation of Financial Statements

The financial statements are presented in accordance with PAS 1 (Revised 2007), *Presentation of Financial Statements.* The Company presents all items of income and expenses in a single statement of comprehensive income. Two comparative periods are presented for the statement of financial position when the Company applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements, or reclassifies items in the financial statements.

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Company's functional presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

2.2 Adoption of New Interpretations, Revisions and Amendments of PFRS

In preparing these financial statements in accordance with PFRS, the Company has applied all mandatory exceptions and some of the optional exemptions from full retrospective application of the PFRS. However, there were no noted differences upon application of PFRS in the financial statements of the Company.

- PAS 1 : *Presentation of Financial Statements*
- PAS 7 : *Statement of Cash Flows*
- PAS 8 : *Accounting Policies, Changes in Accounting Estimates and Errors*
- PAS 10 : *Events after the Reporting Period*
- PAS 12 : *Income Taxes*
- PAS 18 : *Revenue*
- PAS 21 : *The Effects of Changes in Foreign Exchange Rates*
- PAS 23 : *Borrowing Costs*
- PAS 24 : *Related Party Disclosures*
- PAS 32 : *Financial Instruments: Disclosure and Presentation*
- PAS 33 : *Earnings per Share*
- PAS 34 : *Interim Financial Reporting*
- PAS 36 : *Impairment of Assets*
- PAS 37 : *Provision, Contingent Liabilities and Contingent Assets*

- PAS 39 : *Financial Instruments: Recognition and Measurement*
- PFRS 1 : *First-time Adoption of Philippine Financial Reporting Standards*
- PFRS 7 : *Financial Instruments: Disclosures*
- PFRS 9 : *Financial Instruments*
- PRFS 13 : *Fair Value Measurement*

- PAS 1, *Presentation of Financial Statements,* sets overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.

- PAS 7, *Statement of Cash Flows,* requires the provision of information about the historical changes in cash and cash equivalents of an entity by means of a statement of cash flows which classifies cash flows during the period from operating, investing and financing activities.

- PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors,* the objective of this standard is:

    a) to remove the allowed alternative to retrospective application of voluntary changes in accounting policies and retrospective restatement to correct prior periods;
    b) to eliminate the concept of a fundamental error;
    c) to articulate the hierarchy of guidance to which management refers, whose applicability it considers when selecting accounting policies in the absence of Standards and Interpretations that specifically apply; and
    d) to define material omissions or misstatements, and describe how to apply the concept of materiality when applying accounting policies and correcting error.

- PAS 10, *Events after the Reporting Period,* prescribes when an entity should adjust its financial statements for events after the reporting period and the disclosures that an entity should give about the date when the financial statements were authorized for issue and about events after the reporting period.

- PAS 12, *Income Taxes,* implements the balance sheet liability method of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test.

- PAS 18, *Revenue,* prescribes the accounting requirements for when to recognize revenue from the sale of goods, rendering of services, and for interest, royalties and dividends. Revenue is measured at the fair value of the consideration received or receivable and recognized when prescribed conditions are met, which depend on the nature of the revenue.

- PAS 21, *The Effects of Changes in Foreign Exchange Rates,* prescribes how to include foreign currency transactions and foreign operations in the financial statements of an entity and how to translate financial statements into a presentation currency. The standard excludes from its scope foreign currency derivatives that are within the scope of PFRS 9. Similarly, the material on hedge accounting has been moved to PAS 39, Financial Instruments – Recognition and Measurement.

- PAS 23, *Borrowing Costs,* prescribes the accounting treatment of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognized as an expense.

- PAS 24, *Related Party Disclosures,* requires a reporting entity to disclose transactions with its related parties and relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. Revised PAS 24, amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities.

- PAS 32, *Financial Instruments: Disclosure and Presentation,* establishes the principles for the presentation of financial instruments, particularly as to the classification of such instruments into financial assets, financial liabilities and equity instruments. The standard also provides guidance on the classification of related interest, dividends and gains/losses, and when financial assets and financial liabilities can be offset.

- PAS 33, *Earnings per Share,* prescribes principles for the determination and presentation of earnings per share, so as to improve performance comparisons between different entities in the same reporting period and between different reporting periods for the same entity.

- PAS 34, *Interim Financial Reporting,* prescribes the minimum content of an interim financial report and to prescribe the principles for recognition and measurement in complete or condensed financial statements for an interim period. This Standard does not mandate which entities should be required to publish interim financial reports, how frequently, or how soon after the end of an interim period. However, governments, securities regulators, stock exchanges, and accountancy bodies often require entities whose debt or equity securities are publicly traded to publish interim financial reports.

- PAS 36, *Impairment of Assets*, ensures that assets are carried at no more than their recoverable amount, and to define how recoverable amount is determined. It requires the recoverable amount of an asset to be measured whenever there is an indication that the asset may be impaired. PAS 36 applies to all assets except inventories, assets arising from construction contracts, deferred tax assets, assets arising from employee benefits, financial assets, investment property carried at fair value, agricultural assets carried at fair value, insurance contract assets, non-current assets held for sale.

- PAS 37, *Provision, Contingent Liabilities and Contingent Assets,* ensures that appropriate recognition criteria and measurement bases are applied to provisions, contingent liabilities and contingent assets and that sufficient information is disclosed in the notes to the financial statements to enable users to understand their nature, timing and amount.

The key principle established by the Standard is that a provision should be recognized only when there is a liability i.e. a present obligation resulting from past events. The Standard thus aims to ensure that only genuine obligations are dealt with in the financial statements – planned future expenditure, even where authorized by the board of directors or equivalent governing body, is excluded from recognition.

- PAS 39, *Financial Instruments: Recognition and Measurement,* outlines the requirements for the recognition and measurement of financial assets, financial liabilities, and some contracts to buy or sell non-financial items. Financial instruments are initially recognized when an entity becomes a party to the contractual provisions of the instrument, and are classified into various categories depending upon the type of instrument, which then determines the subsequent measurement of the instrument (typically amortized cost or fair value). Special rules apply to embedded derivatives and hedging instruments.

  Amendment to PAS 39 provides (a) additional guidance on determining whether loan prepayment penalties result in an embedded derivative that needs to be separated; (b) clarify that the scope exemption in PAS 39 paragraph 2(g) is restricted to forward contracts, i.e. not options, between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date within a reasonable period normally necessary to obtain any required approvals and to complete the transaction; and (c) clarify that the gains or losses on a cash flow hedge should be reclassified from other comprehensive income to profit or loss during the period that the hedged forecast cash flows impact profit or loss.

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards,* restructures the format of PFRS 1 without changing the standard's technical content. The revised version moves the exemptions and exceptions contained in the main body of PFRS to different appendices, and also removes PFRS 1 transitional provisions that are no longer considered relevant.

- PFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Liabilities* requires entity to disclose information about rights of set-off and related arrangements. The new disclosures are required for all recognized financial instruments that are subject to enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendment requires entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and liabilities recognized at the end of reporting period:

  a) The gross amounts of those recognized financial assets and liabilities;
  b) The amounts that are set-off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
  c) The net amounts presented in the statement of financial position;
  d) The amount subject to enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including;
     i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and

ii. Amounts related to financial collateral (including cash collateral); and

e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

The amendment only affects disclosures and has no impact on the Company's financial statements.

- PFRS 13, *Fair Value Measurement* establishes a single source of guidance under PFRS for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted.

Improvements to PFRS

The omnibus amendment to PFRS contains non-urgent but necessary amendments to PFRSs. The amendments are effective for annual periods beginning on or after January 1, 2013 and are applied retrospectively.

- PFRS 1, *First-time Adoption of PFRS – Borrowing Costs*, clarifies that, upon adoption of PFRS, an entity that capitalized borrowing costs in accordance with its previous generally accepted accounting principles, may carry forward, without any adjustment, the amount previously capitalized in its opening statement of financial position at the date of transition. Subsequent to the adoption of PFRS, borrowing costs are recognized in accordance with PAS 23, Borrowing Costs.

- PAS 1, *Presentation of Financial Statements – Clarification of the Requirements for Comparative Information*, clarifies the requirements for comparative information that are disclose voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatements or reclassification of items in the financial statements. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. On the other hand, supporting notes on the third statement of financial position (mandatory when there is a retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements) are not required. The amendments affect disclosures only and have no impact on the Company's financial statements.

- PAS 32, *Financial Instruments: Presentation – Tax Effect of Distribution to Holders of Equity Instruments,* clarifies that income taxes relating to distributions to equity holders and to transaction costs of an equity transactions are accounted for in accordance with Pas 12, Income Taxes. The Company expects that this amendment will not have any impact on its financial statements.

New or Revised Standards, Amendments to Standards and Interpretations

A number of new standards, amendments to standards and interpretations are effective for

annual periods beginning after January 1, 2014, and have not been applied in preparing these financial statements. Except as otherwise indicated, the Company does not expect the adoption of these new and amended PFRS, PAS and Philippine Interpretations International Financial Reporting Interpretation Committee (IFRIC) to have significant impact on its financial statements.

The Company will adopt the following new or revised standards, amendments to standards and interpretations in the respective effective dates:

Adopted on January 1, 2014

- PAS 32, *Financial Instruments: Presentation – Offsetting Financial Assets and Liabilities* clarifies the meaning of "currently has a legal enforceable right to set-off" and the application of PAS 32 offsetting criteria to settlement systems which apply gross settlement mechanisms that are not simultaneous. While the amendment is expected not to have an impact on the net assets of the Company, any changes in offsetting is expected to impact leverage ratios and regulatory capital requirements. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014. The Company is currently assessing the impact of this Standard.

To be Adopted on January 1, 2015

- PFRS 9, *Financial Instruments: Classification and Measurements* reflects the first phase on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as define in PAS 39. The standard is effective for annual periods beginning on or before January 1, 2015. Work on impairment of financial instruments and hedge accounting is still ongoing, with a view to replacing PAS 39 in its entirety. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of Flying Heron's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities. Flying Heron will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

2.3 Financial Assets

Financial assets which are recognized when the Company becomes a party to the contractual terms of the financial instrument include cash and other financial instruments. Financial assets, other than hedging instruments, are classified into the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated at every reporting date at which date a choice of classification or accounting treatment is available, subject to compliance with specific provisions of applicable accounting standards.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid

investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of placement and that are subject to an insignificant risk of change in value.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at fair value through profit or loss are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at fair value through profit or loss, are initially recorded at fair value and transaction costs related to it are recognized in the profit or loss.

A more detailed description of the four categories of financial assets is as follows:

(a) Financial Assets at Fair Value through Profit or Loss

This category include financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through profit or loss upon initial recognition. All derivatives fall into this category, except for those designated and effective as hedging instruments. Assets in this category are classified as current if they are either held for trading or are expected to be realized within 12 months from the end of the reporting period.

Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. Financial assets (are derivatives and financial instruments original designated as financial assets at fair value through profit or loss) may be reclassified out of fair value through profit or loss category if they are no longer held for the purpose of being sold or repurchased in the near term.

The Company does not maintain any financial assets at fair value through profit and loss as of December 31, 2014 and 2013.

(b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This accounting policy relates to the statement of financial position caption “Loans receivable” which arise primarily from trade receivables, advances to employees and other non-current receivables. Receivables are classified as current when these are expected to be realized within one year after the reporting date or the Company’s normal operating cycle, which is one year. All other receivables and advances are classified as noncurrent.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Any change in their value is recognized in profit or loss. Impairment loss is provided when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the asset carrying amount and the present value of estimated cash flows.

(c) Held-to-Maturity Investments

This category includes non-derivative financial assets with fixed or determinable payments and a fixed date of maturity that the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Held-to maturity investments are included in non-current assets under Financial Assets account in the statement of financial position, except those maturing within 12 months from the reporting period, which are presented as part of current assets.

Subsequent to initial recognition, the investments are measured at amortized cost using the effective interest method, less impairment losses, if any. Impairment loss, which is the difference between the carrying value and the present value of estimated cash flows of the investment, is recognized when there is objective evidence that the investment has been impaired. Any changes to the carrying amount of the investment, including impairment loss, are recognized in profit or loss.

The Company does not maintain held-to-maturity investments as of December 31, 2014 and 2013.

(d) Available-for-sale Financial Assets

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets under the Financial Assets account in the statement of financial position unless management intends to dispose of the investment within 12 months from the reporting period.

All available-for-sale financial assets are measured at fair value, unless otherwise disclosed, with changes in value recognized in other comprehensive income, net of any effects arising from arising taxes. When the assets is disposed of or is determined to be impaired the cumulative gain or loss recognized in other comprehensive income is reclassified from revaluation reserve to profit or loss and presented as a reclassification adjustments within other comprehensive income.

Reversal of impairment loss is recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

The Company available-for-sale investments as of December 31, 2014 and 2013 amounted to Php421,918,560 and Php408,105,750, respectively.

All income and expenses, including impairment losses, relating to financial assets that are recognized in the profit or loss are presented as part of Finance Costs or Finance Income in the statement of comprehensive income.

For investments that are actively traded in organized financial markets, fair value is determined by reference to stock exchange-quoted market bid prices at the close of business on the reporting

period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net assets base on the investment.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

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

De-recognition of financial assets occurs when the rights to receive cash flows from the financial instruments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

2.4 Financial Liabilities

Financial liabilities include interest-bearing loans and borrowing, trade and other payables and finance lease liabilities, due to related parties and other non-current liabilities, which are measured at amortized cost using the effective interest rate method.

Financial liabilities are recognized when the Company becomes a party to the contractual terms of the instrument. All interest-related charges are recognized as an expense in profit or loss under the caption Finance Costs in the statement of comprehensive income.

Interest-bearing loans and borrowings are raised for support of long-term funding of operations. They are recognized at proceeds received, net of direct issue costs.

Finance lease liabilities are measured at initial value less the capital element of lease repayments.

Trade payables are initially recognized at their fair value and subsequently measured at amortized cost.

Dividend distributions to shareholders are recognized as financial liabilities upon declaration by the Company.

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

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive operation.

The Company has not entered into any major financial, legal or business agreement aside from

the normal business transactions nor has it made any major commitments which affect the financial position or results of operations.

The Company does not have any pending legal or labor case which should result to additional liability or unrecorded expense.

Offsetting
Financial assets and liabilities are only offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.5 Provisions

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.6 Revenue and Expense Recognition

Revenue comprises of revenues from the sale of goods and the rendering of services measured by reference to the fair value of consideration received or receivable by the Company for goods and services rendered, excluding value-added tax (VAT) and trade discounts.

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Company; and the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized:

Rendering of Services
Rendering of services is generally recognized when the customer has approved the service that has been provided. When the outcome of the contract cannot be measured reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

Interest Income
Interest income on bank deposits is recognized on a time proportion basis, net of applicable final withholding tax.

Dividend Income
Dividend income is recognized when the Company's right to receive payment or dividend has been established and the amount can be reliably measured. It is included in other income in the statement of comprehensive income.

Expense Recognition
Expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions in assets or incurrence of liabilities that result in the decrease in equity, other than those relating to distributions to equity participants. Costs and expenses are recognized in the period these were incurred.

Administrative Expenses
These expenses constitute costs of administering the business day-to-day operation and are recognized when incurred and includes services and other fees and miscellaneous.

2.7 Foreign Currency Transactions

The accounting records of the Company are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income as part of income or loss from operations.

2.8 Employee Benefits

Philippine Accounting Standard Number 19 applies to all employee benefits including a retirement benefit plan. It also applies to enterprises where retirement benefit is mandated by law.

The Company has no employees as of December 31, 2014 and 2013. Therefore, the Company has no legal or constructive obligation on retirement. As provided in the provisions of Presidential Decree No. 422, retail, service and agricultural establishments or operations employing not more than 10 employees or workers are exempted from the coverage of the provisions for retirement.

2.9 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are attributable to the acquisition, construction or production or a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

2.10 Income Taxes

Current Income 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 tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred Income Tax
Deferred income tax liability is provided, using the statement of financial position liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

Deferred income tax assets and liabilities are measured at the tax rate 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.

2.11 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes any premium received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Treasury shares are stated at the cost of reacquiring such shares.

Revaluation reserves comprise gains and losses due to the revaluation of property and equipment and certain financial assets.

Retained earnings include all current and prior period results of operations as disclosed in the statement of comprehensive income.

2.12 Related Party Transactions and Relationships

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more of the intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

2.13 Earnings per share

Basic earnings per share amounts are calculated by dividing the net income attributable to ordinary equity holders of the Company by the weighted average number of an ordinary share outstanding, adjusted for any stock dividends declared during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding, adjusted for any stock dividends declared during the year plus weighted average number of ordinary shares that would be issued on the conversion of all the dilutive ordinary shares into ordinary shares.

The Company has no dilutive potential common shares as of December 31, 2014 and 2013.

2.14 Events after the Reporting Date

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Accounting Judgments and Estimates

The Company's financial statements prepared in accordance with PFRS require management to make judgments, estimates and assumptions that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results may ultimately differ from these estimates.

3.1 Judgments

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

(a) Classification of Financial Instruments

The Company exercises judgments in classifying a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, rather than its legal form, governs its classification in the statement of financial position.

The Company determines that the classification of financial instruments at initial recognition and re-evaluates this designation at every reporting date.

3.2 Estimates and Assumptions

The financial statements prepared in compliance with PRFS require management to make estimates and assumptions that affect amounts reported in the financial statements and related notes. The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

(a) Determination of Fair Value of Financial Assets and Liabilities

Where the fair value of financial instruments recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from the observable market where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors affect the reported fair value of financial instruments. The assumptions used to estimate the fair value of financial assets and liabilities are described in Note 15.

The carrying values of the Company's financial assets amounted to Php436,694,927 and Php422,800,301 as of December 31, 2014 and 2013, respectively, while the carrying values of financial liabilities amounted to Php140,041,341 both as of December 31, 2014 and 2013 (see Note 15).

(b) Impairment of Available-for-sale Financial Assets

No permanent decline in value on available-for-sale financial asset is recorded for the year 2014 and 2013. Unrealized gain of Php13,812,810 and Php282,534,750 on available-for-sale financial asset are recognized for the year ended December 31, 2014 and 2013.

(c) Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount 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 asset to be utilized. However, there is no absolute assurance that the Company will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

The Company's deferred tax asset – NOLCO is Php12,600 and PhP4,800 as of December 31, 2014 and 2013, respectively (see Note 6).

4. Cash

Cash include the following:

	2014	2013
Cash in Bank	**14,776,367**	14,694,551

Cash in banks generally earn interest at the respective rates based on daily bank deposit rates.

Interest income earned from savings account amounted to Php107,816 and PhP245,201 for the years ended December 31, 2014 and 2013, respectively.

5. Available-for-sale Financial Assets

Quoted available-for-sale financial assets mainly consist of investment in stocks of MJC Investments Corporation listed in the Philippines Stock Exchange (PSE) as follows:

	2014	2013
Quoted Available-for-sale financial assets	**125,571,000**	125,571,000
Unrealized fair value gain of AFS	**296,347,560**	282,534,750
	421,918,560	408,105,750

The Company recognized unrealized fair value gain in the statements of comprehensive operation.

The fair values of available-for-sale financial assets have been determined directly by reference to published prices in active markets.

These investments present the Company with opportunity for return through dividend income. Management intends to hold these investments for long term purposes.

Management believes that based on the assessment performed these investments are not impaired.

6. Deferred Tax Asset

This account refers to deferred tax of the Company arising from Net Operating Loss Carryover (NOLCO) details of NOLCO are as follows:

	Valid until	**2014**	2013
NOLCO-2013	2016	**4,800**	4,800
NOLCO-2014	2017	**7,800**	
		12,600	4,800

7. Accrued Expenses

The balance of accrued expense amounted to:

	2014	2013
Accrued Expenses	**27,000**	27,000

This account refers to accrual of services and other fees and is normally payable in 30 to 60 days.

The Company considers that the carrying amount of payables approximate their fair values since the above are short-term in nature.

8. Advances from Shareholders

The balance of advances from shareholders amounted to:

	2014	2013
Advances from Stockholders	**140,014,341**	140,014,341

This account refers to advances availed of from shareholders to finance the working capital requirements of the company which are unsecured and non-interest bearing.

The advances are non-collateral and non-interest bearing and will be settled in full with the shareholders concerned but there is no time frame set within which this amount should be paid (refer to Note 12).

9. Income Taxes

Computation of income tax is as follows:

	2014	2013
Income tax based on regular rate		
Income before tax expense	**81,816**	229,201
Less: Income subjected to final tax		
: Interest income	**(107,816)**	(245,201)
Loss	**(26,000)**	(16,000)
Tax rate	**30%**	30%
	(7,800)	(4,800)

Among the significant provisions and amendments of the National Internal Revenue Code (NIRC) that apply to the company are the following:

a) The Regular Corporate Income Tax (RCIT) rate of 30% is imposed on taxable income, net of applicable deductions;

b) Fringe benefits tax (same rate as the RCIT) is imposed on the grossed-up value of the benefits given by employers to their managerial and supervisory employees (final tax to be paid by the employer);

c) Minimum corporate income tax (MCIT) of 2% based on gross income, as defined under the Tax Code, is required to be paid starting on the fourth year from the date of registration with the Bureau of Internal Revenue (BIR) whenever the RCIT is lower than the MCIT. In the computation of the tax due for the taxable quarter, if the computed quarterly MCIT is higher than the quarterly normal income tax, the tax due to be paid for such taxable quarter at the time of filing the quarterly income tax return shall be the MCIT which is 2% of the gross income as of the end of the taxable quarter;

d) Net operating loss carryover (NOLCO) can be claimed as deduction against taxable income within three years after NOLCO is incurred;

e) The amount of interest expense allowed as income tax deduction is reduced by an amount equal to 33% of the interest income subjected to final tax;

f) Optional standard deduction (OSD) equivalent to 40% of gross income may be claimed as an alternative in computing the RCIT; and

g) The ceiling on the amount of entertainment, amusement and recreation (EAR) expense that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company is limited to actual EAR paid but not to exceed 1% of net revenue.

10. Deferred Tax Liability

This account refers to deferred tax charge on gain on change in fair value of available for sale financial assets amounting to:

	2014	2013
Deferred Tax Liability	**1,481,738**	1,412,674

Under Section 127(A) of the tax code, sale, barter, exchange or other disposition of shares of stock listed and traded through the Local Stock Exchange (LSE) other than the sale by a dealer in securities is exempt from capital gains tax and regular corporate income tax but subject to ½ of 1% percentage tax.

11. Capital Shares

The Company's authorized, subscribed and paid-up shares details as follows:

	2014 Shares	Amount	2013 Shares	Amount
Authorized shares	**100,000**	100,000	100,000	100,000
Subscribed shares	**25,000**	25,000	25,000	25,000
Subscription receivable	**(18,746)**	(18,746)	(18,746)	(18,746)
Net paid-up	**6,254**	6,254	6,254	6,254

The Company has six (6) shareholders as of December 31, 2014 and 2013.

12. Related Party Disclosures

Related party relationship exists when one party has the ability to control, directly or indirectly, the other party or to influence the other party in making financial and operating decision.

Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

Refer to Note 8 for breakdown of Advances from Shareholders.

Since the company has no employees, there were no compensation paid to the Company's key management personnel for the years ended December 31, 2014 and 2013.

13. Administrative Expenses

This account consists of:

	2014	2013
Service and other fees	**26,000**	15,000
Miscellaneous		1,000
	26,000	16,000

14. Earnings/(Loss) Per Share

The earnings/(loss) and share data used in the basic/diluted earnings/(loss) per share computations are as follows:

	2014	2013
Earnings/(Loss) per the year (a)	**81,816**	229,201
Weighted average number of outstanding common shares (b)	**6,254**	6,254
	13.08	36.65

15. Financial Assets and Liabilities

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements. There are no material unrecognized financial assets and liabilities as of December 31, 2014 and 2013:

	2014		2013	
	Carrying Amounts	**Fair Value**	Carrying Amounts	Fair Value
Assets				
Cash	**14,776,367**	**14,776,367**	14,694,551	14,694,551
Available for sale investments	**421,918,560**	**421,918,560**	408,105,750	408,105,750
	436,694,927	**436,694,927**	422,800,301	422,800,301
Liabilities				
Accrued expenses	**27,0000**	**27,000**	27,000	27,000
Advances from shareholders	**140,014,341**	**140,014,341**	140,014,341	140,014,341
	140,041,341	**140,041,341**	140,041,341	140,041,341

Current Assets and Liabilities
The carrying amounts of cash are assumed to approximate their fair values. This assumption is applied to liquid assets and the short-term elements of all financial assets.

The carrying amounts of accrued expenses approximate their fair values due to either the demand feature of the financial instruments or the relatively short-term maturities of these liabilities.

Non-Current Assets and Liabilities
Available for sale investments refers to quoted securities for which a reliable basis for fair value measurement is available and carried at cost, net of any impairment.

Advances from shareholders accounts approximate their fair values due to either the demand clause of the instrument or the nature of these liabilities.

16. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise of cash, available-for-sale investments, accrued expense and advances from shareholders. The main purpose of the financial instruments is to fund the Company's operations. The main risks arising from the use of financial instruments are credit risk, interest rate risk and liquidity risk. The Company's BOD reviews and approves the policies for managing each of these risks and they are summarized in the following pages.

Credit Risk
Credit risk represents the loss that the Company would incur if counterparty failed to perform its contractual obligations. The Company trades only with recognized and creditworthy third parties. It is the Company's policy that all credit is subject to credit verification procedures.

The credit risk arising from these financial assets arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments. The table below shows the maximum exposure to credit risk for the component of the statement of financial position:

	Gross Maximum Exposure	
	2014	2013
Cash		
In bank	**14,776,367**	14,694,551
Available-for-sale financial asset	**421,918,560**	408,105,750
	436,694,927	422,800,301

Accordingly, the Company has assessed the credit quality of the following financial assets:

- Cash is classified as "high grade" since cash in bank is placed in high profile banking institutions with good credit rating and bank standing
- Flying Heron rates credit quality of available for sale investments as standard because the counterparties have an average credit risk rating.

The credit quality of the financial assets of the Company's is as follows:

2014:

	Neither Past Due nor Impaired		
	High Grade	**Standard**	**Total**
Cash	**14,776,367**		**14,776,367**
Available for sale financial asset		**421,918,560**	**421,918,560**
	14,776,367	**421,918,560**	**436,694,927**

2013:

	Neither Past Due nor Impaired		
	High Grade	Standard	Total
Cash	14,694,551		14,694,551
Available for sale financial asset		408,105,750	408,105,750
	14,694,551	408,105,750	422,800,301

There are no significant concentrations of credit risk within the Company's accounts.

Interest Rate Risk
The company's exposure to the risk of changes in market interest rates relates primarily to receivable from and payable to related parties. The company, through its competencies in managing debt receivables and obligations, transacts with debtor and creditor to ensure the most advantageous terms and to reduce exposure to risk of changes in market interest rates. Table summary for accounts with exposure on interest risks is as follows:

	2014	2013
Asset		
Cash	**14,776,367**	14,694,551
Liability		
Advances from shareholders	**140,014,341**	140,014,341
	154,790,708	154,708,892

Liquidity Risk
Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet the commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of contractual obligation; or inability to generate cash inflows as anticipated.

The Company seeks to manage its liquidity profile to be able to finance maturing debts. To cover its operating requirements and payment of debts, the Company intends to obtain advances from shareholders. This tool considers the maturity of both the Company's financial investments and financial assets.

The following table presents the financial assets and financial liabilities as of December 31, 2014 and 2013 analyzed according to when they are expected to be recovered or settled within one year and beyond one year from reporting dates:

	Due Within One Year	Due Beyond One Year	Total
Financial Assets			
Current Asset			
Cash in bank	**14,776,367**		**14,776,367**
Non-current Asset			
Available for sale financial asset		**421,918,560**	**421,918,560**
	14,776,367	**421,918,560**	**436,694,927**
Financial Liabilities			
Current Liabilities			
Accrued expenses	**27,000**		**27,000**
Non-current Liabilities			
Advances from shareholders		**140,014,341**	**140,014,341**
	27,000	**140,014,341**	**140,041,341**

The Company's current financial assets as of December 31, 2014 exceed its current financial liabilities by the amount of Php296,653,586. While in 2013, the Company's current financial liabilities exceed its current asset by the amount of Php282,758,960, thus, the Company has minimal exposure to liquidity risk. The Company's shareholders committed to support the Company's future activities where the Company may obtain advances. The Company also maintains active credit facilities with creditors and banks to increase availability of funds. Furthermore, the company manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility. Treasury procedures and controls are in place to ensure that sufficient cash is maintained to cover operational and working capital requirements. Management closely monitors future and contingent obligations of the entity.

17. Capital Management

The primary objective of the Company's management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it and profiles from capital ratio are set in light of changes in economic conditions and the risks underlying the Company's business operations and industry. To adjust the capital structure, the company may issue new shares through subscription of shares by the shareholders. No changes were made in the objectives, policies or processes in 2014 and 2013.

The Company considers its total equity reflected in the statements of financial position as its capital. The Company monitors its use of capital and the Company's adequacy by using leverage ratios on both debt (total debt/total equity) and gearing ratio (net debt/equity). Included as total debt are all current and noncurrent liabilities. Net debt means total debt less cash.

Equity pertains to total equity as shown in the statement of financial position.

	2014	2013
Accrued expenses	**27,000**	27,000
Advances from shareholders	**140,014,341**	140,014,341
Total Liabilities (a)	**140,041,341**	140,041,341
Total Equity (c)	**295,184,448**	281,351,086
Debt to equity ratio (a/c)	**0.47**	0.50
Net debt (a)	**140,014,341**	140,041,341
Cash	**14,776,367**	14,694,551
Total Capital (b)	**154,790,708**	154,735,892
Gearing ratio (a/b)	**0.9045**	0.9050

The Company has no externally imposed capital requirement.

18. Taxes

Revenue Regulation (RR) No. 15-2010 prescribes the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. It requires disclosures of taxes, duties and licenses fees paid or accrued during the year.

Below are additional information required by RR No. 15-2010. These information are presented for purposes of filing with the Bureau of Internal Revenue (BIR) and are not a required part of the basic financial statements.

I. Output value-added tax (VAT)
The Company has no revenues subject to output tax for the year ended December 31, 2014.

II. Input VAT
The Company has no expenses subject to input tax for the year ended December 31, 2014.

III. Importations
The Company does not have any transaction requiring import entries, landed costs, duties and tariffs in 2014.

IV. Excise Tax
The Company has no transaction involving excise tax for 2013.

V. Documentary stamp tax (DST)
Flying Heron has no transaction involving documentary stamp tax for 2013.

VI. All other local and national taxes
No other local and national taxes have been paid by the Company during the year.

VII. Withholding taxes
Since the Company has no employee, it has no transaction subject to withholding tax on compensation, expanded withholding tax, fringe benefit tax and final withholding tax for year ended December 31, 2014.

VIII. Tax assessment
The Company has no pending Letter of Authority (LOA) issued by the Bureau of Internal Revenue.

19. Supplementary Information Required by RR 19-2011

RR No. 19-2011 prescribes the BIR forms and modifies Revenue Memorandum Circular No. 57-2011. The revenue regulation is effective for all taxpayers required to file their income tax returns under section 51(A)(1) of the Tax Code, and are not required to file under section 51(A)(2) but who nevertheless opted to do so.

The amounts of taxable revenues and income, and deductible costs and expenses presented below, are based on relevant tax regulations issued by the BIR.

a) Revenues
The Company has no revenues for the year ended December 31, 2014 and 2013.

b) Direct operating expenses
The Company has no direct operating expenses for the year ended December 31, 2014 and 2013.

c) Non-operating and taxable other income
The Company's non-operating income are unrealized fair value gain and interest income amounting to Php13,812,810 and PhP107,816 during the year ended December 31, 2014; and Php282,534,750 and Php245,201 during the year ended December 31, 2013. Unrealized fair value gain is not subject to both final tax and income tax while interest income is subject to final tax and is not subject to income tax.

d) Itemized deductions
This account consists of:

	2014	2013
Service and other fees	**26,000**	15,000
Miscellaneous		1,000
	26,000	16,000

e) Other information
All other information prescribed to be disclosed by the BIR have been included in the Note.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	2	1	5	7	5	5

Company Name

MONTBRECIA PLACE HOLDINGS, INC

Principal Office (No./Street/Barangay/City/Town)Province)

17TH FLOOR LIBERTY CENTER 104
H. V. DELA COSTA ST. SALCEDO
VILLAGE MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS		NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	0288809 99	N A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
	4/7/2014	12/31

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
GABRIEL DEE		8880 999	

Contact Person's Address

17TH/F LIBERTYCTR SALCEDO VIL.

Note: In case of death, resgination 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.

MONTBRECIA PLACE HOLDINGS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **MONTBRECIA PLACE HOLDINGS, INC.** is responsible for the preparation and fair presentation of the financial statements for the year ended **December 31, 2014**, in accordance with the prescribed financial reporting framework indicated therein. The 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 or Trustees reviews and approves the financial statements and submit the same to the stockholders or members.

Loville Bernales Balgos, 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 report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such examination.

GABRIEL A. DEE
Chairman of the Board & President

RHODA A. ROQUE
Treasurer

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Loville Bernales Balgos
CERTIFIED PUBLIC ACCOUNTANT

18 San Francisco St., Karuhatan,
Valenzuela City 1441 Philippines
Telefax (02) 292 61 37
Celphone (0917) 857 05 81
Email l_balgos@yahoo.com

INDEPENDENT AUDITOR'S REPORT

The Shareholders and the Board of Directors
Montbrecia Place Holdings, Inc.
17th Floor, Liberty Center, 104 H.V. dela Costa Street,
Salcedo Village, Makati City

I have audited the accompanying financial statements of **Montbrecia Place Holdings, Inc.**, which comprise the statement of financial position as at December 31, 2014, and the related statement of comprehensive operation, statement of changes in shareholders' equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statement of the company as of December 31, 2013, was audited by another auditor whose report dated November 25, 2014, expressed an unqualified opinion in those statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards for Small Medium-Sized Entities; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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

Loville Bernales Balgos
CERTIFIED PUBLIC ACCOUNTANT

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of **Montbrecia Place Holdings, Inc.** as at December 31, 2014, and of its financial performance and its cash flow for the year then ended in accordance with Philippine Financial Reporting Standards Small Medium-Sized Entities.

LOVILLE B. BALGOS
CPA Reg. No. 108875
TIN 179 571 645
PTR No. 3404510, Jan. 29, 2015, Valenzuela City
PRC-BOA Reg. No. 2403 (valid until December 31, 2017)
CDA CEA No. 0437 (valid until March 2, 2017)
BIR Tax Practitioner Acc. No. 05-004168-001-2013 (valid until July 31, 2016)

June 16, 2015
Valenzuela City

Loville Bernales Balgos
CERTIFIED PUBLIC ACCOUNTANT

18 San Francisco St., Karuhatan,
Valenzuela City 1441 Philippines
Telefax (02) 292 61 37
Celphone (0917) 857 05 81
Email l_balgos@yahoo.com

SUPPLEMENTAL WRITTEN STATEMENT OF EXTERNAL AUDITOR

The Shareholders and the Board of Directors
Montbrecia Place Holdings, Inc.
17th Floor, Liberty Center, 104 H.V. dela Costa Street,
Salcedo Village, Makati City

I have examined the financial statements of **Montbrecia Place Holdings, Inc.** for the year ended December 31, 2014, on which I have rendered the attached report dated June 16, 2015.

In compliance with SRC Rule 68, I am stating that the company has a total number of one (1) stockholder owning one hundred (100) or more shares, and five (5) stockholders owning one (1) share each.

LOVILLE B. BALGOS
CPA Reg. No. 108875
TIN 179 571 645
PTR No. 3404510, Jan. 29, 2015, Valenzuela City
PRC-BOA Reg. No. 2403 (valid until December 31, 2017)
CDA CEA No. 0437 (valid until March 2, 2017)
BIR Tax Practitioner Acc. No. 05-004168-001-2013 (valid until July 31, 2016)

June 16, 2015
Valenzuela City

MONTBRECIA PLACE HOLDINGS, INC.
STATEMENTS OF COMPREHENSIVE INCOME
(in Philippine peso)

	Note(s)	Years Ended December 31 2014	2013
INTEREST INCOME	*2,17*	**47,434**	76,871
LESS: ADMINISTRATIVE EXPENSES	*2,13*	**37,050**	16,340
NET INCOME BEFORE INCOME TAXES		**10,384**	60,531
TAX BENEFIT AND DEFERRED TAX	*2,6*		
Benefit from NOLCO		**11,115**	4,902
Deferred Tax Expense		**(29,409)**	(601,552)
NET INCOME (LOSS)		**(7,910)**	(536,119)
OTHER COMPREHENSIVE INCOME			
Changes in fair value of available for sale investment	*2,5*	**5,881,837**	120,310,313
TOTAL COMPREHENSIVE INCOME		**5,873,927**	119,774,194
EARNINGS PER SHARE	*2,14*	**1.66**	9.68

See accompanying Notes to Financial Statements.

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MONTBRECIA PLACE HOLDINGS, INC.
STATEMENTS OF FINANCIAL POSITION
(in Philippine peso)

	Note(s)	December 31 2014	2013
ASSETS			
Current Assets			
Cash	2-4	**18,931,065**	68,915,631
Total Current Assets		**18,931,065**	68,915,631
NonCurrent Assets			
Available-for-Sale Investments	2,5	**179,663,400**	173,781,563
Deferred Tax Asset	2,6	**16,017**	4,902
Total NonCurrent Assets		**179,679,417**	173,786,465
		198,610,482	242,702,096
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accrued Expenses	2,7	**32,000**	27,000
Total Current Liabilities		**32,000**	27,000
NonCurrent Liabilities			
Advances from Shareholders	2,8	**72,304,390**	122,304,340
Deferred Tax Liability	2,10	**630,961**	601,552
Total NonCurrent Liabilities		**72,935,351**	122,905,892
Total Liabilities		**72,967,351**	122,932,892
Shareholders' Equity			
Capital Shares	2,11	**6,255**	6,255
Cumulative Effects of Changes in Fair Values	2,5	**126,192,150**	120,310,313
Cumulative Deficit		**(555,274)**	(547,364)
Total Shareholders' Equity		**125,643,131**	119,769,204
		198,610,482	242,702,096

See accompanying Notes to Financial Statements.

MONTBRECIA PLACE HOLDINGS, INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(in Philippine peso)

	Note(s)	Capital Shares	Changes in Fair Value	Cumulative Deficit	Total
Balance at January 1, 2013	*2,11*	6,255		(11,245)	(4,990)
Change in Fair Value of Investment in Securities	*2,5*		120,310,313		120,310,313
Less: Net Loss				(536,119)	(536,119)
Balance at December 31, 2013		6,255	120,310,313	(547,364)	119,769,204
Balance at January 1, 2014	*2,11*	**6,255**	**120,310,313**	**(547,364)**	**119,769,204**
Change in Fair Value of Investment in Securities	*2,5*		**5,881,837**		**5,881,837**
Add: Net Income				**(7,910)**	**(7,910)**
Balance at December 31, 2014		**6,255**	**126,192,150**	**(555,274)**	**125,643,131**

See accompanying Notes to Financial Statements.

MONTBRECIA PLACE HOLDINGS, INC.
STATEMENTS OF CASH FLOW
(in Philippine Peso)

	Note(s)	Years Ended December 31 2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income		**10,384**	60,531
Adjustments for:			
Interest Income	*2,17*	**(47,434)**	(76,871)
Operating income before working capital changes		**(37,050)**	(16,340)
Increase (decrease) in:			
Accrued Expenses	*2,7*	**5,000**	16,000
Cash used in operations		**(32,050)**	(340)
Interest received		**47,434**	76,871
Net Cash provided by operations		**15,384**	76,531
CASH FLOWS FROM FINANCING ACTIVITY			
Advances from Stockholders	*2,8*	**(49,999,950)**	122,304,340
Net cash used in investing activities		**(49,999,950)**	122,304,340
CASH FLOWS FROM INVESTING ACTIVITY			
Acquisition of available for sale investment	*2,5*		(53,471,250)
Net cash used in investing activities		-	(53,471,250)
NET INCREASE (DECREASE) IN CASH		**(49,984,566)**	68,909,621
CASH AT BEGINNING OF THE YEAR	*2,4*	**68,915,631**	6,010
CASH AT END OF THE YEAR	*2,4*	**18,931,065**	68,915,631

See accompanying Notes to Financial Statements.

MONTBRECIA PLACE HOLDINGS, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2014

1. Corporate Information

Montbrecia Place Holdings, Inc., was incorporated and registered with the Securities and Exchange Commission (SEC) as per Registration no. CS201215755 on September 11, 2012. The Company is a holding company with all the express powers of a corporation.

The primary purpose of this Corporation is to subscribe for, hold, assign, or otherwise dispose of property, including shares of stock, notes, and other securities of any corporation, to receive and dispose of the interest, dividends and income arising from such property, and to exercise in respect thereof all the rights, powers and privileges of ownership, including voting powers, without however engaging in business as an investment company under the Investment Company Act or a finance company or a dealer in securities or stocks, and only to hold the foregoing assets for purely investment purposes; to aid in any other manner any corporation any share of stock or other security of which are held by this corporation or in which it shall have interest, and to do any act designed to protect, preserve, improve or enhance the value of the property at any time held or controlled by this corporation.

Its principal office and registered address is at 17th Floor, Liberty Center, 104 H.V dela Costa Street, Salcedo Village, Makati City.

Status of Operations
The Company did not enter into any major or significant agreements that may create an impact on the financial statements. There are no material changes in the company policies and procedures.

The financial statements of the Company for the year ended December 31, 2014 was authorized for issue by the Board of Directors (BOD) on May 16, 2015.

2. Summary of Significant Accounting Policies

The financial statement prepared by **Montbrecia Place Holdings, Inc.** in accordance with the 'PFRS for Small and Medium-sized Entities' issued by the Philippine Accounting Standards Board. These principal accounting policies applied in the preparation of these financial statements are summarized below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of presentation

The financial statements of the Company have been prepared on the historical cost convention and are presented in the Philippine Pesos, which is the Company's functional and presentation currency. All values represent absolute amounts except when otherwise indicated.

The preparation of financial statements in conformity with the PFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies.

2.2 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Philippine Peso' (PHP), which is the company's functional and the presentation currency.

2.3 Basic Financial Instruments

Basic financial instruments are initially recognized at the transaction price, including transaction costs (except if measured at fair value through profit or loss). However, if the acquisition or issuance involves a financing transaction, initial measurement is at the present value of future cash payments discounted at a market rate of interest for a similar instrument.

Subsequent to initial recognition, basic financial instruments are measured as follows:

- Debt instruments at amortized cost using the effective interest method;
- Commitments to receive a loan that are within the scope of this section, at cost (if any) less impairment; and
- Investments in non-convertible and non-puttable shares at fair value if it is reliably measurable, otherwise at cost less impairment.

Amortized cost is the present value of the financial instrument's future cash flows discounted at the effective interest rate (i.e. the rate that initially discounts estimated future cash flows to the initial carrying amount of the instrument). The interest expense (income) recognized in a period is the carrying amount at the beginning of the period multiplied by the effective interest rate for the period.

Financial assets and financial liabilities with no stated interest rate and that are classified as current are initially measured at an undiscounted amount.

Financial instruments measured at cost or amortized cost must be assessed for impairment at the end of each reporting period.

An impairment loss is reversed if the amount of the impairment loss decreased and the decrease can be related objectively to an event occurring after the impairment was recognized. A reversal should not result in a carrying amount that is greater than what it would have been had no impairment been recognized.

When estimating fair value the following hierarchy is used:

- Quoted price for an identical asset in an active market;
- A recent transaction price; and
- A valuation technique.

Financial assets are derecognized when:

- The contractual rights to the cash flows expire or are settled;
- Substantially all the risks and rewards of ownership have been transferred; or
- Despite retaining some risks and rewards, control of the financial asset has been transferred and the other part has the practical ability to sell the asset in its entirety without needing to impose additional restrictions on the transfer.

Any rights and obligations retained or created in a transfer that qualifies for derecognition are recognized separately.

Financial liabilities are derecognized only when the obligation is discharged, cancelled or expires.

2.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.5 Borrowings

Borrowings are recognized initially at the transaction price (that is, the present value of cash payable to the bank, including transaction costs). Borrowings are subsequently stated at amortized cost. Interest expense is recognized on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2.6 Trade Payables

Trade payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

2.7 Provisions

Provisions for restructuring costs and legal claims are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

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

2.8 Employee Benefits

Philippine Accounting Standard Number 19 applies to all employee benefits including a retirement benefit plan. It also applies to enterprises where retirement benefit is mandated

by law.

The Company has no employees as of December 31, 2014 and 2013. Therefore, the Company has no legal or constructive obligation on retirement. As provided in the provisions of Presidential Decree No. 422, retail, service and agricultural establishments or operations employing not more than 10 employees or workers are exempted from the coverage of the provisions for retirement.

2.9 Share capital

Ordinary shares are classified as equity.

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

2.10 Retained Earnings

Retained earnings (deficit) include all current and prior period results as disclosed in the statement of income.

2.11 Revenue and Cost Recognition

Revenue comprises of revenues from the sale of goods and the rendering of services measured by reference to the fair value of consideration received or receivable by the Company for goods and services rendered, excluding value-added tax (VAT) and trade discounts.

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Company; and the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized:

Rendering of Services
Rendering of services is generally recognized when the customer has approved the service that has been provided. When the outcome of the contract cannot be measured reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

Interest Income
Interest income on bank deposits is recognized on a time proportion basis, net of applicable final withholding tax.

Dividend Income
Dividend income is recognized when the Company's right to receive payment or dividend has been established and the amount can be reliably measured. It is included in other income in the statement of comprehensive income.

Expense Recognition
Expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions in assets or incurrence of liabilities that result in the decrease in equity,

other than those relating to distributions to equity participants. Costs and expenses are recognized in the period these were incurred.

Administrative Expenses
These expenses constitute costs of administering the business day-to-day operation and are recognized when incurred and includes services and other fees and miscellaneous.

2.12 Current and Deferred Income Tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except that a change attributable to an item of income or expense recognized as other comprehensive income is also recognized directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the country where the Company operates and generates taxable income.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

2.13 Dividend distribution

Dividend distribution to the company's shareholders is recognized as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

2.14 Related Party Transactions and Relationships

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more of the intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

2.15 Earnings per share

Basic earnings per share amounts are calculated by dividing the net income attributable to ordinary equity holders of the Company by the weighted average number of an ordinary share outstanding, adjusted for any stock dividends declared during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to

ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding, adjusted for any stock dividends declared during the year plus weighted average number of ordinary shares that would be issued on the conversion of all the dilutive ordinary shares into ordinary shares.

The Company has no dilutive potential common shares as of December 31, 2014 and 2013.

2.16 Events after the Reporting Date

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Accounting Judgments and Estimates

The Company's financial statements prepared in accordance with PFRS require management to make judgments, estimates and assumptions that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results may ultimately differ from these estimates.

3.1 Judgments

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

(a) Classification of Financial Instruments

The Company exercises judgments in classifying a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, rather than its legal form, governs its classification in the statement of financial position.

The Company determines that the classification of financial instruments at initial recognition and re-evaluates this designation at every reporting date.

3.2 Estimates and Assumptions

The financial statements prepared in compliance with PRFS require management to make estimates and assumptions that affect amounts reported in the financial statements and related notes. The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

(a) Determination of Fair Value of Financial Assets and Liabilities

Where the fair value of financial instruments recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from the observable market where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors affect the reported fair value of financial instruments. The assumptions used to estimate the fair value of financial assets and liabilities are described in Note 15.

The carrying values of the Company's financial assets amounted to Php198,594,466 and Php242,697,194 as of December 31, 2014 and 2013, respectively, while the carrying values of financial liabilities amounted to Php72,336,390 and Php122,331,340 as of December 31, 2014 and 2013, respectively (see Note 15).

(b) Impairment of Available-for-sale Financial Assets

No permanent decline in value on available-for-sale financial asset is recorded for the year 2014 and 2013. Unrealized gain of Php5,881,837 and Php120,310,313 on available-for-sale financial asset are recognized for the year ended December 31, 2014 and 2013.

(b) Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount 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 asset to be utilized. However, there is no absolute assurance that the Company will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

The Company's deferred tax asset – NOLCO is Php16,017 and PhP4,902 as of December 31, 2014 and 2013, respectively (see Note 6).

4. Cash

Cash include the following:

	2014	2013
Cash in Bank	**18,931,065**	68,915,631

Cash in banks generally earn interest at the respective rates based on daily bank deposit rates.

Interest income earned from savings account amounted to Php47,434 and Php76,871 for the years ended December 31, 2014 and 2013, respectively.

5. Available-for-sale Financial Assets

Quoted available-for-sale financial assets mainly consist of investment in stocks of MJC Investments Corporation listed in the Philippines Stock Exchange (PSE) as follows:

	2014	2013
Quoted Available-for-sale financial assets	**53,471,250**	53,471,250
Unrealized fair value gain of AFS	**126,192,151**	120,310,313
	179,663,401	173,781,563

The Company recognized unrealized fair value gain in the statements of comprehensive operation.

The fair values of available-for-sale financial assets have been determined directly by reference to published prices in active markets.

These investments present the Company with opportunity for return through dividend income. Management intends to hold these investments for long term purposes.

Management believes that based on the assessment performed these investments are not impaired.

6. Deferred Tax Asset

This account refers to deferred tax of the Company arising from Net Operating Loss Carryover (NOLCO) details of NOLCO are as follows:

	Valid until	**2014**	2013
NOLCO-2013	2016	**4,902**	4,902
NOLCO-2014	2017	**11,115**	
		16,017	4,902

7. Accrued Expenses

The balance of accrued expense amounted to:

	2014	2013
Accrued Expenses	**32,000**	27,000

This account refers to accrual of services and other fees and is normally payable in 30 to 60 days.

The Company considers that the carrying amount of payables approximate their fair values since the above are short-term in nature.

8. Advances from Shareholders

The balance of advances from shareholders amounted to:

	2014	2013
Advances from Stockholders	**630,961**	601,552

This account refers to advances availed of from shareholders to finance the working capital requirements of the company which are unsecured and non-interest bearing.

The advances are non-collateral and non-interest bearing and will be settled in full with the shareholders concerned but there is no time frame set within which this amount should be paid (refer to Note 12).

9. Income Taxes

Computation of income tax is as follows:

	2014	2013
Income tax based on regular rate		
Income before tax expense	**10,384**	60,531
Less: Income subjected to final tax		
: Interest income	**(47,434)**	(76,871)
Loss	**(37,050)**	(16,340)
Tax rate	**30%**	30%
	(11,115)	(4,902)

Among the significant provisions and amendments of the National Internal Revenue Code (NIRC) that apply to the company are the following:

a) The Regular Corporate Income Tax (RCIT) rate of 30% is imposed on taxable income, net of applicable deductions;

b) Fringe benefits tax (same rate as the RCIT) is imposed on the grossed-up value of the benefits given by employers to their managerial and supervisory employees (final tax to be paid by the employer);

c) Minimum corporate income tax (MCIT) of 2% based on gross income, as defined under the Tax Code, is required to be paid starting on the fourth year from the date of registration with the Bureau of Internal Revenue (BIR) whenever the RCIT is lower than the MCIT. In the computation of the tax due for the taxable quarter, if the computed quarterly MCIT is higher than the quarterly normal income tax, the tax due to be paid for such taxable quarter at the time of filing the quarterly income tax return shall be the MCIT which is 2% of the gross income as of the end of the taxable quarter;

d) Net operating loss carryover (NOLCO) can be claimed as deduction against taxable income within three years after NOLCO is incurred;

e) The amount of interest expense allowed as income tax deduction is reduced by an

amount equal to 33% of the interest income subjected to final tax;

f) Optional standard deduction (OSD) equivalent to 40% of gross income may be claimed as an alternative in computing the RCIT; and

g) The ceiling on the amount of entertainment, amusement and recreation (EAR) expense that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company is limited to actual EAR paid but not to exceed 1% of net revenue.

10. Deferred Tax Liability

This account refers to deferred tax charge on gain on change in fair value of available for sale financial assets amounting to:

	2014	2013
Deferred Tax Liability	**630,961**	601,552

Under Section 127(A) of the tax code, sale, barter, exchange or other disposition of shares of stock listed and traded through the Local Stock Exchange (LSE) other than the sale by a dealer in securities is exempt from capital gains tax and regular corporate income tax but subject to ½ of 1% percentage tax.

11. Capital Shares

The Company's authorized, subscribed and paid-up shares details as follows:

	2014		2013	
	Shares	**Amount**	Shares	Amount
Authorized shares	**100,000**	**100,000**	100,000	100,000
Subscribed shares	**25,000**	**25,000**	25,000	25,000
Subscription receivable	**(18,745)**	**(18,745)**	(18,745)	(18,745)
Net paid-up	**6,255**	**6,255**	6,255	6,255

The Company has six (6) shareholders as of December 31, 2014 and 2013.

12. Related Party Disclosures

Related party relationship exists when one party has the ability to control, directly or indirectly, the other party or to influence the other party in making financial and operating decision.

Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

Refer to Note 8 for breakdown of Advances from Shareholders.

Since the company has no employees, there were no compensation paid to the Company's key management personnel for the years ended December 31, 2014 and 2013.

13. Administrative Expenses

This account consists of:

	2014	2013
Service and other fees	**37,000**	15,000
Miscellaneous	**50**	1,340
	37,050	16,340

14. Earnings/(Loss) Per Share

The earnings/(loss) and share data used in the basic/diluted earnings/(loss) per share computations are as follows:

	2014	2013
Earnings per the year (a)	**10,384**	60,531
Weighted average number of outstanding common shares (b)	**6,255**	6,255
	1.66	9.68

15. Capital Management

The Company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

As of December 31, 2014, the Company's cash and financial asset at fair value through profit or loss are Php18,931,065 and Php179,663,400, respectively; while as of December 31, 2013, these were Php68,915,631 and Php173,781,563, respectively.

The Company has no revenue from its commercial operations.

16. Taxes

Revenue Regulation (RR) No. 15-2010 prescribes the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. It requires disclosures of taxes, duties and licenses fees paid or accrued during the year.

Below are additional information required by RR No. 15-2010. These information are presented for purposes of filing with the Bureau of Internal Revenue (BIR) and are not a required part of the basic financial statements.

I. Output value-added tax (VAT)
The Company has no revenues subject to output tax for the year ended December 31, 2014.

II. Input VAT
The Company has no expenses subject to input tax for the year ended December 31, 2014.

III. Importations
The Company does not have any transaction requiring import entries, landed costs, duties and tariffs in 2014.

IV. Excise Tax
The Company has no transaction involving excise tax for 2013.

V. Documentary stamp tax (DST)
Montrebrecia Place has no transaction involving documentary stamp tax for 2013.

VI. All other local and national taxes
No other local and national taxes have been paid by the Company during the year.

VII. Withholding taxes
Since the Company has no employee, it has no transaction subject to withholding tax on compensation, expanded withholding tax, fringe benefit tax and final withholding tax for year ended December 31, 2014.

VIII. Tax assessment
The Company has no pending Letter of Authority (LOA) issued by the Bureau of Internal Revenue.

17. Supplementary Information Required by RR 19-2011

RR No. 19-2011 prescribes the BIR forms and modifies Revenue Memorandum Circular No. 57-2011. The revenue regulation is effective for all taxpayers required to file their income tax returns under section 51(A)(1) of the Tax Code, and are not required to file under section 51(A)(2) but who nevertheless opted to do so.

The amounts of taxable revenues and income, and deductible costs and expenses presented below, are based on relevant tax regulations issued by the BIR.

a) Revenues
The Company has no revenues for the year ended December 31, 2014 and 2013.

b) Direct operating expenses

The Company has no direct operating expenses for the year ended December 31, 2014 and 2013.

c) Non-operating and taxable other income
The Company's non-operating income are unrealized fair value gain and interest income amounting to Php5,881,837 and PhP47,434 during the year ended December 31, 2014. Unrealized fair value gain is not subject to both final tax and income tax while interest income is subject to final tax and is not subject to income tax.

d) Itemized deductions

This account consists of:

	2014	2013
Service and other fees	**37,000**	15,000
Miscellaneous	**50**	1,340
	37,050	16,340

e) Other information
All other information prescribed to be disclosed by the BIR have been included in the Note.