COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	5	3	9	3							

COMPANY NAME

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

3rd Floor, Grepalife Building, 219 Sen. Gil J. Puyat Avenue, Makati CIty, Metro Manila

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q	SEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
N/A	815-9636 to 38	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
401	July 15	March 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
Maria Teresa T. Bautista	mtbautista@hoi.com.ph	815-9636	N/A

CONTACT PERSON's ADDRESS

3rd Floor, Grepalife Building, 219 Sen. Gil J. Puyat Avenue, Makati City, Metro Manila

NOTE 1 : *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.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

SECURITIES AND EXCHANGE COMMISSION

AMENDED SEC FORM 17 – Q
QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE
AND SRC RULE 17(2)-(B) THEREUNDER

1. For the quarterly period ended March 31, 2016

2. SEC Identification Number 15393

3. BIR Tax Identification No. 000-463-069

4. Exact name of registrant as specified in its charter: HOUSE OF INVESTMENTS, INC.

5. Makati City, Philippines
Province, Country or other jurisdiction of incorporation or organization

6. /____/ (SEC Use Only)
Industry Classification Code:

7. 3rd Floor, Grepalife Building, 219 Sen. Gil J. Puyat Avenue, Makati City — 1200
Address of principal office — Postal Code

+63 (2) 8940320; +63 (2) 8134537
Issuer's telephone number, including area code

9. Not Applicable
Former name, or former address, if changed.

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Section 4 and 8

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock, P1.50 par value	615,996,114 shares of common stock
Preferred Stock, P0.40 par value	757,404,055 shares of preferred stock

Amount of debt as of March 31, 2016 P24.65 Billion

11. Are any or all of these securities listed on the Stock Exchange.

Yes (X) No ( )
Only the common stock is listed in the Philippine Stock Exchange

12. Check whether the registrant:

(a) has filled all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):

Yes (X) No ( )

(b) has been subject to such filing requirements for the past 90 days.
Yes (X) No ( )

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The interim consolidated financial statements of House of Investments, Inc. and Subsidiaries as of March 31, 2016 with comparative figures for the periods ended December 31, 2015 and March 31, 2015 and Schedule of Aging of Accounts Receivable are incorporated by reference as **Exhibit 1**.

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

(i) Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.

Are there any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.	None
Does the registrant currently has, or anticipates having within the next twelve (12) months, any cash flow or liquidity problems?	No
Is the registrant in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments?	No
Has there been a significant amount of the registrant's trade payables have not been paid within the stated trade terms?	None
Describe internal and external sources of liquidity, and briefly discuss any sources of liquid assets used.	The Company depends on cash flow from operations and dividends for liquidity.

(ii) Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;

None

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

None

(iv) Any material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures should be described;

•EEI Corp., a major subsidiary under the HI Group, continues to have a strong construction pipeline domestically. Major additions to its project pipeline will require additional investments in new capital equipment in order for EEI to be able to deliver its projects to its customers. EEI expects to be able to pay for its capital equipment acquisitions through a combination of internally generated funds, and new borrowings.

•One of the Group’s major subsidiaries under iPeople, Malayan Colleges Inc. (operating under the Mapua Institute of Technology) or MCI recently completed a two-phase redevelopment project of its Intramuros campus. The purpose of this redevelopment project is to update the facilities for the benefit of the current and entering students.

This redevelopment project has two major phases. First, was the renovation and update of the existing gym. This was completed and turned over in May 2014. Second, was the construction of the new Research and Administration building that will house additional offices and laboratories, the Admissions Office, the Placement Office, and the Corporate Communications Office. Construction commenced in May 2014 and was completed in 2015.

iPeople, inc. and the Malayan Colleges, Inc. used internally generated funds for this redevelopment project.

Construction of the Engineering Building of Malayan Colleges Laguna, Inc. was completed in middle of Q3 2015.

MCI is also expanding in Mindanao with the acquisition of a 2.3-hectare property in Davao through its newly incorporated school, Malayan Colleges Mindanao (A Mapua School), Inc. in the last quarter of 2015.

(v) Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations should be described. If the registrant knows of events that will cause material change in the relationship between costs and revenues (such as known future increases in cost of labor or materials or price increases or inventory adjustments), the change in the relationship shall be disclosed.

•For iPeople Inc., theintroduction of K Plus 12 Program of the DepEd in 2016 will affect the profit and cash flow of tertiary education institutions.

iPeople Inc. stresses that the impact of K Plus12 will be felt in the 2016-2017 school year. In the next quarter term, it will not have an effect on the enrolment in our schools.

Malayan Colleges, Inc., and Malayan Colleges Laguna, Inc. have already received approval of their respective applications with the DepEd to offer Grades 11 and 12 in 2016 and 2017, respectively, to mitigate the expected slowdown in enrollment at the collegiate level due to the K+12 implementation.

Also, as a strategic response to the K Plus 12 developments, iPeople is actively seeking acquisition targets that would fit in with its current education portfolio. These targets can include for profit secondary schools, for profit colleges, or for profit universities.

•The Car Divisions benefited from new product introductions by Honda and Isuzu in 2015. Due to the launch of updated variants, plus the introduction of new models last year, Honda and Isuzu unit sales at our car dealerships increased significantly.

(vi) Any significant elements of income or loss that did not arise from the registrant's continuing operations;

None

(vii) The causes for any material change from period to period which shall include vertical and horizontal analyses of any material item; The term "material" in this section shall refer to changes or items amounting to five percent (5%) of the relevant accounts or such lower amount, which the registrant deems material on the basis of other factors.

Income Statement Variances

As of the period ended 31 March 2016, the Group posted a consolidated net income after tax of P436.35 million compared to P444.20 million of the same period last year. Net income attributable to Parent company is P319.07 million.

Total consolidated revenues decreased by 8%, from P7.02 billion to P6.49 billion of the comparable quarter last year. This was because of lower revenues from construction segment.

Revenues from construction segment declined by 21% compared to last year, resulting from several completion of EEI's major projects in 2015. Sales of car dealerships grew by 30%, from P1.52 billion of same quarter last year to P1.98 billion this quarter. Likewise, income from school operations improved due to continuous increase in the number of enrollees and number of units taken by the students. Hence, total revenues from schools improved from P549.21 million to P594.28 million this quarter.

Interest and discounts, which are attributable to ZIFC, decreased from P3.12 million to P2.57 million this quarter.

Dividends represent dividend income from available-for-sale securities.

Accordingly, total consolidated cost of sales and services also decreased. This is primarily attributable to decrease in cost of construction contracts of EEI.

Decrease in cost of construction contracts resulted from near completion of its major projects in 2015. Increase in cost of goods sold was volume driven. Increase in cost of school and related operations was attributable to higher student-related expenses driven by higher number of enrolees.

Consolidated general and administrative expenses increased by 21%, from P423.16 million to P511.61 million this year due to reclassification of EEI's skills training program, sourcing and recruitment expenses amounting P30.0 million from cost of management and technical expenses account in 2015.

Other income pertains mainly to income from financing activities, commission, interest and rental income as well as gain on sale of assets and foreign exchange transactions.

Equity in net earnings has significantly dropped due to net loss reported for the period of EEI's foreign affiliate, Al Rushaid Construction Company (ARCC), in which EEI has 49% holdings.

Interest and finance charges increased from P69.9 million to P74.74 million due to higher loan level of the Group to finance new projects and investments.

Balance Sheet Variances

Total consolidated assets of the Group stood at P39.10 billion as of the quarter ended March 2016 against P34.80 billion of the year ended December 2015.

Total current assets grew from P18.16 billion to P22.15 billion this year, primarily due to increase in collections and receivables of EEI, relative to on-going domestic projects for the quarter.

Cash and cash equivalents significantly increased for the quarter due to timing of receipt of short term loan availed by the Parent company to support its financing activities and collection of prior period's receivables.

Accounts receivable are higher by 40%, mainly because of increase in progress billings of EEI due to heavy construction activity for the period.

The increase in current portion of loans receivable of ZIFC from P10.17 million to P14.60 million is attributed to higher client borrowings during the period.

Decrease in costs and estimated earnings in excess of billings on uncompleted contracts is due to completion of its major domestic projects.

Inventories decreased in relation to higher volume of vehicle units sold as of the quarter by the car dealerships.

Receivable from related parties pertains mainly to receivables of EEI from affiliates relative to its manpower services.

Prepaid expenses and other current assets increased primarily due to higher prepaid taxes of EEI as a result of higher progress billings for the period.

Financial assets at FVPL pertains to investment of iPeople (IPO) in UITF.

Total noncurrent assets increased from P16.64 billion to P16.95 billion.

Investment properties went down as EEI sold its various investment properties with book value totalling P19.67 million resulting to a gain of P8.11 million.

Deferred tax assets went up primarily due to tax effect of net-operating loss-carry over or NOLCO of the foreign associate, from P168.43 million to P190.65 million for the period.

Other noncurrent assets increased due to advances made by EEI to one of its clients. These advances are to be liquidated after project completion.

Total consolidated liabilities was at P24.65 billion against P20.62 billion as of December 2015.

Increase in total current liabilities pertains mainly to loans payable due to additional loan availments of the Group.

Billings in excess of costs and estimated earnings on uncompleted contracts increased by P1.21 billion, which is attributable mainly to contract deposits from newly awarded projects.

Unearned tuition fees significantly dropped as the quarter term ends.

Income tax payable is higher because of the timing of payment for the year-ending December 2015, which was paid in April 2016; and for the quarter ending, which is due in May 2016.

Payable to related parties pertains mainly to obligations of the Group to its affiliates.

Customers' deposits increased by 16% due to advances received by EEI from its new projects.

Total noncurrent liabilities dropped to P3.62 billion from P3.78 billion as of the period ending December 2015.

Long-term debt dropped as the Group continuously pays its loan amortization.

Total consolidated equity rose from P14.18 billion to P14.45 billion.

Decrease in preferred stock reflects regular redemption of the Parent Company's preferred shares.

Net unrealized gains on available-for-sale securities increased because of improvement on the fair market value of quoted available-for-sale securities.

Change in cumulative translation adjustment represents exchange differences arising from the translation of financial statements of the foreign subsidiary, EEI BVI, whose functional currency is the United States dollar and foreign associate, ARCC with functional currency of Saudi Arabia Riyal.

Total consolidated retained earnings increased from P7.19 billion to P7.51 billion.

(viii) Any seasonal aspects that had a material effect on the financial condition or results of operations.

School operations always undergo a material change during the summer quarter. For the purposes of this discussion, the summer quarter occurs in the three months from late March to late May of every year.

During the summer quarter, student enrolment drops over 75 percent because majority of matriculating students go on break. Therefore there is a seasonal shift in revenues as enrolment drops in the summer quarter. Despite the drop in enrolment during the summer, the schools continue to carry the same periodic fixed costs over a lower revenue base. Therefore the schools realize much lower net profits during the summer months. This is something that happens every year.

When the students return in the 3rd calendar quarter (July to September), revenues and profits return to their normal run rates. In fact given the summer quarter, the financial results of the schools tend to be back end loaded with respect to the calendar year. This means that the second half of the calendar year is always more profitable compared to the first half of the calendar year.

Financial Soundness Indicators

The company's top 11 key performance indicators as of the end of March 31, 2016 compared to December 31, 2015 are as follows:

Financial ratios		**2016**	2015
Current ratio *Indicates the Group's ability to pay short-term obligation*	Current Assets / Current Liabilities	**1.05:1**	1.08:1
Solvency Ratio *Shows how likely a company will be to continue meeting its debt obligations*	Net Income+Depreciation / Total Liabilities	**0.03:1**	0.10:1
Debt-to-equity ratio *Measures the Group's leverage*	Total Debt / Equity	**1.70:1**	1.45:1
Asset to Equity Ratio *Shows how the company's leverage (debt) was used to finance the firm*	Total Assets / Equity	**2.70:1**	2.45:1
Interest Rate Coverage *Shows how easily a company can pay interest on outstanding debt*	EBIT / Interest Expense	**7.88:1**	7.26:1
Return on Average Stockholders' Equity *Reflects how much the Group's has earned on the funds invested by the stockholders*	Net Income / Average Equity	**3.05%**	10.15%
Return on Assets *Measure the ability to utilize the Group's assets to create profits*	Net Income / Total Assets	**1.18%**	4.30%
Net Profit Margin *Shows how much profit is made for every peso of revenue*	Net Income / Total Revenues	**7%**	5%
Asset Turnover *Shows efficiency of asset used in Operations*	Total Revenues / Total Assets	**0.17**	0.84

Forward

Return on Equity *Shows how much the business returns to the stockholders for every peso of equity capital invested*	Net Income/Total Revenues xTotal Revenues / Total Assets x Total Assets /Total Equity	**3.0%**	10.0%

- Current ratio is at 1.05 as of quarter ended March 2016 compared to 1.08 as of the period ended December 2015. This is slightly lower because of additional borrowings to finance operations and investment activities of the Group.
- Solvency ratio is at 0.03. This is expected to improve by year end.
- Debt-to-equity ratio went up from 1.45 to 1.70 this quarter as the Group availed new loans.
- Asset to equity ratio rose from 2.45 as of December 2015 to 2.70 this quarter due to increase in accounts receivable of construction segment.
- Interest rate coverage ratio is higher at 7.78 times compared to last year because of lower interest cost for the quarter.
- Return on equity is at 3.0% against 10.0% of the full year of 2015. The Group is optimistic that the return on equity will improve by year end.
- Return on assets at 1.18% is expected to improve by next succeeding quarters.
- Net profit margin is at 7%. It is higher at this period compared to year ended December 2015 because of higher margin from construction segment compared to prior year.
- Asset turnover is 0.17 times compared to 0.84 times as of December 2015.
- Return on average stockholders' equity is at 3.05% this quarter. The Group is confident that this will improve by next quarter.

The above-mentioned ratios are applicable to the Group (Parent Company and its majority owned subsidiaries) as a whole.

PART II – OTHER INFORMATION

Item 3: 1Q 2016 DEVELOPMENTS

Significant developments during the first quarter of 2016 were briefly discussed in Item II: *Management Discussion and Analysis of Financial Condition and Results of Operations.*

Item 4: OTHER NOTES TO FINANCIAL STATEMENTS

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main purpose of the Group's financial instruments is to raise finances for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are liquidity risk, market risk, and credit risk. The BOD reviews and agrees on the policies for managing these risks, as well as approving and authorizing risk limits set by management, summarized below. There were no changes in the policies for managing these risks.

Liquidity Risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations as they fall due. The Group seeks to manage its liquidity risk to be able to meet its operating cash flow requirements, finance capital expenditures and service maturing debts. As an inherent part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. To cover its short-term and long-term funding requirements, the Group intends to use internally generated funds and available short-term and long-term credit facilities. As at March 31, 2016, the Group has available credit facilities with banks aggregating to P11,034.8 million.

Market Risk

Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in equity prices, foreign currency exchange rates, and interest rates.

Equity Price Risk

The Group's equity price risk exposure at year-end relates to financial assets whose values will fluctuate as a result of changes in market prices, principally, equity securities classified as AFS securities.

Quoted AFS securities assets are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market. The Group's market risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments; diversification plan; and limits on investment in each industry or sector.

Foreign Currency Risk

Currency risk is the potential decline in the value of the financial instruments due to exchange rate fluctuations. Exposure to currency risk arises mainly when receivables and payables are denominated in a currency other than the Group's functional currency or will be denominated in such currency in the planned course of business.

Foreign currency risk is monitored and analyzed systematically and is managed centrally by the central finance department. The Group's policy is to maintain foreign currency exposure within existing internal regulations, and within acceptable risk limits as approved by the BOD.

Interest Rate Risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's short-term and long-term obligations.

Credit Risk

The Group's exposure to credit risk on its receivables relates primarily to the inability of the debtors to pay and fully settle the unpaid balance of receivables owed to the Group. The Group manages its credit risk in accordance with its credit risk policies which requires the evaluation of the creditworthiness of the debtors. The Group's exposure to credit risk on its other receivables from debtors and related parties is managed through close account monitoring and setting limits.

There can be some credit exposures on project commitments and contingencies as of March 31, 2016 represented by work accomplishments on backlog of projects which are not yet invoiced. These exposures are however limited to a few months work accomplishment as work are frozen as soon as the Group is able to determine that the risk of non-collection materializes. This risk is, however, mitigated by the Group's contractor's lien on the project. A contractor's lien is the legal right of a contractor (the Group) to takeover the project in-progress and has priority in the settlement of contractor's receivables and claims on the project in the event of insolvency of the project owner. The Group assesses that the value of projects in-progress is usually higher than receivables from and future commitments with the project owners.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Except for ZIFC, which is involved in financing activities, the Group does not have any significant exposure to any individual customer or counterparty. ZIFC monitors concentrations of credit risk by sector.

EXHIBIT 1

HOUSE OF INVESTMENTS, INC. and SUBSIDIARIES

Interim Condensed
Unaudited Consolidated Financial Statements

March 31, 2016 and 2015 (Unaudited)
and
December 31, 2015 (Audited)

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited	Audited
	31-Mar-16	31-Dec-15
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	**₱3,864,383,028**	₱2,339,213,766
Accounts receivable (Note 7)	**10,523,974,246**	7,493,009,471
Current portion of loans receivable (Note 6)	**14,604,162**	10,171,347
Costs and estimated earnings in excess of billings on uncompleted contracts	**5,322,980,000**	5,946,503,761
Inventories (Note 8)	**1,245,735,822**	1,306,249,637
Receivables from related parties	**62,788,352**	54,237,550
Prepaid expenses and other current assets (Note 9)	**1,109,681,663**	999,907,927
Financial asset at FVPL (Note 4)	**8,205,773**	8,205,773
Total Current Assets	**22,152,353,046**	18,157,499,232
Noncurrent Assets		
Investments in associates and joint venture (Note 11)	**4,532,688,983**	4,363,583,861
Available-for-sale (AFS) financial assets (Note 10)	**645,141,525**	634,649,043
Investment properties (Note 14)	**214,686,940**	236,543,500
Property and equipment (Note 12)		
At cost	**6,228,038,436**	6,139,779,993
At revalued amount	**4,093,868,216**	4,093,370,740
Loans receivable - net of current portion	**3,635,638**	3,491,253
Deferred tax assets - net	**346,633,319**	327,616,788
Goodwill (Note 13)	**471,357,459**	471,357,459
Retirement asset	**15,120,300**	17,407,863
Other noncurrent assets - net (Note 15)	**402,162,411**	352,996,768
Total Noncurrent Assets	**16,953,333,227**	16,640,797,268
Total Assets	**₱39,105,686,273**	₱34,798,296,500

LIABILITIES AND EQUITY		
Current Liabilities		
Loans payable (Note 17)	**₱6,925,000,000**	₱4,160,000,000
Accounts payable and accrued expenses (Note 16)	**7,106,963,874**	7,013,515,433
Current portion of long-term debt (Note 18)	**523,693,154**	498,897,436
Billings in excess of costs and estimated earnings on uncompleted contracts	**6,193,026,000**	4,983,318,365
Unearned tuition fees	**3,383,872**	12,453,843
Income tax payable	**248,764,729**	153,665,698
Due to related parties	**2,137,697**	3,444,000
Customers' deposits	**21,857,000**	18,903,474
Total Current Liabilities	**21,024,826,326**	16,844,198,249

(Forward)

	Unaudited	Audited
	30-Mar-16	31-Dec-15
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 18)	**₱3,121,402,689**	₱3,263,461,807
Lease liability - net of current portion	**–**	–
Retirement liability	**211,946,866**	218,006,352
Deferred tax liabilities - net	**290,689,378**	297,549,580
Total Noncurrent Liabilities	**3,624,038,933**	3,779,017,739
Total Liabilities	**24,648,865,259**	20,623,215,988
Equity		
Capital stock (Note 20)		
Preferred stock	**302,961,622**	310,729,869
Common stock	**921,836,572**	921,836,572
Additional paid-in capital	**154,578,328**	154,578,328
Equity reserve on acquisition of noncontrolling interest	**(179,954,180)**	(179,954,180)
Revaluation increment on land - net	**876,113,387**	876,113,387
Unrealized gain on available-for-sale financial assets	**97,592,074**	86,516,972
Remeasurement gain on net retirement liability	**(31,137,535)**	(31,137,535)
Cumulative translation adjustment	**75,917,708**	100,057,558
Retained earnings (Note 19)	**7,506,757,211**	7,190,445,946
	9,724,665,187	9,429,186,917
Noncontrolling interest (Note 27)	**4,732,155,827**	4,745,893,595
Total Equity	**14,456,821,014**	14,175,080,512
	₱39,105,686,273	₱34,798,296,500

See accompanying Notes to Consolidated Financial Statements.

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

	January 1 to March 31		
	2016	2015	2014
REVENUES			
Sales of services - net	**₱3,886,568,654**	₱ 4,940,261,001	₱3,018,533,346
Sales of goods - net	**1,985,055,686**	1,524,779,874	1,103,559,278
School and related operations	**594,277,356**	549,219,076	494,292,744
Interest and discounts	**2,570,254**	3,116,484	2,612,883
Dividends	**20,188,142**	9,000	869
	6,488,660,092	7,017,385,435	4,618,999,120
COSTS OF SALES AND SERVICES (Note 24)			
Cost of services	**3,280,069,284**	4,452,625,721	2,616,785,112
Cost of goods sold	**1,863,758,979**	1,423,273,836	1,035,819,656
Tuition and Other Fees (Note 25)	**290,202,527**	275,151,132	245,336,237
	5,434,030,790	6,151,050,689	3,897,941,005
GROSS PROFIT	**1,054,629,302**	866,334,746	721,058,115
OTHER INCOME - Net (Note 23)	**86,249,003**	83,387,084	65,266,135
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURE	**(40,121,057)**	74,772,809	105,035,359
GENERAL AND ADMINISTRATIVE EXPENSES (Note 26)	**(511,604,905)**	(423,163,000)	(415,605,157)
INTEREST AND FINANCE CHARGES	**(74,741,121)**	(69,900,331)	(59,103,094)
INCOME BEFORE INCOME TAX	**514,411,222**	531,431,308	416,651,358
PROVISION FOR INCOME TAX	**78,060,023**	87,233,060	72,870,831
NET INCOME	**₱436,351,199**	₱444,198,248	₱343,780,527
Net income attributable to:			
Equity holders of the Parent Company (Notes 33 and 35)	**₱319,072,877**	₱301,840,993	₱221,939,796
Noncontrolling interest in consolidated subsidiaries	**117,278,322**	142,357,255	121,840,731
	₱436,351,199	₱444,198,248	₱343,780,527
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY (Note 22)			
BASIC	**₱0.51**	₱0.49	₱0.36
DILUTED	**₱0.39**	₱0.36	₱0.26

See accompanying Notes to Consolidated Financial Statements.

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	January 1 to March 31		
	2016	2015	2014
NET INCOME	**₱436,351,199**	₱444,198,248	₱343,780,527
OTHER COMPREHENSIVE INCOME			
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:			
Cumulative translation adjustments	**(44,407,375)**	13,170,686	18,491,107
Net unrealized gain (loss) on available-for-sale securities	**11,152,293**	(15,374,782)	4,963,176
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods			
Remeasurement gains (losses) on net retirement liability	–	(798,908)	–
Total other comprehensive income (loss)	**(33,255,082)**	(3,003,004)	23,454,283
TOTAL COMPREHENSIVE INCOME	**₱403,096,117**	₱441,195,244	₱367,234,810
Total comprehensive income attributable to:			
Equity holders of the Parent Company	**₱306,008,129**	₱306,146,589	₱226,751,059
Noncontrolling interest in consolidated subsidiaries	**97,087,988**	135,048,655	140,483,751
	₱403,096,117	₱441,195,244	₱367,234,810

See accompanying Notes to Consolidated Financial Statements.

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to the Group											
	Preferred Stock (Note 20)	Common Stock (Note 20)	Additional Paid-in Capital	Premium on Acquisition of Noncontrolling Interest	Revaluation Increment on Land - Net	Cumulative Translation Adjustment	Net Accumulated Unrealized Gain on Available-for-Sale Securities	Remeasurement losses on Net Retirement Liability	Retained Earnings	Total	Attributable to Noncontrolling Interest	Total
	For the Period Ended March 31, 2016											
Balances as at January 1, 2015	**₱310,729,869**	**₱ 921,836,572**	**₱154,578,328**	**(₱179,954,180)**	**₱876,113,387**	**₱100,057,558**	**₱86,516,972**	**(₱31,137,535)**	**₱7,190,445,946**	**₱9,429,186,917**	**₱4,745,893,595**	**₱14,175,080,512**
Redemption of preferred shares	**(7,768,247)**	–	–	–	–	–	–	–	–	**(7,768,247)**	–	**(7,768,247)**
Acquisition of noncontrolling interest	–	–	–	–	–	–	–	–	–	–	–	
	302,961,622	**921,836,572**	**154,578,328**	**(179,954,180)**	**876,113,387**	**100,057,558**	**86,516,972**	**(31,137,535)**	**7,190,445,946**	**9,421,418,670**	**4,745,893,595**	**14,167,312,265**
Net income	–	–	–	–	–	–	–	–	**319,072,877**	**319,072,877**	**117,278,322**	**436,351,199**
Other comprehensive income	–	–	–	–	–	**(24,139,850)**	**11,075,102**	–	–	**(13,064,748)**	**(20,190,334)**	**(33,255,082)**
Total comprehensive income	–	–	–	–	–	**(24,139,850)**	**11,075,102**	–	**319,072,877**	**306,008,129**	**97,087,988**	**403,096,117**
Dividends declared by Parent Company	–	–	–	–	–	–	–	–	**(2,761,612)**	**(2,761,612)**	–	**(2,761,612)**
Dividends declared by subsidiaries	–	–	–	–	–	–	–	–	–	–	**(110,825,756)**	**(110,825,756)**
Total dividends declared	–	–	–	–	–	–	–	–	**(2,761,612)**	**(2,761,612)**	**(110,825,756)**	**(113,587,368)**
Balances as at March 31, 2016	**₱302,961,622**	**₱921,836,572**	**₱154,578,328**	**(179,954,180)**	**₱876,113,387**	**₱75,917,708**	**₱97,592,074**	**₱(31,137,535)**	**₱7,506,757,211**	**₱9,724,665,187**	**₱4,732,155,827**	**₱14,456,821,014**
	For the Period Ended March 31, 2015											
Balances as at January 1, 2015	₱ 344,007,243	₱921,687,536	₱154,578,328	(₱9,700,617)	₱420,309,754	₱11,902,110	₱105,648,267	₱31,298,374	₱6,234,678,662	₱8,214,409,657	₱4,533,289,560	₱12,747,699,217
Redemption of preferred shares	(8,600,181)	–	–	–	–	–	–	–	–	(8,600,181)	–	(8,600,181)
Acquisition of noncontrolling interest	–	–	–	(6,473,569)	–	29,618	15,932	(95,778)	–	(6,523,797)	(11,336,094)	(17,859,891)
	335,407,062	921,687,536	154,578,328	(16,174,186)	420,309,754	11,931,728	105,664,199	(95,778)	6,234,678,662	8,199,285,679	4,521,953,466	12,721,239,145
Net income	–	–	–	–	–	–	–	–	301,840,993	301,840,993	142,357,255	444,198,248
Other comprehensive income	–	–	–	–	–	6,661,897	(1,653,171)	(703,130)	–	4,305,596	(7,308,600)	(3,003,004)
Total comprehensive income	–	–	–	–	–	6,661,897	(1,653,171)	(703,130)	301,840,993	306,146,589	135,048,655	441,195,244
Dividends declared by Parent Company	–	–	–	–	–	–	–	–	(2,983,403)	(2,983,403)	–	(2,983,403)
Dividends declared by subsidiaries	–	–	–	–	–	–	–	–	–	–	(118,624,396)	(118,624,396)
Total dividends declared	–	–	–	–	–	–	–	–	(2,983,403)	(2,983,403)	(118,624,396)	(121,607,799)
Balances as at March 31, 2015	₱335,407,062	₱921,687,536	₱154,578,328	(₱16,174,186)	₱420,309,754	₱18,593,625	₱104,011,028	₱30,499,466	₱6,533,536,252	₱8,502,448,865	₱4,538,377,724	₱13,040,826,590

	Attributable to the Group											
	Preferred Stock (Note 20)	Common Stock (Note 20)	Additional Paid-in Capital	Premium on Acquisition of Noncontrolling Interest	Revaluation Increment on Land - Net	Cumulative Translation Adjustment	Net Accumulated Unrealized Gain on Available-for-Sale Securities	Remeasurement losses on Net Retirement Liability	Retained Earnings	Total	Attributable to Noncontrolling Interest	Total
	For the Period Ended March 31, 2014											
Balances as at January 1, 2014	₱380,670,413	₱921,687,536	₱154,578,328	₱–	₱352,767,062	₱5,584,596	₱93,233,426	(₱61,731,769)	₱5,034,498,263	₱ 6,881,287,855	₱ 3,929,252,063	₱10,810,539,918
Redemption of preferred shares	(9,516,760)	–	–	–	–	–	–	–	–	(9,516,760)	–	(9,516,760)
	371,153,653	921,687,536	154,578,328	–	352,767,062	5,584,596	93,233,426	(61,731,769)	5,034,498,263	6,871,771,095	3,929,252,063	10,801,023,158
Net income	–	–	–	–	–	–	–	–	221,939,796	221,939,796	121,840,731	343,780,527
Other comprehensive income (loss)	–	–	–	–	–	18,491,107	4,963,176	–	–	23,454,283	18,643,020	42,097,303
Total comprehensive income	–	–	–	–	–	18,491,107	4,963,176	–	221,939,796	245,394,079	140,483,751	385,877,830
Dividends declared by Parent Company	–	–	–	–	–	–	–	–	(2,902,612)	(2,902,612)	–	(2,902,612)
Dividends declared by subsidiaries	–	–	–	–	–	–	–	–	–	–	(117,721,745)	(117,721,745)
Total dividends declared	–	–	–	–	–	–	–	–	(2,902,612)	(2,902,612)	(117,721,745)	(120,624,357)
Balances as at March 31, 2014	₱371,153,653	₱921,687,536	₱154,578,328	₱–	₱352,767,062	₱24,075,703	₱98,196,602	(₱61,731,769)	₱ 5,253,535,447	₱7,114,262,562	₱3,952,014,069	₱11,066,276,631

See accompanying Notes to Consolidated Financial Statements

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Periods Ended March 31		
	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱514,411,222**	₱531,431,308	₱416,651,358
Adjustments for:			
Depreciation and amortization	**46,590,396**	127,380,658	38,672,609
Interest and finance charges	**74,741,121**	69,900,331	59,103,094
Movement in accrued retirement liability	–	–	–
Dividend income	**(20,188,142)**	(9,000)	(869)
Interest income	**(10,112,278)**	(10,350,098)	(12,622,331)
Probable impairment of goodwill	–	–	–
Equity earnings in associates	**40,121,057**	(74,772,809)	(105,035,359)
Operating income working capital changes	**645,563,376**	643,580,390	396,768,502
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Accounts receivable	**(3,030,964,775)**	(170,437,503)	(116,817,635)
Loans receivable	**(4,577,200)**	(188,196)	705,703
Costs and estimated earnings in excess of billings on uncompleted contracts	**623,523,761**	452,931,819	8,602,533
Inventories	**60,513,815**	36,081,748	63,367,358
Prepaid expenses and other current assets	**(109,773,736)**	(123,469,255)	(192,130,462)
Financial asset at FVPL	–	–	(882,984)
Increase (decrease) in:			
Accounts payable and accrued expenses	**93,448,441**	91,034,657	353,487,992
Customers' deposits	**2,953,526**	7,696,777	50,469,286
Billings in excess of costs and estimated earnings on uncompleted contracts	**1,209,707,635**	205,773,403	(113,910,704)
Unearned tuition fees	**(9,069,971)**	(7,716,223)	(6,590,695)
Accrued retirement liability	**(6,059,486)**	(860,904)	(9,352,205)
Net cash generated from (used for) operations	**(524,734,614)**	1,134,426,713	433,716,689
Interest received	**10,112,278**	10,350,098	12,622,331
Interest and finance charges paid	**(74,741,121)**	(69,900,331)	(59,103,094)
Income tax paid	**(8,837,725)**	(6,697,256)	8,008,048
Net cash flows provided by (used in) operating activities	**(598,201,182)**	1,068,179,224	395,243,974
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments received from (advances to) related parties	**(9,857,105)**	(36,391,696)	12,788,586
Investments in associates and joint ventures	**(286,521,792)**	8,887,377	(13,494,692)
Increase (decrease) in other noncurrent assets	**(25,021,520)**	73,410,611	5,845,603
Proceeds from disposals (acquisitions) of available-for-sale securities	**582,620**	750,862	3,527,049
Property, plant and equipment, net	**(135,346,315)**	(372,265,720)	(202,446,160)
Dividends received	**20,188,142**	9,000	869
Net Addition (deduction) to minority interest	**(77,860,326)**	(143,742,660)	(99,078,726)
Net cash flows used in investing activities	**(513,836,296)**	(469,342,226)	(292,857,471)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Loans payable	**2,765,000,000**	(185,400,000)	(596,000,000)
Long-term debt	**(117,263,400)**	(115,719,555)	539,119,460
Lease liability	–	(232,259)	(2,607,739)
Redemption of preferred shares	**(7,768,247)**	(8,600,181)	(9,516,760)

Forward

	Periods Ended March 31		
	2016	2015	2014
Cash dividends paid	**(2,761,612)**	(2,983,403)	(2,902,612)
Net cash flows provided by (used in) financing activities	**2,637,206,741**	(312,935,398)	(71,907,651)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,525,169,262**	285,901,600	30,478,852
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**2,339,213,766**	2,161,107,813	2,111,510,291
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱3,864,383,028**	₱2,447,009,413	₱2,141,989,143

See accompanying Notes to Consolidated Financial Statements

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

House of Investments, Inc. (the Parent Company) is a stock corporation incorporated under the laws of the Republic of the Philippines on May 21, 1959. The principal activities of the Parent Company and its subsidiaries (collectively known as the Group) are described in Note 36.

The Parent Company is the holding company of the House of Investments Group, which is primarily engaged in car dealership, construction, education and information technology, afterlife services, consumer finance, property management, project management, security and pharmaceuticals.

The Parent Company's common stock was listed with the Philippine Stock Exchange (PSE) on July 2, 1962, the Parent Company's initial public offering (IPO). The Parent Company's shares of stock are currently traded at the PSE. The ultimate parent company of the Group is Pan Malayan Management and Investment Corporation (PMMIC).

As amended on July 20, 2007, the term of the corporation was extended for another fifty (50) years from and after May 21, 2009.

The registered office address of the Parent Company is at 3rd Floor, Grepalife Building, 219 Sen. Gil J. Puyat Avenue, Makati City, Metro Manila.

2. Basis of Preparation

The accompanying consolidated financial statements of the Group have been prepared under the historical cost basis, except for land, which is carried at revalued amount and financial asset at FVPL and available-for-sale financial assets and financial assets at FVPL which are measured at fair value. The accompanying consolidated financial statements are presented in Philippine Peso (Php, ₱), which is also the Parent Company's functional currency. Except as indicated, all amounts are rounded off to the nearest peso.

Statement of Compliance
The consolidated financial statements provide comparative information in respect of the previous period and are presented in compliance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Group as of March 31, 2016 and December 31, 2015, and for each of the three years in the period ended March 31, 2016.

The consolidated financial statements are prepared for the same reporting year as the Parent Company, using consistent accounting policies. All significant intercompany balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intercompany transactions that are recognized in assets are eliminated in full.

All subsidiaries are incorporated and operating in the Philippines, except as otherwise indicated below:

Subsidiaries	Percentage of ownership **Mar 2016**	2015	2014
Landev Corporation and subsidiaries (Landev)	**100.00%**	100.00%	100.00%
Xamdu Motors, Inc. (Xamdu)	**100.00**	100.00	100.00
Investment Managers, Inc. (IMI)	**100.00**	100.00	100.00
Zambowood Realty and Development Corporation (ZRDC)	**100.00**	100.00	100.00
Zamboanga Carriers, Inc. (ZCI)	**100.00**	100.00	100.00
iPeople, inc. (iPeople) and subsidiaries	**67.34**	67.34	67.34
Honda Cars Kalookan, Inc. (HCKI)	**55.00**	55.00	55.00
EEI Corporation (EEI) and subsidiaries	**54.36**	50.32	50.09
Zamboanga Industrial Finance Corporation (ZIFC)	**50.00**	50.00	50.00

The functional currency of the subsidiaries is the Philippine Peso (₱).

Landev Corporation and subsidiaries includes Greyhounds Security and Investigation Agency Corp. (Greyhounds) and Hexagon Lounge, Inc. (Hexagon).

In 2015 and 2014, the Parent Company acquired additional 41.9 million and 2.4 million shares of EEI for an average price of ₱9.16 and ₱9.97 per share resulting to an increase in ownership interest from 50.32% to 54.36% in 2015 and 50.08% to 50.32% in 2014.

iPeople's percentage of ownership in the shares of its subsidiaries follows:

Subsidiaries	Percentage of ownership **Mar 2016**	2015	2014
Malayan Colleges, Inc. (MCI) (Operating Under the Name of Mapua Institute of Technology) and subsidiaries:	**93.00%**	93.00%	93.00%
Direct ownership of MCI on its subsidiaries:			
Mapua Information Technology Center, Inc. (MITC)	**100.00**	100.00	100.00
Mapua Techserv, Inc. (MTI)	**100.00**	100.00	100.00
Mapua Techpower, Inc.	**75.00**	75.00	75.00
San Lorenzo Ruiz Institute of Health Sciences, Inc. (SLRHSI)	**100.00**	100.00	100.00
Malayan High School of Science, Inc. (MHSSI)	**100.00**	100.00	100.00
Malayan Colleges Laguna, Inc. (MCLI) led by a Mapua School of Engineering	**100.00**	100.00	100.00
Malayan Colleges Mindanao, Inc. (MCMI)[1]	**100.00**	–	–
People eServe Corporation (People eServe)	**100.00**	100.00	100.00
Pan Pacific Computer Center, Inc. (PPCCI)	**100.00**	100.00	100.00

[1] *On December 11, 2015, Malayan Colleges Mindanao (A Mapua School), Inc. was incorporated and registered with the Philippine Securities and Exchange Commission (SEC). It is wholly owned subsidiary by Malayan Colleges, Inc. (MCI).*

EEI's percentage of ownership in the shares of its subsidiaries follows:

	Place of Incorporation	Percentage of Ownership	Functional Currency
EEI (BVI) Limited (EEI BVI) and Subsidiaries	British Virgin Islands	100.00	USD
Clear Jewel Investments, Ltd. (CJIL)	British Virgin Islands	100.00	USD
EEI Corporation (Singapore) Pte. Ltd.	Singapore	100.00	SGD
EEI Nouvelle-Caledonie SARL	New Caledonia	100.00	XPF
Nimaridge Investments, Limited	British Virgin Islands	100.00	USD
EEI (PNG) Ltd.	Papua New Guinea	100.00	USD
EEI Corporation (Guam), Inc.	United States of America	100.00	Php
EEI Construction and Marine, Inc.	Philippines	100.00	Php
EEI Power Corporation	Philippines	100.00	Php
EEI Realty Corporation (EEI Realty)	Philippines	100.00	Php
EEI Subic Corporation	Philippines	100.00	Php
Equipment Engineers, Inc. (EE)	Philippines	100.00	Php
Gulf Asia International Corporation (GAIC)	Philippines	100.00	Php
GAIC Professional Services, Inc. (GAPSI)	Philippines	100.00	Php
GAIC Manpower Services, Inc. (GAMSI)	Philippines	100.00	Php
Bagumbayan Equipment & Industrial Products, Inc.	Philippines	100.00	Php
Philmark, Inc.	Philippines	100.00	Php
Philrock Construction and Services, Inc.	Philippines	100.00	Php

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

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

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

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

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

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All intragroup balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Losses within a subsidiary are attributed to the noncontrolling interest until the balance is reduced to nil. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the Group's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

Where ownership on certain subsidiaries is 50% or below but the Group has demonstrated that it has the power to govern the financial and operating policies (i.e., through representation by the majority members of the BOD) and the other stockholders have not organized their interest in such a way that they exercise more votes than the Group, these subsidiaries are also consolidated.

Noncontrolling interest represents the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of income and within the equity in the consolidated statement of financial position, separately from the equity holders of the Parent Company.

3. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and amended PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations that became effective as of January 1, 2015. Except as otherwise indicated, the adoption of the new and amended PFRS, PAS and Philippine Interpretations did not have any effect on the financial statements of the Group.

- PAS 19*, Employee Benefits - Defined Benefit Plans: Employee Contributions*
  PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. These amendments were not applicable to the Company as it has no defined benefit plans with contributions from employees or third parties.

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

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*
  This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

  - A performance condition must contain a service condition;
  - A performance target must be met while the counterparty is rendering service;

- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group;
- A performance condition may be a market or non-market condition; and
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

This amendment was not applicable to the Group as it has no share-based payments.

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* (or PFRS 9, *Financial Instruments*, if early adopted). This amendment did not materially impct the financial statements of the Company.

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
The amendments are applied retrospectively and clarify that:

  - An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
  - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

  These amendments affected disclosures only and had no impact on the Group's financial position or performance.

- PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation*
The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. The amendment had no impact on the Group's financial position or performance.

- PAS 24, *Related Party Disclosures - Key Management Personnel*
The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendments affected disclosures only and had no impact on the Group's financial position or performance.

Annual Improvements to PFRSs (2011-2013 cycle)
The Annual Improvements to PFRSs (2010-2012 cycle) are effective for annual periods beginning on or after January 1, 2015 and did not have a material impact on the Group.

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
  The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:

  - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
  - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

  The amendment had no impact on the Group's financial position or performance.

- PFRS 13, *Fair Value Measurement - Portfolio Exception*
  The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39. The amendment had no significant impact on the Group's financial position or performance.

- PAS 40, *Investment Property*
  The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment had no significant impact on the Group's financial position or performance.

There are new PFRS, amendments, annual improvements and interpretations to existing standards that are effective for periods subsequent to 2015 and these will be adopted on their effectivity dates in accordance with the transition provisions. Except as otherwise stated, these amendments and improvements to PFRS and new standards are not expected to have any significant impact on the Group's financial statements.

Standard issued but not yet effective

Philippine Interpretation *IFRIC 15, Agreements for the Construction of Real Estate*
This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11 or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The Securities and Exchange Commission and the Financial Reporting Standards Council have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the consolidated financial statements of the Group.

Effective in January 1, 2016

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)
  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will have no significant impact on the Group's financial position or performance.

- PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture - Bearer Plants* (Amendments)
  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will have no significant impact on the Group's financial position or performance.

- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments)
  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The Group is currently assessing the impact of these amendments on its financial statements.

- PFRS 10, *Consolidated Financial Statements and* PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
  These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are effective from annual periods beginning on or after January 1, 2016. These amendments will have no significant impact on the Group's financial position or performance.

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

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

- PAS 1, *Presentation of Financial Statements* - *Disclosure Initiative* (Amendments)
  The amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in PFRS. They clarify the following:

  - That entities shall not reduce the understandability of their financial statements by either obscuring material information with immaterial information; or aggregating material items that have different natures or functions;
  - That specific line items in the statement of income and OCI and the statement of financial position may be disaggregated;
  - That entities have flexibility as to the order in which they present the notes to financial statements; and
  - That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

  Early application is permitted and entities do not need to disclose that fact as the amendments are considered to be clarifications that do not affect an entity's accounting policies or accounting estimates. The Parent Company is currently assessing the impact of these amendments on its financial statements.

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

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

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*

The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification. The amendment will have no significa
nt impact on the Group's financial position or performance.

- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
  PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments. The amendment will have no significant impact on the Group's financial position or performance.

- PFRS 7 - *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
  This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report. The amendment will have no significant impact on the Group's financial position or performance.

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

- PAS 34*, Interim Financial Reporting* - *disclosure of information 'elsewhere in the interim financial report'*
  The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The amendment will have no significant impact on the Group's financial position or performance.

Effective January 1, 2018

PFRS 9, *Financial Instruments*
In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments*. The new standard (renamed as PFRS 9) reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Early application of previous versions of PFRS 9 (2009, 2010 and 2013) is permitted if the date

of initial application is before February 1, 2015. The Group did not early adopt PFRS 9. The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Group's financial liabilities. The requirements on hedge accounting will not have any impact on the Group's financial statements.

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

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

Effective January 1, 2019

IFRS 16, *Leases*
On January 13, 2016, the IASB issued its new standard, IFRS 16, *Leases*, which replaces International Accounting Standards (IAS) 17, the current leases standard, and the related Interpretations.

Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with IAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases in their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of twelve (12) months or less or for which the underlying asset is of low value are exempted from these requirements.

The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under IAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value. The Group is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date once adopted locally.

4. Summary of Significant Accounting Policies

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from date of placement and that are subject to an insignificant risk of changes in value.

Financial Instruments
Date of recognition
The Group's recognizes a financial asset or a financial liability in the parent company statement of financial position when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Initial recognition of financial instruments
All financial assets and financial liabilities are initially recognized at fair value. Except for financial assets and liabilities at fair value through profit or loss (FVPL), the initial measurement of financial assets and liabilities include transaction costs. The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets, or loans and receivables. The Group classifies its financial liabilities as financial liabilities at FVPL or other financial liabilities.

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

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

The Group's financial assets consist of FVPL, loans and receivables and AFS financial assets. There have been no HTM investments and financial liability at FVPL.

The Group assesses whether embedded derivatives are required to be separated from host contracts when the Group first becomes party to the contract. An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met: a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics of the host contract; b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and c) the hybrid or combined instrument is not recognized at FVPL. Reassessment of embedded derivatives is only done when there are changes in the contract that significantly modifies contractual cash flows.

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

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

The principal or the most advantageous market must be accessible to the Group.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

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

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

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

Financial assets at FVPL
This includes financial assets held for trading and financial assets designated upon initial recognition as at FVPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Financial assets at FVPL are recorded in the consolidated statement of financial position at fair value with unrealized mark-to-market gains and losses reported as part of the current year operations in the consolidated statement of comprehensive income. Interest earned or incurred is recorded in interest income or expense, respectively, while dividend income is recorded when the right to receive payment has been established. Derivatives, including separated embedded derivatives are also classified as FVPL unless they are designated as effective hedging instruments or a financial guarantee contract.

Financial assets may be designated at initial recognition as at FVPL if any of the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or

- The financial instrument contains an embedded derivative that would need to be separately recorded.

The Group's financial assets at FVPL amounted to ₱8.2 million as of March 31, 2016 and December 31, 2015, respectively. This consists of peso-denominated investments in unit investment trust funds (UITFs) in Rizal Commercial Banking Corporation (RCBC). The mark to market loss and gain on these assets amounted to nil and ₱0.2 million in 2016 and 2015, respectively.

Loans and receivables
Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets held for trading, designated as available-for-sale or as financial assets at FVPL. After initial measurement, loans and receivables are carried at amortized cost using the effective interest rate method less any allowance for impairment. Gains and losses are recognized in the consolidated statement of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

This category includes the Group's cash and cash equivalents, accounts receivable, loans receivable, receivables from related parties, miscellaneous deposits (included in the prepaid expenses and other current assets) and receivables from EEI Retirement Fund, Inc. and long-term receivables (included in the noncurrent assets) in the consolidated statement of financial position.

HTM investments
HTM investments are quoted nonderivative financial assets with fixed or determinable payments and fixed maturities for which the Group's management has the positive intention and ability to hold to maturity. Where the Group sells or reclassifies other than an insignificant amount of HTM investments, the entire category would be tainted and reclassified at fair values as available-for-sale financial assets. After initial measurement, HTM investments are measured at amortized cost using the effective interest method (EIR).

Gains and losses are recognized in the consolidated statement of comprehensive income when the investments are derecognized or impaired, as well as through the amortization process.
The Group has no HTM investments as at March 31, 2016 and December 31, 2015.

AFS financial assets
AFS financial assets are those nonderivative financial assets that are designated as AFS or are not classified in any of the three preceding categories. These are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. These include government securities, equity investments and other debt instruments.

After initial measurement, AFS financial assets are measured at fair value with unrealized gains or losses recognized directly in equity until the investment is derecognized or determined to be impaired at which time the cumulative gain or loss previously recorded in equity is recognized in the consolidated statement of comprehensive income. The unrealized gains and losses arising from the fair valuation of available-for-sale financial assets are excluded from reported earnings and are reported in other comprehensive income. When the investment is disposed of, the cumulative gain or loss previously recognized in equity is recognized in "Other income (loss)" account in the consolidated statement of comprehensive income. Where the Group holds more than one investment in the same security, these are deemed to be disposed of on a first-in first-out basis. Interest earned on holding available-for-sale debt investments are reported as interest income using the EIR. Dividends earned on holding available-for-sale equity investments are recognized in the consolidated statement of comprehensive income as "Other income" account when the right to receive payment has been established. The losses arising from impairment of such investments are recognized as "Provisions on impairment losses" under operating expenses in the consolidated statement of comprehensive income.

If the fair market value of the unquoted equity instruments under available-for-sale cannot be reliably measured, the financial asset is carried at cost less allowance for impairment loss, if any.

Available-for-sale financial assets are classified as current assets when it is expected to be sold or realized within twelve (12) months after the reporting date or within the normal operating cycle, whichever is longer.

The Group's available-for-sale financial assets include investments in quoted and unquoted golf club and equity shares (Note 12).

Derivative financial instruments
Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in the consolidated statement of comprehensive income.

Derivatives embedded in other financial instruments are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself held for trading or designated at FVPL.

The Group has no derivative financial instruments as at March 31, 2016 and December 31, 2015.

Financial liabilities at FVPL
Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL. Derivatives, including separated embedded derivatives, are also classified as FVPL, unless they are designated as effective hedging instruments. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities held for trading are recognized in the consolidated statement of comprehensive income.

The Group has no financial liabilities at FVPL as at March 31, 2016 and December 31, 2015.

Other financial liabilities
Other financial liabilities are nonderivative financial liabilities with fixed or determinable payments that are not quoted in an active market. These liabilities are carried at amortized cost in the consolidated statement of financial position. Amortization is determined using the effective interest method. Gains and losses are recognized in the consolidated statement of comprehensive income, when the liabilities are derecognized as well as through the amortization process.

Other financial liabilities are classified as current liabilities when it is expected to be settled within twelve (12) months from the financial reporting date or the Group does not have an unconditional right to defer settlement for at least 12 months from financial reporting date. Otherwise, these are classified as noncurrent liabilities. Gains and losses are recognized in the consolidated statement of income when the liabilities are derecognized.

This accounting policy relates to the consolidated statement of financial position captions loans payable, accounts payable and accrued expenses, due to related parties and long-term debt .

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

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

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

Financial liability
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

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

Jointly Controlled Operations
A jointly controlled operation involves the use of the assets and other resources of the venturers rather than the establishment of a corporation, partnership or other entity, or a financial structure that is separate from the venturers themselves. Each venturer uses its own property, plant and equipment and carries its own inventories. It also incurs its own expenses and liabilities and raises its own finance, which represent its own obligations.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position only if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

This accounting policy relates to the net payable to Philippine Transmarine Carriers, Inc. (PTC) amounting ₱15.0 million and ₱13.1 million as of March 31, 2016 and December 31, 2015, respectively, and included under "Accounts payable and accrued expenses" in the consolidated statements of financial position (Note 16).

The memorandum of agreement of the joint operation has a provision to settle the amounts due from and due to on a net basis.

Impairment of Financial Assets
The Group assesses at each financial reporting date whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has

an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a borrower or a group of borrowers are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost
The Group first assesses whether an objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognized, are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred).

The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is charged to the consolidated statement of income. Loans, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as year-level of students for information technology and education segment, customer profile and mode of payment for car dealership segment.

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

AFS financial assets carried at cost
If there is an objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

AFS financial assets carried at fair value
In case of equity instruments classified as available-for-sale, impairment would include a significant or prolonged decline in the fair value of investments below its cost. If an available-for-sale security is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the consolidated statement of income, is transferred from other comprehensive income to the consolidated statement of income. Reversals in respect of equity instruments classified as available-for-sale are not recognized in the consolidated statement of income but as other comprehensive income. Reversals of impairment losses on debt instruments classified as available-for-sale are reversed to operations if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of income.

Inventories
Inventories are valued at the lower of cost and net realizable value (NRV). NRV is the selling price in the ordinary course of business, less the estimated costs of completion of inventories and the estimated costs necessary to sell.

Cost of inventories is generally determined primarily using the moving-average method, except for automotive units of the car dealerships and land inventory of EEI Realty, which are accounted for using the specific identification method.

Cost includes purchase price and other costs directly attributable to its acquisition such as non-refundable taxes, handling and transportation cost.
The cost of automotive units for new and pre-owned automotive units is determined using the specific identification method.

The cost of real estate inventories includes (a) land cost; (b) freehold and leasehold rights for land; (c) amounts paid to contractors for construction; (d) borrowing costs, planning and design cost, cost of site preparation, professional fees, property taxes, construction overheads and other related costs.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

Value-Added Tax (VAT)
The input value-added tax pertains to the 12% indirect tax paid by the Group in the course of the Group's trade or business on local purchase of goods or services.

Output VAT pertains to the 12% tax due on the local sale of goods or services by the Group.
If at the end of any taxable month, the output VAT exceeds the input VAT, the outstanding balance is included under "Accounts payables and accrued expenses" account. If the input VAT exceeds the output VAT, the excess shall be carried over to the succeeding months and included under "Prepaid expenses and other current assets" account.

Prepaid Expenses
Prepaid expenses are carried at cost less the amortized portion. These typically comprise prepayments of insurance premiums, rents and others. It is included as part of other current assets in the consolidated statement of financial position.

Other Current Assets
Other current assets pertain to other resources controlled by the Group as a result of past events and from which future economic benefits are expected to flow to the Group within the reporting period.

<u>Investments in Associates and Joint Venture</u>
An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investments in associates and joint venture, which are jointly controlled entities are accounted for under the equity method of accounting.

Under the equity method, the investment in the investee company is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the investee company, less any impairment in value. The profit or loss reflects the share of the results of the operations of the investee company reflected as "Equity in net earnings of associates and joint venture" in the consolidated statement of comprehensive income. Goodwill relating to associate is included in the carrying amount of the investment and is not amortized. The Group's share in the investee's post acquisition movements in the investee's equity reserves is recognized directly in equity. Profit and losses resulting from transactions between the Group and the investee company are eliminated to the extent of the interest in the investee company and for unrealized losses to the extent that there is no evidence of impairment of the assets transferred. Dividends received are treated as a reduction of the carrying value of the investment.
The Group discontinues applying the equity method when their investment in investee company is reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations of the investee company. When the investee company subsequently reports net income, the Group will resume applying the equity method but only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

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

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

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associates or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated statement of income. Investments in associates and joint venture accounted for under the equity method are as follows:

	Percentage of ownership	
	Mar 2016	2015
Associates:		
Hi-Eisai Pharmaceutical, Inc.	**50.00%**	50.00%
Al Rushaid Construction Company (ARCC) (operations in Saudi Arabia)	**49.00**	49.00
Petro Solar Corporation (PSoC)	**44.00**	44.00
La Funeraria Paz Sucat, Inc. (LFPSI)	**37.50**	37.50
T'boli Agro-Industrial Development, Inc.	**28.47**	28.47

	Percentage of ownership	
	Mar 2016	2015
Manila Memorial Park Cemetery, Inc. (MMPC)	**25.98**	25.98
Lo-oc Limestone Development Corporation (LLDC)	**25.00**	25.00
Petroenergy Resources Corporation (PERC)	**22.41**	22.41
RCBC Realty Corporation (RRC)	**10.00**	10.00
Joint venture:		
ECW Joint Venture Inc.	**50.00**	50.00

The reporting dates of the associates and joint venture and the Group are identical except for Hi-Eisai Pharmaceutical, Inc., the financial reporting date of which is March 31 of each year. Hi-Eisai Pharmaceutical, Inc. is controlled by a Japanese company and therefore follows its fiscal year. This associate prepares its financial statements following the financial reporting date of the Group for the application of equity method. Except for ARCC, all associates are operating in the Philippines.

In 2015, the Group acquired 44% stake in PetroSolar Corporation (PSoC) and accounted for as an associate.

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

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation, amortization and impairment loss, if any, except for land which is carried at revalued amount based on the latest appraisal conducted by an independent firm of appraisers. The appraisal increment resulting from the revaluation is treated as a separate component in the Group's equity.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the assets have been put into operation, such as repairs and maintenance, are normally charged to operations in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected as part of current operations.

Depreciation is computed using the straight-line method over the following average estimated useful lives (EUL):

	Years
Buildings and improvements	10-20
Machinery, tools and construction equipment	5-10
Transportation and service equipment	4-5
Furniture, fixtures and office equipment	2-10

Amortization of leasehold improvements is computed over the EUL of the improvement or term of the lease, whichever is shorter.

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

Minor repairs and maintenance costs are charged to consolidated statement of income as incurred; significant renewals and betterments are capitalized. When assets are retired or otherwise disposed of, the cost or revalued amount, appraisal increase and related accumulated depreciation and amortization are removed from the accounts and any resulting gains or losses are reflected in the consolidated statement of income.

Construction in progress represents property and equipment under construction and is stated at cost. This includes cost of construction, plant and equipment and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are completed and put into operational use.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income in the year the asset is derecognized.
The asset's residual values, useful lives and methods of depreciation and amortization are reviewed, and adjusted if appropriate, at each financial year-end.

Investment Properties
Investment properties are measured at cost less accumulated depreciation and impairment loss, if any, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

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

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

Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Depreciation is computed using the straight-line method over the EUL of 15 to 20 years.

Intangible Assets
Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed as either finite or indefinite. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

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

Impairment of Property and Equipment, Computer Software, Investments in Associates and Joint Venture and Investment Properties

For property and equipment, computer software, investments in associates and joint venture and investment properties, the Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An assets' recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income.

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

Borrowing Costs

Interest and other related financing charges on borrowed funds used to finance property development are capitalized as part of development costs (included under "Inventories" account) and the acquisition and construction of a qualifying asset (included under "Construction in progress" account in property and equipment) are capitalized to the appropriate asset accounts. Capitalization of borrowing costs commences when the expenditures and borrowing costs are being incurred during the construction and related activities necessary to prepare the asset for its intended use are in progress. It is suspended during extended periods in which active development is interrupted and ceases when substantially all the activities necessary to prepare the asset for its intended use are complete. The capitalization for inventories account is based on the weighted average borrowing cost and specific borrowing for property, plant and equipment.

The borrowing costs capitalized as part of property and equipment are amortized using the straight-line method over the estimated useful lives of the assets. If after capitalization of the borrowing costs, the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded in the consolidated statement of income.

All other borrowing costs are expensed in the period in which they occur.

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

Business Combination and Goodwill

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

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

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

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

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss. Before recognizing a gain on a bargain purchase, the Group assesses whether it has correctly identified all of the assets acquired an all of the liabilities assumed, and recognize any additional assets or liabilities that are identified in that review.

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

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

- represent the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- not be larger than an operating segment determined in accordance with PFRS 8, *Operating Segments*

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

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and other sales taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. When the Group is acting as a principal in an arrangement, revenue is recorded at gross. When the Group is acting as an agent, the revenue recorded is only the commission. Except for Greyhounds, People eServe and certain arrangements of Equipment Engineers, Inc. (EE), the Group has concluded that it is acting as principal in all of its arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Sale of services:

Construction contracts

Revenue from construction contracts are recognized using the percentage of completion method of accounting. Under this method, revenues are generally measured on the basis of estimated completion of the physical proportion of the contract work. Revenue from labor supply contracts with project management and supervision are recognized on the basis of man-hours spent.

Contract costs include direct materials, labor costs and indirect costs related to contract performance. Provisions for estimated losses on uncompleted contracts are recognized immediately when it is probable that the total contract costs will exceed the total contract revenues. The amount of such loss is determined irrespective of: (a) whether or not work has commenced on the contract; (b) the stage of completion of contract work; or (c) the amount of profits expected to arise on other contracts. Changes in contract performance, contract conditions and estimated profitability, including those arising from penalty provisions and final contract settlements which may result in revisions to estimated costs and gross margins, are recognized in the year in which the changes are determined.

The asset "Costs and estimated earnings in excess of billings on uncompleted contracts" represents total contract costs incurred and estimated earnings recognized in excess of amounts billed. The liability "Billings in excess of costs and estimated earnings on uncompleted contracts" represents billings in excess of total contract costs incurred and estimated earnings recognized. Retention receivables are included in the trade receivable account, which is shown as part of the receivables account in the consolidated statement of financial position.

Service and commission income are recognized as the related services are rendered.

Management, service and consultancy fees are recognized as services are rendered.

Equipment rental arises from the Group equipment's that are being held for rentals. Revenues derived shall be measured on straight-line basis over the term of the agreement.

Sale of goods:
Merchandise sales
Revenue from merchandise sales is normally recognized when the buyer accepts delivery and when installation and inspection are complete. However, revenue is recognized immediately upon the buyer's acceptance of delivery when the installation process is simple in nature.

Real estate sales
Revenue on sale of raw parcels of land with no future obligation to develop the property is recognized using the full accrual method.

Sale of developed lots and residential units is accounted for using the full accrual method of accounting. Under this method, the revenue is recognized when: (a) the collectibility of the sales price is reasonably assured; (b) the earnings process is virtually complete; and (c) the seller does not have a substantial continuing involvement with the subject properties. The collectibility of the sales price is considered reasonably assured when: (a) the buyers have actually confirmed their acceptance of the related loan applications after the same have been delivered to and approved by either the banks or other financing institutions for externally financed accounts; and (b) the down payment comprising a substantial portion of the contract price is received and the capacity to pay and credit worthiness of buyers have been reasonably established for sales under the deferred cash payment arrangement.

If any of the criteria under the full accrual method is not met, the deposit method is applied until all the conditions for recording a sale are met. Pending recognition of sale, cash received from buyers is recognized as deposit from customers presented under the "Customers' deposits" account in the liabilities section of the consolidated statement of financial position.

Cancellation of real estate sales
Income from cancellation of real estate sales is recognized once the sale has been cancelled and the related refundable portions of paid amortizations have been paid to the buyer. This is included in the "Other income" account under the consolidated statement of comprehensive income. Such is also recognized, subject to the provisions of Republic Act 6552, Realty Installment Buyer Act, upon prescription of the period for the payment of required amortizations from defaulting buyers.

School and related operations:
Revenues from school operations are recognized as income over the corresponding school term. Unearned revenues are shown as unearned tuition fees in the consolidated statement of financial position and will be recognized as revenues when the educational service has been fulfilled in the applicable school term.

Admission, examination and other fees are recognized as income when examination has been granted by the school and related services have been provided to the students.

Others:
Interest income and discounts is recognized as revenue as interest accrues (using EIR method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Rent income is accounted on a straight-line basis over the lease term.

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

Cost of Sales and Services
For construction contracts, contract costs include all direct materials, labor costs and indirect costs related to contract performance. Provisions for estimated losses on uncompleted contracts are recognized immediately when it is probable that the total contract costs will exceed the total contract revenues. The amount of such loss is determined irrespective of: (a) whether or not work has commenced on the contract, (b) the stage-of-completion of contract work; or (c) the amount of profits expected to arise on other contracts. Changes in contract performance, contract conditions and estimated profitability, including those arising from penalty provisions and final contract settlements, which may result in revisions to estimated costs and gross margins, are recognized in the year in which the changes are determined.

For cost of real estate sales, cost is recognized consistent with the revenue recognition method applied.

The cost of real estate sales recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property and an allocation of any non-specific cost based on the relative size of the property sold.

For cost of school and related operations, cost constitute expenses directly related to the Group's school and related operations which include expenses for salaries and wages of teaching and academic support personnel, student welfare activities, advertising, and all other student-related costs and expenses. Cost of school and related operations are recognized as expense when school and related services have been provided to the students.

For cost of goods sold, cost includes all expenses associated with the specific sale of goods. Cost of goods sold include all materials and supplies used, direct labor, depreciation of production equipment, royalty, power and water and other expenses related to production. Such costs are recognized when the related sales have been recognized.

For cost of services, cost includes all expenses associated with sale of services. Cost of services include all materials and supplies used, direct labor, depreciation of production equipment, power and water and other expenses related to services rendered. Such costs are recognized when the related services have been rendered.

Other cost of sales and services arise in the ordinary activities of the Group and are recognized as incurred.

General and Administrative Expenses
The Group's general and administrative expenses constitute costs of administering the business. General and administrative expenses are recognized as incurred.

Foreign Currency-denominated Transaction and Translation
The consolidated financial statements are presented in Philippine Peso. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate at the reporting date. All differences are taken to consolidated statement of income. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of the Group's subsidiary, EEI-BVI and subsidiaries, and its associate, ARCC, are United States Dollar and Saudi Arabia Riyal, respectively. As at reporting date, the assets and liabilities of foreign subsidiaries are translated into the presentation currency of the Parent Company (the Philippine Peso) at the closing rate as at the reporting date, and the consolidated statement of income accounts are translated at monthly weighted average exchange rate. The exchange differences arising on the translation are taken directly to a separate component of equity under "Cumulative translation adjustment" account.

Upon disposal of a foreign subsidiary, the deferred cumulative amount recognized in other comprehensive income relating to that particular foreign operation is recognized in the consolidated statement of income.

Retirement Cost

Defined benefit plan

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses not recognized reduced by past service cost not yet recognized and the fair value of plan assets out of which the obligations are to be settled directly. If such aggregate is negative, the asset is measured at the lower of such aggregate and the aggregate of unrecognized net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Defined benefit costs on the Group's defined benefit retirement plan are actuarially computed using the projected unit credit (PUC) valuation method. Under this method, the current service cost is the present value of retirement benefits payable in the future with respect to the services rendered in the current period.

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

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

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

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

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information.

When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

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

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

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

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

<u>Income Tax</u>
Current tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and the tax laws used to compute the amount are those that are enacted or substantially enacted by the end of the financial reporting date.

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

Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred income tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT), 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 carryforward of unused MCIT and NOLCO can be utilized.

Deferred tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries, associate and interest in joint venture. With respect to investments in foreign subsidiaries, associate and interest in joint venture, deferred tax liabilities are recognized except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed by the end of each financial 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 tax asset to be used. Unrecognized deferred tax assets are reassessed at the end of each financial reporting date and are recognized to the extent that it has become probable that future taxable profit will be available to allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the end of the financial reporting date.

Deferred tax relating to items directly recorded in the equity or other comprehensive income is recognized in other comprehensive income and not in the consolidated statement of income.

Deferred tax relating to items recognized outside profit or loss do not affect the statement of income. These deferred tax items are recognized in correlation to the underlying transactions either in other comprehensive income or directly in equity.

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

Leases

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

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

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

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

Group as a lessee

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

Leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease of the Group represents those under which substantially all the risks and benefits of ownership of the assets remain with the lessor.

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

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

Basic and Diluted Earnings Per Share (EPS)
Basic EPS attributable to equity holders of the Group is computed based on weighted average number of issued and outstanding common shares after giving retroactive effect for any stock dividends. Diluted EPS, if applicable, is computed by dividing net income applicable to common shares by the weighted average number of common shares issued and outstanding during the year after giving effect to assumed exercise of stock options and retroactive effect of stock dividends declared (Note 22).

Where the effect of the assumed conversion of the preferred shares and the exercise of all outstanding options have anti-dilutive effect, basic and diluted EPS are stated at the same amount.

Provisions
Provisions are recognized when (a) the Group has a present obligation (legal or constructive) as a result of a past event, (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

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

Stock Option Plan
No benefit expense is recognized relative to the shares issued under the stock options plan. When the shares related to the stock option plans are subscribed, these are treated as capital stock issuances. The stock option plan is exempt from PFRS 2, *Share-based Payment* (Note 21).

Events After the Financial Reporting Date
Post year-end events that provide additional information about the Group's position at the end of the financial reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

Segment Reporting
The Group's operating business are organized and managed separately according to the nature of services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 36.

Equity
The Group records common stocks at par value and additional paid-in capital in excess of the total contributions received over the aggregate par values of the equity shares. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax. When the Group purchases the Group's capital stock (treasury shares), the consideration paid, including any attributable incremental costs, is deducted from equity attributable to the Group's equity holders until the shares are cancelled, reissued or disposed of.

Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects is included in equity (Note 38).

Retained earnings represent accumulated earnings of the Group and any adjustment arising from application of new accounting standards, policies or corrections of errors applied retroactively less dividends declared. The individual accumulated retained earnings of the subsidiaries are available for dividends when they are declared by the subsidiaries as approved by their respective BOD. Retained earnings are further restricted for the payment of dividends to the extent of the cost of treasury shares.

Cost of Common Stock Held in Treasury
Own equity investments which are reacquired are carried at cost and are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale issue or cancellation of the Parent Company's own equity investments. When the shares are retired, the capital stock account is reduced by its par value and excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Other Comprehensive Income
OCI are items of income and expense that are not recognized in the profit or loss for the year in accordance with PFRS. The Group's OCI in 2015 and 2014 pertains to: (a) net unrealized gains and losses on available for sale securities which can be recycled to profit and loss; (b) cumulative translation adjustments; and (c) remeasurement gains and losses arising from defined benefit retirement plan which cannot be recycled to profit or loss.

5. **Cash and Cash Equivalents**

This account consists of:

	Unaudited March 2016	Audited December 2015
Cash on hand and in banks	**₱1,970,122,332**	₱1,726,651,223
Short-term investments	**1,894,260,696**	612,562,543
	₱3,864,383,028	₱2,339,213,766

Cash in banks earn interest at the respective bank deposit rates. Short-term investments are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn annual interest at the respective short-term investment rates.

Interest income from cash in banks and short-term investments amounted to ₱10.11 million, ₱10.35 million and ₱10.01 million for the periods ended March 31, 2016, 2015 and 2014, respectively (Note 23).

6. **Loans Receivable**

Loans receivable consists of:

	Unaudited March 2016	Audited December 2015
Gross receivables	**₱22,114,192**	₱17,481,969
Less allowance for impairment	**3,874,392**	3,819,369
	18,239,800	13,662,600
Less noncurrent portion	**3,635,638**	3,491,253
Current portion	**₱14,604,162**	₱10,171,347

Loans receivable is composed of receivables of ZIFC with the following details:

	Unaudited March 2016	Audited December 2015
Time loan principals	**₱29,766,368**	₱25,262,473
Unearned discount and interest	**(7,652,176)**	(7,780,504)
	22,114,192	17,481,969
Less allowance for impairment	**3,874,392**	3,819,369
	₱18,239,800	₱13,662,600

Time loan principals are collectible in full at maturity date while interest is due monthly or at maturity. Annual interest rates range from 12% to 31% in 2016, 2015 and 2014. The term of the loan ranges from one (1) to five (5) years.

Details of receivables follow:

a) As to secured and unsecured and type of security for secured loans

	Unaudited September 2016	Audited December 2015
Secured loans		
Chattel mortgage	**₱8,842,368**	₱4,387,234
Real estate mortgage	**20,061,324**	20,012,563
	28,903,692	24,399,797
Unsecured loans	**862,676**	862,676
	₱29,766,368	₱25,262,473

b) As to maturity

	Unaudited March 2016	Audited December 2015
Maturing within one year	**₱25,036,453**	₱20,188,954
Maturing one year to five years	**4,729,915**	5,073,519
	₱29,766,368	₱25,262,473

The changes in individually assessed allowance for impairment as at March 31 follow:

	Unaudited March 2016	Audited December 2015
Balance at beginning of year	**₱3,819,369**	₱3,687,378
Provision for impairment losses	**55,023**	250,000
Accounts written off	**–**	(118,009)
Balance at end of year	**₱3,874,392**	₱3,819,369

7. **Accounts Receivables**

This account consists of:

	Unaudited March 2016	Audited December 2015
Trade		
Construction and infrastructure (including retention receivable of ₱2.8 billion and ₱2.5 billion in 2016 and 2015, respectively)	**₱8,033,730,000**	₱5,301,390,692
Car dealership	**788,291,066**	732,345,921
Education and information technology	**222,856,853**	183,325,950
Other services	**30,929,028**	18,964,887
Other receivables		
Advances to suppliers and contractors	**786,207,649**	739,095,204
Consultancy fee	**283,191,000**	289,688,635
Advances to officers and employees	**52,666,169**	41,926,134
Receivables from plant	**54,930,220**	58,497,711
Rent receivable	**207,807**	499,708
Others	**544,877,574**	396,959,599
	10,797,887,366	7,762,694,441
Less allowance for impairment	**273,913,120**	269,684,970
	₱10,523,974,246	₱7,493,009,471

<u>Trade receivables</u>
The trade receivables at amortized cost are noninterest-bearing and collectible within one (1) year.

This consists of the following:

Receivable from construction and infrastructure
Receivables from construction and infrastructure represent amounts arising from domestic and foreign construction contracts. These receivables are based on the monthly progress billings provided to customers over the period of the construction and collectible over a period of thirty (30) to ninety (90)-day period. Retention receivables are recouped upon completion of the construction contract.

Receivables from car dealership
Receivables from car dealership represent amounts arising from the sale of car, parts and accessories and services collectible within 30 days.

Receivables from education and information technology
Receivables from education and information technology represent amounts arising from tuition and other fees generally collectible within 90 days and from computer and service sales collectible within 30 days.

Receivables from other services
Receivables from other services represent amounts arising from management and consultancy services provided by the Group generally collectible within 30 days.

No trade receivables are used as collaterals to secure obligations in 2015 and 2014.

<u>Other receivables</u>
Advances to suppliers and subcontractors represent down payment to subcontractors for the contract work to be performed and advance payment for the purchase of various construction materials and machineries and equipment items.

Consultancy fees pertain to receivables arising from contract negotiations, administration of commercial issues and claims, sales leads and application of computerization programs.

Advances to officers and employees mainly pertain to interest-bearing advances and loans made by officers and employees. Annual interest of 6.0% shall be liquidated on a monthly basis through salary deduction and therefore collectible within a year.

Receivables from plant pertain to non-interest bearing receivables from Honda Cars Philippines, Inc. and Isuzu Philippines Corporation, for promotional subsidy and fleet discounts. Receivables from plant are collectible within a year in the normal course of Group's business.

Receivables classified as "Others" consist of interest, dividends, commission, rebates, insurance and various receivables.

8. Inventories

This account consists of:

	Unaudited March 2016	Audited December 2015
At cost		
Land and land development	**₱222,750,598**	₱219,256,480
Subdivision lots and contracted units for sale	**85,875,299**	85,875,299
Raw lands	**44,916,103**	44,916,103
	353,542,000	350,047,882
At NRV		
Merchandise	**847,077,748**	893,900,215
Construction materials	**32,811,000**	33,895,779
Spare parts and supplies	**12,305,074**	28,405,761
	892,193,822	956,201,755
	₱1,245,735,822	₱1,306,249,637

There were no capitalized borrowing costs in 2016, 2015 and 2014.

The Group has no purchase commitments pertaining to its inventories as at March 31, 2016 and December 31, 2015.

No inventories are pledged as security to obligations as of March 31, 2016 and December 31, 2015.

9. Prepaid Expenses and Other Current Assets

This account consists of:

	Unaudited March 2016	Audited December 2015
Input value added tax (VAT)	**₱501,888,788**	₱502,953,013
Prepaid taxes	**255,085,136**	171,957,405
Current portion of receivable from EEI Retirement Fund, Inc.	**117,262,962**	117,361,532
Prepaid expenses	**115,171,666**	92,423,446
Miscellaneous deposits - net	**49,562,373**	46,603,429
Restricted cash investment	**8,877,427**	8,388,705
Unused office supplies	**4,753,029**	4,644,275
Others	**57,080,282**	55,576,122
	₱1,109,681,663	₱999,907,927

Input VAT represents taxes imposed to the Group by its suppliers and contractors for the acquisition of goods and services required under Philippine taxation laws and regulations. This will be used against future output VAT liabilities or will be claimed as tax credits. Management has estimated that all input VAT is recoverable at its full amount.

Prepaid taxes pertain mainly to the Group's creditable withholding taxes and tax credit certificates.

Receivable from EEI Retirement Fund, Inc. (EEI-RFI) resulted from the sale of land by EEI to EEI-RFI.

Prepaid expenses include prepayments for freight and insurance.

Miscellaneous deposits mainly represent the Group's refundable rental, utilities and guarantee deposits on various machineries and equipment, net of allowance for impairment.

Restricted cash investment represents the Group's time deposits used as security for the payment of the Group's obligations and liabilities.

10. Available-for-Sale Financial Assets

This account consists of:

	Unaudited March 2016	Audited December 2015
Quoted shares - at fair value	**₱77,372,546**	₱66,220,064
Unquoted shares - at cost	**567,768,979**	568,428,979
	₱645,141,525	₱634,649,043

Movements in the net accumulated unrealized gain on available-for-sale financial assets are as follows:

	Unaudited March 2016	Audited December 2015
Attributable to equity holders of the parent:		
Balance at beginning of year	**₱86,516,972**	₱105,648,267
Gain (loss) recognized in equity	**11,075,102**	(19,131,295)
Balance at end of year	**97,592,074**	86,516,972
Noncontrolling interest:		
Balance at beginning of year	**₱ 2,915,590**	₱7,060,756
Gain (loss) recognized in equity	**77,189**	(4,145,166)
Balance at end of year	**2,992,779**	2,915,590
	₱100,584,853	₱89,432,562

The unquoted shares consist of shares of the following nonlisted companies:

	Unaudited March 2016	Audited December 2015
PetroGreen Energy Corporation	**₱237,279,889**	₱237,279,889
RCBC Realty Corporation (RRC)	**206,656,581**	206,656,581
Hermosa Ecozone Development Corporation	**100,000,000**	100,000,000
Brightnote Assets Corporation	**11,000,000**	11,000,000
Sta. Elena Properties	**7,680,033**	7,680,033
Heritage Park	**2,420,000**	3,080,000
Subic Power Corporation	**37,500**	37,500
Others	**2,694,976**	2,694,976
	₱567,768,979	₱568,428,979

Fair value information has not been disclosed for the Group's investments in equity instruments that are carried at cost and unquoted, because fair value cannot be measured reliably. These equity instruments represent ordinary shares in private companies that are not quoted on any market and do not have any comparable industry peer that is listed. The Group does not intend to dispose of these investments in the foreseeable future.

The Group's investments in RRC, classified as AFS securities, are non-voting preference shares.

On January 26, 2015, the Group purchased 143.4 million shares amounting to ₱237.3 million for a 10% equity interest in PetroGreen Energy Corporation (PGEC). On July 24, 2015, the Group acquired additional shares of YGC Corporate Services, Inc. amounting ₱0.4 million.

In 2015, Brightnote issued a certificate of decrease in capital stock which resulted to a decrease in the Group's investment by ₱14.0 million.

As of March 31, 2016 and December 31, 2015, available-for-sale investments pledged as security to obligations amounted to ₱206.66 million and ₱249.4 million, respectively.

11. Investments in Associates and Joint Venture

The details of investments accounted for under the equity method are as follows:

	Unaudited March 2016	Audited December 2015
Acquisition cost		
Balances at beginning	**₱3,028,011,650**	₱1,992,371,494
Additions	**234,400,000**	1,035,640,156
Balance at end of year	**3,262,411,650**	3,028,011,650
Accumulated impairment loss	**74,536,609**	74,536,609
Accumulated equity in net earnings		
Balance at beginning of year	**1,353,124,709**	2,025,354,729
Equity in net earnings (losses)	**(40,121,057)**	(632,845,100)
Dividends received	**(7,500,000)**	(39,384,920)
Balance at end of year	**1,305,503,652**	1,353,124,709
Equity in cumulative translation adjustment	**39,310,290**	56,984,111
	₱4,532,688,983	₱4,363,583,861

The Group's share in the net income of ARCC is subject to 20% Saudi Arabia income taxes.

In 2015, the Parent Company availed of the stock rights issued by PERC totaling 30.68 million shares for ₱4.38 per share. Such transaction did not result to a change in the 22.41% ownership of the Group on PERC. PERC's market price amounted to ₱3.5 per share as of December 31, 2015.

As of March 31, 2016, investments in RRC and MMPCI amounting ₱958.7 million and ₱14.4 million, respectively, were pledged as security to obligations.

12. **Property and Equipment**

The rollforward analysis of this account follows:

	Unaudited March 2016	Audited December 2015
At Cost		
Land, Buildings and Improvements	**₱3,535,180,626**	₱3,518,964,872
Machinery, Tools and Construction Equipment	**4,431,260,430**	4,164,600,286
Transportation and Service Equipment	**995,053,913**	1,032,484,749
Furniture, Fixtures and Office Equipment	**2,025,479,285**	1,976,232,744
	10,986,974,254	10,692,282,651
Less: Accumulated Depreciation	**(4,778,994,154)**	(4,572,284,238)
	6,207,980,100	6,119,998,413
Construction in Progress	**21,408,095**	21,131,339
Net book value at Cost	**6,229,388,195**	6,141,129,752
Allowance for impairment	**(1,349,759)**	(1,349,759)
Net book value at Cost net of Impairment	**6,228,038,436**	6,139,779,993
Land at revalued amount	**4,093,868,216**	4,093,370,740
	₱10,321,906,652	₱10,233,150,733

In 2013, the Group entered into a contract for the construction of new school facilities in a bid to attract more students. This construction has two major phases. The first phase is the renovation and update of the existing gym amounting ₱44.1 million which was completed in 2014. The second phase is the construction of the new Research and Administration facility amounting to 238.7 million. This started in May 2014 and was inaugurated in February 2015.

On July 8, 2014, the Group also started the construction of the new engineering building in Laguna amounting to ₱171.9 million which was completed in June 2015. The building was equipped with state-of-the-art facilities and interactive learning environment to aid the students in their advanced engineering studies.

In 2015, the Research and Administration facilities and the new engineering building were transferred from construction in progress account to buildings and improvements account. Construction in progress amounting to ₱18.03 million as of December 31, 2015 pertains to ongoing renovation of old libraries and buildings.

On August 12, 2015, the long-term loan of EEI Power for which the 15MW generator sets and auxiliary equipment and spare parts amounting to ₱108.8 million were held as collateral was fully settled. Thereafter, the Deed of Chattel Mortgage was cancelled and released.

There were no capitalized borrowing costs in 2016 and 2015.

Movements in the revalued land are as follow:

	Unaudited March 2016	Audited December 2015
Balance at beginning of year	**₱4,093,370,740**	₱2,836,565,819
Additions:		
Acquisition	–	425,500,000
Capitalizable costs directly related to land purchased	**497,476**	11,734,520
Appraisal increase	–	819,570,401
Balance at end of year	**₱4,093,868,216**	₱4,093,370,740

Land at cost amounted to ₱2.2 billion as at March 31, 2016 and December 31, 2015 respectively.

The revalued amounts in 2015 are based on the latest appraisal reports by an independent appraiser dated January 2016. Fair value is determined using Market Data Approach based on latest records of sales and offerings of similar parcels of land with similar location, size, shape, characteristics of the lots and present and prospective use. Management believes that the fair values derived as of January 2016 approximate the fair values as at December 31, 2015.

The land was last appraised in January 2016 by an independent firm of appraisers, Vitale Valuation Services, Inc.

The valuation was derived through the market data approach based upon prices paid in actual market transactions. This approach relies on the comparison of recent sale transactions or offerings of similar properties which have occurred and/or offered with close proximity to the subject properties adjusted based on certain elements of comparison (e.g. market conditions, location and physical condition).

Significant increases (decreases) in estimated price per square meter would result in a significantly higher (lower) fair value of the land.

The land was valued in terms of their highest and best use which is categorized under Level 3 of the fair value hierarchy. There was no transfer between levels of fair value measurement in 2016 and 2015.

13. **Goodwill**

Goodwill arose from acquisitions of EEI, iPeople and MCI.

Goodwill attributable to each follows:

	Unaudited March 2016	Audited December 2015
EEI Corporation and Subsidiaries	**₱300,859,305**	₱300,859,306
Malayan Colleges, Inc. (MCI)	**137,853,346**	137,853,346
iPeople,inc. (IPO)	**32,644,808**	32,644,808
	₱471,357,459	₱471,357,460

There are no additional impairment losses on goodwill in 2016, 2015 and 2014.

The Group performed its annual impairment test on its goodwill with indefinite useful lives as of December 31, 2015. The recoverable amount of goodwill was determined based on value in use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. The cash flow projections considered the impact of the Enhanced K+12 Basic Education Program on MCI's financial performance effective in 2016. Cash flows beyond the five-year period are assumed to be without growth.

14. Investment Properties

The rollforward analysis of this account follows:

	Unaudited March 31, 2016		
	Land Held for Capital Appreciation	Condominium Units and Parking Slots	Total
Cost			
Balances at beginning of year	**₱203,822,291**	**₱52,391,054**	**₱256,213,345**
Additions	–	–	–
Disposals	**(2,765,998)**	**(27,533,636)**	**(30,299,634)**
Balances at end of year	**201,056,293**	**24,857,418**	**225,913,711**
Accumulated Depreciation and Amortization			
Balances at beginning of year	–	**19,669,845**	**19,669,845**
Additions	–	**436,834**	**436,834**
Disposals		**(8,879,908)**	**(8,879,908)**
Balances at end of year	–	**11,226,771**	**11,226,771**
Net Book Value	**₱201,056,293**	**₱13,630,648**	**₱214,686,940**

	Audited December 2015		
	Land Held for Capital Appreciation	Condominium Units and Parking Slots	Total
Cost			
Balances at beginning of year	₱210,429,459	₱68,445,854	₱278,875,313
Disposals	(6,607,168)	(16,054,800)	(22,661,968)
Balances at end of year	203,822,291	52,391,054	256,213,345
Accumulated Depreciation and Amortization			
Balances at beginning of year	–	18,579,206	18,579,206
Depreciation and amortization	–	3,008,388	3,008,388
Disposals	–	(1,917,749)	(1,917,749)
Balances at end of year	–	19,669,845	19,669,845
Net Book Value	₱203,822,291	₱32,721,209	₱236,543,500

Investment properties represent various parcels of land, condominium units and parking slots held for capital appreciation and rental, respectively.

The fair value of the land and condominium units and parking slots was arrived at using the Market Data Approach. In this approach, the value of the land and condominium units and parking slots are based on sales and listings of comparable properties registered within the vicinity.

The land was valued in terms of their highest and best use which is categorized under Level 3 of the fair value hierarchy. There was no transfer between levels of fair value measurement in 2016 and 2015.

None of the investment properties were pledged as a security to obligations as of March 31, 2016 and December 31, 2015.

15. **Other Noncurrent Assets**

This account consists of:

	Unaudited March 2016	Audited December 2015
Receivable from customer	**₱211,442,961**	₱162,326,173
Receivable from EEI Retirement Fund, Inc. (EEI-RFI)	**156,000,000**	156,000,000
Computer software	**16,795,463**	15,791,828
Others	**17,923,987**	18,878,767
	₱402,162,411	₱352,996,768

Receivable from customer represents advances to project owner subject to liquidation after project completion expected to be completed beyond one year.

There were no impairment recognized for computer software during the year and in prior periods.

Rollforward of computer software follows:

	Unaudited March 2016	Audited December 2015
Cost		
Balance at the beginning of the year	**₱96,024,917**	₱88,895,987
Additions	**5,466,154**	7,128,930
Balance at the end of the year	**101,491,071**	96,024,917
Accumulated Amortization		
Balance at the beginning of the year	**80,233,089**	60,390,418
Amortization (Note 29)	**4,462,519**	19,842,671
Balance at the end of the year	**84,695,608**	80,233,089
Net Book Value	**₱16,795,463**	₱15,791,828

Other noncurrent assets include noncurrent deferred charges, deposit on contracts, refund from Meralco and others.

16. **Accounts Payable and Accrued Expenses**

This account consists of:

	Unaudited March 2016	Audited December 2015
Accounts payable	**₱5,072,650,179**	₱5,558,361,086
Accrued expenses	**895,629,917**	541,563,548
Deferred output taxes	**835,726,711**	559,612,484
Output tax payable	**217,865,153**	266,429,537
Subscriptions payable	**31,988,718**	31,988,718
Dividends payable	**24,954,539**	23,816,752
Payable to PTC	**15,001,322**	13,052,018
Accrued interest payable	**9,522,432**	15,008,773
Others	**3,624,903**	3,682,517
	₱7,106,963,874	₱7,013,515,433

Accounts payable pertains to the Group's obligation to local suppliers. The normal trade credit terms of accounts payable and accrued expenses of the Group are expected to be settled within the next twelve (12) months.

Deferred output taxes are expected to be remitted to the government (net of input VAT) immediately upon collection of related receivables which is expected to be settled within the next twelve months.

Subscriptions payable represents unpaid subscriptions on equity securities.

Accrued expenses consist of:

	Unaudited March 2016	Audited December 2015
Accrued salaries and wages	**₱186,092,232**	₱164,973,164
Accrued rent	**125,388,188**	73,934,219
Withholding taxes and others	**88,930,119**	64,345,366
Accrued insurance	**36,460,535**	28,554,229
SSS and other contributions	**29,580,868**	24,162,510
Payable to security guards	**11,717,057**	11,465,981
Chattel mortgage payable	**8,351,159**	8,351,159
Deferred income	**4,565,937**	8,610,319
Accrued professional fee	**4,472,873**	16,439,193
Payable to Land Transportation Office	**2,011,201**	2,011,201
Rust proofing payable	**19,763**	19,763
Others	**398,039,985**	138,696,444
	₱895,629,917	₱541,563,548

Accrued salaries and wages include the Group's recognized payable associated with the Faculty Association of Mapua Institute of Technology (FAMIT) reranking case. This case involves the faculty ranking and evaluation that was part of the 2001 Collective Bargaining Agreement negotiations by MCI with the FAMIT. The Supreme Court reversed an earlier Court of Appeals decision in favor of management. An entry of judgment dated March 13, 2008 was made in the Supreme Court Book of Entries of Judgments, making the decision final and executory. A Memorandum of Agreement was entered into by management with FAMIT before the Voluntary Arbitrators wherein the parties agreed to continue the process of faculty ranking. The evaluation process was completed in December 2008.

Other accrued expenses pertain to due to bookstore, unearned seminar fees, unearned interest income, deferred commission income, deferred credits and liabilities other than those owed to suppliers and contractors and those arising from ordinary accruals. As of March 31, 2016, unreleased checks amounting to ₱323.53 million are included in other accrued expenses.

Payable to PTC

On January 22, 2008, the Group entered into a memorandum of agreement with Philippine Transmarine Carriers, Inc. (PTC) to jointly establish the Mapua-PTC Center for Maritime Education and Training (CMET).

The parties agree that the operation and management of Mapua-PTC CMET shall be under the auspices of the Group and that the parties shall execute both an Operations and Management Agreement to operate the educational activities and general administrative functions of the Mapua-PTC CMET. The agreement was accounted for as jointly controlled operations.

The Group shall be responsible for establishing academic, faculty, student and academic services policies and the enforcement thereof, as well as provide overall administrative control and supervision of all school personnel, faculty and engaged service providers.

All properties acquired under the project shall be equally owned by the PTC and the Group unless otherwise borrowed or leased by the Group for the Mapua-PTC CMET or donated with preconditions imposed by third parties on Mapua-PTC CMET.

All net income or losses which results from the operation of the Mapua-PTC CMET shall be shared and distributed equally on a 50%-50% basis between the Group and PTC.

In 2015, the parties agreed that the above agreement shall continue for the next 5 years unless earlier terminated by either party evidenced by the Memorandum of Agreement executed on September 16, 2015.

As at March 31, 2016 and December 31, 2015, payable to PTC amounted to ₱15.0 million and ₱13.05 million, respectively, for its share in the income of tuition and other matriculation fees of students of the Malayan-PTC CMET.

17. Loans Payable

This account consists of:

	Unaudited March 2016	Audited December 2015
Loans payable		
Secured bank loans	**₱1,080,000,000**	₱4,000,000,000
Unsecured bank loans	**5,845,000,000**	160,000,000
	₱6,925,000,000	₱4,160,000,000

Unsecured

Unsecured bank loans are obtained from local banks and related party financial institutions with annual interest rates ranging from 2.00% to 3.50% and 2.00% to 3.27%in 2016 and 2015, respectively.

The loan requires the Group to maintain consolidated debt-to-equity ratio below 3:1 in its consolidated financial statements. In 2016 and 2015, the Group had complied with the loan covenants.

Secured

The secured loans from local banks bear annual interest rates ranging from 2.50% to 3.28% and 3.00% to 3.49% in 2016 and 2015, respectively. The carrying value of the investment in subsidiary (at cost) held as collaterals amounted to ₱33.65 million as of March 31, 2016 and December 31, 2015, respectively.

18. **Long-term Debt**

This pertains to the long-term debt of the following companies:

	Unaudited March 2016	Audited December 2015
Parent Company		
Peso-denominated syndicated bank loan payable within ten (10) years which shall commence after three (3) years from the date of issue with a floating rate per annum based on the higher of (i) the three (3) - month Philippine Dealing System Treasury Reference Rates - Fixing (PDST-F) plus a spread of two percent (2.0%) per annum or (ii) the BSP overnight rate plus a spread of 1.5%	**₱681,905,422**	₱644,072,479
Peso-denominated syndicated bank loan payable within 10 years which shall commence after three (3) years from the date of issue with a fixed rate per annum based on the highest of (i) five (5)-year PDST-F, plus a spread of 2.0% per annum or (ii) floating rate per annum based on the higher of (i) the three (3) - month Philippine Dealing System Treasury Reference Rates - Fixing (PDST-F) plus a spread of 2.0% per annum or (ii) the BSP overnight rate plus a spread of 1.5% or (iii) 5.5% per annum	**681,905,421**	644,072,478
Peso-denominated five (5) year term loan, payable in twenty (20) equal quarterly installments starting March 2016 with interest of 5.11% per annum	**400,000,000**	500,000,000
MCI		
Peso-denominated syndicated bank loan payable after 7.5 years starting November 2010 without grace period on principal payment, subject to floating rate equal to the 3-month Philippine Dealing System Treasury Reference Rates-Fixing (PDST-F) plus a per annum spread of 1.75% payable in accelerating amounts up to May 22, 2018 in 2015 and November 22, 2020 in 2014.	**167,000,000**	188,500,000
EEI Power		
Peso-denominated seven (7) year term loan, payable quarterly starting June 2014 with interest of 6.50% per annum inclusive of two (2) year grace period on principal amortization	**464,285,000**	482,142,858
EEI		
Fixed-rate corporate promissory notes with effective interest rates of 5.1667% and 5.1875% per annum	**1,250,000,000**	1,303,571,428
	3,645,095,843	3,762,359,243
Less current portion of long-term debt	**523,693,154**	498,897,436
	₱3,121,402,689	₱3,263,461,807

Parent Company
On September 17, 2013, the Parent Company obtained interest-bearing loans from various local commercial banks (Eastwest Bank, Robinsons Bank and Philippine Bank of Communications) which were executed through individual loan agreements with chattel mortgage. Each interest-bearing loan has a term of ten years. Fifty percent (50%) of the total loan will be paid on the 10th year, while the remaining 50% of the loan, inclusive of a three (3) year grace period on principal payment, will be paid in 28 quarterly instalments commencing on the 13th quarter.

The proceeds of the loan were used for the acquisition of the 10% ownership in RCBC Realty Corporation (RRC). A portion of each loan bears a fixed annual effective interest rate of 5.5%, subject to repricing on the fifth (5) year while the remaining portion bears a floating effective interest rate of 5%, subject to quarterly repricing.

Loans financed by Eastwest Bank are secured by the Parent Company's investment in an associate. The carrying value of the investment held as collateral amounted to ₱773.6 million as of March 31, 2016 and December 31, 2015, respectively.

Loans financed by Robinsons Bank are secured by the Parent Company's investment in an associate and investment in subsidiary with carrying values amounting ₱323.5 million and ₱167.6 million as of March 31, 2016, respectively, and ₱323.5 million and ₱281.2 million as of December 31, 2015, respectively.

Loans financed by Philippine Bank of Communications are secured by the Parent Company's investment in subsidiary. The carrying value of the investment held as collateral amounted to ₱307.2 million as of March 31, 2016 and December 31, 2015, respectively.

The aggregate outstanding long-term debt to the three (3) banks amounted to ₱1,363.81 million and ₱1,288.14 million as of March 31, 2016 and December 31, 2015, respectively.

In 2015, the Parent Company paid its outstanding loan from RCBC amounting ₱398.44 million.

On December 16, 2015, the Parent Company acquired from BPI loan amounting ₱500.0 million, payable within five (5) years. The proceeds of the loan were used for general financing requirements and working capital purposes. This loan is secured by shares of the Parent Company to a subsidiary. The carrying value of the shares amounted to ₱75.7 million as of March 31, 2016 and December 31, 2015, respectively.

MCI
MCI acquired a loan from RCBC amounting to ₱860.0 million, payable within ten (10) years. This loan is backed up by land properties in Manila and Makati owned by the Group. The unpaid principal amount is subject to floating rate equivalent to 3-month PDST-F plus a per annum spread of 1.75%. The carrying value of the collateral amounted to ₱2,220.4 million and in 2016 and 2015, respectively.

In 2015, the MCI made payments amounting to ₱241.50 million which effectively shortened the term of the loan. The new maturity date of the loan is May 22, 2018.

The loan requires MCI to maintain debt-to equity ratio below 2.5:1 and current ratio not less than 1:1. In 2015 and 2014, MCI had complied with the loan covenants.

EEI Power Corporation
On August 28, 2015, EEI Power entered into a 4.8% per annum fixed rate term loan amounting to ₱500.00 million with the Bank of the Philippines Island (BPI).

The Group has complied with all loan covenants for the years ended December 31, 2015 and 2014.

On June 13, 2012, EEI Power entered into a secured 6.5% fixed-rate term loan in the aggregate principal amount of ₱385.0 million with Rizal Commercial Banking Corporation (RCBC) to finance the acquisition, design, construction, operation of the 15MW diesel generator set to be installed in Tagum, Davao del Norte (Notes 14 and 22).

The loan shall be available in staggered drawdowns within the following conditions:

i. Initial loan release shall be lesser than or equivalent to the loan value of existing collateral and/or additional collateral;
ii. Subsequent loan releases shall depend on the value of submitted collateral.

The loan shall have a term of seven (7) years inclusive of two (2) years grace period on the principal amortization reckoned from the initial drawdown date. The loan shall be payable on equal quarterly amortization to commence at the end of the 8th quarter. On August 12, 2015, the loan was fully settled. The Deed of Chattel Mortgage of the assets provided as collateral was cancelled and released in 2015.

EEI
On June 15, 2015, the EEI obtained a loan from Land Bank of the Philippines amounting to ₱1,000,000,000 with an interest of 4.8000% per annum. This loan matures within seven (7) years from the date of issue.

On February 7, 2014 and February 18, 2014, the Parent Company entered into unsecured fixed-rate corporate promissory note amounting to ₱50.0 million and ₱450.0 million with Land Bank of the Philippines with effective interest of 5.1667% and 5.1875% per annum, respectively. In 2015, the bank reduced the interest rate to 4.8000% from May 26, 2015 until maturity. The loans mature within seven (7) years from the date of issue. The proceeds of the loan were used for general corporate and project financing requirements.

The loan is subject to loan covenants wherein EEI Power must not allow its total debt to equity ratio and current ratio, computed in accordance with generally accepted accounting principles consistently applied, to exceed 3:1 and 1:1, respectively.

19. Retained Earnings

In accordance with SRC Rule No. 68, As Amended (2011), Annex 68-C, after reconciling items, the Parent Company's retained earnings available for dividend declaration as of March 31, 2016 amounted to ₱2,065.5 million.

Under the Tax Code, publicly-held corporations are allowed to accumulate retained earnings in excess of capital stock and are exempt from improperly accumulated earnings tax.

Restrictions
The Group's retained earnings include accumulated earnings of subsidiaries amounting ₱5,441.2 million and ₱5,352.1 million in March 31, 2016 and December 31, 2015, respectively, not declared as dividends to the Group. Accordingly, these are not available for dividend declaration.

The Group's retained earnings is restricted to payment of dividends to the extent of the cost of shares held in treasury amounting ₱2.6 million.

20. Capital Stock

The authorized preferred stock is 2,500,000,000 shares at ₱0.40 par value. A reconciliation of the number of preferred shares outstanding as at March 31, 2016, 2015 and 2014 follows:

	2016		2015		2014	
	Amount	**Shares**	Amount	Shares	Amount	Shares
Beginning of the year	**₱310,729,869**	**776,824,673**	₱344,007,243	860,018,106	₱380,670,413	951,676,035
Redemption of preferred stock	**(7,768,247)**	**(19,420,618)**	(8,600,181)	(21,500,455)	(9,516,760)	(23,791,901)
Conversion of preferred stock to common stock	–	–	–	–	–	–
	₱302,961,622	**757,404,055**	₱335,407,062	838,517,651	₱371,153,653	927,884,134

The authorized common stock is 1,250,000,000 shares at ₱1.50 par value. A reconciliation of the number of common shares outstanding as at March 31, 2016, 2015 and 2014 follows:

	2016		2015		2014	
	Amount	**Shares**	Amount	Shares	Amount	Shares
Beginning of the year	**₱924,444,172**	**616,296,114**	₱924,295,136	616,196,757	₱924,295,136	616,196,757
Conversion of preferred stock to common stock	–	–	–	–	–	–
	924,444,172	**616,296,114**	924,295,136	616,196,757	924,295,136	616,196,757
Treasury stock	**(2,607,600)**	**(300,000)**	(2,607,600)	(300,000)	(2,607,600)	(300,000)
	₱921,836,572	**615,996,114**	₱921,687,536	615,896,757	₱921,687,536	615,896,757

On May 24, 2013, the Parent Company repurchase 300,000 shares held as treasury stock at ₱8.69 per share for ₱2.61 million.

Details of capital stock redemption follow:

	January to March 31		
Redemption:	**2016**	2015	2014
March 31, 2016, redeemed 19,420,618 preferred shares at ₱0.40 per share	**₱7,768,247**	–	–
March 20, 2015, redeemed 21,500,455 preferred shares at ₱0.40 per share	–	₱8,600,181	–
March 28, 2014, redeemed 23,791,901 preferred shares at 0.40 per share	–	–	₱9,516,760
	₱7,768,247	₱8,600,181	₱9,516,760

The Parent Company's preferred shares have the following features:

a) Entitled to dividends at the rate of average 91-day T-Bill plus two percent;
b) Fully participating as to distribution of dividends;
c) Convertible into common shares at the option of the holders thereof from the date of issue at the conversion rate of 3 and 3/4 preferred shares to 1 common share for a price of ₱1.50 per common share subject to adjustments;
d) Redeemable at any one time or from time to time, at the option of the BOD of the Parent Company, subject to availability of funds; and
e) With voting rights and preferences as to assets upon dissolution of the Parent Company over common shareholders.

Below is the summary of the outstanding number of shares and holders of security as at March 31, 2016:

Year	Number of shares registered	Issue/offer price	Date of approval	Number of holders of securities as of year end
Preferred shares:				
January 1, 2015	860,018,109	₱0.40		49
Movement:	(21,500,455)	0.40	March 20, 2015	
	(20,962,941)	0.40	July 17, 2015	
	(20,438,868)	0.40	September 24, 2015	
	(19,918,581)	0.40	December 3, 3015	
December 31, 2015	777,197,264			49
Conversion	(372,591)		November 26, 2015	
December 31, 2015	776,824,673			
Movement:	(19,420,618)	0.40	March 20, 2015	
March 31, 2016	757,404,055			48
Conversion	–			
March 31, 2016	757,404,055			48

Year	Number of shares registered	Issue/offer price	Date of approval	Number of holders of securities as of year end
Common Shares:				
January 1, 2015	616,196,757			403
Conversion	99,358	₱1.50	November 26, 2015	
December 31, 2015	616,296,115			403
No Movement	–			
March 31, 2016	616,296,115			401

SEC approved the registration of the Group's authorized capital stock before its listing date with the Philippine Stock Exchange, which was on July 2, 1962. The actual numbers of shares initially listed were 584,085 at an offer price of ₱10.0 per share. Total number of preferred and common shareholders was 48 and 401 respectively, as of March 31, 2016 and 49 and 403 respectively, as of December 31, 2015.

21. Cash Dividends

The BOD declared cash dividends as follows:

	January to March 31		
	2016	2015	2014
March 31, 2016, ₱ 0.004 per share cash dividend to stockholders of preferred shares as of April 28, 2016 payable on or before May 20, 2016. The cash dividend covered the first quarter of 2016.	**₱2,761,612**		
March 20, 2015, ₱0.003 per share cash dividend to stockholders of preferred shares as of April 17, 2015 payable on or before May 12, 2015.		₱2,983,403	–
March 28, 2014, ₱0.003 per share cash dividend to stockholders of preferred shares as of April 25, 2014 payable on or before May 20, 2014. The cash dividend covered the first quarter of 2014.	–		₱2,902,612
	₱2,761,612	₱2,983,403	₱2,902,612

22. Earnings Per Share

Basic and diluted earnings per share amounts attributable to equity holders of the Group are computed as follows:

Unaudited basic earnings per share

	January to March 31		
	2016	2015	2014
Net income attributable to equity holders of parent company	**₱319,072,877**	₱301,840,993	₱221,939,796
Less dividends attributable to preferred shares (Note 21)	**2,761,612**	2,983,403	2,902,612
Net income applicable to common shares	**316,311,265**	298,857,590	219,037,184
Divided by the weighted average number of common shares	**615,996,114**	615,896,757	615,896,757
Basic earnings per share	**₱0.5135**	₱0.4852	₱0.3556

Unaudited diluted earnings per share

	January to March 31		
	2016	2015	2014
Net income applicable to common shares	**₱316,311,265**	₱298,857,590	₱219,037,184
Add dividends attributable to preferred shares	**2,761,612**	2,983,403	2,902,612
Net income applicable to common shares for diluted earnings per share	**319,072,877**	301,840,993	221,939,796
Weighted average number of common shares	**615,996,114**	615,896,757	615,896,757
Dilutive shares arising from convertible preference shares	**201,974,415**	223,604,708	253,780,275
Weighted average number of common shares for diluted earnings per share	**817,970,529**	839,501,465	869,677,032
Diluted earnings per share	**₱0.3901**	₱0.3595	₱0.2552

23. Other Income

This account consists of:

	January to March 31		
	2016	2015	2014
Dealers Income	**₱24,185,275**	₱18,968,289	₱15,598,971
Commission income	**15,145,154**	24,405,856	21,105,959
Interest income	**10,112,278**	10,350,098	10,009,448
Gain on sale from investment property	**8,111,000**	–	–
Insurance income	**4,017,379**	5,858,646	3,832,723
Rental income	**3,381,865**	2,430,734	3,128,770
Gain on sale from AFS securities	**2,938,571**	1,255,357	1,317,857

Forward

	January to March 31		
	2016	2015	2014
Gain on sale from property and equipment	**1,373,899**	535,713	(18,049)
Income from reversal of payables	**704,438**	–	–
Tax reimbursement	**560,000**	666,000	–
Income from sale of pre-owned cars	**107,339**	(60,447)	–
Income from defaults	**1,739,531**	–	–
Foreign exchange loss	**4,279,682**	(40,067)	499,719
Miscellaneous	**9,592,592**	19,016,905	9,790,737
	₱86,249,003	₱83,387,084	₱65,266,135

Miscellaneous include income from sale of sludge and used oil, rebate from purchase of fuel and rustproofing transactions.

24. Costs of Sales and Services

This account consists of:

	January to March 30		
	2016	2015	2014
Cost of services			
Cost of construction contracts	**₱2,999,646,000**	₱4,136,222,000	₱ 2,277,734,242
Cost of manpower and other services	**280,423,284**	316,403,721	339,050,870
	3,280,069,284	4,452,625,721	2,616,785,112
Cost of goods sold			
Cost of merchandise sold	**₱1,863,758,979**	₱1,423,273,836	₱ 1,035,819,656
Cost of real estate sold	–	–	–
	1,863,758,979	1,423,273,836	1,035,819,656
Cost of school and related operations (Note 25)	**290,202,527**	275,151,132	245,336,237
	₱5,434,030,790	₱6,151,050,689	₱3,897,941,005

25. **Tuition and other fees**

This amount consists of:

	January to March 31		
	2016	2015	2014
Personnel expenses	**₱146,438,702**	₱142,320,054	₱132,139,593
Depreciation and amortization	**43,216,199**	31,831,565	27,240,750
Student-related expenses	**41,392,175**	35,865,692	24,528,517
Utilities	**19,948,817**	21,585,736	19,142,657
Management and other professional fees	**18,147,334**	14,858,093	21,737,573
Advertising	**2,865,630**	4,104,133	1,319,922
Tools and library books	**2,692,806**	6,729,455	5,804,856
Repairs and maintenance	**2,377,390**	2,851,499	3,074,661
Seminar	**2,252,456**	1,928,795	2,070,614
Laboratory supplies	**2,240,795**	2,360,894	1,358,815
Periodicals	**1,962,276**	3,476,768	4,992
Insurance	**1,314,786**	945,129	967,938
Research and development fund	**1,294,592**	913,858	496,378
Office supplies	**1,049,256**	1,792,029	1,113,375
Accreditation cost	**582,298**	1,051,837	489,690
Taxes and licenses	**324,562**	730,954	-
Transportation and travel	**269,658**	448,797	566,332
Entertainment, amusement, and recreation	**82,315**	93,680	529,733
Rent	**58,202**	456,743	258,022
Miscellaneous	**1,692,278**	805,421	2,491,819
	₱290,202,527	₱275,151,132	₱245,336,237

26. **General and Administrative Expenses**

This account consists of:

	January to March 31		
	2016	2015	2014
Personnel expenses	**₱196,392,764**	₱175,328,446	₱172,000,308
Rent, light and water	**50,987,987**	50,156,146	49,384,691
Depreciation and amortization	**46,334,940**	44,508,782	38,672,609
Taxes and licenses	**31,635,292**	26,643,524	34,335,719
Entertainment, amusement and recreation	**14,793,707**	11,654,410	10,356,714
Transportation and travel	**14,215,476**	11,317,825	15,003,998
Advertising and promotions	**19,307,766**	17,862,405	20,277,398
Professional fees	**12,140,908**	9,609,666	8,594,421
Management and other fees	**14,783,180**	10,798,255	1,752,852
Repairs and maintenance	**6,475,745**	9,520,675	8,586,278
Securities and utilities	**7,956,526**	7,488,716	10,182,956
Office expenses	**7,015,514**	6,201,037	6,980,348
Direct expenses	**10,405,630**	1,280,435	1,743,918
Commissions	**8,390,167**	4,652,688	3,974,696
Insurance	**2,687,265**	2,324,160	2,103,047
Provision for impairment	**-**	1,620,073	-
Seminars	**353,727**	401,898	412,813
Donations and contributions	**1,112,250**	571,750	-

Forward

	January to March 31		
	2016	2015	2014
Accreditation cost	**5,016**	450,511	–
Loss (recovery) on damaged properties	**(600,000)**	-	
Provision (recovery) for inventory obsolescence	-	-	77,939
Provision for probable losses	**72,423**	81,531	6,187,815
Miscellaneous	**67,138,622**	30,690,067	24,976,637
	₱511,604,905	₱423,163,000	₱415,605,157

Miscellaneous expense includes dues and subscriptions, periodicals, training and seminar, bank charges, legal and notarial fees and other contracted services.

27. Noncontrolling Interest

Noncontrolling interest in consolidated subsidiaries represents shareholdings in subsidiaries not held by the Group.

Dividends paid to noncontrolling interest in consolidated subsidiaries amounted to ₱110.83 million, ₱118.62 million and ₱117.72 million in 2016, 2015 and 2014, respectively.

28. Operating Segment Information

For management purposes, the Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Segment financial information is reported on the basis that it is used internally for evaluating segment performance and allocating resources to segments.
The Group derives its revenues from the following reportable segments:

Construction and Infrastructure - mainly consists of revenues from EEI Corporation and subsidiaries as a general contractor and trader of construction equipment and parts. The subsidiaries of EEI are mainly involved in the provision for manpower services, construction, trading of equipment, power generation, steel fabrication, real estate and others.

Consumer Finance - represents the general financing and investment business of ZIFC.

Education and Information Technology - primarily consists of revenues from iPeople and subsidiaries (including MCI) in education, consulting, development, installation and maintenance of information technology systems.

Car Dealership - represents automotive dealerships of the Group.

Other Services - represent support services which cannot be directly identified with any of the reportable segments mentioned above. These include sale of pharmaceutical products, trading of consumer goods and rendering various services to the consumers.

Segment assets and liabilities exclude deferred income tax assets and liabilities. Inter-segment income arise from transactions that were made on terms equivalent to those that prevail in an arms-length transactions.

Management monitors construction revenue and segment net income for the purpose of making decisions about resource allocation. Segment performance is evaluated based on net income and construction revenue.

Segment reporting is consistent in all periods presented as there are no changes in the structure of the Group's internal organization that will cause the composition of its reportable segment to change.

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

House of Investments Inc and Subsidiaries
Unaudited Operating Segment Attributable to Equity Holders of the Parent Company
For the periods ended March 31, 2016 and 2015

	Construction and Infrastructure		Consumer Finance		Education and Information Technology		Other Services		Eliminations		Consolidated	
	2016	2014	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
Revenues	**3,691,425,000**	4,820,303,000	**2,570,254**	3,116,484	**637,371,006**	577,321,022	**2,325,680,124**	1,781,217,030	**(168,386,292))**	(164,572,101)	**6,488,660,092**	7,017,385,435
Net Income (Loss)	**98,065,644**	159,551,000	**714,204**	820,197	**225,056,934**	194,937,167	**199,609,009**	174,173,660	**(204,372,914)**	(227,641,031)	**319,072,877**	301,840,993
Other Information												
Segment Assets	**25,073,236,584**	18,598,949,429	**28,503,955**	27,831,037	**6,072,265,674**	5,484,143,041	**9,236,578,668**	6,571,876,272	**(1,304,898,607)**	(1,503,197,373)	**39,105,686,273**	29,179,602,405
Segment Liabilities	**18,446,073,448**	11,973,360,838	**4,369,377**	3,556,534	**1,091,850,995**	1,422,892,662	**5,241,914,211**	3,070,558,079	**(135,342,772)**	(331,592,297)	**24,648,865,259**	16,138,775,816
Investments in Associates	**2,209,339,698**	1,972,823,792	–	–	–	–	**4,044,293,179**	3,543,632,655	**(1,720,943,894)**	(1,545,595,145)	**4,532,688,983**	3,970,861,302

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES

SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON SRC RULE 68 AS AMENDED

March 31, 2016

Philippine Securities and Exchange Commission (SEC) issued the amended Securities Regulation Code Rule SRC Rule 68 which consolidates the two separate rules and labeled in the amendment as "Part I" and "Part II", respectively. It also prescribed the additional information and schedule requirements for issuers of securities to the public.

Below are the additional information and schedules required by SRC Rule 68, as Amended (2011), that are relevant to the Group. This information is presented for purposes of filing with the SEC and is not required part of the basic financial statements.

Schedule A. Financial Assets in Equity Securities

The Group is not required to disclose the financial assets in equity securities as the total available-for-sale securities amounting ₱645.14 million do not constitute 5% or more of the total current assets of the Group as at March 31, 2016.

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than related parties)

Below is the schedule of advances to employees of the Group with balances above ₱100,000 as of March 31, 2016:

Name	Balance at beginning of year	Additions	Collections/ Liquidations	Balance at end of year
EEI				
Macapagal, Norman K.	₱1,532,053	₱–	₱–	₱1,532,053
Mercado, Oscar D.	1,453,861	4,929	(17,267)	1,441,523
Cabrera, Lovette O.	159,546	–	(1,806)	157,740
San Miguel, Simon Elmer D.	489,035	–	(489,035)	–
Villarin , Pantaleon T. Jr.	168,289	–	(168,289)	–
Alonzo, Antonina J.	121,292	–	–	121,292
Canero, Raul C.	117,460	–	–	117,460
Burgos, Manuel B.	108,150	7,224	(7,224)	108,150
Zulueta, Reynaldo S.	101,197	–	(60,267)	40,930
Albarda, John Christian L.	209,959	–	(7,200)	202,759
Largosta, Christopher M.	198,846	–	(10,894)	187,952
Sunga, Renato Z.	107,321	–	(6,000)	101,321
Edorot, Rico C.	131,477	–	–	131,477
Matibag, Jun E.	173,582	–	(9,000)	164,582
Bernal, Edgardo A.	125,549	–	–	125,549
Cadiz, Cirilo Victoriano L.	113,333	–	(12,000)	101,333
Alcaraz, Jimmy S.	204,207	3,739	(9,765)	198,181
Bondoc, Alberto D.	116,980	–	–	116,980
Bundalian, Rolando S.	101,760	–	–	101,760
Duran, Roque C.	109,453	230,116	(28,800)	310,769
Encila, William L.	144,516	10,000	(23,729)	130,787
Manalo, Noelito D.	326,975	–	–	326,975
Agtoto, Jerry O.	–	100,000	–	100,000
	₱6,314,841	₱356,008	(₱851,276)	₱5,819,573
iPeople				
Costales, Aloysius Nathaniel	₱559,918	₱57,103	₱–	₱617,021
Francisco, Ruth C.	383,868	–	(10,084)	373,784
Adanza, Carina Victoria T.	538,500	–	(167,475)	371,025
Judilla, Roel John	366,850	–	(18,975)	347,875
Sauquillo, Dante	363,688	–	(18,975)	344,713
Papas, Aileen Kate	333,201	–	(22,213)	310,988

Name	Balance at beginning of year	Additions	Collections/ Liquidations	Balance at end of year
Forward				
Apsay, Christopher	₱326,193	₱–	(₱17,796)	₱308,397
Geguiento, Edgardo	312,478	–	(18,150)	294,328
Ballado, Alejandro Jr.	293,600	–	(18,350)	275,250
Balan, Ariel Kelly	290,542	–	(18,350)	272,192
Cabanilla, Angela Celine	277,172	–	(18,275)	258,897
Cinco, Arnold	277,172	–	(18,275)	258,897
Camus, Rosette Eira	271,079	–	(18,275)	252,804
Sabio, Maurice	213,957	–	(20,900)	193,057
Arenillo, Denise Jordan	209,008	–	(18,450)	190,558
Uy, Francis Aldrine	204,341	–	(19,775)	184,566
Hofilena, Joy	205,229	–	(20,900)	184,329
Macayan, Jonathan	190,213	–	(19,344)	170,870
Kikuchi, Khristian	184,291	–	(19,417)	164,874
Teodoro, Gloria	122,716	–	(19,900)	102,816
	₱5,924,016	₱57,103	(₱503,879)	₱5,477,241
HI-Parent				
De Lara, Ma. Elisa	₱15,902	₱475,291	(₱18,560)	₱472,633
Villegas, Sonia P	428,986	–	(23,170)	405,816
Joven, Ma. Esperenza F	404,518	–	(28,160)	376,358
Bassig, Clarissa	–	356,000	(6,882)	349,118
Cajes, Cieolo M.	373,901	1,761	(30,014)	345,648
Galang, Alexander G.	362,542	–	(16,867)	345,675
Gan, Ma. Eloisa	182,243	2,068	(10,744)	173,567
Bautista, Ma. Teresa	151,302	–	(16,598)	134,704
	₱1,919,394	₱835,120	(₱150,995)	₱2,603,519
Total	₱14,158,251	₱1,248,231	(₱1,506,150)	₱13,900,333

iPeople and HI-Parent's advances mainly pertain to the officers and employees car plan agreements. Such advances are interest-bearing and shall be liquidated on a monthly basis.

There were no amounts written off during the year. All receivables are expected to be collected within the next twelve months.

Schedule C. Amounts Receivable from/Payable to Related Parties which are eliminated during the Consolidation of Financial Statements

Below is the schedule of receivables (payables) with subsidiaries, which are eliminated in the consolidated financial statements as at March 31, 2016:

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Balance at end of period
Landev Corporation					
Due from affiliates	₱154,639	₱392,112	(₱282,945)	₱–	₱263,806
Dividends receivable	10,000,000	–	–	–	10,000,000
	10,154,639	392,112	(282,945)	–	10,263,806
Greyhounds Security and Investigation Agency Corporation					
Due from affiliates	476,586	402,240	(407,506)	–	471,320
Investment Managers, Inc.					
Due from affiliates	458,906	1,117,065	(538,066)	–	1,037,905
Dividends receivable	2,000,000	–	–	–	2,000,000
	2,458,906	1,117,065	(538,066)	–	3,037,905

(Forward)

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Balance at end of period
iPeople, inc. and subsidiaries					
Due from affiliates	₱3,749,652	₱17,743,510	(₱8,758,016)	₱–	₱12,735,146
Dividends receivable	49,291,959	30,185,925	(30,185,925)	–	49,291,959
	53,041,611	47,929,435	(38,943,941)	–	62,027,105
EEI Corporation and subsidiaries					
Due from affiliates	1,405,782	755,248	–	–	2,161,030
Zamboanga Industrial Finance Corporation					
Dividends receivable	–	1,250,000	(312,500)	–	937,500
Zambowood Realty and Development Corp.					
Due from affiliates	1,699	450	–	–	2,149
Xamdu Motors, Inc.					
Due from affiliates	1,248	7	–	–	1,255
	₱67,540,471	₱51,846,557	(₱40,484,958)	₱–	₱78,902,070

These receivables are non-interest bearing and are expected to be settled within the next twelve months.

Schedule D. Intangible Asset - Other Noncurrent Assets

As at March 31, 2016, the Group's intangible assets consist of goodwill and computer software. Goodwill in the Group's consolidated statements of financial position arose from the acquisition of EEI, iPeople, and Honda Cars Group. Details of the Group's intangible assets are as follows:

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
Goodwill	₱471,357,459	₱–	₱–	₱–	₱–	₱471,357,459
Computer Software	15,791,827	5,466,153	(4,462,519)	–	–	16,795,463
	₱487,149,286	₱5,466,153	(₱4,462,519)	₱–	₱–	₱488,152,922

Schedule E. Long-term Debt
Below is the schedule of long-term debt of the Group:

Type of Obligation	Amount	Current	Noncurrent
Parent Company			
Peso-denominated syndicated bank loan payable within 10 years which shall commence after 3 years from the date of issue with a floating rate per annum based on the higher of (i) the three (3) - month Philippine Dealing System Treasury Reference Rates - Fixing (PDST-F) plus a spread of two (2.0%) per annum or (ii) the BSP overnight rate plus a spread of 1.5%.	₱681,905,422	₱25,989,577	₱655,915,845
Peso-denominated syndicated bank loan payable within 10 years which shall commence after 3 years from the date of issue with a fixed rate per annum based on the highest of (i) 5-year PDST-F, plus a spread of two (2.0%) per annum or (ii) floating rate per annum based on the higher of (i) the three (3) - month Philippine Dealing System Treasury Reference Rates - Fixing (PDST-F) plus a spread of two (2.0%) per annum or (ii) the BSP overnight rate plus a spread of 1.5% or (iii) 5.5% per annum.	681,905,421	25,989,577	655,915,844
Peso-denominated five (5) year term loan, payable quarterly starting March 2016 with interest of 5.11% per annum	400,000,000	100,000,000	300,000,000
MCI			
Peso-denominated syndicated bank loan payable after 10 years since November 2010 without grace period on principal payment, subject to floating rate equal to the 3-month Philippine Dealing System Treasury Reference Rates-Fixing (PDST-F) plus a per annum spread of 1.75% payable in accelerating amounts up to November 22, 2020.	167,000,000	86,000,000	81,000,000
EEI			
Fixed-rate corporate promissory notes with effective interest of 5.1875% on first draw down, 5.1667% on second draw down and 4.8% on subsequent draw downs as of May 2015 per annum for seven (7) years.	1,250,000,000	214,286,000	1,035,714,000
EEI Power			
Peso-denominated seven (7) year term loan, payable quarterly starting June 2014 with interest of 6.50% per annum inclusive of two (2) year grace period on principal amortization	464,285,000	71,428,000	392,857,000
	₱3,645,095,843	₱523,693,154	₱3,121,402,689

Schedule F. Indebtedness to Related Parties (Long-term Loans from Related Companies)
The Group is not required to disclose the long term indebtedness to related parties amounting ₱167.0 million as this do not constitute 5% or more of the total assets of the Group as at March 31, 2016.

Schedule G. Guarantees of Securities of Other Issuers
There are no guarantees of securities of other issuing entities by the Group as at March 31, 2016.

Schedule H. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related statement of financial position caption	Number of shares held by related parties	Directors, Officers and Employees	Others
Common shares	1,250,000,000	615,996,114	344,701,851	3,394,275	267,899,988
Preferred shares	2,500,000,000	757,404,055	321,652,259	413,837,782	21,914,014

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE QUARTER ENDED MARCH 31, 2016

Items	Amount
Unappropriated retained earnings, beginning	₱1,885,714,588
Adjustments:	–
Less: Movement in unrecognized deferred tax assets	–
Unappropriated retained earnings, as adjusted, beginning	1,885,714,588
Net income based on the face of AFS	185,202,006
Less: Non-actual/unrealized income - net of tax	–
Equity in net income of associate/joint venture	–
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	–
Unrealized actuarial gain	–
Fair value adjustment (M2M gains)	–
Effect of change in accounting policy - PAS 19R	–
Fair value adjustment of investment property resulting to gain adjustment due to deviation from PFRS/GAAP - gain	–
Movement in deferred tax liability	–
Other unrealized gains or adjustments to the retained earnings as result of certain transactions accounted for under PFRS	–
Add: Non-actual losses	–
Depreciation on revaluation increment (after tax)	–
Adjustments due to deviation from PFRS/GAAP - loss	–
Net income actual/realized	185,202,006
Dividends declaration during the year	(2,761,612)
Treasury stock	(2,607,600)
Unappropriated retained earnings, as adjusted, ending	₱2,065,547,382

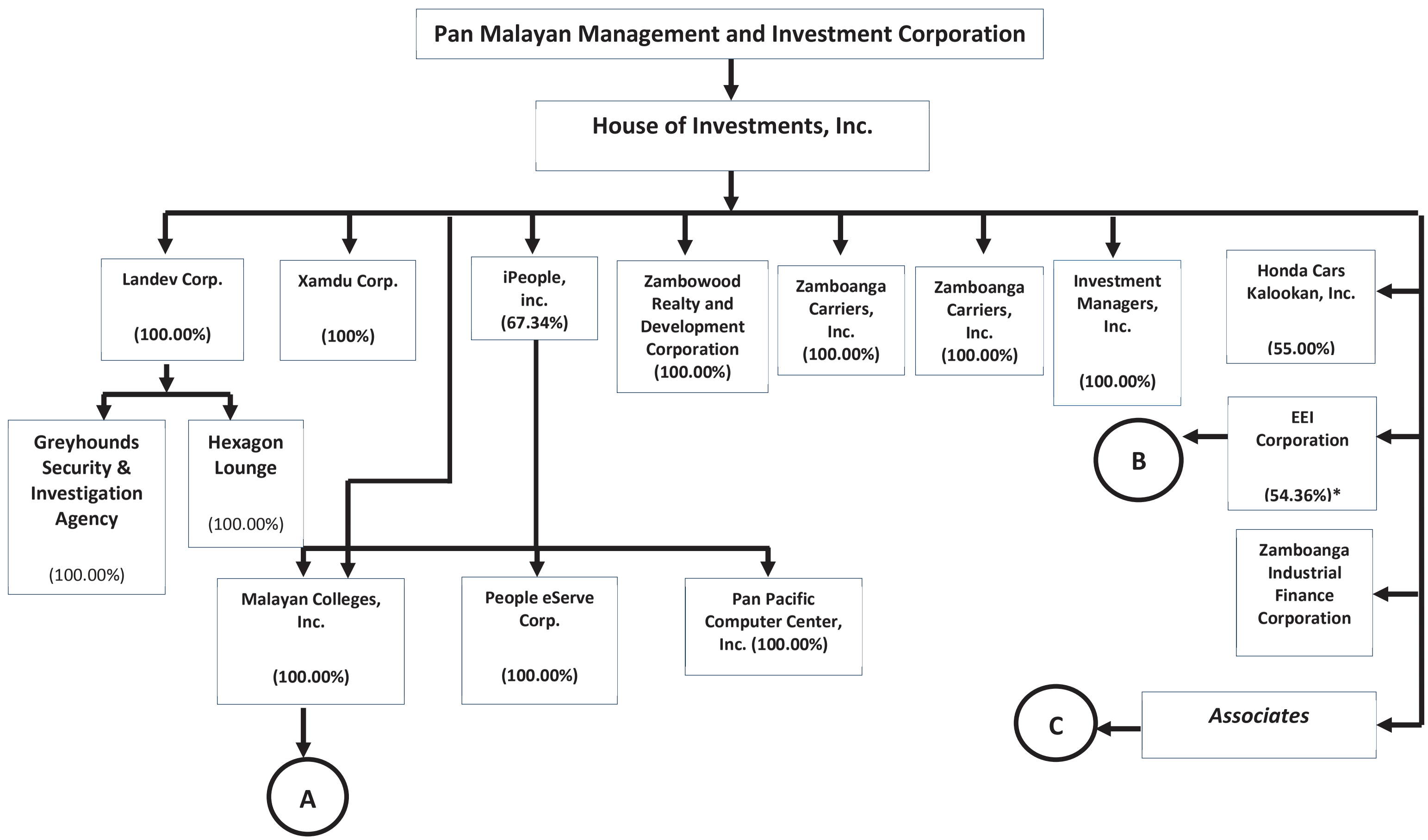
HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES

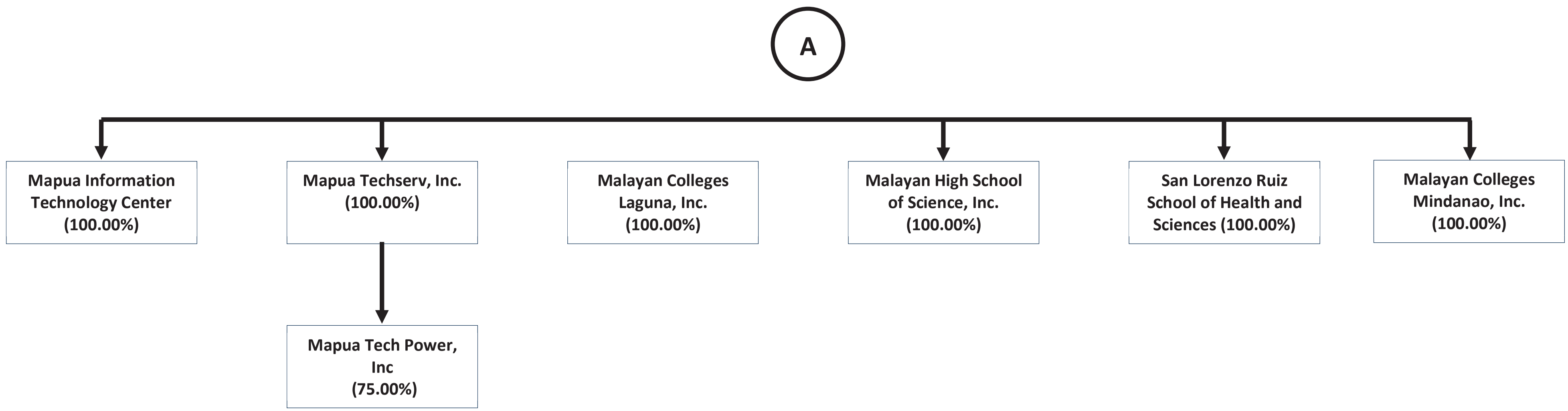
AGING OF ACCOUNTS RECEIVABLE
FOR THE QUARTER ENDED MARCH 31, 2016

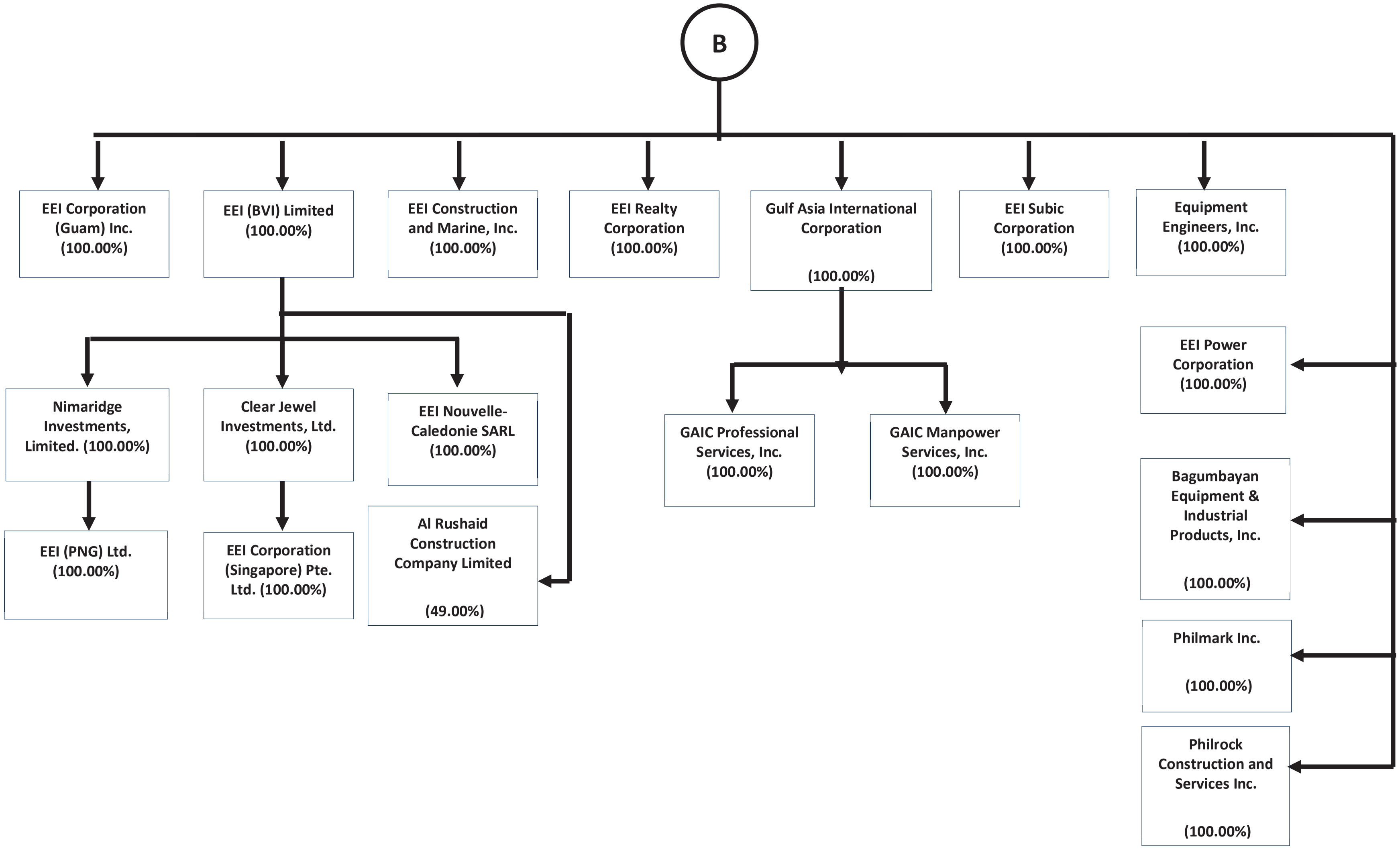
		No. of days due		
	TOTAL	**0-30**	**31-60**	**Over 61 days**
Construction	**₱8,033,730,000**	**₱6,782,653,496**	**₱434,547,354**	**₱ 816,529,150**
Car Dealership	**788,291,066**	**548,178,153**	**124,117,320**	**115,995,593**
Education and Information Technology	**222,856,853**	**106,612,657**	**23,084,983**	**93,159,213**
Parent and Others	**1,753,009,447**	**1,031,730,641**	**355,335,938**	**365,942,868**
Total	**10,797,887,366**	**8,469,174,947**	**937,085,595**	**1,391,626,824**
Less: Allowance for doubtful accounts	**(273,913,120)**	**–**	**–**	**(273,913,120)**
	₱10,523,974,246	**₱8,469,174,947**	**₱937,085,595**	**₱1,117,713,704**

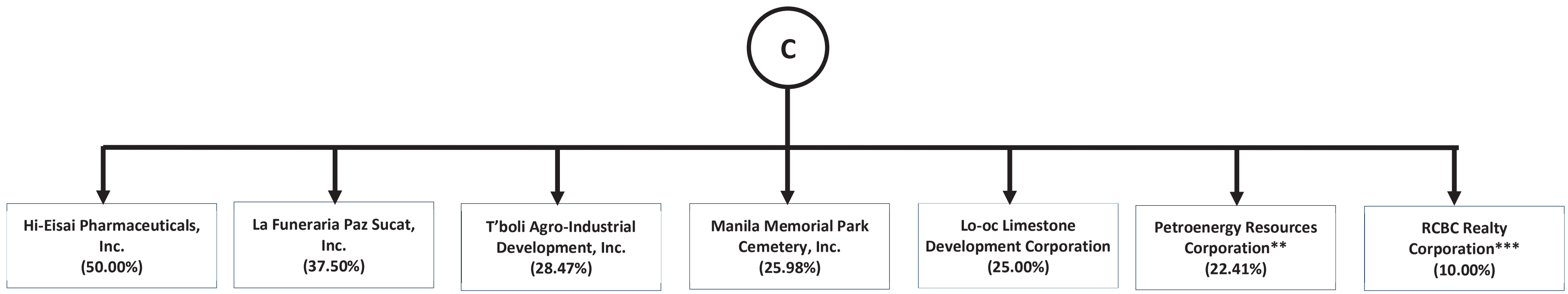
HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES
MAP OF RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

Group Structure
Below is a map showing the relationship between and among the Group and its ultimate parent company, subsidiaries, and associates as of March 31, 2016:




A
Mapua Information Technology Center (100.00%)
Mapua Techserv, Inc. (100.00%)
Mapua Tech Power, Inc (75.00%)
Malayan Colleges Laguna, Inc. (100.00%)
Malayan High School of Science, Inc. (100.00%)
San Lorenzo Ruiz School of Health and Sciences (100.00%)
Malayan Colleges Mindanao, Inc. (100.00%)


B
EEI Corporation (Guam) Inc. (100.00%)
EEI (BVI) Limited (100.00%)
EEI Construction and Marine, Inc. (100.00%)
EEI Realty Corporation (100.00%)
Gulf Asia International Corporation (100.00%)
EEI Subic Corporation (100.00%)
Equipment Engineers, Inc. (100.00%)
Nimaridge Investments, Limited. (100.00%)
Clear Jewel Investments, Ltd. (100.00%)
EEI Nouvelle-Caledonie SARL (100.00%)
GAIC Professional Services, Inc. (100.00%)
GAIC Manpower Services, Inc. (100.00%)
EEI Power Corporation (100.00%)
EEI (PNG) Ltd. (100.00%)
EEI Corporation (Singapore) Pte. Ltd. (100.00%)
Al Rushaid Construction Company Limited (49.00%)
Bagumbayan Equipment & Industrial Products, Inc. (100.00%)
Philmark Inc. (100.00%)
Philrock Construction and Services Inc. (100.00%)



** In 2015, the Group purchased additional 41.9 million shares resulting to an increased ownership interest from 50.32% to 54.36%.*

*** On February 21, 2013, significant influence was obtained through piecemeal acquisition. In 2014, the Group purchased additional 6.6 million shares of PERC increased ownership interest from 20.00% to 22.41%.*

**** On September 17, 2013, the Group acquired 10.00% ownership in RRC. The Group was able to exercise significant influence since it has the capacity to participate in the financial and operating decisions of RRC through common key management and representation to the Board of Directors*

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES

SCHEDULE OF ALL THE EFFECTIVE STANDARDS AND INTERPRETATIONS UNDER PFRS AS OF MARCH 31, 2016

Below is the list of all effective PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) as of March 31, 2016:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of March 31, 2016		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✔		
PFRSs Practice Statement Management Commentary				✔
Philippine Financial Reporting Standards				✔
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✔
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✔
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✔
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✔
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✔
	Amendments to PFRS 1: Government Loans			✔
PFRS 2	Share-based Payment			✔
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✔
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✔
PFRS 3 (Revised)	Business Combinations			✔
PFRS 4	Insurance Contracts			✔
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✔
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✔
PFRS 6	Exploration for and Evaluation of Mineral Resources			✔
PFRS 7	Financial Instruments: Disclosures	✔		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✔		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✔		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✔		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✔		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✔		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✔		
	Amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version): Hedge Accounting			✔

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of March 31, 2016		Adopted	Not Adopted	Not Applicable
PFRS 8	Operating Segments			✔
PFRS 9	Financial Instruments		✔	
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosure		✔	
	Financial Instrument (2013 version)			✔
	Financial Instrument (2014 version)			✔
PFRS 10	Consolidated Financial Statements			✔
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✔
	Amendments to PFRS 10 and PAS 28: Investment Entities: Applying consolidation exceptions			✔
PFRS 11 (Revised)	Joint Arrangements			✔
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✔
PFRS 12	Disclosure of Interests in Other Entities	✔		
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✔
PFRS 13	Fair Value Measurement	✔		
PFRS 14	Regulatory Deferral Accounts	✔		
IFRS 15	Revenue from Contracts with Customers	✔		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✔		
	Amendment to PAS 1: Capital Disclosures			✔
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✔
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✔		
	Amendments to PAS 1: Presentation of financial statements disclosure initiative	✔		
PAS 2	Inventories	✔		
PAS 7	Statement of Cash Flows	✔		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✔		
PAS 10	Events after the Reporting Period	✔		
PAS 11	Construction Contracts			✔
PAS 12	Income Taxes	✔		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets			✔
PAS 16	Property, Plant and Equipment	✔		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	✔		
	Amendments to PAS 16 and PAS 41: Bearer Plants			
PAS 17	Leases	✔		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of March 31, 2016		Adopted	Not Adopted	Not Applicable
PAS 18	Revenue	✔		
PAS 19 (Amended)	Employee Benefits			✔
	Amendments to PAS 19: Acturial Gains and Losses, Group Plans and Disclosures			✔
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions			✔
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✔
PAS 21	The Effects of Changes in Foreign Exchange Rates			✔
	Amendments to PAS 21: Net Investment in a Foreign Operation			✔
PAS 23 (Revised)	Borrowing Costs			✔
PAS 24 (Revised)	Related Party Disclosures	✔		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✔		
PAS 27	Separate Financial Statements	✔		
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✔
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✔
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✔		
	Amendments to PFRS 10 and PAS 28: Investment Entities: Applying consolidation exceptions	✔		
PAS 29	Financial Reporting in Hyperinflationary Economies			✔
PAS 31	Interests in Joint Ventures			✔
PAS 32	Financial Instruments: Disclosure and Presentation	✔		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✔
	Amendment to PAS 32: Classification of Rights Issues			✔
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities		✔	
PAS 33	Earnings per Share	✔		
PAS 34	Interim Financial Reporting			✔
	Amendments to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities			✔
PAS 36	Impairment of Assets	✔		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non - Financial Assets	✔		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✔		
PAS 38	Intangible Assets	✔		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✔
PAS 39	Financial Instruments: Recognition and Measurement	✔		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS **Effective as of March 31, 2016**		**Adopted**	**Not Adopted**	**Not Applicable**
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✔		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✔
	Amendments to PAS 39: The Fair Value Option			✔
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✔
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✔
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✔
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives			✔
	Amendment to PAS 39: Eligible Hedged Items			✔
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✔
	Amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version): Hedge Accounting			✔
PAS 40	Investment Property	✔		
	Amendment to PAS 40: Investment Property	✔		
PAS 41	Agriculture			✔
	Amendments to PAS 16 and PAS 41: Bearer Plants			✔
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✔
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✔
IFRIC 4	*Determining Whether an Arrangement Contains a Lease*	✔		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✔
IFRIC 6	*Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*			✔
IFRIC 7	*Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies*			✔
IFRIC 8	*Scope of PFRS 2*			✔
IFRIC 9	Reassessment of Embedded Derivatives			✔
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives			✔
IFRIC 10	*Interim Financial Reporting and Impairment*			✔
IFRIC 11	PFRS 2 - Group and Treasury Share Transactions			✔
IFRIC 12	Service Concession Arrangements			✔
IFRIC 13	Customer Loyalty Programmes			✔
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✔

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of March 31, 2016		Adopted	Not Adopted	Not Applicable
	Amendments to Philippine Interpretations IFRIC 14, Prepayments of a Minimum Funding Requirement			✔
IFRIC 15	Agreements for the Construction of Real Estate			✔
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✔
IFRIC 17	Distributions of Non-cash Assets to Owners			✔
IFRIC 18	Transfers of Assets from Customers			✔
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✔
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✔
IFRIC 21	Levies			✔
SIC-7	Introduction of the Euro			✔
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✔
SIC-12	Consolidation - Special Purpose Entities			✔
	Amendment to SIC - 12: Scope of SIC 12			✔
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✔
SIC-15	Operating Leases - Incentives			✔
SIC-21	Income Taxes - Recovery of Revalued Non-Depreciable Assets			✔
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✔
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✔
SIC-29	Service Concession Arrangements: Disclosures.			✔
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✔
SIC-32	Intangible Assets - Web Site Costs			✔

Standards tagged as “Not applicable” have been adopted by the Group but have no significant covered transactions for the quarter ended March 31, 2016

Standards tagged as “Not adopted” are standards issued but not yet effective as of March 31, 2016. The Group will adopt the Standards and Interpretations when these become effective.

SIGNATURES

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

Issuer	:	**HOUSE OF INVESTMENTS, INC.**
Signature and Title	:	**MEDEL T. NERA** President & CEO
Signature and Title	:	**GEMA O. CHENG** EVP – Chief Operating Officer & Chief Financial Officer
Signature and Title	:	**MARIA TERESA T. BAUTISTA** AVP – Finance and Corporate Controller
Date	:	May 16, 2016