

***Philippine Estates Corporation  
and Subsidiary***

*Consolidated Financial Statements  
December 31, 2015 and 2014*

*and*

*Independent Auditor's Report*



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of PHILIPPINE ESTATES CORPORATION AND CONSOLIDATED SUBSIDIARY is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2015 and 2014, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards (PFRSs). This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

Diaz Murillo Dalupan and Company, the independent auditors, appointed by the stockholders has examined the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders or, has expressed its opinion on the fairness of presentation upon completion of such examination.

Signature of Dee Hua T. Gatchalian
DEE HUA T. GATCHALIAN
Chairwoman

Signature of Kenneth T. Gatchalian
KENNETH T. GATCHALIAN
President / CEO

TIN 107-406-526-000

Signature of Elvira A. Ting
ELVIRA A. TING
Chief Financial Officer

Signature of Richard Ricardo
RICHARD RICARDO
Treasurer

Signed this 12th day of April

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BOOK NO. 66
SERIES 055

Subscribed and sworn to before me on this 12th day of April 2016 in Manila, Philippines.
Notary Public

Signature of Atty. Richard L. Anolin
ATTY. RICHARD L. ANOLIN
NOTARY PUBLIC until December 31, 2016
FOR CITY OF MANILA PHILIPPINES
IBF LIFETIME REG. 05179/02 25 05/MLA.
PIL. NO. 0822461 01/05/16 Mla.
Room No. 12496
MTC COMPLIANCE NO. IV-00238501 8/16/14
RICHARD ANOLIN AND ASSOCIATES LAW OFFICE
2/F ORLA OF MANILA BLDG.
# 3RD ANTONIO VILLEGAS ST.,
ERMILA MANILA TEL. 525-05-86
E-mail: rlanolin@yahoo.com

**Diaz Murillo Dalupan  
and Company**  
Certified Public Accountants

**Independent Auditor's Report**

To the Board of Directors and Stockholders of  
**PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY**  
35<sup>th</sup> Floor, One Corporate Center,  
Doña Julia Vargas Ave., corner Meralco Avenue,  
Ortigas Center, Pasig City

We have audited the accompanying consolidated financial statements of **Philippine Estates Corporation and Subsidiary**, which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2015, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Consolidated Financial Statements*

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

*Auditor's Responsibility*

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

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

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

**Local in Touch, Global in Reach**

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an independent member of  International. A worldwide organization of accounting firms and business advisers.

*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Philippine Estates Corporation and Subsidiary** as at December 31, 2015 and 2014, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2015 in accordance with Philippine Financial Reporting Standards.

**Diaz Murillo Dalupan and Company**

Tax Identification No. 003-294-822

BOA/PRC No. 0234, effective until December 31, 2017

SEC Accreditation No. 0192-FR-1, Group A, effective until April 30, 2016

BIR Accreditation No. 08-001911-000-2016, effective until March 17, 2019

By:

  
Rosemary D. De Mesa

Partner

CPA Certificate No. 29084

SEC Accreditation No. 1089-AR-1, Group A, effective until March 25, 2017

Tax Identification No. 104-576-953

PTR No. 5330425, January 8, 2016, Makati City

BIR Accreditation No. 08-001911-007-2016, effective until March 17, 2019

April 12, 2016