

**PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY**  
**Consolidated Statements of Financial Position**

	<b>As at December 31</b>	
	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash - note 4	₱ 11,520,059	₱ 24,792,084
Trade and other receivables - note 5	155,908,959	84,515,710
Real estate inventories - note 6	691,526,145	689,272,361
Prepayments and other current assets - note 7	24,381,293	19,306,061
	<b>883,336,456</b>	<b>817,886,216</b>
<b>Noncurrent Assets</b>		
Trade and other receivables (net of current portion) - net - note 5	172,129,397	245,290,433
Advances to related parties (net) - note 21	315,585,087	321,323,071
Investment property - note 8	1,072,016	1,072,016
Property and equipment (net) - note 9	47,356,870	49,558,940
Deferred tax assets (net) - note 23	16,267,655	13,333,256
Other noncurrent assets - note 10	6,527,326	6,510,556
	<b>558,938,351</b>	<b>637,088,272</b>
<b>TOTAL ASSETS</b>	<b>₱ 1,442,274,807</b>	<b>₱ 1,454,974,488</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and other liabilities - note 11	₱ 65,321,232	₱ 92,197,485
Borrowings - note 12	31,542,665	35,578,741
Deferred gross profit - note 15	72,171,223	69,740,797
Customers' deposits - note 13	1,654,502	7,667,135
	<b>170,689,622</b>	<b>205,184,158</b>
<b>Noncurrent Liabilities</b>		
Retention payable and guarantee bonds - note 14	23,657,784	24,622,820
Borrowings (net of current portion) - note 12	45,552,461	22,668,884
Advances from related parties - note 21	123,756,376	129,490,236
Deferred tax liabilities - note 23	22,873,487	20,481,185
Retirement benefits obligation - note 24	4,790,215	555,571
	<b>220,630,323</b>	<b>197,818,696</b>
<b>Equity</b>		
Capital stock - note 16	1,445,549,830	1,445,549,830
Remeasurement gain on retirement benefits - note 24	2,580,350	4,709,267
Deficit	( 397,175,318)	( 398,287,463)
	<b>1,050,954,862</b>	<b>1,051,971,634</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱ 1,442,274,807</b>	<b>₱ 1,454,974,488</b>

*(The accompanying notes are an integral part of these consolidated financial statements)*

**PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY**  
**Consolidated Statements of Comprehensive Income**

**For the Years Ended December 31**

	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>REAL ESTATE SALES</b> - note 17	<b>₱ 123,804,128</b>	₱ 118,707,798	₱ 189,779,412
<b>COST OF REAL ESTATE SOLD</b> - note 18	<b>( 55,349,119)</b>	( 55,773,812)	( 107,603,022)
<b>GROSS PROFIT</b>	<b>68,455,009</b>	62,933,986	82,176,390
<b>DEFERRED GROSS PROFIT</b> - note 15	<b>( 25,941,846)</b>	( 30,976,360)	( 26,645,295)
<b>REALIZED GROSS PROFIT DURING THE YEAR</b>	<b>42,513,163</b>	31,957,626	55,531,095
<b>REALIZED GROSS PROFIT FROM PREVIOUS YEARS SALES</b>	<b>21,381,509</b>	12,254,517	18,288,376
<b>TOTAL REALIZED GROSS PROFIT</b>	<b>63,894,672</b>	44,212,143	73,819,471
<b>OTHER INCOME</b> - note 19	<b>13,008,295</b>	31,672,193	14,001,404
<b>OPERATING EXPENSES</b> - note 20	<b>( 63,694,487)</b>	( 58,629,731)	( 68,216,811)
<b>FINANCE COSTS</b> - note 12	<b>( 10,454,947)</b>	( 776,192)	( 11,375,127)
<b>INCOME BEFORE TAX</b>	<b>2,753,533</b>	16,478,413	8,228,937
<b>PROVISION FOR INCOME TAX</b> - note 23			
Current	<b>1,271,092</b>	1,080,975	724,476
Deferred	<b>370,296</b>	2,030,716	5,034,101
	<b>1,641,388</b>	3,111,691	5,758,577
<b>NET INCOME</b>	<b>1,112,145</b>	13,366,722	2,470,360
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
<b>Not subject to reclassification adjustment:</b>			
Remeasurement gain (loss) on retirement benefits (net of tax)	<b>( 2,128,917)</b>	2,755,612	( 1,663,396)
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>	<b>(₱ 1,016,772)</b>	₱ 16,122,334	₱ 806,964
<b>EARNINGS PER SHARE</b> - note 28	<b>₱ 0.001</b>	₱ 0.009	₱ 0.002

*(The accompanying notes are an integral part of these consolidated financial statements)*

**PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY**  
**Consolidated Statements of Changes in Equity**

	<b>Capital stock</b> (Note 16)	<b>Remeasurement gain on retirement benefits (net)</b> (Note 24)	<b>Deficit</b>	<b>Total</b>
Balance, January 1, 2013	₱ 1,445,549,830	₱ 3,617,051	(₱414,124,545)	₱1,035,042,336
Total comprehensive income for the year	–	( 1,663,396)	2,470,360	806,964
Balance as at December 31, 2013	1,445,549,830	1,953,655	( 411,654,185)	1,035,849,300
Total comprehensive income for the year	–	2,755,612	13,366,722	16,122,334
Balance as at December 31, 2014	1,445,549,830	4,709,267	( 398,287,463)	1,051,971,634
<b>Total comprehensive income for the year</b>	–	<b>( 2,128,917)</b>	<b>1,112,145</b>	<b>( 1,016,772)</b>
<b>Balance as at December 31, 2015</b>	<b>₱1,445,549,830</b>	<b>₱ 2,580,350</b>	<b>(₱397,175,318)</b>	<b>₱1,050,954,862</b>

*(The accompanying notes are an integral part of these consolidated financial statements)*

**PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY**  
**Consolidated Statements of Cash Flows**

**For the Years Ended December 31**

	2015	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax	₱ 2,753,533	₱ 16,478,413	₱ 8,228,937
Adjustments for:			
Finance costs - note 12	10,454,947	776,192	11,375,127
Depreciation - note 9	3,424,329	3,785,727	3,786,897
Loss on cancelled contracts - note 20	1,588,220	3,266,898	2,656,238
Retirement benefits expense - note 24	1,193,335	1,349,067	814,409
Loss from disposal of property and equipment - note 9	22,000	-	-
Interest income - notes 4, 5 and 21	( 9,389,778)	( 10,075,113)	( 13,764,522)
Reversal of impairment loss on advances to related parties - note 21	( 2,310,405)	( 7,434,134)	-
Operating income before working capital changes	7,736,181	8,147,050	13,097,086
Decrease (increase) in:			
Trade and other receivables	179,567	7,591,508	( 58,119,054)
Real estate inventories	( 2,253,784)	( 1,825,241)	( 42,065,543)
Prepayments and other current assets	( 5,075,233)	2,627,942	( 6,616,862)
Increase (decrease) in:			
Accounts payable and other liabilities	( 26,876,253)	( 15,758,911)	( 15,039,265)
Customers' deposit	( 6,012,633)	243,363	( 3,010,143)
Deferred gross profit	2,430,426	12,098,119	5,091,068
Retention payable and guarantee bonds	( 965,036)	( 8,853,263)	5,157,365
Cash generated from (used in) operations	( 30,836,765)	4,270,567	(101,505,348)
Interest received	2,217,993	2,743,351	1,556,304
Income tax paid	( 1,271,092)	( 1,080,975)	( 724,476)
Net cash provided by (used in) operating activities	( 29,889,864)	5,932,943	(100,673,520)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Collection of advances to related parties - note 21	32,050,071	69,686,174	8,777,506
Advances to related parties - note 21	( 16,829,897)	( 8,655,706)	( 61,833)
Additions to property and equipment - note 9	( 1,324,259)	( 1,547,911)	( 646,069)
Proceeds from sale of property and equipment	80,000	-	-
Utilization of (additions to) other noncurrent assets	( 16,770)	( 51,967)	1,289,901
Net cash provided by investing activities	13,959,145	59,430,590	9,359,505
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Advances from related parties - note 21	( 5,733,860)	27,689,758	111,636,054
Proceeds from borrowings	56,500,136	15,315,133	65,000,000
Payment of borrowings	( 37,652,635)	( 11,240,963)	( 45,554,687)
Payment of advances from related parties - note 21	-	( 76,602,783)	( 40,167,269)
Interest paid	( 10,454,947)	( 776,192)	( 11,375,127)
Net cash provided by (used in) financing activities	2,658,694	( 45,615,047)	79,538,971
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>( 13,272,025)</b>	<b>19,748,486</b>	<b>( 11,775,044)</b>
<b>CASH - note 4</b>			
At beginning of year	24,792,084	5,043,598	16,818,642
At end of year	₱ 11,520,059	₱ 24,792,084	₱ 5,043,598

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