Yehey! Corporation

Financial Statements
December 31, 2015 and 2014
and for the Years Ended December 31, 2015,
2014 and 2013

and

Independent Auditors' Report

SGV
Building a better working world

A member firm of Ernst & Young Global Limited

Unit 1801 18th Floor East Tower PSE Centre
Exchange Road,
Ortigas Center, Pasig City
Telefax: 620-2316

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Yehey! Corporation** 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 the accounting principles generally accepted in the Philippines as prescribed in Note 2 to the financial statements. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

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

Signed this 11th day of March, 2016.

SOCORRO P. LIM
Chairman
CTC No.: 15268367
March 21, 2016/Makati City
TIN: 116-281-810

VITTORIO P. LIM
President
CTC No.: 15268366
March 21, 2016/Makati City
TIN: 239-269-242

Nathaniel Go

NATHANIEL C. GO
Treasurer
Passport No.: EB4568385
January 30, 2012/Manila
TIN: 1-419-716-01

MANILA

SUBSCRIBED AND SWORN to me before this APR 01 2016 at Pasig City, affiants exhibiting to me their Community Tax Certificates and Passport.

ATTY. RICHARD L. ANOLIN
NOTARY PUBLIC UNTIL December 31, 2016
FOR CITY OF MANILA PHILIPPINES
IBP LIFETIME NO. 05179/02 25 05/MLA
PTR NO. 4922461 01/05/16 Mla.
Roll No. 33596
MCLE COMPLIANCE NO. IV-00238501 8/16/14
RODULFO ANOLIN AND ASSOCIATES LAW OFFICE
2/F YMCA OF MANILA BLDG.
#350 ANTONIO VILLEGAS ST.,
ERMITA MANILA TEL. 525-05-86
EMAIL ADD: attyrichardanolin@yahoo.com

BUREAU OF INTERNAL REVENUE
RDO NO. 043
EAST PASIG CITY
RECEIVED
APR 08 2016
COLLECTION SECTION

Doc. No. 241
Page No. 49
Book No. 56
Series of 2016

SGV
Building a better working world

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

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

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Yehey! Corporation
1801 East Tower, Philippine Stock Exchange Centre
Exchange Road, Ortigas Centre
Pasig City

Report on the Financial Statements

We have audited the accompanying financial statements of Yehey! Corporation, which comprise the statements of financial position as at December 31, 2015 and 2014, and the statements of comprehensive income, statements of changes in equity and 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 Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

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

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

BUREAU OF INTERNAL REVENUE
RECEIVED
APR 08 2016
COLLECTION SECTION

SGV
Building a better working world

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Yehey! Corporation 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.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 26 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Yehey! Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
SEC Accreditation No. 0664-AR-2 (Group A),
March 26, 2014, valid until March 25, 2017
Tax Identification No. 160-302-865
BIR Accreditation No. 08-001998-73-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5321688, January 4, 2016, Makati City

March 11, 2016

YEHEY! CORPORATION
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents (Note 7)	**₱1,176,539**	₱256,143,573
Trade receivables (Note 8)	–	6,244,113
Other receivables (Notes 9 and 16)	**257,426,750**	145,665
Prepaid expenses and other current assets (Note 10)	**1,420,294**	1,461,843
Total Current Assets	**260,023,583**	263,995,194
Noncurrent Assets		
Property and equipment (Note 12)	–	2,430,590
Other noncurrent assets (Note 13)	–	453,067
Total Noncurrent Assets	–	2,883,657
	₱260,023,583	₱266,878,851
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 14 and 16)	**₱1,309,301**	₱12,476,831
Income tax payable	–	142,576
Total Current Liabilities	**1,309,301**	12,619,407
Noncurrent Liability		
Retirement payable (Note 23)	–	844,487
Total Noncurrent Liability	–	844,487
	1,309,301	13,463,894
Equity		
Capital stock (Note 15)	**278,000,000**	278,000,000
Additional paid-in capital	**17,586,961**	17,586,961
Deficit	**(36,872,679)**	(42,116,454)
Remeasurement losses on retirement plan (Note 23)	–	(55,550)
Total Equity	**258,714,282**	253,414,957
	₱260,023,583	₱266,878,851

See accompanying Notes to Financial Statements.

YEHEY! CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2015	2014	2013
REVENUE (Note 17)	**₱16,034,162**	₱19,405,014	₱18,484,881
COST OF SERVICES (Note 18)	**(8,158,498)**	(11,978,522)	(13,065,452)
GROSS INCOME	**7,875,664**	7,426,492	5,419,429
GENERAL AND ADMINISTRATIVE EXPENSES (Note 19)	**(11,656,420)**	(9,856,121)	(10,293,866)
OTHERS - NET			
Interest income (Notes 7, 9, 11 and 22)	**6,585,862**	2,679,254	7,627,092
Gain on sale of investment in available-for-sale securities (Note 11)	**1,166,258**	1,953,878	–
Foreign exchange gain (loss)	**277,619**	27,895	(1,938,053)
Dividend income (Note 11)	–	660,000	525,000
Fair value gain on derivative liability (Note 9)	–	–	1,059,803
Miscellaneous - net (Note 1)	**1,882,219**	–	–
INCOME BEFORE INCOME TAX	**6,131,202**	2,891,398	2,399,405
PROVISION FOR INCOME TAX (Note 24)	**(887,427)**	(686,295)	(393,080)
NET INCOME	**5,243,775**	2,205,103	2,006,325
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that recycle to profit or loss in subsequent periods:			
Net unrealized gain (loss) on change in fair value of available-for-sale investments (Note 11)	–	(2,781,299)	2,010,000
Item that do not recycle to profit or loss in subsequent periods:			
Remeasurement gain (loss) on retirement plan (Note 23)	**55,550**	–	(69,232)
OTHER COMPREHENSIVE INCOME	**55,550**	(2,781,299)	1,940,768
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱5,299,325**	(₱576,196)	₱3,947,093
Basic/Diluted Income Per Share (Note 25)	**₱0.0189**	₱0.0079	₱0.0072

See accompanying Notes to Financial Statements.

BUREAU OF INTERNAL REVENUE
RDO NO. 043A
EAST PASIG CITY
ANGAT PINAS!
RECEIVED
APR 08 2016
COLLECTION SECTION

YEHEY! CORPORATION
STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 15)	Additional Paid-in Capital	Deficit	Net Unrealized Gain (Loss) on Changes in Fair Value of Available for-Sale Investments (Note 11)	Remeasurement Gains (Losses) on Retirement Plan (Note 23)	Total
Balance at January 1, 2015	**₱278,000,000**	**₱17,586,961**	**(₱42,116,454)**	**₱–**	**(₱55,550)**	**₱253,414,957**
Total comprehensive income for the year	**–**	**–**	**5,243,775**	**–**	**55,550**	**5,299,325**
Balance at December 31, 2015	**₱278,000,000**	**₱17,586,961**	**(₱36,872,679)**	**₱–**	**₱–**	**₱258,714,282**
Balance at January 1, 2014	₱278,000,000	₱17,586,961	(₱44,321,557)	₱2,781,299	(₱55,550)	₱253,991,153
Total comprehensive income for the year	–	–	2,205,103	(2,781,299)	–	(576,196)
Balance at December 31, 2014	₱278,000,000	₱17,586,961	(₱42,116,454)	₱–	(₱55,550)	₱253,414,957
Balance at January 1, 2013	₱278,000,000	₱17,586,961	(₱46,327,882)	₱771,299	₱13,682	₱250,044,060
Total comprehensive income for the year	–	–	2,006,325	2,010,000	(69,232)	3,947,093
Balance at December 31, 2013	₱278,000,000	₱17,586,961	(₱44,321,557)	₱2,781,299	(₱55,550)	₱253,991,153

See accompanying Notes to Financial Statements.

YEHEY! CORPORATION
STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱6,131,202**	₱2,891,398	₱2,399,405
Adjustments for:			
Interest income (Note 22)	**(6,585,862)**	(2,679,254)	(7,627,092)
Gain on sale of investment in available-for-sale securities (Note 11)	**(1,166,258)**	(1,953,878)	–
Depreciation and amortization (Notes 12, 13, 18, 19 and 21)	**893,742**	1,039,696	752,677
Foreign exchange loss (gain)	**(277,619)**	(27,895)	1,938,053
Fair value loss on derivative asset (Note 9)	**–**	–	8,417,641
Unrealized foreign exchange gain on credit-linked note (Note 9)	**–**	–	(1,419,368)
Fair value gain on derivative liability (Note 9)	**–**	–	(1,059,803)
Recovery of allowance for credit and impairment losses	**–**	–	(329,392)
Miscellaneous - net (Note 1)	**(2,693,438)**	–	–
Income (loss) before working capital changes	**(3,698,233)**	(729,933)	3,072,121
Decrease (increase) in:			
Trade receivables	**420,316**	7,375,450	2,296,554
Other receivables	**34,878**	987,461	(7,161,381)
Prepaid expenses and other current assets	**41,549**	(357,569)	221,655
Decrease in accounts payable and other current liabilities	**(892,684)**	(5,721,860)	(3,464,000)
Movement in retirement liability (Notes 18, 19, 20 and 23)	**(788,937)**	112,394	92,965
Net cash provided by (used in) operations	**(4,883,111)**	1,665,943	(4,942,086)
Interest received	**3,769,899**	2,619,271	12,024,521
Income tax paid	**(1,030,003)**	(788,505)	(294,158)
Net cash provided by (used in) operating activities	**(2,143,215)**	3,496,709	6,788,277
CASH FLOWS FROM INVESTING ACTIVITIES			
Advances to a shareholder (Note 9)	**(254,500,000)**	–	–
Proceeds from sale of:			
Available-for-sale securities (Note 11)	**46,982,000**	18,057,580	–
Investments in credit-linked note (Note 16)	**–**	–	212,000,000
Acquisitions of:			
Property and equipment (Note 12)	**(58,027)**	(31,964)	(2,112,910)
Available-for-sale securities (Note 11)	**(45,815,742)**	–	–
Decrease in other noncurrent assets	**290,331**	566,147	61,331
Net cash provided by (used in) investing activities	**(253,101,438)**	18,591,763	209,948,421
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**277,619**	27,895	(518,685)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(254,967,034)**	22,116,367	216,218,013
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**256,143,573**	234,027,206	17,809,193
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱1,176,539**	₱256,143,573	₱234,027,206

See accompanying Notes to Financial Statements.

YEHEY! CORPORATION
NOTES TO FINANCIAL STATEMENTS

1. **General Information**

Corporate Information
Yehey! Corporation (the Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on June 10, 1998. The Company's primary purpose is to engage in the business of internet online-related products relating to database search engine, such as, but not limited to, conceptualizing, designing, illustrating, processing and editing web sites; to engage in other pre-production and post-production work on web sites in the internet; and to sell and market said products in the form of advertising of finished products in the domestic or export market.

On August 9, 2012, the SEC approved the Company's application to list 278.00 million common shares by way of introduction in the second board of the Philippine Stock Exchange (PSE) at an initial price of ₱1 per share. On October 18, 2012, the Company was listed in the PSE.

As of December 31, 2014, the Company is 66.95% owned by Vantage Equities, Inc. (Vantage), a company also incorporated in the Philippines and listed in the PSE.

On July 7, 2015, Vantage entered into a Sale and Purchase Agreement (SPA) with third party buyers for the sale of the entire shares owned by Vantage. Under the SPA, the closing of the transfer of the Sale Shares is subject to and conditioned upon the conduct and completion of a mandatory tender offer as well as the payment of the purchase price, which conditions have been complied with on October 15, 2015. Accordingly, on October 15, 2015, the Company ceased as a majority owned subsidiary of Vantage when Vantage sold its shares at ₱290.00 million to a group of individual shareholders.

Pursuant to the SPA, the Board of Directors of the Company approved on October 30, 2015 the assignment of the noncash assets and liabilities of the Company to Vantage. Total amount assigned is a net liability of ₱2,693,438 (Notes 8, 9, 12, 13 and 14). Such amount was recognized as miscellaneous income in the Company's 2015 statement of comprehensive income.

On December 7, 2015, the BOD approved the change of the Company's name to Apollo Global Capital, Inc. As of March 11, 2016, the Company is still in process of filing the amendment with the SEC.

The registered office address of the Company is at 1801E East Tower, PSE Centre, Exchange Road, Ortigas Centre, Pasig City.

The financial statements were approved by the BOD on March 11, 2016.

2. **Summary of Significant Accounting Policies**

Basis of Preparation
The accompanying financial statements have been prepared on a historical cost basis except for available-for-sale (AFS) investments, derivative asset and derivative liability which are measured at fair value. The financial statements are presented in Philippine peso, the Company's functional currency. All values are rounded to the nearest peso unless otherwise indicated.

Statement of Compliance
The accompanying financial statements have been prepared in compliance with the Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies
The accounting policies adopted are consistent with those of the previous financial year except for certain amended PFRSs and Philippine Accounting Standards (PAS), which were adopted as of January 1, 2015.

The following amended standards did not have any impact on the accounting policies, financial position or performance of the Company:

PAS 19, *Employee Benefits – Defined Benefit Plans: Employee Contributions* (Amendments)
PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service.

Annual Improvements to PFRSs (2010-2012 cycle)

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
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

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

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

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

Annual Improvements to PFRSs (2011-2013 cycle)

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.

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.

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).

Summary of Significant Accounting Policies

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

<u>Fair Value Measurement</u>
The Company measures financial instruments at fair value at each reporting date. 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 by the Company.

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

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

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

For assets and liabilities that are recognized in the statement of financial position on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by reassessing 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.

<u>Financial Instruments - Initial Recognition and Subsequent Measurement</u>
Date of recognition
The Company recognizes a financial asset or a financial liability in the financial statements when the Company 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 trade date. Deposits, loans and receivables, and accounts payable are recognized when cash is received by the Company or advanced to the borrowers.

Initial recognition
All financial instruments are initially recognized at fair value. Except for financial instruments at FVPL, the initial measurement of financial instruments includes transaction costs. The Company classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, AFS investments, and loans and receivables while financial liabilities are classified as financial liabilities at FVPL and financial liabilities carried at amortized cost. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

As of December 31, 2015 and 2014, the Company has trade and other receivables classified as loans and receivables.

'Day 1' difference
Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the profit or loss in the statement of comprehensive income unless it qualifies for recognition as some other type of asset. In cases where transaction price used is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statement of income when

the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the 'Day 1' difference amount.

In 2015 and 2014, there were no 'Day 1' differences recognized in the profit or loss in the statement of comprehensive income.

Financial instruments at FVPL
Financial instruments at FVPL include financial assets and financial liabilities that are:

- acquired and held for trading purposes;
- designated upon initial recognition as at FVPL; and
- stand-alone or bifurcated embedded derivative financial instruments not designated as effective hedging instruments.

Management may only designate an instrument at FVPL upon initial recognition when any of the following criteria are met and designation is determined on an instrument by instrument basis:

- 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 and liabilities are part of a group of financial assets, financial liabilities or both 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, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. Subsequent changes in fair value are recognized in 'Trading gains' in the profit or loss in the statement of comprehensive income. Interest earned or incurred is recorded in 'Interest income' or 'Interest expense' in the profit or loss in the statement of comprehensive income, respectively, while dividend income is recorded in 'Dividend income' in the profit or loss in the statement of comprehensive income when the right to receive payment has been established.

Loans and receivables
These are non-derivative financial assets with fixed or determinable payments and fixed maturities 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 at FVPL or designated as AFS investments.

After initial measurement, loans and receivables are subsequently measured at cost or amortized cost using the effective interest method, less allowance for credit losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate (EIR). The amortization is included in 'Interest income' in the profit or loss in the statement of comprehensive income. The losses arising from impairment are recognized in 'Provision for credit and impairment losses' under the 'General and administrative expenses' in the statement of comprehensive income.

AFS investments
AFS investments are non-derivative financial assets which are designated as such or do not qualify to be classified as designated at FVPL, HTM investments or loans and receivables. They are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. These financial assets may include equity investments, money market instruments and other debt securities.

After initial measurement, AFS investments are subsequently measured at fair value. The effective yield component of AFS debt securities, as well as the impact of restatement on foreign currency-denominated AFS debt securities, is reported in the statement of comprehensive income. The unrealized gains and losses arising from the fair valuation of AFS investments are excluded, net of tax, from the reported income and are included in other comprehensive income (OCI) in the statement of comprehensive income as 'Net unrealized gain (loss) on change in fair value of AFS investments'.

When the security is disposed of, the cumulative gain or loss previously recognized in the equity section of the statement of financial position is recognized in 'Gain on sale of investment in available-for-sale securities' in the statement of comprehensive income. Where the Company 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 AFS debt investments are reported in the profit or loss in the statement of comprehensive income as 'Interest income' using the EIR. Dividends earned on holding AFS equity investments are recognized in the profit or loss in the statement of comprehensive income as 'Dividend income' when the right to receive payment has been established. The losses arising from impairment of such investment are recognized as 'Provision for credit and impairment losses' in 'General and administrative expenses' in the statement of comprehensive income and removed from 'Net unrealized gain (loss) on change in fair value of AFS investments' in OCI.

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

After initial measurement, financial liabilities not qualified as and not designated as FVPL, are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR.

Reclassification of Financial Assets
A financial asset is reclassified out of the FVPL category when the following conditions are met:

- the financial asset is no longer held for the purpose of selling or repurchasing it in the near term; and
- if there is a rare circumstance.

Any gain or loss already recognized in the profit or loss in the statement of comprehensive income is not reversed. The fair value of the financial asset on the date of reclassification becomes its new amortized cost, as applicable.

A financial asset reclassified out of the AFS category is reclassified at its fair value on the date of reclassification. Any previous gain or loss on that asset that has been recognized in OCI is amortized to profit or loss in the statement of comprehensive income over the remaining life of the investment using the effective interest method. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the effective interest method. If the asset is subsequently determined to be impaired, then the amount recorded in OCI is recycled to profit or loss in the statement of comprehensive income.

Reclassification is at the election of management, and is determined on an instrument-by-instrument basis.

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

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

Where the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, 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 Company’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 original carrying amount of the asset and the maximum amount of consideration that the Company 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 profit or loss in the statement of comprehensive income.

<u>Offsetting of Financial Instruments</u>
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master-netting agreements where the related assets and liabilities are presented gross in the statement of financial position.

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

Financial assets carried at amortized cost
For financial assets carried at amortized cost, which includes trade receivables and other receivables, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

For individually-assessed financial assets, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR, adjusted for the original credit risk premium. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

If the Company determines that no objective evidence of impairment exists for individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.
For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of credit risk characteristics such as industry, collateral type, past-due status and term. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Company. 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. Estimates of changes in future cash flows reflect, and are directionally consistent with changes in related observable data from period to period (such changes in property prices, payment status, or other factors that are indicative of incurred losses in the Company and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Company to reduce any differences between loss estimates and actual loss experience.

Assets that are individually assessed for impairment and for which an impairment loss is recognized are not included in a collective assessment for impairment. The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged against profit or loss in the statement of comprehensive income. Interest income continues to be recognized based on the original EIR of the asset. Loans, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. If a future write-off is later recovered, any amounts formerly charged are credited to the 'Recovery of credit and impairment losses' in the profit or loss in the statement of comprehensive income.

AFS investments
For AFS investments, the Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In case of equity investments classified as AFS investments, this would include a significant or prolonged decline in the fair value of the investments below its cost. 'Significant' is evaluated against the original cost of the investments and 'prolonged' against the period in which the fair value has been below its original cost.

Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss on that financial asset previously recognized in the profit or loss in the statement of comprehensive income is removed from OCI and charged to current operations. Impairment losses on equity investments are not reversed through the profit or loss in the statement of comprehensive income. Increases in fair value after impairment are recognized directly under OCI.

In the case of debt instruments classified as AFS investments, impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the profit or loss in the statement of comprehensive income. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recorded as part of 'Interest income' in the profit or loss in the statement of comprehensive income. If, in subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the profit or loss in the statement of comprehensive income, the impairment loss is reversed through profit or loss in the statement of comprehensive income.

Property and Equipment
Property and equipment are carried at cost less accumulated depreciation and any impairment in value, if any. The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any costs directly attributable to bringing the property and equipment to its working condition and location for its intended use.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged against income in the year in which such 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 additional costs of property and equipment.

The cost of an item of property and equipment also includes costs of dismantlement, removal or restoration and the related obligation that the Company incurs at the end of the useful life of property and equipment.

Depreciation and amortization are computed using the straight-line basis over the estimated useful life of the property and equipment as follows:

Server, Network, and Office Equipment	3 years
Furniture and Fixtures	3 years
Leasehold Improvements	4 years or term of the lease, whichever is shorter
Transportation Equipment	3-5 years

The useful lives, residual values and depreciation and amortization method are reviewed periodically to ensure that the periods, residual values and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment. Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation are credited or charged against profit or loss in the statement of comprehensive income.

When property and equipment are sold or otherwise disposed of, the cost and related accumulated depreciation, amortization and any impairment in value are eliminated from the accounts and any resulting gain or loss is credited or charged against profit or loss in the statement of comprehensive income.

Software

Development costs of software included in ‘Other noncurrent assets’ account in the statement of financial position are capitalized and treated as an intangible asset because their costs are not an integral part of the related hardware. Amortization is computed using the straight-line method over its estimated useful life of three years.

Impairment of Property and Equipment and Software

At each reporting date, the Company assesses whether there is any indication that its nonfinancial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Company makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset’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, in which case the recoverable amount is assessed as part of the cash generating unit to which it belongs. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset.

An impairment loss is charged to operations in the year in which it arises.

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 or amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income. After such a reversal, the depreciation or amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. When the transaction involves rendering of services, the revenue associated with the transaction shall be recognized by reference to the stage of completion of the transaction at the end of the reporting period. The following specific recognition criteria must also be met before revenue is recognized:

Web Development and Production
Revenue is recognized based on the percentage of completion method. The stage of completion is assessed by reference to stage of completion of the development, including completion of services provided for post-delivery service support.

Media Sales
Revenue is recognized at the time that services are rendered.

Digital Public Relations (PR) and Strategy
Revenue is recognized when services are rendered in accordance with the provisions of the contracts.

Interest income
Interest income on interest-bearing placements is recorded on a time proportion basis taking into account the effective yield of the asset. Interest on financial instruments is recognized based on the effective interest method of accounting.

Expense Recognition
Expenses are recognized when decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Cost of services
Cost of services includes salaries and benefits of personnel performing tasks relevant to the completion of a project. This also includes costs incurred as to the representation, meal and transportation allowances, communication, and professional fees that are incidental to the Company's primary services.

General and administrative expenses
General and administrative expenses, which include the cost of administering the business, and are not directly associated with the generation of revenue, are expensed as incurred.

Capital Stock
Capital stock is measured at par value for all shares issued. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to the 'Additional paid-in capital' account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Company, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Direct costs incurred related to equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are chargeable to 'Additional paid-in capital' account. If the 'Additional paid-in capital' is not sufficient, the excess is charged against the 'Retained earnings'.

Deficit
Deficit pertains to the accumulated losses of the Company.

Dividends on Common Shares
Dividends on common shares are recognized as a liability and deducted from equity when approved by the BOD and shareholders of the Company. Dividends for the year that are approved after the reporting date are dealt with as subsequent events.

Retirement Costs
The Company has an unfunded, noncontributory defined benefit retirement plan covering substantially all of its regular employees.

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

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

Defined benefit costs comprise of 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 in the statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

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 government 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 in the statement of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets (if any) 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 classified to profit or loss in subsequent periods.

Foreign Currency-denominated Transactions
Foreign currency-denominated transactions are recorded in Philippine peso by applying to the foreign currency amount the exchange rate between the Philippine peso and the foreign currency at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the PDS closing exchange rate at reporting date. Exchange rate differences arising from the settlement and translation of monetary items at rates different from those at which

they were initially recorded are recognized under 'Foreign exchange gain (loss)' in the profit or loss in the statement of comprehensive income in the year such differences arises. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Income Taxes
Income tax on profit or loss for the year comprises of current and deferred tax. Income tax is determined in accordance with tax laws. Income tax is recognized in the profit or loss in the statement of comprehensive income, except to the extent that it relates to items directly recognized in the OCI.

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

Deferred Tax
Deferred tax is provided, using the liability method, on all temporary differences and carryforward benefits of minimum corporate income tax (MCIT) and unused net operating loss carryover (NOLCO) 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. Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of MCIT and NOLCO to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carry forward benefits of MCIT and NOLCO can be utilized.

Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Movements in deferred tax assets and liabilities arising from changes in tax rate are charged or credited to income for the year.

Deferred taxes relating to items recognized directly in OCI are also recognized in OCI.

Basic/Diluted Earnings (Loss) Per Share
Basic earnings (loss) per share is determined by dividing net income (loss) by the weighted average number of shares outstanding during the year with retroactive adjustments for any stock split and stock dividends declared.

The Company has no dilutive potential common shares. Furthermore, the Company has not declared any stock split or stock dividends in 2015 and 2014.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and 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 determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the profit or loss in the statement of comprehensive income, net of any reimbursement.

Contingent Liabilities and Contingent Assets

Contingent liabilities are not recognized in the financial statements but are disclosed in the notes to financial statements unless the probability of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to financial statement when an inflow of economic benefits is probable.

Events After the Reporting Date

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

Leases

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

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

a. there is a change in contractual terms, other than a renewal or extension of the arrangement;
b. a renewal option is exercised or extension granted, unless that 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 a substantial change to the asset.

Where a reassessment is made, lease accounting will 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).

Company as a lessee

Leases where the lessor retains substantially all the risk and benefits of ownership of the assets are classified as operating leases. Operating lease payments are recognized as an expense in the profit or loss in the statement of comprehensive income on a straight-line basis over the lease term.

<u>Segment Reporting</u>
The Company'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. Financial information on business segments is presented in Note 6 to the financial statements. The Company's assets producing revenues are located in the Philippines (i.e., one geographical location). Therefore, geographical segment information is no longer presented.

<u>Standards Issued but not yet Effective</u>
Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing consists of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective. Except as otherwise indicated, the Company does not expect the adoption of these new and amended PAS, PFRS and Philippine Interpretations to have significant impact on its financial statements.

Deferred
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.

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 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. In December 2015, the IASB deferred indefinitely the effective date of these amendments pending the final outcome of the IASB's research project on International Accounting Standards 28. Adoption of these amendments when they become effective will not have any impact on the financial statements.

Effective January 1, 2016
PFRS 10, *Consolidated Financial Statements,* and PAS 28, *Investments in Associates and Joint Ventures* – Investment Entities: Applying the Consolidation Exception (Amendments)
These amendments clarify that the exemption in PFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity that measures all of its subsidiaries at fair value and that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity parent is consolidated. The amendments also allow an investor (that is not an investment entity and has an investment entity associate or joint venture), when applying the equity method, to retain the fair

value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments are effective for annual periods beginning on or after January 1, 2016. These amendments are not applicable to the Company since it does not have investment entity associates or joint venture.

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. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The amendments will not have any impact on the Company's financial statements.

PFRS 11, *Joint Arrangements* - Accounting for Acquisitions of Interests (Amendments)
The amendments to PFRS 11 require a joint operator that is accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business (as defined by PFRS 3), to 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.

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
- 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 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 income 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 Company is an existing PFRS preparer, this standard would not apply.

PAS 16, *Property, Plant and Equipment*, and PAS 41*, Agriculture* - Bearer Plants
The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance,* will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company as it does not have any bearer plants.

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 equipment. As a result, a revenue-based method cannot be used to depreciate property, plant and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company.

Annual Improvements to PFRSs (2012-2014 cycle)

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

PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* – Changes in Methods of Disposal
The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification

PFRS 7, *Financial Instruments*: *Disclosures – Servicing Contracts*
PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the

nature of the fee and arrangement against the guidance for continuing involvement in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

PFRS 7 - *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

PAS 19, *Employee Benefits – regional market issue regarding discount rate*
This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

PAS 34, *Interim Financial Reporting – disclosure of information 'elsewhere in the interim financial report'*
The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective January 1, 2018
PFRS 9, *Financial Instruments*
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 Company did not early adopt PFRS 9. The adoption of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Company's financial liabilities. The adoption of the standard will not have a significant impact on the financial statements of the Company.

The following new standards have been issued by the IASB but have not yet been adopted locally.

International Financial Reporting Standard (IFRS) 15*, Revenue from Contracts with Customers*
IFRS 15 was issued in May 2014 by the International Accounting Standards Board (IASB) 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. Early adoption is permitted. The Company plans to adopt the new standard on the required effective date once adopted locally. The Company is currently assessing the impact of the adoption of this new standard.

IFRS 16, *Leases*
On January 13, 2016, the IASB issued the 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 on 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 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 new standard is effective for annual periods beginning on or after January 1, 2019. Entities may early adopt IFRS 16 but only if they have also adopted IFRS 15, *Revenue from Contracts with Customers*. When adopting IFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs. The Company plans to adopt the new standard on the required effective date. The Company is currently assessing the impact of the adoption.

3. **Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures, as well as disclosures of contingent assets and liabilities, if any. Future events may occur which will cause the judgments and estimates used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the financial statements as they become reasonably determinable. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

<u>Judgments</u>
In the process of applying the Company’s accounting policies, management has made judgments, apart from those involving estimations, which have significant effect on the amounts recognized in the financial statements and accompanying notes.

The following judgments are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements.

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

(b) *Operating lease commitments - Company as lessee*
The Company has entered into a lease for its office space with a term of four years. Upon expiration, the lease contract may be renewed on terms and conditions to be mutually agreed upon in writing by both parties. The Company has determined that it has not acquired all the significant risks and rewards of ownership of the leased property and accordingly, accounts for the lease as operating lease.

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

(a) *Revenue recognition*
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The Company's revenues are recognized based on the completion of the project or at the time that the services are rendered.

Revenues recognized in 2015 and 2014 are disclosed in Note 17.

(b) *Allowance for credit losses*
The allowance for credit losses is maintained at a level considered adequate to provide for potentially uncollectible receivables. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on the aging of the accounts receivable, past collection experience and other factors that may affect collectability and actual results may differ, resulting in the future changes to the allowance. The Company provides an allowance for receivables which it deems to be uncollectible despite continuous effort to collect.
The carrying values of receivables and related allowance for credit losses are disclosed in Notes 8 and 9.

(c) *Impairment on AFS investments*
The Company treats AFS investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is 'significant' or 'prolonged' requires judgment. The Company treats 'significant decline' when the difference between its cost and fair value is 20% or more, and 'prolonged decline' when the fair value of quoted equity securities is lower than its cost for more than 12 months. In addition, the Company evaluates other factors, including normal volatility in share price for quoted equities and future cash flows and discount factors for unquoted equities.

The carrying value of AFS equity investments is disclosed in Note 11.

(d) *Estimated useful lives of property and equipment and software*
The Company estimates the useful lives of property and equipment and software based on the period over which the property and equipment and software are expected to be available for use and on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of property and equipment and software are reviewed periodically and are updated if expectations differ materially from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the property and equipment and software. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in the factors mentioned above. The amounts and timing of recording of expenses for any period would be affected by changes in these factors and circumstances.

Based on the assessment of the Company, there are no changes in the estimated useful lives of property and equipment and software (Note 2). The carrying values of property and equipment and software are disclosed in Notes 12 and 13, respectively.

(e) *Impairment of non-financial assets*
The Company assesses impairment on property and equipment and software whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired nonfinancial assets or the strategy for overall business; and
- significant negative industry or economic trends.

The Company recognizes an impairment loss whenever the carrying amount of a nonfinancial asset exceeds its recoverable amount. The recoverable amount is computed based on the higher of the asset's net selling price or value in use. Recoverable amounts are estimated for individual nonfinancial assets or, if it is not possible, for the cash-generating unit to which the nonfinancial asset belongs.

As of December 31, 2015, the Company does not have property and equipment and software. The Company assessed that as of December 31, 2014, no indication of impairment exists on the Company's property and equipment and software.

(f) *Estimation of retirement costs*
The determination of the Company's retirement cost is dependent on certain assumptions used by the actuary in calculating such amount. Those assumptions are described in Note 23 and include, among others, discount rate, future salary increase and average remaining working lives of employees. Actual results that differ from the Company's assumptions are accumulated and generally affect the Company's recognized expense and recorded obligation in such future periods. While management believes that the assumptions are reasonable and appropriate, significant differences in the Company's actual experience or significant changes in the assumptions may materially affect the retirement payable.

The Company has no employees as of December 31, 2015. The present value of retirement obligation as of December 31, 2014 is disclosed in Note 23.

(g) *Deferred tax assets*
Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable income will be available against which the differences can be utilized. Significant management judgment is required to determine the amount of deferred tax assets to be recognized, based upon likely timing and level of future taxable income. No deferred tax asset is recognized in the statement of financial position because management believes that future taxable income may not be available against which the deferred tax asset can be utilized. The unrecognized deferred tax assets are disclosed in Note 24.

4. Financial Risk Management Objectives and Policies

The Company's principal financial instrument is cash and cash equivalents. The Company has other financial assets and liabilities such as trade receivables, other receivables, accounts payable and other current liabilities, which arise directly from its operations.

The main risks arising from the Company's financial instruments are liquidity risk, credit risk and market risk. The BOD reviews and approves the policies for managing each risk and these are summarized below:

Liquidity Risk
Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, the Company closely monitors its cash flows and ensures that credit facilities are available to meet its obligations as and when they fall due. The Company also has a committed line of credit that it can access to meet liquidity needs.

The table below summarizes the maturity profile of the Company's financial instruments based on remaining contractual undiscounted cash flows as of December 31, 2015 and 2014:

	2015				
	On demand	**Less than 3 months**	**3 to 12 months**	**Over one year**	**Total**
Financial Assets					
Cash and cash equivalents	**₱1,176,539**	**₱–**	**₱–**	**₱–**	**₱1,176,539**
Loans and receivables:					
Accrued interest receivable	**–**	**–**	**2,926,750**	**–**	**2,926,750**
Other receivables	**–**	**–**	**264,230,080**	**–**	**264,230,080**
	1,176,539	**–**	**267,156,830**	**–**	**268,333,369**
Financial Liabilities					
Trade payables and other accrued expenses:					
Trade payables	**945,720**	**–**	**–**	**–**	**945,720**
Accrued expenses	**50,000**	**–**	**–**	**–**	**50,000**
	995,720	**–**	**–**	**–**	**995,720**
Net undiscounted financial assets	**₱180,819**	**₱–**	**₱267,156,830**	**₱–**	**₱267,337,649**

	2014				
	On demand	Less than 3 months	3 to 12 months	Over one year	Total
Financial Assets					
Cash and cash equivalents	₱5,754,273	₱250,511,872	₱–	₱–	₱256,266,145
Loans and receivables:					
Trade receivables	6,244,113	–	–	–	6,244,113
Accrued interest receivable	110,787	–	–	–	110,787
Other receivables	34,878	–	–	–	34,878
Deposits*	–	–	–	453,067	453,067
	12,144,051	250,511,872	–	453,067	263,108,990

(Forward)

	2014				
	On demand	Less than 3 months	3 to 12 months	Over one year	Total
Financial Liabilities					
Trade payables and other accrued expenses:					
Trade payables	₱–	₱–	₱4,805,034	₱–	₱4,805,034
Accrued expenses	767,804	–	1,021,283	–	1,789,087
	767,804	–	5,826,317	–	6,594,121
Net undiscounted financial assets (liabilities)	₱41,874,623	₱250,511,872	(₱5,826,317)	₱453,067	₱286,245,441

**Deposits pertain to security deposit under 'Other noncurrent assets'.*

Credit Risk

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company manages and controls credit risk by trading only with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. For transactions that involve special credit terms arrangement, the Company requires approval of the BOD. In addition, aging of receivables are reviewed on a monthly basis with the result that the Company's exposure to bad debts is not significant.

As of December 31, 2015 and 2014, the Company's maximum exposure to credit risk is equal to the carrying values of its financial assets since it does not hold any collateral or other credit enhancements. There are no significant concentrations of credit risk on the Company's financial assets.

The table below shows an aging analysis of financial assets:

	2015					
		Past Due but not Impaired				
	Neither Past Due nor Impaired	**91–120 Days**	**121–150 Days**	**Over 150 Days**	**Impaired**	**Total**
Cash and cash equivalents	**₱1,176,539**	**₱–**	**₱–**	**₱–**	**₱–**	**₱1,176,539**
Loans and receivables:						
Accrued interest receivable	**2,926,750**	**–**	**–**	**–**	**–**	**2,926,750**
Other receivables	**254,500,000**	**–**	**–**	**–**	**–**	**254,500,000**
	₱258,603,289	**₱–**	**₱–**	**₱–**	**₱–**	**₱258,603,289**

	2014					
		Past Due but not Impaired				
	Neither Past Due nor Impaired	91–120 Days	121–150 Days	Over 150 Days	Impaired	Total
Cash and cash equivalents*	₱256,135,573	₱–	₱–	₱–	₱–	₱256,135,573
Loans and receivables:						
Trade receivables	3,629,565	430,524	25,000	2,159,024	26,612,902	32,857,015
Accrued interest receivable	110,787	–	–	–	–	110,787
Other receivables	34,878	–	–	–	3,117,670	3,152,548
Deposits**	453,067	–	–	–	–	453,067
	₱260,363,870	₱430,524	₱25,000	₱2,159,024	₱29,730,572	₱292,708,990
Less: Allowance for credit losses						29,730,572
						₱262,978,418

**Excluding cash on hand.*
***Deposits pertain to security deposit under 'Other noncurrent assets'.*

The table below shows the credit quality of the Company's financial assets that are neither past due nor impaired.

	2015			
	Grade A	**Grade B**	**Grade C**	**Total**
Cash and cash equivalents	**₱1,176,539**	**₱–**	**₱–**	**₱1,176,539**
Loans and receivables:				
Accrued interest receivable	**2,926,750**	–	–	**2,926,750**
Other receivables	**254,500,000**	–	–	**254,500,000**
	₱258,603,289	**₱–**	**₱–**	**₱258,603,289**

	2014			
	Grade A	Grade B	Grade C	Total
Cash and cash equivalents*	₱256,135,573	₱–	₱–	₱256,135,573
Loans and receivables:				
Trade receivables	1,470,054	1,979,778	179,733	3,629,565
Accrued interest receivable	110,787	–	–	110,787
Other receivables	34,878	–	–	34,878
Deposits**	453,067	–	–	453,067
	₱258,204,359	₱1,979,778	₱179,733	₱260,363,870

**Excluding cash on hand.*
***Deposits pertain to security deposit under 'Other noncurrent assets'.*

Grade A financial assets pertains to those investments to counterparties with good credit standing or receivables from clients or customers that consistently pay on or before the maturity date. Grade B includes those receivables being collected on due dates with a minimum effort of collection while Grade C receivables are those receivables which require persistent effort of collection for them to be collected on due dates.

Past due or impaired receivables pertain to those receivables which are already outstanding beyond their normal credit terms, a portion of which were already provided with an allowance. For past due receivables without allowance, the Company assessed them as still collectible granting that there will be continuous effort to follow-up such receivables from the customers.

<u>Market Risk</u>
Market risk is the risk of change in fair value of financial instruments from fluctuation in market prices (price risk), foreign exchange rates (currency risk) and market interest rates (interest rate risk), whether such change in price is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

Foreign currency risk
As of December 31, 2014, the Company has transactional currency exposures and maintains several U.S. dollar (US$) accounts to manage its foreign currency denominated transactions. The Company's financial assets and liabilities denominated in US$ are as follows:

	2015	2014
Cash and cash equivalents	**US$12**	US$16,421
Advances to suppliers	**–**	62
	12	16,483
Trade payable	**–**	3,189
Net foreign currency-denominated assets	**US$12**	US$13,294

In translating the foreign currency denominated assets and liabilities into peso amounts, the exchange rate used was ₱47.06 to US$1 and ₱44.72 to US$1 as of December 31, 2015 and 2014, respectively.

The following table presents the impact on the Company's income before income tax due to change in the fair value of its monetary assets and liabilities, brought about by a reasonably possible change in the US$ to Peso exchange rate, with all other variables held constant. As of December 31, 2015 there are no substantial US$ accounts which exposes the Company to significant foreign currency risk. There is no other impact on equity other than those affecting earnings.

	2014	
	Change in Foreign Exchange Rate	Effect on Net Income before Tax
Increase	+0.71%	₱4,201
Decrease	-0.71%	(4,201)

The increase in US$ to Peso rate means weaker Peso against US$ while decrease in US$ to Peso exchange rate means stronger Peso against the US$.

Equity price risk
Equity price risk is the risk that the fair value of quoted AFS investments will fluctuate as the result of changes in the value of individual stocks. The Company's exposure to equity price risk relates primarily to the Company's quoted AFS investments. As of December 31, 2015 and 2014, the Company does not have quoted AFS investments.

5. 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 in the principal market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

The methods and assumptions used by the Company in estimating the fair value of its financial instruments follow:

Cash and cash equivalents
The fair value approximates its carrying value because of the short-term nature of its related transactions.

Trade receivables, accrued interest receivables, advances to a shareholder and other receivables
Fair values approximate carrying values since these instruments are liquid and have short-term maturities.

Accounts payable and other current liabilities
The carrying amount approximates its fair value since these are liquid and have short-term maturities.

In 2015 and 2014, there were no transfers of financial instruments within the hierarchy as described in Note 2.

6. **Segment Information**

The primary segment reporting format is presented based on business segments in which the Company's risks and rates of return are affected predominantly by differences in the products and services provided. The Company is organized into three major operating business segments in 2015, 2014 and 2013 which is consistent with how the Company's management internally monitors and analyzes the financial information for reporting to the CODM, who is responsible for allocating resources, assessing performance and making operating decisions:

a. Digital PR and Strategy

Digital PR and strategy specializes in creative management and implementation of professional value-added solutions in the new media, helping clients meet marketing goals and objectives. It focuses on three core areas of expertise: Research and Monitoring, Reputation Defense and Promotions. This covers seeding of content - articles, videos, audio clips, and the like, in these sites.

b. Web Development and Production

The Company develops and maintains websites of various corporate clients. Web production services include creative development of websites, hardware and software management, and site maintenance. To date, the Company has created and launched approximately 300 websites of corporate clients catering to varied industries to include food, finance, consumer products, media, among others.

c. Media Sales

The Company is also engaged in media selling of ad space of publishers. Said media selling is only part of a Media Plan, which the Company prepares for each client to specifically cater to its marketing needs.

Information on the Company's significant business segments follow (amounts in thousands):

	2015				
	Web Development and Productions	**Media Sales**	**Digital PR and Strategy**	**Others***	**Total**
Earnings Information					
Total revenue	**₱1,838**	**₱2,862**	**₱11,334**	**₱–**	**₱16,034**
Cost of services	**869**	**945**	**6,344**	**–**	**8,158**
Gross income	**1,056**	**1,293**	**5,527**	**–**	**7,876**
Interest income (Note 22)	**–**	**–**	**–**	**6,586**	**6,586**
Provision for income tax (Note 24)	**–**	**–**	**–**	**887**	**887**
Net income	**1,056**	**1,293**	**5,527**	**(2,632)**	**5,244**
Other Information					
Segment assets**	**29,807**	**46,413**	**183,804**	**–**	**260,024**
Segment liabilities**	**150**	**234**	**925**	**–**	**1,309**
Depreciation and amortization (Note 21)	**35**	**11**	**70**	**778**	**894**

**These are not allocable to the Company's segments.*
***Segment assets and liabilities are allocated based on the revenue of each segment over the total revenue of the Company.*

	2014				
	Web Development and Productions	Media Sales	Digital PR and Strategy	Others*	Total
Earnings Information					
Total revenue	₱7,092	₱1,151	₱11,162	₱–	₱19,405
Cost of services	3,561	453	7,965	–	11,979
Gross income	3,531	698	3,197	–	7,426
Interest income (Note 22)	–	–	–	2,679	2,679
Provision for income tax (Note 24)	–	–	–	686	686
Net income	3,531	698	3,197	(5,221)	2,205
Other Information					
Segment assets**	97,537	15,830	153,512	–	266,879
Segment liabilities**	4,921	799	7,744	–	13,464
Depreciation and amortization (Note 21)	67	10	105	858	1,040

**These are not allocable to the Company's segments.*
***Segment assets and liabilities are allocated based on the revenue of each segment over the total revenue of the Company.*

	2013				
	Web Development and Productions	Media Sales	Digital PR and Strategy	Others*	Total
Earnings Information					
Total revenue	₱6,774	₱2,674	₱9,037	₱–	₱18,485
Cost of services	4,788	1,890	6,388	–	13,066
Gross income	1,986	784	2,649	–	5,419
Interest income (Note 22)	–	–	–	7,627	7,627
Provision for income tax (Note 24)	–	–	–	393	393
Net income	1,986	784	2,649	(3,413)	2,006
Other Information					
Segment assets**	100,105	39,516	133,546	–	273,167
Segment liabilities**	7,027	2,774	9,375	–	19,176
Depreciation and amortization (Note 21)	80	31	107	535	753

**These are not allocable to the Company's segments.*
***Segment assets and liabilities are allocated based on the revenue of each segment over the total revenue of the Company.*

The Company solely operates in one geographical location, thus, no disclosure was provided for geographical segmentation.

In 2015, the Company has three significant customers which have contributed more than 10% of the total revenues of the Company. Customer A contributed ₱8.04 million or 43% of total revenues for web development, media sales and digital PR. Customer B contributed ₱4.15 million or 22% of total revenues arising from web development and digital PR. Customer C contributed ₱3.96 million or 21% of total revenues for media sales services and digital PR.

On October 30, 2015 the BOD approved the winding down of the Information Technology and Digital Marketing operations of the Company which encompasses Digital Public Relations, Media Sales, and Web Development.

In 2014, the Company has three significant customers which have contributed approximately 10% of the total revenues of the Company. Customer A contributed ₱8.57 million or 44% of total revenues for the web development, and digital PR and strategy consulting services rendered. Customer B contributed ₱3.92 million or 20% of total revenues arising from media sales services and digital PR. Customer C contributed ₱2.42 million or 12% of total revenues for the web development, and digital PR and strategy consulting services rendered.

In 2013, the Company has two significant customers which contributed approximately 10% of the total revenues of the Company. Customer A contributed ₱6.06 million or 32% of total revenues for the web development, and digital PR and strategy consulting services rendered. Customer B contributed ₱4.61 million or 25% of total revenues arising solely from media sales services.

7. **Cash and Cash Equivalents**

This account consists of:

	2015	2014
Cash on hand and in banks	**₱1,176,539**	₱5,754,273
Short-term investments	–	250,389,300
	₱1,176,539	₱256,143,573

Cash in banks earn interest ranging from in 0.25% to 2.50% in 2015 and 0.25% to 0.50% in 2014 and 2013. Short-term investments are made for varying periods of up to three months depending on the immediate cash requirements of the Company, and earn interest at the prevailing short-term investments rates (net of tax) ranging from 0.20% to 2.00%, 0.20% to 0.90%, and 0.25% to 3.25% in 2015, 2014 and 2013, respectively. Interest income earned from cash and cash equivalents in 2015, 2014 and 2013 amounted to ₱3.17 million, ₱2.68 million, and ₱1.47 million, respectively (Note 22).

8. **Trade Receivables**

As of December 31, 2014, this account consists of

Trade	₱32,857,015
Less: Allowance for credit losses	26,612,902
	₱6,244,113

Trade receivables are non-interest bearing and are normally collectible within two to four months after billing is made.

There were no movements in the allowance for credit losses in 2014.

Net trade receivables amounting ₱5.77 million were assigned to Vantage on October 30, 2015 (Note 1).

9. **Other Receivables**

This account consists of:

	2015	2014
Advances to a shareholder (Note 16)	**₱254,500,000**	₱–
Accrued interest	**2,926,750**	110,787
Other receivables	–	3,152,548
	257,426,750	3,263,335
Less: Allowance for credit losses (Note 8)	–	3,117,670
	₱257,426,750	₱145,665

Other receivables pertain to advances to officers and employees, advances to suppliers and nontrade receivables. These are unsecured and due on demand.

On October 21, 2015, the BOD approved the advances to a shareholder amounting to

₱254.50 million collectible within 12 months with interest of 6% per annum. Interest income earned from the advances amounted to ₱2.61 million (Note 22).

Carrying value of the other receivables assigned to Vantage amounted to ₱0.05 million on October 30, 2015 (Note 1).

Unquoted debt security
In 2012, the Company invested in CLN at face value amounting to US$5.01 million that matured on July 20, 2013. The note earns interest at 5% annually. In 2013, the Company recognized interest income from the CLN amounting to ₱6.16 million (Note 22).

Notes to Statements of Cash Flows
The following is a summary of non-cash activities pertaining to the unquoted debt security prior to its maturity in 2013:

	For the year ended December 31, 2013
Unrealized foreign exchange gain on credit-linked note	₱1,419,368
Fair value changes on derivative asset	(8,417,641)
Fair value changes on derivative liability	1,059,803

10. Prepaid Expenses and Other Current Assets

This account consists of:

	2015	2014
Creditable withholding tax	**₱1,424,779**	₱2,636,070
Prepaid expenses	**–**	56,503
Other current assets	**1,226,245**	–
	2,651,024	2,692,573
Less: Allowance for impairment	**1,230,730**	1,230,730
	₱1,420,294	₱1,461,843

11. AFS Investments

As of December 31, 2013, the Company's AFS investments pertain to 150,000 common shares of Union Bank of the Philippines (UBP) which were sold in 2014. Gain on sale of investment in AFS amounted to ₱1.95 million. In 2014 and 2013, the Company received cash dividends from these investments amounting ₱0.66 million and ₱0.53 million, respectively.

The Company acquired bonds on April 7, 2015 and sold the same on July 7, 2015 with acquisition cost and proceeds from sale of ₱45.82 million and ₱46.98 million, respectively. Gain on sale of investments amounted to ₱1.17 million. The Company recognized interest income from investments amounting ₱0.80 million (Note 22).

Changes in the fair values of AFS investments, which are presented as a separate component of equity in the statements of financial position, are as follows:

	2015	2014	2013
Balance at beginning of year	**₱–**	₱2,781,299	₱771,299
Fair value changes taken to equity	**1,166,258**	(827,421)	2,010,000
Transferred to profit or loss	**(1,166,258)**	(1,953,878)	–
Net change in fair value for the year	**–**	(2,781,299)	2,010,000
Balance at end of year	**₱–**	₱–	₱2,781,299

12. **Property and Equipment**

This account consists of:

	2015				
	Transportation Equipment	**Server and Network Equipment**	**Furniture, Fixture and Office Equipment**	**Leasehold Improvements**	**Total**
Cost					
Balance at beginning of year	**₱2,906,250**	**₱6,088,188**	**₱16,585,072**	**₱1,647,223**	**₱27,226,733**
Additions	**–**	**58,027**	**–**	**–**	**58,027**
Transfers	**(2,906,250)**	**(6,146,215)**	**(16,585,072)**	**(1,647,223)**	**(27,284,760)**
Balance at end of year	**–**	**–**	**–**	**–**	**–**
Accumulated Depreciation and Amortization					
Balance at beginning of year	**1,832,143**	**5,972,046**	**16,442,879**	**549,075**	**24,796,143**
Depreciation and amortization (Notes 18, 19 and 21)	**268,527**	**174,169**	**142,192**	**308,854**	**893,742**
Transfers	**(2,100,670)**	**(6,146,215)**	**(16,585,071)**	**(857,929)**	**(25,689,885)**
Balance at end of year	**–**	**–**	**–**	**–**	**–**
Net Book Value	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**

	2014				
	Transportation Equipment	**Server and Network Equipment**	**Furniture, Fixture and Office Equipment**	**Leasehold Improvements**	**Total**
Cost					
Balance at beginning of year	₱2,906,250	₱6,056,224	₱16,585,072	₱1,647,223	₱27,194,769
Additions	–	31,964	–	–	31,964
Balance at end of year	2,906,250	6,088,188	16,585,072	1,647,223	27,226,733
Accumulated Depreciation and Amortization					
Balance at beginning of year	1,474,107	5,811,021	16,355,211	137,269	23,777,608
Depreciation and amortization (Notes 18, 19 and 21)	358,036	161,025	87,668	411,806	1,018,535
Balance at end of year	1,832,143	5,972,046	16,442,879	549,075	24,796,143
Net Book Value	₱1,074,107	₱116,142	₱142,193	₱1,098,148	₱2,430,590

Fully depreciated assets are retained in the account until they are no longer in use and no further depreciation and amortization are credited to or charged against current operations. As of December 31, 2015 and 2014, the cost of fully depreciated assets still being used in operations amounted to nil and ₱24.40 million, respectively.

The Company assigned property and equipment with a net book value amounting to ₱1.59 million to Vantage on October 30, 2015 (Note 1).

13. **Other Noncurrent Assets**

This account consists of security deposits amounting to ₱0.45 million and fully amortized software as of December 31, 2014.

The movements of software follow:

	2015	2014
Cost		
Balance at beginning of year	**₱7,144,619**	₱7,144,619
Disposal	**(7,144,619)**	–
Balance at end of year	**–**	7,144,619
Accumulated Amortization		
Balance at beginning of year	**7,144,619**	7,123,458
Amortization (Notes 18 and 21)	**–**	21,161
Disposal	**(7,144,619)**	–
Balance at end of year	**–**	7,144,619
Net Book Value	**₱–**	₱–

Security deposits amounting to ₱0.16 million were assigned to Vantage on October 30, 2015 (Note 1).

14. **Accounts Payable and Other Current Liabilities**

This account consists of:

	2015	2014
Financial:		
Trade payables	**₱945,720**	₱4,805,034
Accrued expenses	**50,000**	1,789,087
	995,720	6,594,121
Nonfinancial:		
Deferred output value-added tax	**313,581**	3,513,562
Sundry credits	**–**	1,843,695
Withholding taxes	**–**	431,048
Output value-added tax	**–**	20,770
Accrued rent	**–**	21,210
Others	**–**	52,425
	313,581	5,882,710
	₱1,309,301	₱12,476,831

Accrued expenses consist of:

	2015	2014
Professional fees	**₱50,000**	₱365,024
Vacation and sick leave credits	**–**	1,021,283
Cost of Digital PR	**–**	211,200
Media buys	**–**	161,643
Utilities	**–**	29,937
	₱50,000	₱1,789,087

Other payables consist of various statutory payables to the government, which are normally payable within 30 days from the reporting date.

The Company assigned accounts payable and other current liabilities amounting to ₱10.27 million to Vantage on October 30, 2015 (Note 1).

15. **Equity**

The details of the Company's capital stock are shown below:

	Number of Shares	Amount
Authorized - par value of ₱1 per share	1,000,000,000	₱1,000,000,000
Issued and outstanding shares	278,000,000	278,000,000

The track record of the Company's registration of securities in compliance with the Securities Regulation Code Rule 68 Annex 68-D follows:

a. The authorized number of shares registered with the SEC on June 10, 1998 amounts to one billion shares with a par value of ₱1.00 per share.

b. On December 7, 2015, the BOD in its special meeting, approved the quasi-reorganization and increase in authorized capital stock of the Company. The quasi-reorganization will reduce the par value of the Company's 1.00 billion authorized common shares from ₱1.00 to ₱0.01. Further, the authorized capital stock will be increased to ₱3.00 billion divided into 300.00 billion shares.

   On December 11, 2015, the shareholders of the Company representing at least 2/3 of the outstanding capital stock ratified the said resolutions.

   As of December 31, 2015, the Company has not yet applied for the quasi-reorganization and increase in authorized capital stock with the SEC.

c. As of December 31, 2015 and 2014, the total number of stockholders of the Company is 800 and 797, respectively.

d. On July 7, 2015, Vantage entered into a Sale and Purchase Agreement (SPA) with third party buyers for the sale of the entire shares owned by Vantage. Under the SPA, the closing of the transfer of the Sale Shares is subject to and conditioned upon the conduct and completion of a mandatory tender offer as well as the payment of the purchase price, which conditions have been complied with on October15, 2015. Accordingly, on October 15, 2015, the Company ceased as a majority owned subsidiary of Vantage.

Capital Management
The primary objective of the Company's capital management is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital on the basis of the debt-to-equity ratio. This ratio is calculated as total liabilities over total equity, excluding net unrealized gain on change in fair value of available-for-sale investments, as follows:

	2015	2014
Total debt (a)	**₱1,309,301**	₱13,463,894
Total equity (b)	**258,714,282**	253,414,957
Debt-to-equity ratio (a/b)	**0.01:1**	0.05:1

16. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) individuals owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Company; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

In the normal course of business, the Company has transactions with other companies considered as related parties. These transactions are based on terms similar to those offered to non-related parties.

The following table presents the balances of material intercompany transactions of the Company:

	December 31, 2015		
Category	**Amount/ Volume***	**Outstanding Balance**	**Nature, Terms and Conditions**
E-business Services, Inc. (EBSI) (Related Party)			
Other liabilities	**(₱454,585)**	**₱–**	**Reimbursement for various expenses and share in utilities and condo dues; on demand; non-interest bearing and unsecured**
Directors and Other Key Management Personnel (Other Related Parties)			
Other receivables	**254,500,000**	**254,500,000**	**Advances to stockholder; payable within 12 months; interest-bearing, unsecured and unimpaired**
Accrued interest receivable	**2,926,750**	**2,926,750**	**Interest income accrued on advances to a shareholder**
Professional fees	**3,200,000**	**–**	**Settlement of management contract**
Directors' fees	**94,118**	**–**	**Per diem of Directors**

**Negative amounts refer to settlement transactions.*

Category	Amount/ Volume*	Outstanding Balance	Nature, Terms and Conditions
	December 31, 2014		
E-business Services, Inc. (EBSI) (Other Related Party)			
Other receivables	(₱175,238)	₱–	Share in server connection fees; on demand; non-interest bearing and unsecured
Other liabilities	(755,992)	–	Construction expenses initially paid by EBSI in 2013 and share in utilities and condo dues; on demand; non-interest bearing and unsecured
Directors and Other Key Management Personnel (Other Related Parties)			
Accrued expenses	1,800,000	–	Consultancy agreement for marketing and corporate strategy; on demand; non-interest bearing and unsecured
Professional fees	1,800,000	–	Consultancy fees
Directors' fees	217,647	–	Per diem of Directors

**Negative amounts refer to settlement transactions.*

Category	Amount/ Volume*	Outstanding Balance	Nature, Terms and Conditions
	December 31, 2013		
Vantage Equities Inc. (VEI) (Former Parent Company)			
Other liabilities	(₱23,453)	₱–	Trustee fee related to unquoted debt security investment, registration fees and other expenses
E-business Services, Inc. (EBSI) (Other Related Party)			
Other receivables	59,171	175,238	Share in server connection fees; on demand; non-interest bearing and unsecured
Other liabilities	–	80,948	Construction expenses initially paid by EBSI; on demand; non-interest bearing and unsecured
Directors and Other Key Management Personnel (Other Related Parties)			
Accrued expenses	(1,800,000)	–	Consultancy agreement for marketing and corporate strategy; on demand; non-interest bearing and unsecured
Professional fees	1,800,000	–	Consultancy fees
Directors' fees	253,294	–	Per diem of Directors

**Negative amounts refer to settlement transactions.*

Terms and conditions of transactions with Vantage

In 2011, Vantage invested in a US$10.00 million credit-linked note for which the Company received an allocation amounting to US$5.01 million through a participation agreement. The Company held the note until its maturity on July 20, 2013.

Terms and conditions of transactions with other related parties
Outstanding balances at year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. An impairment assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates. In 2015, 2014 and 2013 no provisions for credit losses were provided for the related parties' transactions.

Remunerations of Key Management Personnel
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Company considers the members of the Executive Committee to constitute key management personnel for purposes of PAS 24, *Related Party Disclosures.*

The remuneration of the Company's key management personnel follows:

	2015	2014	2013
Salaries and short-term benefits	**₱1,896,448**	₱3,234,859	₱2,484,214
Post-employment benefits	–	24,539	17,841
	₱1,896,448	₱3,259,398	₱2,502,055

Other Related Party Transactions
As of December 31, 2015, 2014 and 2013, outstanding and issued shares held by related parties follow:

	2015	2014	2013
Vantage	–	186,121,771	186,121,771
Directors and key management personnel	**186,121,868**	142,026	141,926

17. **Revenue**

This account consists of:

	2015	2014	2013
Digital PR and strategy	**₱11,333,613**	₱11,162,151	₱9,036,881
Web development and production	**1,837,703**	7,091,720	6,773,698
Media sales	**2,862,846**	1,151,143	2,674,302
	₱16,034,162	₱19,405,014	₱18,484,881

18. **Cost of Services**

This account consists of:

	2015	2014	2013
Salaries and benefits (Note 20)	**₱4,540,821**	₱6,683,313	₱7,922,689
Cost of digital PR and strategy	**2,604,314**	3,573,713	3,306,048
Internet connection fee	**361,912**	463,405	461,658

(Forward)

	2015	2014	2013
Web development	**₱262,630**	₱770,732	₱533,558
Depreciation and amortization (Notes 12, 13 and 21)	**116,145**	182,187	218,224
Retirement expense (Notes 20 and 23)	**–**	87,855	75,124
Service connection fee	**–**	–	523,054
Others	**272,676**	217,317	25,097
	₱8,158,498	₱11,978,522	₱13,065,452

19. **General and Administrative Expenses**

This account consists of:

	2015	2014	2013
Professional fees (Note 16)	**₱3,581,800**	₱2,862,157	₱3,610,834
Separation pay (Note 20)	**3,070,217**	–	–
Salaries and benefits (Note 20)	**1,903,463**	2,570,494	2,484,214
Depreciation and amortization (Notes 12, 13, and 21)	**777,597**	857,509	534,453
Rent	**523,980**	603,169	479,671
Taxes and licenses (Note 26)	**403,538**	817,025	962,885
Communication and utilities	**379,023**	569,917	725,005
Registration/license fee	**255,960**	255,650	281,000
External services	**238,879**	334,641	332,279
Condominium dues	**110,700**	145,140	324,712
Directors' fees (Note 16)	**94,118**	217,647	235,294
Entertainment, amusement and recreation (Note 24)	**44,024**	29,455	211,587
Transportation and travel	**35,296**	91,282	205,041
Office supplies	**27,950**	41,559	51,381
Repairs and maintenance	**10,886**	23,189	34,995
Retirement expense (Notes 20 and 23)	**–**	24,539	17,841
Recovery of allowance for credit and impairment losses (Note 8)	**–**	–	(329,392)
Others	**198,989**	412,748	132,066
	₱11,656,420	₱9,856,121	₱10,293,866

20. **Personnel Costs**

	2015	2014	2013
Cost of services (Note 18):			
Salaries and benefits	**₱4,540,821**	₱6,683,313	₱7,922,689
Retirement expense	**–**	87,855	75,124
	4,540,821	6,771,168	7,997,813
General and administrative expenses (Note 19):			
Salaries and benefits	**1,903,463**	2,570,494	2,484,214
Separation pay (Notes 1, 6 and 23)	**3,070,217**	–	–
Retirement expense	**–**	24,539	17,841
	4,973,680	2,595,033	2,502,055
	₱9,514,501	₱9,366,201	₱10,499,868

21. **Depreciation and Amortization**

	2015	2014	2013
Cost of services (Note 18)	**₱116,145**	₱182,187	₱218,224
General and administrative expenses (Note 19)	**777,597**	857,509	534,453
	₱893,742	₱1,039,696	₱752,677

22. **Interest Income**

This account consists of income from:

	2015	2014	2013
Cash and cash equivalents (Note 7)	**₱3,173,886**	₱2,678,042	₱1,466,510
Other receivables (Note 9)	**2,613,170**	1,212	5,410
AFS investment (Note 11)	**797,543**	–	–
Unquoted debt security (Note 9)	**–**	–	6,155,172
Others	**1,263**	–	–
	₱6,585,862	₱2,679,254	₱7,627,092

23. **Retirement Costs**

As a result of the disposal of the investment by Vantage, the Company does not have any employees as of December 31, 2015.

In 2014, the Company has an unfunded, noncontributory defined benefit retirement plan covering substantially all of its regular employees. The latest actuarial valuation of the retirement plan was made on December 31, 2013.

The principal actuarial assumptions used in determining the retirement liability of Company's retirement plan as of December 31, 2014 and 2013 are shown below:

	2014	2013
Discount rate		
January 1	5.05%	5.50%
December 31	5.05	5.05
Future salary increase	4.00	4.00
Average period of service of employees	5 years	5 years

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

	December 31, 2014	
	Possible fluctuations	Increase (decrease)
Discount rate	+ 1.00%	(₱162,904)
	- 1.00%	162,904
Future salary increase rate	+ 1.00%	162,990
	- 1.00%	(162,990)
Average period of service of employees	+ 10.00%	74,351
	- 10.00%	(74,351)

	December 31, 2013	
	Possible fluctuations	Increase (decrease)
Discount rate	+ 1.00%	(₱162,904)
	- 1.00%	162,904
Future salary increase rate	+ 1.00%	162,990
	- 1.00%	(162,990)
Average period of service of employees	+ 10.00%	74,351
	- 10.00%	(74,351)

Shown below is the maturity analysis of undiscounted benefit payments:

	2014
More than 10 to 15 years	₱500,807
More than 15 years	2,077,843

The average duration of the defined benefit obligation at December 31, 2014 is estimated to be 22 years.

As of December 31, 2014, the net retirement payable recognized in the statements of financial position follows:

2014									
		Net benefit cost in statement of income			Remeasurements in other comprehensive income				
	1 January 2014	Current service cost	Interest cost	Subtotal	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Actuarial changes arising from deviations of experience from assumptions	Subtotal	31 December 2014
Present value of defined benefit obligation	₱732,093	₱75,423	₱36,971	₱112,394	₱–	₱–	₱–	₱–	₱844,487

2013									
		Net benefit cost in statement of income			Remeasurements in other comprehensive income				
	1 January 2013	Current service cost	Interest cost	Subtotal	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Actuarial changes arising from deviations of experience from assumptions	Subtotal	31 December 2013
Present value of defined benefit obligation	₱569,896	₱61,621	₱31,344	₱92,965	₱14,864	₱61,178	(₱6,810)	₱69,232	₱732,093

The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions.

The amounts of retirement cost are included in ‘Personnel costs’ (Note 20).

24. **Income Tax**

Provision for income tax consists of:

	2015	2014	2013
Current:			
Final tax	**₱634,680**	₱535,334	₱294,158
MCIT	**252,747**	150,961	244,786
	887,427	686,295	538,944
Deferred	–	–	(145,864)
Provision for income tax	**₱887,427**	₱686,295	₱393,080

Income taxes include corporate income tax and final taxes paid at the rate of 20.00% and 7.50% for local currency-denominated and foreign currency-denominated bank accounts, respectively, which represent the final withholding tax on gross interest income earned from government securities and deposits in bank.

RA No. 9337, An Act Amending National Internal Revenue Code, provides that effective July 1, 2005, the RCIT rate is 30.00% and interest expense allowed as a deductible expense is reduced by 33.00% of interest income subjected to final tax.

Current tax regulations provide for the ceiling on the amount of entertainment, amusement and recreation (EAR) expenses that can be claimed as a deduction against taxable income. Under the regulation, EAR expenses allowed as a deductible expense is limited to the actual EAR expenses paid or incurred but not to exceed 1.00% of net revenue. EAR amounted to ₱0.04 million, ₱0.03 million, and ₱0.21 million in 2015, 2014 and 2013, respectively (Note 19). The regulations also provide for MCIT of 2.00% on modified gross income and allow NOLCO. The MCIT and NOLCO may be applied against the Company's income tax liability and taxable income, respectively, over a three-year period from the year of inception.

The Company did not recognize deferred tax assets on the following temporary differences:

	2015	2014
NOLCO	**₱3,541,700**	₱4,522,611
Excess MCIT over RCIT	**648,494**	395,747
Allowance for credit losses (Notes 8 and 9)	–	29,730,572
Retirement payable (Note 23)	–	844,487
Accrued rent	–	21,210
Unrealized foreign exchange loss	–	2,792
	₱4,190,194	₱35,517,419

The Company believes that it is not reasonably probable that these temporary differences will be realized in the future. The related deferred tax asset on these temporary differences amounted to ₱1.71 million and ₱10.93 million as of December 31, 2015 and 2014, respectively.

The reconciliation of provision for income tax computed at the statutory income tax rate to the provision for income tax as shown in the statements of comprehensive income is as follows:

	2015	2014	2013
Statutory income tax	**₱1,839,361**	₱867,419	₱719,821
Tax effect of:			
Non-taxable income	**(349,877)**	(784,163)	(5,863)
Income already subjected to final tax	**(317,487)**	(268,442)	(304,918)
Movement in unrecognized deferred tax assets	**(284,570)**	777,973	(46,382)
Non-deductible expenses	–	93,508	30,422
Effective income tax	**₱887,427**	₱686,295	₱393,080

Details of the Company's MCIT that can be claimed as tax credit follow:

Inception Year	Amount	Utilized	Balance	Expiry Year
2013	₱244,786	–	₱244,786	2016
2014	150,961	–	150,961	2017
2015	252,747	–	252,747	2018
	₱648,494		₱648,494	

Details of the Company's NOLCO follow:

Inception Year	Amount	Utilized	Balance	Expiry Year
2013	₱2,560,523	(980,911)	₱1,579,612	2016
2014	1,962,088	–	1,962,088	2017
	₱4,522,611	(980,911)	₱3,541,700	

25. Basic/Diluted Earnings Per Share

	2015	2014	2013
Net income	**₱5,243,775**	₱2,205,103	₱2,006,325
Weighted average common shares	**278,000,000**	278,000,000	278,000,000
Basic/diluted earnings per share amounts	**₱0.0189**	₱0.0079	₱0.0072

The Company has no dilutive potential common shares that can reduce earnings per share.

26. Supplementary Information Required Under Revenue Regulations (RR) 15-2010

In compliance with RR 15-2010, the Company presents information on taxes, duties and license fees paid or accrued during the taxable year.

VAT

The Company declared output value added tax (VAT), which is computed based on the 12% of gross revenues subject to VAT, amounting to ₱2.42 million as of December 31, 2015. Outstanding balance of output VAT amounted to nil as of December 31, 2015. The Company has VAT-exempt sales amounting to ₱0.44 million during the year.

Details of the Company's input VAT follows:

Beginning balance	₱–
Current year purchases and payments for goods and services	967,795
Community taxes	967,795
Claims for tax credit/refund and other adjustments	(967,795)
Ending balance	₱–

Taxes and licenses
The details of taxes and licenses account follow:

Business licenses	₱264,393
Documentary stamp taxes	112,780
Community taxes	10,500
Others	15,865
	₱403,538

Withholding taxes
Details of total remittances of withholding taxes as of December 31, 2015 follow:

	Total remittances	Balance
Withholding taxes on compensation and benefits	₱904,530	₱–
Expanded withholding taxes	628,436	–
	₱1,532,966	₱–

Tax assessments and cases
In April 2014, the Company received a Letter of Authority (LOA) pertaining to the Value Added Tax (VAT) from January to June of the prior year. A LOA was also received in September 2014 which pertains to all internal revenue taxes, excluding VAT, but including documentary stamp taxes for the period ended December 31, 2013. Examinations of books for both LOAs are on-going as of December 31, 2015.

In 2015, the Company has no tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the BIR.

SGV
Building a better working world

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

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

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Yehey! Corporation
1801 East Tower, Philippine Stock Exchange Centre
Exchange Road, Ortigas Centre
Pasig City

We have audited the financial statements of Yehey! Corporation (the Company) as of and for the year ended December 31, 2015, on which we have rendered the attached report dated March 11, 2016.

In compliance with Securities Regulation Code Rule 68, we are stating that the Company has a total number of seven hundred forty (740) stockholders owning one hundred (100) or more shares each.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
SEC Accreditation No. 0664-AR-2 (Group A),
March 26, 2014, valid until March 25, 2017
Tax Identification No. 160-302-865
BIR Accreditation No. 08-001998-73-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5321688, January 4, 2016, Makati City

March 11, 2016

SGV
Building a better working world

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

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

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Yehey! Corporation
1801 East Tower, Philippine Stock Exchange Centre
Exchange Road, Ortigas Centre
Pasig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Yehey! Corporation (the Company) as at December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015 included in this Form 17-A, and have issued our report thereon dated March 11, 2016. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado

Michael C. Sabado
Partner
CPA Certificate No. 89336
SEC Accreditation No. 0664-AR-2 (Group A),
March 26, 2014, valid until March 25, 2017
Tax Identification No. 160-302-865
BIR Accreditation No. 08-001998-73-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5321688, January 4, 2016, Makati City

March 11, 2016

YEHEY! CORPORATION
INDEX TO THE FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2015

Schedules Required under Securities Regulation Code Rule 68

SCHEDULE I

YEHEY! CORPORATION
Reconciliation of Retained Earnings Available for Dividend Declaration
December 31, 2015

None to report.
The Company posted deficit amounting to ₱36.87 million as of December 31, 2015.

SCHEDULE II

YEHEY! CORPORATION
LIST OF PHILIPPINE FINANCIAL REPORTING STANDARDS (PFRS)
EFFECTIVE AS OF DECEMBER 31, 2015

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		X		
PFRSs Practice Statement Management Commentary				X
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			X
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			X
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			X
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			X
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			X
	Amendments to PFRS 1: Government Loans			X
	Amendment to PFRS 1: Meaning of Effective PFRSs			X
PFRS 2	Share-based Payment			X
	Amendments to PFRS 2: Vesting Conditions and Cancellations			X
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			X
	Amendment to PFRS 2: Definition of Vesting Condition			X
PFRS 3 (Revised)	Business Combinations			X
	Amendment to PFRS 3: Accounting for Contingent Consideration in a Business Combination			X
	Amendment to PFRS 3: Scope Exceptions for Joint Arrangements			X
PFRS 4	Insurance Contracts			X
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			X
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			X
	Amendment to PFRS 5: Changes in methods of disposal			X
PFRS 6	Exploration for and Evaluation of Mineral Resources			X
PFRS 7	Financial Instruments: Disclosures	X		
	Amendments to PFRS 7: Transition			X

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	X		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	X		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	X		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	X		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	X		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	X		
	Amendments to PFRS 7: Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in PFRS 9			X
	Amendments to PFRS 7: Servicing Contracts and Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements			X
PFRS 8	Operating Segments	X		
	Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets			X
	Amendment to PFRS 8: Aggregation of segments, reconciliation of the total of the reportable segments' assets to the entity's assets			X
PFRS 9	Financial Instruments		Not early adopted	
	Financial Instruments: Classification and Measurement of Financial Assets		Not early adopted	
	Financial Instruments: Classification and Measurement of Financial Liabilities		Not early adopted	
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures		Not early adopted	
	Reissue to incorporate a hedge accounting chapter and permit early application of the requirements for presenting in other comprehensive income the "own credit" gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of PFRS 9		Not early adopted	
	Financial Instruments (final version), incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition		Not early adopted	
PFRS 10	Consolidated Financial Statements			X
	Amendments to PFRS 10: Transition Guidance			X
	Amendments to PFRS 10: Investment Entities			X
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture			X

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PFRS 11	Joint Arrangements			X
	Amendments to PFRS 11: Transition Guidance			X
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			X
PFRS 12*	Disclosure of Interests in Other Entities			X
	Amendments to PFRS 12: Transition Guidance			X
	Amendments to PFRS 12: Investment Entities			X
PFRS 13*	Fair Value Measurement	X		
	Amendment to PFRS 13: Short-term Receivables and Payables	X		
	Amendment to PFRS 13: Portfolio Exception	X		
PFRS 14	Regulatory Deferral Accounts			X
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	X		
	Amendment to PAS 1: Capital Disclosures	X		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			X
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	X		
PAS 2	Inventories			X
PAS 7	Statement of Cash Flows	X		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	X		
PAS 10	Events after the Balance Sheet Date	X		
PAS 11	Construction Contracts			X
PAS 12	Income Taxes	X		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets			X
PAS 16	Property, Plant and Equipment	X		
	Amendment to PAS 16: Revaluation Method – Proportionate Restatement of Accumulated Depreciation on Revaluation	X		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	X		
	Amendments to PAS 16 and PAS 41, Agriculture: Bearer Plants			X
PAS 17	Leases	X		
PAS 18	Revenue	X		
PAS 19	Employee Benefits	X		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			X
	Amendments to PAS 19: Defined Benefit Plans: Employee			X

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	Contribution			
	Amendments to PAS 19: Discount Rate: Regional Market Issue			X
PAS 19 (Amended)*	Employee Benefits – Defined Benefit Plans: Employee Contributions			X
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			X
PAS 21	The Effects of Changes in Foreign Exchange Rates	X		
	Amendment: Net Investment in a Foreign Operation			X
PAS 23 (Revised)	Borrowing Costs			X
PAS 24 (Revised)	Related Party Disclosures	X		
	Related Party Disclosures – Key Management Personnel			X
PAS 26	Accounting and Reporting by Retirement Benefit Plans			X
PAS 27 (Amended)*	Separate Financial Statements	X		
	Amendments for investment entities			X
	Amendments to PAS 27: Equity Method in Separate Financial Statements			X
PAS 28	Investments in Associates and Joint Ventures			X
PAS 29	Financial Reporting in Hyperinflationary Economies			X
PAS 31	Interests in Joint Ventures			X
PAS 32	Financial Instruments: Disclosure and Presentation	X		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			X
	Amendment to PAS 32: Classification of Rights Issues			X
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	X		
PAS 33	Earnings per Share	X		
PAS 34	Interim Financial Reporting	X		
	Amendment to PAS 34: Disclosure of information 'Elsewhere in the Interim financial report'			X
PAS 36	Impairment of Assets	X		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	X		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	X		
PAS 38	Intangible Assets			X
	Amendments to PAS 38 : Proportionate Restatement of Accumulated Depreciation on Revaluation			X
	Amendments to PAS 38 : Revaluation Method – Proportionate Restatement Of Accumulated Amortization			X
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			X

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 39	Financial Instruments: Recognition and Measurement	X		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	X		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			X
	Amendments to PAS 39: The Fair Value Option			X
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			X
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	X		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	X		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			X
	Amendment to PAS 39: Eligible Hedged Items			X
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			X
PAS 40	Investment Property			X
	Amendments to PAS 40: Clarifying the Interrelationship between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner-Occupied Property			X
PAS 41	Agriculture			X
	Amendments to PAS 16 and PAS 41, Agriculture: Bearer Plants			X
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			X
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			X
IFRIC 4	*Determining Whether an Arrangement Contains a Lease*			X
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			X
IFRIC 6	*Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*			X
IFRIC 7	*Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies*			X
IFRIC 8	*Scope of PFRS 2*			X
IFRIC 9	Reassessment of Embedded Derivatives			X
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			X
IFRIC 10	*Interim Financial Reporting and Impairment*	X		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
IFRIC 11	PFRS 2- Group and Treasury Share Transactions (Replaced by amendments to PFRS 2)			**X**
IFRIC 12	Service Concession Arrangements			**X**
IFRIC 13	Customer Loyalty Programmes			**X**
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			**X**
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			**X**
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			**X**
IFRIC 17	Distributions of Non-cash Assets to Owners			**X**
IFRIC 18	Transfers of Assets from Customers			**X**
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			**X**
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			**X**
IFRIC 21	Levies			**X**
SIC-7	Introduction of the Euro			**X**
SIC-10	Government Assistance - No Specific Relation to Operating Activities			**X**
SIC-12	Consolidation - Special Purpose Entities			**X**
	Amendment to SIC - 12: Scope of SIC 12			**X**
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			**X**
SIC-15	Operating Leases - Incentives			**X**
SIC-21	Income Taxes - Recovery of Revalued Non-Depreciable Assets			**X**
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			**X**
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			**X**
SIC-29	Service Concession Arrangements: Disclosures.			**X**
SIC-31	Revenue - Barter Transactions Involving Advertising Services			**X**
SIC-32	Intangible Assets - Web Site Costs			**X**

YEHEY! CORPORATION
Key Performance Indicators
December 31, 2015

	December 31, 2015	December 31, 2014
Current Ratio	19,859.73%	2,091.98%
Debt-to-Equity Ratio	0.51%	5.31%
Asset-to-Equity Ratio	100.51%	105.31%
Debt Ratio	0.50%	5.04%
Return on Assets	1.99%	0.82%
Return on Equity	2.05%	0.87%

(i) Current Ratio [Current Assets/Current Liabilities]
(ii) Debt to Equity Ratio [Total Liabilities/Total Equity]
(iii) Asset to Equity Ratio [Total Assets/Total Equity]
(iv) Debt Ratio [Total Liabilities/Total Assets]
(v) Return on Assets [Net Income/Average Total Assets]
(vi) Return on Equity [Net Income/Average Total Equity]

YEHEY! CORPORATION
Schedule A – Financial Assets
December 31, 2015

Name of issuing entity and association of each issue (i)	**Number of shares or principal amount of bonds or notes**	**Amount shown on the balance sheet** (ii)	**Valued based on market quotation at end of reporting period** (iii)	**Income accrued**

None to Report

(i) Each issue shall be stated separately, except that reasonable grouping, without enumeration may be made of (a) securities issued or guaranteed by the Philippine Government or its agencies and (b) securities issued by others for which the amounts in the aggregate are not more than two percent of total assets.

(ii) State the basis of determining the amounts shown in the column. This column shall be totalled to correspond to the respective balance sheet caption or captions.

(iii) This column may be omitted if all amounts that would be shown are the same as those in the immediately preceding column.

YEHEY! CORPORATION
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2015

Name and Designation of debtor (i)	Balance at beginning of period	Additions	Amounts Collected (ii)	Amounts Written-off (iii)	Current	Not Current	Balance at end of period
Socorro P. Lim / Chairman*	-	254,500,000	-	-	254,500,000	-	254,500,000

***** Collectible within 12 months with interest of 6% per annum. Interest income earned from the advances amounted to ₱2.61 million.

(i) Show separately accounts receivables and notes receivable. In case of notes receivable, indicate pertinent information such as the due date, interest rate, terms of repayment and collateral, if any.
(ii) If collection was other than cash, explain.
(iii) Give reasons for write off.

YEHEY! CORPORATION
Schedule C - Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements
December 31, 2015

Name of Debtor	Balance at beginning of period	Additions	Amounts Collected (i)	Amounts Written-off (ii)	Current	Non-Current	Balance at end of period

None to Report

(i) If collection was other than in cash, explain.
(ii) Give reasons for write-off.

YEHEY! CORPORATION
Schedule D - Intangible Assets - Other Assets
December 31, 2015

Description [i]	Beginning Balance	Additions at Cost [ii]	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions) [iii]	Ending Balance

None to Report

---

[i] The information required shall be grouped into (a) intangibles shown under the caption intangible assets and (b) deferrals shown under the caption Other Assets in the related balance sheet. Show by major classifications.

[ii] For each change representing other than an acquisition, clearly state the nature of the change and the other accounts affected. Describe cost of additions representing other than cash expenditures.

[iii] If provision for amortization of intangible assets is credited in the books directly to the intangible asset account, the amounts shall be stated with explanations, including the accounts charged. Clearly state the nature of deductions if these represent anything other than regular amortization.

YEHEY! CORPRATION
Schedule E - Long-Term Debt
December 31, 2015

Title of issue and type of obligation [i]	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt' in related balance sheet [ii]	Amount shown under caption "Long-Term Debt" in related balance sheet [iii]	Interest Rate %	Maturity Date

None to report

---

[i] Include in this column each type of obligation authorized.
[ii] This column is to be totalled to correspond to the related balance sheet caption.
[iii] Include in this column details as to interest rates, amounts or numbers of periodic instalments, and maturity dates.

YEHEY! CORPORATION
Schedule F - Indebtedness to Related Parties
December 31, 2015

Name of Related Parties (i)	Balance at beginning of period	Balance at end of period (ii)
	None to report	

(i) The related parties named shall be grouped as in Schedule D. The information called for shall be stated for any persons whose investments shown separately in such related schedule.
(ii) For each affiliate named in the first column, explain in a note hereto the nature and purpose of any material increase during the period that is in excess of 10 percent of the related balance at either the beginning or end of the period.

YEHEY! CORPORATION
Schedule G - Guarantees of Securities of Other Issuers
December 31, 2015

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount of guaranteed and outstanding [(i)]	Amount owned by person of which statement is filed	Nature of guarantee [(ii)]

None to Report

(i) Indicate in a note any significant changes since the date of the last balance sheet file. If this schedule is filed in support of consolidated financial statements, there shall be set forth guarantees by any person included in the consolidation except such guarantees of securities which are included in the consolidated balance sheet.

(ii) There must be a brief statement of the nature of the guarantee, such as “Guarantee of principal and interest”, “Guarantee of Interest”, or “Guarantee of Dividends”. If the guarantee is of interest, dividends, or both, state the annual aggregate amount of interest or dividends so guaranteed.

YEHEY! CORPORATION
Schedule H - Capital Stock
December 31, 2015

(Absolute numbers of shares)

Title of Issue [i]	Number of shares authorized	Number of shares issued and outstanding as shown under the related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties [ii]	Directors, officers and employees	Others [iii]
Common	1,000,000,000	278,000,000	None to Report	-	186,121,868	None to Report

---

[i] Include in this column each type of issue authorized
[ii] Related parties referred to include persons for which separate financial statements are filed and those included in the consolidated financial statements, other than the issuer of the particular security.
[iii] Indicate in a note any significant changes since the date of the last balance sheet filed.