SEC Number 168063
File Number ________

PRYCE CORPORATION
(formerly PRYCE PROPERTIES CORPORATION)

Company's Full Name

17th Floor Pryce Center, 1179 Chino Roces Avenue corner Bagtikan St., Makati City

Company's Address

899-44-01 (trunkline)
Telephone Number

December 31
Fiscal Year Ending
(Month & Day)

SEC Form 17-Q

Form Type

N/A

Amendment Designation (if applicable)

June 30, 2015

Period Ended Date

N/A

Secondary License Type and File Number

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended June 30, 2015

2. Commission identification number 168063

3. BIR Tax Identification No. 000-065-142-000

4. PRYCE CORPORATION (formerly Pryce Properties Corporation)

5. Metro Manila, Philippines

6. Industry Classification Code:

7. 17th Floor Pryce Center, 1179 Chino Roces Avenue cor. Bagtikan St. Makati City 1203

8. (0632) 899-44-01 (Trunkline)

9. N. A.

   Former name, former address and former fiscal year, if changed since last report

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

Title of Each Class	No. of shares/Amount of Outstanding Debt
Issued Common Shares	1,998,750,000
Subscribed Common Shares	2,000,000,000
Debt Outstanding (Creditor/Bank-principal only)	P 25,000,000 - parent company
	P 32,270,377 - subsidiary, re-structured loan(s) only

11. Are any or all of the securities listed on a Stock Exchange?
    Yes { / } No { }
    Philippine Stock Exchange Common Stock

12. Indicate by check mark whether the registrant:

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

    Yes { / } No { }

    (b) has been subject to such filing requirements for the past ninety (90) days.

    Yes { / } No { }

PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements.

Please see attached.

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

Consolidated net income after tax of the company for the six-month period ended June 30, 2015 quintupled to P297.08 million from P55.70 million a year ago. This stems principally from the increased earnings arising from the surge of 54.82% in volume sales of liquefied petroleum gas (LPG) to 67,800 metric tons (MT) from the prior-year figure of 43,794 MT, as well as lower cost of sales and operating costs. This profit level was achieved despite the downturn in selling prices brought about by the declining prices of petroleum products worldwide, including LPG. Notwithstanding the fall in prices, the company has been able to protect its margins, specially in LPG sales, the company's principal product. The net income of P297.08 million, on an annualized basis, translates to an earnings per share of some P0.297.

Revenue and Volume Growth

For the first semester ended June 30, 2015, consolidated revenues totaled P2.728 billion, broken down by product line as follows: LPG, P2.46 billion (or 90.02% of total); industrial gases, P197.32 million (7.23%); real estate sales, P58.31 million (2.14%); and hotel operations, P15.19 million (0.56%). The balance came from the sales of fuels (.05%).

The total revenue figure of P2.728 billion is actually flat, growth-wise, compared to the year-earlier amount of P2.741 billion, despite the substantial rise in the volume of LPG sales (under the brand name PryceGas). This divergence is attributable to the 37% decline year-on-year in average price of household LPG sold by the company to its dealers, following the downturn in international contract price of the product. Sales of LPG in Peso terms actually slipped by 1.37% to P2.46 billion.

Sales of industrial gases also fell by 3.67% to P197.31 million mainly due to the decline in volume sales of oxygen and acetylene. Total cylinders sold for all types of industrial gas products in the first six months of the year slid to 375,509, compared to the previous year's 487,250 cylinders. This drop in sales volume is the result of an in-house policy to give priority to customers who pay in cash rather than those who pay on term basis, to minimize receivables.

Sales of real estate, more than doubled to P58.31 million accounted for by various promotional programs for memorial lot sales, the provision of two-tier interments on lawn lots, and the sale of a commercial property in Davao City. Revenues from hotel operations dipped by 16.77% to P15.19 million due to continuing tight competition.

(LPG, industrial gases, and fuels are product lines of the subsidiary, Pryce Gases, Inc. (PGI), while real estate and hotel operations are under the mother company, Pryce Corporation. The figures also include the accounts of PGI's subsidiary, Oro Oxygen Corporation, which is involved in the same business as PGI's but focuses its operations in Luzon.)

The sales performance and revenue growth of each company are presented in Appendix A-1.

Price Movement

The international contact price (CP) of LPG, which is the basis of importing the product into the country, started the year at U.S.$456/MT, following the almost 50% slide in price the previous year. In February, CP rose to $471/MT and stayed in a narrow band of $467 to $472 from March to May. In June, it dropped to $429.50/MT, resulting in an average CP for the first six months of $461.25/MT. This is a decline of 48% from the $888.42/MT average CP in the first six months of the previous year.

As a result of this substantial drop in the price of CP, the average selling price of PryceGas LPG to its dealers fell from P55.72/kg. in the first half of 2014 to P35.10/kg. in the first half of 2015 for household/cooking LPG and from P60.57/kg. to P48.64/kg. for autogas. This price decline is consistent with the movement in retail prices for the local LPG industry.

In the industrial gas division, the company increased the average price of oxygen by 25% to P421.78 per cylinder and acetylene by 16.8% to P1,231.87 per cylinder, resulting in greater profitability.

Competition and Market Share

While the local consumption of LPG, on the aggregate, had been fairly stable at some 1.1 million MT per annum for the last five years, the era of substantially-reduced prices seems to have perked up the demand for LPG. Based on figures from the Dept. of Energy (DOE) covering the first quarter (latest available) total local consumption for the first quarter of 2015 amounted to 311,000 MT compared to the previous year's 276,000 MT or an increase of some 12.68%. Annualized, this would translate to 1.244 million MT for 2015 against 1.104 million for 2014. The apparent upward shift in demand, if sustained due to low prices, has significant implications in the operations of the company as they relate to strategies for extending market reach and increasing revenues. The DOE report indicates a market share of 10.5% for PryceGas based on first quarter data, up from 7.5% a year ago.

As indicated in previous reports, the domestic LPG market is highly competitive but the company has the logistics and well-built infrastructure to compete effectively. In the Luzon area the company has a 6,300 MT import terminal in San Fabian Pangasinan, as well as 22 refilling plants with storage capacities ranging from 25MT to 120 MT. In the Visayas-Mindanao area, the company has the largest aggregate storage capacity with seven (7) import terminals and nine (9) refilling plants, having a total capacity of 10,350 MT. Although relatively new in the Luzon market, the company continues to expand its footprint in this area. Already, Luzon accounts for 57.9% of total volume sales while the balance is accounted for by Visayas with 22.2% and Mindanao with 19.9%.

In the industrial gas market the company has to confront an increasingly tight competition but is able to cope through flexible sourcing strategies and price adjustments.

In the real estate market, the company's main product, first class memorial lots (in parks located in 12 urban areas of Mindanao) - despite being priced higher than those of competitors - is expected to significantly expand sales going forward. This is due mainly to the urban sprawl which brings residential areas nearer to the memorial parks as well as the conversion of lawn lots to two-tier burial mode.

Profitability

Despite the decline in selling prices, the company was able to improve its gross margins for LPG as the drop in selling prices lagged behind the decline in supply costs. Thus, gross margin of LPG sales rose to 19.20% of sales from 11.88% a year ago. In the industrial gas segment, the increase in prices of oxygen and acetylene resulted in an improved margin of 50.07% from the previous year's 42.20%. In absolute amounts, gross profit from LPG sales (revenue less cost of sales) amounted to P471.55 million against last year's P295.9 million, or a growth of 59.36%. Other significant gross profits came from industrial gas sales with P98.81 million and real estate sales with P38.32 million. Practically all of this income came from recurring sales.

The total gross profit for the period of P610.19 million is an improvement of 51.67% from the year-before figure of P402.3 million. Operating expenses totaled P311.88 million, which is a decline of 5.47% from the prior year's P329.91 million notwithstanding the increase in sales volume in the current period. Other income reached P74.41 million comprised mainly of realized and unrealized gain on marketable securities, accrued interest written off, as well as miscellaneous income. This has resulted in a net income before tax of P372.72 million. Provision for income tax is computed at P75.64 million, to yield a bottom-line income for the six-month period of P297.08 million.

Measurements of profitability broken down by company are shown in Appendix A-2.

Liquidity

Cash and near-cash assets of the company as of June 30, 2015 aggregated P756.54 million which is lower by 14.83% from the P884.07 million recorded as of yearend 2014 audited accounts. The decline resulted from the payment of maturing trade, and other payables. These liquid assets consist of Cash & cash equivalents of P225.75 million and Financial Assets at fair value (marketable securities) of P530.79 million. Other liquid assets of the company came in the form of current Trade & other receivables amounting to P292.99 million.

Current ratio based on consolidated balance sheet as of June 30, 2015 stood at 1:74:1 while total debt-to equity ratio settled at .58:1.

The liquidity and solvency measurements for the mother company and subsidiary are shown in Appendix A-3.

Balance Sheet Changes

Compared to the December 31, 2014 audited financial statements, the significant movements in balance sheet accounts are as shown below.

Account Name	% Increase or (Decrease)	Reason for Change
Cash and cash equivalents	(57.80%)	Due to payment of accounts to lenders, suppliers and other creditors.
Financial assets at fair value through profit or loss	52.06%	Acquisition of marketable securities.
Trade and other receivables	(17.76%)	Collection of receivables.
Prepayments and other current assets	10.54%	Increase in creditable taxes.
Assets held for dacion en pago	(63.10%)	Settlement of various accounts.
Trade and other payables	(31.96%)	Payments of trade creditors and related accounts.
Income Tax payable	344.75%	Resulted from increase in net income.
Debts for dacion en pago covered by Rehabilitation Plan	(89.55%)	Due to payment of loans under rehab plan.
Restructured debts covered by rehabilitation Plan, current	(81.87%)	PGI's payment of restructured loans.
Short-term debts	(24.00%)	PGI's payment of short term loans.
Restructured debts covered by Rehabilitation Plan, non- current	(63.75%)	PGI's payment of restructured loans.
Retirement benefit obligations	10.08%	Additional recognition of benefit obligation.

Advances from related parties.	(8.93%)	Due to payment of accounts.
Deficit	(38.57%)	Due to net income of 2015.

PART II – OTHER INFORMATION

Reports were filed with the SEC, by way of SEC 17-C, during the period covered by this report, concerning the following:

1. June 26, 2015 – The company's subsidiary, Pryce Gases, Inc., submitted a formal firm offer to acquire from Otto Energy Philippines, Inc. ten percent (10%) participating interest in Service Contract 55 of the Philippine Government through the Department of Energy (for the exploration, development, and exploitation of petroleum resources in the offshore area of Southern Palawan).
2. June 24, 2015 - Results of the Organizational Meeting of the Board of Directors held on June 24, 2015
3. June 24, 2015 - Results of the Annual Stockholders' Meeting of Pryce Corporation held on June 24, 2015
4. May 19, 2015 - Pryce Corporation filed a Motion for the Termination of Corporate Rehabilitation Proceedings of the company's with the Commercial Court (RTC-Makati, Branch 149)
5. May 8, 2015 – Notice of the company's (PPC) 2015 Annual Stockholders' Meeting
6. April 15, 2015 - Settlement of loan obligation with, Wise CITCO (thru the SEC Management Committee) an LTCP Creditor
7. April 13, 2015 - Approval by the company's Board of the Audited Financial Statements of the Company for the Year 2014

SIGNATURES

Pursuant to the requirements of the Revised Securities Act, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PRYCE CORPORATION
By:

JOSE MA. CORDENES Vice President Treasurer	**SALVADOR P. ESCAÑO** Chairman & Chief Executive Officer

August 7, 2015

APPENDIX A

Appendix A - 1

REVENUES			
Pryce Corporation			
	2015	**2014**	Percent Growth/ (Decline)
Real Estate	58,305,474	22,437,007	159.86%
Hotel	15,190,098	18,251,648	-16.77%

REVENUES			
Pryce Gases, Inc. & Subsidiary			
	2015	**2014**	Percent Growth/ (Decline)
LPG	2,455,492,341	2,489,691,742	-1.37%
Industrial Gas	197,315,832	204,836,242	-3.67%

VOLUME			
Pryce Gases, Inc. & Subsidiary			
	2015	**2014**	Percent Growth/ (Decline)
LPG (in kgs)	67,800,580	43,794,419	54.82%
Industrial Gas (cyl.)	375,509	487,250	-22.93%

Appendix A - 2

PROFITABILITY			
Pryce Corporation			
	2015	**2014**	Percent Growth/ (Decline)
Return on Assets (%)	1.22%	0.04%	3385.7%
Return on Equity (%)	1.67%	0.05%	3308.2%
Net profit margin (%)	47.42%	2.47%	1819.8%

PROFITABILITY			
Pryce Gases, Inc. & Subsidiary			
	2015	**2014**	Percent Growth/ (Decline)
Return on Assets (%)	6.62%	2.03%	226.1%
Return on Equity (%)	9.23%	3.39%	172.3%
Net profit margin (%)	9.88%	2.71%	264.6%

Appendix A - 3

LIQUIDITY			
Pryce Corporation			
	2015	**2014**	Percent Growth/ (Decline)
Current ratio	1.66	1.26	31.7%
Debt to equity ratio	0.36	6.00	-94.0%

LIQUIDITY			
Pryce Gases, Inc. & Subsidiary			
	2015	2014	Percent Growth/ (Decline)
Current ratio	2.02	1.33	51.9%
Debt to equity ratio	0.38	0.67	-43.3%

PRYCE CORPORATION AND SUBSIDIARY

Financial Statements
for the periods ended June 30, 2015 and December 31, 2014;
and for June 30, 2015 and 2014

PRYCE CORPORATION AND SUBSIDIARY
Consolidated Balance Sheets
For the period ended June 30, 2015 (unaudited) and Dec. 31, 2014 (audited)

	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents - notes 3 and 6	**225,745,240**	535,001,490
Financial assets at fair value through profit or loss - note 7	**530,792,719**	349,071,800
Trade and other receivables - note 8	**292,988,422**	356,255,906
Inventories - note 9	**527,965,607**	543,055,674
Real estate projects - note 10	**755,038,847**	779,596,269
Prepayments and other current assets (net) - note 11	**79,624,910**	72,029,517
TOTAL CURRENT ASSETS	**2,412,155,745**	2,635,010,656
Noncurrent Assets		
Advances to related parties (net) - note 21	**2,346,169**	2,456,080
Property plant and equipment (net) - note 12	**2,401,854,456**	2,348,884,952
Investment properties - note 14	**37,027,141**	37,027,141
Assets held for dacion en pago - note 15	**72,930,745**	197,662,548
Deferred tax assets	**16,539,701**	16,539,701
Other noncurrent assets (net) - note 16	**68,897,066**	68,897,066
TOTAL NONCURRENT ASSETS	**2,599,595,278**	2,671,467,488
TOTAL ASSETS	**5,011,751,023**	5,306,478,144
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Trade and other payables - note 17	**875,200,112**	1,286,390,192
Income tax payable	**39,272,588**	8,830,202
Debts for dacion en pago covered by Rehabilitation Plan - note 19	**34,386,176**	329,118,108
Restructured debts covered by Rehabilitation Plan - note 19	**10,756,792**	59,345,094
Short-term debts - note 18	**190,000,000**	250,000,000
Customers' deposits	**230,106,055**	210,136,689
	1,379,721,723	2,143,820,285
Noncurrent Liabilities		
Restructured debts covered by Rehabilitation Plan - note 19	**21,513,585**	59,345,092
Retirement benefit obligations - note 26	**209,564,094**	190,381,718
Advances from related parties - note 21	**158,807,012**	174,381,674
Deferred income tax liabilities	**70,611,849**	70,611,849
	460,496,540	494,720,333
Equity Attributable to Equity Holders of the Parent Company		
Capital stock - note 20	**2,000,000,000**	2,000,000,000
Additional paid-in capital	**271,834,820**	271,834,820
Paid subscription - note 20	**-**	-
Other comprehensive income	**111,955,178**	111,955,178
Deficit	**(473,205,221)**	(770,290,188)
Fair value gain on real estate properties - note 28	**1,030,726,843**	1,030,726,843
	2,941,311,620	2,644,226,653
Non-controlling interest	**230,221,140**	23,710,873
	3,171,532,760	2,667,937,526
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**5,011,751,023**	5,306,478,144
(The accompanying notes are an integral part of these consolidated financial statemen	**-**	-

PRYCE CORPORATION AND SUBSIDIARY
Consolidated Statements of Income
For the period ended June 30, 2015 and 2014

	2015	2014
REVENUE (net) - note 3		
Liquefied petroleum and industrial gases - note 22	**2,654,184,454**	2,700,450,270
Real estate sales - note 22	**58,305,474**	22,437,007
Hotel operations	**15,190,098**	18,251,648
	2,727,680,026	2,741,138,925
COSTS		
Liquefied petroleum and industrial gases	**2,083,598,358**	2,317,653,055
Real estate - note 4 and 22	**19,987,253**	4,845,601
Hotel operations	**13,905,583**	16,338,659
	2,117,491,194	2,338,837,315
GROSS INCOME	**610,188,832**	402,301,610
OPERATING EXPENSES - note 23	**311,875,583**	329,909,948
INCOME (LOSS) FROM OPERATIONS	**298,313,249**	72,391,662
OTHER INCOME (CHARGES) - Net	**74,410,745**	3,676,614
	74,410,745	3,676,614
NET INCOME BEFORE TAX	**372,723,994**	76,068,276
Provision for Income Tax	**(75,639,027)**	(20,363,577)
NET INCOME (LOSS)	**297,084,967**	**55,704,699**
Attributable to:		
Equity holders of the Parent Company	**270,466,154**	54,718,726
Minority interest absorbed by the Parent Company	**26,618,813**	985,973
	297,084,967	55,704,699
EARNINGS (LOSS) PER SHARE	**0.1485**	0.0279

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

PRYCE CORPORATION AND SUBSIDIARY
Consolidated Statements of Changes in Stockholders' Equity
Period ended June 30, 2015 and 2014 and December 31, 2013

	Capital Stock	Additional Paid-in Capital	Paid subscription	Revaluation Reserve	Deficit	Fair Value Gain on Real Estate Properties	Minority Interest	Total
BALANCE AT JANUARY 1, 2013								
As previously reported	P2,000,000,000	P271,834,820		P117,172,921	(1,177,119,489)	P1,030,726,843	19,681,095	P2,262,296,190
Prior period adjustments	-	-	-	-	-	-	-	-
As restated	2,000,000,000	271,834,820	-	117,172,921	(1,177,119,489)	1,030,726,843	19,681,095	2,262,296,190
Issuance of shares of stocks	-							-
Additional stock subscription	-	-	-	-	-	-		-
Transfer of revaluation reserve deducted from operations thru add'l depreciation charges	-	-	-		7,554,750	-		7,554,750
Non-controlling interest on share of subsidiaries					(1,160,185)		1,160,185	-
Deferred income tax effect on revaluation reserve charged to operations thru add'l depreciation	-	-	-			-		-
Effect of adoption of the revised PAS 19				-				-
Net income for the year	-	-	-	-	98,935,403			98,935,403
BALANCE AT DECEMBER 31, 2013	2,000,000,000	271,834,820	0	117,172,921	(1,071,789,521)	1,030,726,843	20,841,280	2,368,786,343
Balance at January 1, 2014	2,000,000,000	271,834,820	0	117,172,921	(1,071,789,521)	1,030,726,843	20,841,280	2,368,786,343
Non-controlling interest on share of subsidiaries							2,869,593	2,869,593
								-
Net income (loss) for the period					76,068,276			76,068,276
BALANCE AT JUNE 30, 2014	2,000,000,000	271,834,820	0	117,172,921	(995,721,245)	1,030,726,843	23,710,873	2,447,724,212
BALANCE AT JULY 01, 2014								
As previously reported	2,000,000,000	271,834,820	0	117,172,921	(995,721,245)	1,030,726,843	23,710,873	2,447,724,212
Prior period adjustment		-	-			-	-	-
Transfer of revaluation reserve deducted from operations thru add'l depreciation charges	-	-	-		7,453,918	-		7,453,918
Non-controlling interest on share of subsidiaries								-
Deferred income tax effect on revaluation reserve charged to operations thru add'l depreciation	-	-	-	(5,217,743)	-	-		(5,217,743)
Effect of adoption of the revised PAS 19								-
Net Income for the year					217,977,139			217,977,139
Balance at December 31, 2014	2,000,000,000	271,834,820	-	111,955,178	(770,290,188)	1,030,726,843	23,710,873	2,667,937,526
Balance at January 1, 2015								
As restated	2,000,000,000	271,834,820	-	111,955,178	(770,290,188)	1,030,726,843	23,710,873	2,667,937,526
Non-controlling interest on share of subsidiaries							206,510,267	206,510,267
Stock subscription			-					-
Net Income (loss) for the period					297,084,967			297,084,967
BALANCE AT JUNE 30, 2015	**2,000,000,000**	**271,834,820**	**-**	**111,955,178**	**(473,205,221)**	**1,030,726,843**	**230,221,140**	**3,171,532,760**

PRYCE CORPORATION AND SUBSIDIARY
Consolidated Statements of Cash Flows
For the period ended June 30, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (Loss) before income tax	**372,723,994**	P391,136,996
Adjustments for :		
Depreciation	**118,989,100**	238,735,297
Finance cost	**4,294,040**	16,505,629
Provision for (reversal of) impairment losses		8,049,814
Retirement benefits	**19,915,966**	23,950,357
Gain on sale of investment held for trading	**(3,126,484)**	(11,819,511)
Unrealized gain (loss) on investment held for trading	**(20,941,761)**	(45,628,766)
Unrealized foreign exchange (loss) gain	**861,806**	(70,740)
Interest income	**(105,839)**	(792,436)
Dividend income	**(2,056,696)**	(5,380,814)
Operating income before working capital changes	**490,554,126**	614,685,826
Decrease (increase) in assets:		
Trade and other receivables	**63,267,484**	178,593,761
Inventories	**15,090,067**	89,102,536
Prepayments and other current assets	**(7,595,393)**	(57,751,689)
Real estate projects	**24,557,422**	451,709,690
Increase (decrease) in liabilities:		
Trade and other payables	**(411,190,080)**	263,412,873
Restructured Debts covered by rehabilitation plan	**(87,281,615)**	
Customers' deposits	**19,969,366**	85,279,781
Net cash generated from operations	**107,371,377**	1,625,032,778
Interest received	**105,839**	792,436
Retirement benefits paid	**(733,590)**	(1,639,754)
Finance cost paid	**(4,308,373)**	(5,850,653)
Income tax paid	**(45,196,641)**	(67,434,623)
Net cash provided by (used in) operating activities	**57,238,611**	1,550,900,184
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	**(171,944,270)**	(285,195,872)
Additions to investment properties		(37,027,141)
Additions to financial assets at FVTPL	**(170,818,205)**	(203,837,179)
Proceeds from sale of financial assets at FVTPL	**13,165,531**	49,601,899
Settlement of debts using assets held for dacion en pago	**124,731,803**	
Collection of due to from related parties		2,148,808
Dividend received	**2,056,696**	5,380,814
Granting of advances to related parties		21,411,200
Net cash used in investing activities	**(202,808,445)**	(447,517,471)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of debts covered by the Rehabilitation Plan		(636,053,502)
Proceeds from new subscription	**206,510,267.00**	
Availment of due to related parties	**(15,574,662)**	(203,855,012)
Proceeds received from short-term debts	**(250,000,000)**	340,000,000
Payment of short-term debts	**190,000,000**	(275,000,000)
Settlement of debts for dacion en pago	**(294,731,932)**	
Settlement of due to related parties	**109,911**	287,511
Increase (decrease) in assets held for dacion en pago		
Net cash used in financing activities	**(163,686,416)**	(774,621,003)
EFFECTOF EXCHANGE RATE CHANGES ON CASH		503,302
NET INCREASE (DECREASE) IN CASH	**(309,256,250)**	**329,265,012**
CASH		
AT BEGINNING OF YEAR	**535,001,490**	205,736,478
AT END OF PERIOD	**225,745,240**	P 535,001,490

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

PRYCE CORPORATION AND SUBSIDIARY
Consolidated Statements of Income

	Period April 1 to June 30	
	2015	2014
REVENUE		
Liquefied petroleum and industrial gases	**1,333,469,260**	1,417,051,809
Real estate sales	**40,094,373**	15,520,432
Hotel operations	**8,375,667**	10,461,418
	1,381,939,300	1,443,033,659
COSTS		
Liquefied petroleum and industrial gases	**1,044,883,181**	1,242,543,433
Real estate	**16,381,661**	3,192,308
Hotel operations	**7,432,469**	9,465,978
	1,068,697,311	1,255,201,719
GROSS INCOME	**313,241,989**	187,831,940
OPERATING EXPENSES - note 20	**157,656,307**	147,821,243
INCOME (LOSS) FROM OPERATIONS	**155,585,682**	40,010,697
OTHER INCOME (CHARGES) - Net	**59,057,610**	342,266
	59,057,610	342,266
NET INCOME BEFORE TAX	**214,643,292**	**40,352,963**
Provision for income tax	**(45,715,530)**	(13,925,321)
NET INCOME (LOSS)	**168,927,762**	26,427,642
Attributable to:		
Equity holders of the Parent Company	**153,791,835**	25,959,873
Minority interest absorbed by the Parent Company	**15,135,927**	467,769
	168,927,762	26,427,642
EARNINGS (LOSS) PER SHARE	**0.0845**	0.0132

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

PRYCE CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
As at and for the years ended June 30, 2015, and 2014
(Expressed in Philippine Peso)

1. CORPORATE INFORMATION

Pryce Corporation (the "Parent Company") and its Subsidiaries (collectively referred to as the "Group") were incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on various dates as follows:

Name of Company	SEC Registration No.	Date of Incorporation
Pryce Corporation	168063	September 7, 1989
Pryce Gases, Inc.	145091	October 8, 1987
Oro Oxygen Corporation	200627023	April 4, 2006

The Parent Company is primarily engaged in acquiring, purchasing, leasing, holding, selling or otherwise dealing in land and or real estate or any interest or right therein as well as real or personal property of every kind and description including but not limited to shares of stock in industrial, commercial, manufacturing and any other similar corporations. The Parent Company's shares are listed in the Philippine Stock Exchange (PSE) and are now traded back since March 16, 2015 when the trading suspension was lifted due to the finality of the case with the Supreme Court. As of June 30, 2015, the closing price of the share of the Parent Company is ₱3.18 per share.

The accompanying consolidated financial statements include the accounts of the Parent Company and its subsidiaries as at and for the quarter ended June 30, 2015, and December 31, 2014. The subsidiaries are as follows:

Name of Subsidiary	Nature of Business	Ownership and Voting Interest June 30 2015	Ownership and Voting Interest December 31 2014
Pryce Gases, Inc. (PGI)	Manufacturer/Distributor of Industrial Gases and Liquefied Petroleum Gas (LPG)	**91.04%**	98.23%
Oro Oxygen Corporation (OOC)	Importation, trading, and marketing in general merchandise, industrial, medical and other gases and LPG	**89.73%**	74.13%

PGI

PGI is primarily engaged in the manufacture, production, purchase, sale and trade of all kinds of liquids and gases and other chemicals, other allied or related products, lease, operate, manage and construct and/or install for or on account of others, plants, equipment and machineries for the manufacture or production or distribution of the desired liquids and gases and other allied products. PGI's registered office address is at 17th Floor Pryce Center, 1179 Don Chino Roces Avenue Cor. Bagtikan Street, Makati City.

As at the end of the reporting period, PGI has 8 LPG terminals and 7 LPG refilling plants of varying storage capacities.

On October 21, 2014, the PGI was registered with the Board of Investments (BOI) provided under Article 39 (a) of Executive Order No. 226, otherwise known as Omnibus Investment Code of 1987 (as amended by Republic Act (RA) No. 7369), as amended by Republic Act (RA) 7918, as a new industry participant with new investment in storage, marketing and distribution of petroleum products under Republic Act (RA) 8479, also known as Oil Industry Deregulation Law. As a registered enterprise with the BOI, the Company is entitled to all benefits and incentives provided for under RA 7918 and E.O. 226. Under income tax holiday, the Company has registered capacities of three (3) tanks with 2,100 metric tons (MT) gross capacity for each tank located in San Fabian, Pangasinan. The incentive shall be enjoyed by the Company starting January 1, 2014 for a period of five (5) years.

<u>OOC</u>

OOC is primarily engaged in the purchase, importation, sale and distribution and manufacture and/or production of all kinds of gases, including LPG, industrial gases, such as oxygen, acetylene, hydrogen, nitrogen, argon, carbon dioxide, nitrous oxide, compressed air and helium and other allied or related products, including its containers, equipment and other receptacles. OOC's registered office address is at 1st Lower Level Pryce Plaza Hotel, Carmen Hill, Cagayan de Oro City.

As at the end of the reporting period, OOC has 21 LPG refilling plants of varying storage capacities.

On December 16, 2011, a Deed of Assignment was executed between Mindanao Gardens, Inc. (The "Assignor") and Pryce Gases, Inc. (the "Assignee"), whereas the Assignor transfers, conveys, sells, cedes and assigns all his rights, title and interest in the One Hundred Million (100,000,000) shares of OOC, with a par value of ₱1.00 per share, unto the Assignee.

And subsequent to the reporting date on July 13, 2015, a deed of assignment was executed between Mindanao Gardens, Inc. (the "assignor"), and Pryce Gases, Inc. (the "assignee") whereas the assignor transfers, conveys, sells, cedes and assigns all his rights, title and interest in the Thirty Million Five Hundred Ninety-Five Thousand Nine Hundred Forty-Nine (30,595,949) shares of OOC with a par value of ₱1.00 per share unto the assignee.

Consequently, with the above Deeds of Assignment, PGI has obtained 98.56% interest in the outstanding capital of OOC.

The Parent Company's registered office address is at 17th Floor Pryce Center, 1179 Don Chino Roces Avenue Cor. Bagtikan Street, Makati City.

2. STATUS OF OPERATIONS

<u>Rehabilitation plan of the Parent Company</u>

On July 12, 2004, the Parent Company filed a petition for corporate rehabilitation with the Regional Trial Court (RTC) of Makati City as an initial step towards the settlement of its outstanding loans and thereafter the RTC issued a Stay Order deferring all claims against the Parent Company and appointing a rehabilitation receiver. On September 13, 2004, the RTC issued an Order giving due course to the petition, and directing the rehabilitation receiver to evaluate and make recommendations on the Parent Company's rehabilitation plan.

On January 17, 2005, the RTC approved the Amended Rehabilitation Plan submitted by the rehabilitation receiver which defines the scheme of liquidating all bank loans and long-term commercial papers by way of dacionenpago of real estate properties with certain revisions on the settlement of nonbanking and trade and other payables less than ₱500,000.

Certain guidelines on payments covered by dacionenpago in the Rehabilitation Plan are fully disclosed in Note 19.

Reversal of the Rehabilitation Plan

China Banking Corporation (CBC) a creditor bank, appealed to the Court of Appeals (CA) assailing the RTC Orders on the Company's rehabilitation plan and on July 28, 2005, the CA promulgated its decision stating that the Orders of the RTC are hereby reversed and set aside. The Parent Company filed a motion for reconsideration, but denied by the CA.

On June 9, 2006, the Parent Company filed a petition for review of the CA decision with the Supreme Court (SC), upon which the petition was given due course and the assailed decision and resolution of the CA should be reversed and set aside, but the SC denied the Parent Company's appeal and remanding the records to the RTC-Makati for further proceedings to determine the merits of the Parent Company's petition for corporate rehabilitation. The Parent Company, however, filed on February 29, 2008 its Omnibus Motion for Reconsideration and Referral to the court en banc, while CBC filed its own Motion for Reconsideration appealing that the SC should have categorically set aside the Parent Company's rehabilitation plan and that its petition for rehabilitation should not have been remanded to the lower court.

On August, 16, 2008, the SC denied the Parent Company and CBC's Motions for Reconsideration through SC's resolution dated June 16, 2008. On September 9, 2008, the Parent Company filed a Motion for Leave to File a Second Motion for Reconsideration because the SC's decision conflicts with its earlier decision (with finality) upholding the approved rehabilitation plan of the Parent Company on the Bank of Philippine Islands (BPI) case and ignores the Interim Rules of the SC governing corporate rehabilitation.

On September 27, 2008, CBC filed an extra judicial foreclosure of Parent Company's assets located in Davao City. On November 4, 2008, however, the RTC-Makati issued an order directing CBC's officers to stop and desist from proceeding with the foreclosure of the Parent Company's assets. On December 23, 2008, CBC filed an appeal with the CA challenging the RTC's aforementioned order, but the CA has yet to issue a ruling on CBC's appeal. On February 16, 2009, the Parent Company received a resolution from the SC dated January 14, 2009, which noted the different pleadings submitted by the Parent Company in relation to the second motion for reconsideration as at April 27, 2009.

Based on CA decision reversing the Rehabilitation Plan, although still pending appeal with the SC, the Parent Company continues to accrue interest on its CBC debts covered by the Rehabilitation Plan starting from July 13, 2004, the date of the effectivity of the Stay Order. The Parent Company also restated its US Dollar-denominated loans using the prevailing exchange rates at the end of each reporting period. Under the Rehabilitation Plan, the US Dollar denominated loans will be converted into Philippine Peso (₱) using the average exchange rate of ₱54.2033 to US$1.00.

On the Parent Company's case with another creditor, BPI, the CA issued its decision in favor of BPI on May 3, 2006. The Parent Company filed a Motion for Reconsideration on May 26, 2006 and the CA on May 23, 2007 reversed itself, ruling in favor of the Parent Company thereby affirming the ruling of the RTC-Makati. BPI filed a Petition for Review on Certiorari with the SC, which was denied on January 30, 2008. On April 28, 2008, the SC denied the Motion for Reconsideration of BPI pending review of the RTC's order approving the Rehabilitation Plan of the Parent Company, among others. Entry of judgment was made on June 2, 2008, hence the Resolution of the SC affirming the validity and regularity of the Rehabilitation Plan became final and executory against BPI. As the SC decision became final and executory the interest accrued from July 13, 2004 to December 31, 2007 totaling to ₱21,869,566 was reversed and credited to Other income.

Finality of the Rehabilitation Plan

On February 18, 2014, the Supreme Court *En Banc* granted the Parent Company's Second Motion for Reconsideration praying that the CA's decision dated July 28, 2005 be set aside. The Supreme Court *En Banc* found the arguments of the Parent Company meritorious and thus, reconsidered and set aside the earlier decision of the CA and granted the Parent Company's motion for reconsideration. This promulgation in effect again upheld the RTC-Makati's (i) stay order; (ii) order giving due course to the petition for corporate rehabilitation; and, (iii) order finding the Parent Company eligible to be placed in a state of corporate rehabilitation, approving the rehabilitation plan, identifying assets to be disposed of, and determining the manner of liquidation to pay the liabilities. The Supreme Court *En Banc's* decision became final and executory and was recorded in the Books of Entries of Judgments on March 27, 2014.

Lifting of trading suspension with the PSE

On November 28, 2014, the Parent Company's Board of Directors (BOD) approved the filing of a request for the lifting of the trading suspension of the Parent Company with the Philippine Stock Exchange (PSE) primarily on the account of the finality of the Parent Company's Rehabilitation Plan as concluded by the Supreme Court *En Banc's* February 18, 2014 judgment. As the Parent Company's Rehabilitation Plan became final and executory, all the challenges against the Parent Company's rehabilitation proceedings and the approval of its rehabilitation plan were disposed of, thus, the cause for the suspension of the trading of the Parent Company's shares (that is, there being no approved rehabilitation plan) has ceased to exist. The request for the lifting of the trading suspension of the Parent Company was submitted on the same date with the PSE. Subsequent to the reporting period, the PSE lifted the trading suspension implemented on the Parent Company's shares on March 16, 2015. The Parent Company's closing stock price with the PSE as at the date of lifting of trading suspension amounted to ₱2.6 per share.

Termination of Corporate Rehabilitation of Parent Company

On May 19, 2015, the Parent Company filed the motion to terminate the proceedings for corporate rehabilitation. (Subsequent to the reporting date, the court ordered on July 28, 2015 to terminate the rehabilitation proceedings of the Parent Company.)

Rehabilitation Plan of PGI

On June 7, 2002, the Company presented its financial rehabilitation plan to its various creditor banks and financing companies as an initial step towards restructuring its outstanding loans.

On August 27, 2002, two of the Company's creditors filed a petition in court placing the Company under receivership and on September 2, 2002, the court issued a Stay Order pursuant to the interim rules of procedures on corporate rehabilitation. The court appointed a rehabilitation receiver who shall formulate a financial rehabilitation plan, examine the books of accounts and review all disbursements.

On July 3, 2003, the rehabilitation receiver submitted a revised rehabilitation plan (the "Rehabilitation Plan") to the court. On October 10, 2003, the court approved such Rehabilitation Plan but with modifications. The important provisions and modes of settlement of the Rehabilitation Plan are as follows:

- The Parent Company will infuse up to ₱2.03 billion in assets as additional equity contributions to the Company. The asset infusion consists of 110,000 memorial park lots in various locations in Mindanao, as well as a number of residential, commercial and undeveloped properties in the cities of Cagayan de Oro, Davao and Iligan, which are mortgaged to certain creditors. The Parent Company will cede, transfer and convey to the Company or direct to the latter's creditors the full ownership of those properties.

- Any indebtedness in excess of ₱1.25 billion shall be liquidated and paid by way of dacionenpago of real estate properties contributed by the Parent Company subject to guidelines as fully discussed in Note 19.

- Principal indebtedness to creditors of ₱1.25 billion will be paid in cash, subject to restructuring terms as fully discussed in Note 19.

The indebtedness subject to dacion en pago and restructuring terms are reflected in the consolidated financial statements as "Debts for dacion en pago covered by the Rehabilitation Plan" and "Restructured debts covered by the Rehabilitation Plan" accounts, respectively, in the consolidated statement of financial position.

In accordance with the Rehabilitation Plan, the Parent Company contributed a total of 116,653 memorial park lots and several real estate properties with a total transfer value of ₱2.16 billion.

Settlement of debts covered by the Rehabilitation Plan

In March 2012, Josefina Multi-Ventures Corporation (JMVC), a related party, purchased a peso - denominated loan amounting to ₱187.9 million owed to certain local banks by way of deed of assignment with creditor banks, whereby all the rights of the creditor banks were transfered to JMVC. The ₱123.7 million debt on the total loan balance pertained to the Company, while the aggregate balance belonged to its Parent Company. The loan obligation of the Company with the assignee creditor, JMVC, was extinguished on September 15, 2014 by way of absolute sale of one of the real estate properties of the Parent Company.

In October 2013, Tranche A restructured debts covered by the Rehabilitation Plan were settled in full. Tranche B loans, on the other hand, commenced payment of amortization in January 2014 and to be fully settled in October 2016.

Assignment of Credit in favor to OOC

On May 12, 2015, a creditor (the "Assignor Creditor") of PGI with a balance of US Dollar One Million Five Hundred Twelve Thousand Nine Hundred Ninety-Seven and 40/100 (US $ 1,512,997.40) and OOC (the "Assignee"), executed a Deed of Assignment of all the rights and participations of the assignor creditor in the Tranche B portion of the Restructuring Agreement and the Mortgage Trust Indenture (MTI) in favor to OOC. Consequently, OOC assumed as the assignee creditor of PGI. *(Please see note 19.)*

In the consolidated Financial Statements, the above assigned loan is eliminated.

Product line and strategies

LPG sales center operation

In 2010, the Company has established dealer sales centers. Sales centers are strategically installed and operated in areas of Visayas and Mindanao, in order to cater LPG sale to areas where big players have little or no operation. It has been the Company's marketing strategy to make available LPG deliveries on areas where LPG business competition is not yet increasing.

These sales centers sell full cylinders, stoves and accessories and conduct promotional activities to existing customers. As at June 30, 2015 and December 31, 2014, the Company has 64 and 83 sales centers, respectively.

In 2011, the Company launched its new product known as "HappyGaz" under its flagship LPG product line. The Company decided to diversify its products' packaging, in order to pacify and neutralize the new market entrants and its competitors' product launches. The new product, however, has no varying features from its existing LPG products, except for its distinguishing packaging.

In 2012, the Company started the construction of its new LPG marine feed facility in Central Luzon area with three (3) LPG tank terminals having a capacity of 6,200 metric tons (MT). Two (2) LPG terminals became operational in the third quarter of 2013, while the third LPG tank terminal was completed and became operational in 2014. Subsequent to reporting period, the Company is constructing its fourth tank terminal having a capacity of 2,100 metric tons (MT), which is expected to be completed in February 2016. The ongoing expansion of LPG operation in Central Luzon will significantly improve the Company's market position in the LPG industry.

3. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Statement of compliance

The consolidated financial statements of the Group have been prepared in conformity with Philippine Financial Reporting Standards (PFRS), except for the recognition of fair value gain on real estate properties transferred by the Parent Company to PGI as equity contribution, which have been taken up in the books and records of the Parent Company at cost instead of fair value as required under PFRS 3, *Business Combination*. This was a case of an extremely rare circumstance in which management concluded that compliance with a requirement in PFRS would so be misleading that it would conflict with the objectives of the consolidated financial statements set out in the Framework. Because of this circumstance, the management of the Parent Company reduced the perceived misleading aspects of compliance by complying with the disclosures stated in Note 29.The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS) and Interpretations issued by the former Standing Interpretations Committee (SIC), the Philippine Interpretations Committee (PIC) and the International Financial

Reporting Interpretations Committee (IFRIC), which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

Basis of presentation and measurement

The accompanying consolidated financial statements have been prepared on a historical cost basis, except for land, building and structures, machinery and equipment and oxygen and acetylene cylinders, which have been measured using the revaluation model; and financial assets at fair value through profit or loss (FVTPL), which have been measured at fair value.

The consolidated financial statements are presented in accordance with PAS 1 (Revised 2007), *Presentation of financial statements.* The Group presents all items of income and expenses in a single consolidated statement of comprehensive income.

Functional and presentation currency

These consolidated financial statements are presented in Philippine Peso (₱), the Group's functional and presentation currency, and all values represent absolute amounts, except when otherwise indicated. Items included in the consolidated financial statements of the Group are measured using the currency of the other primary economic environment in which the entity operates (the functional currency).

Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended PFRSs and Philippine Interpretations, which were adopted as at January 1, 2014.

PFRS 10 Consolidated Financial Statements, PFRS 12 Disclosure of Interest in Other Entities and PAS 27 Separate Financial Statements – Investment Entities (Amendments). The amendments to PFRS 10 define an investment entity and sets out an exception for a parent company that is an investment entity to consolidate its subsidiaries. Instead, the standard requires to measure the investment in its subsidiaries at fair value through profit or loss in accordance with PFRS 9, Financial Instruments (If PFRS 9 is not yet adopted, references to PFRS 9 in the amendments shall be read as references to PAS 39, Financial Instruments: Recognition and Measurement) in its consolidated and separate financial statements (PAS 27). The exception does not apply to subsidiaries of investment entities that provide services that relate to the investment entity's investment activities. These amendments also introduce new disclosure requirements for investment entities in PFRS 12 and PAS 27. These amendments are effective for annual periods beginning on or after January 1, 2014.

The amendments have no impact on the Group's financial statements, since the Group is not an investment entity.

*PAS 32 (Amendment), Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities.*These amendments to PAS 32 clarify the meaning of "currently has a legally enforceable right to set off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearinghouse systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are effective for annual periods beginning on or after January 1, 2014.

The amendments did not have a significant impact on the Group's financial statements as the Group does not have any financial assets and financial liabilities that qualify for offset.

PAS 36 (Amendment), Impairment of Assets – Recoverable Amount Disclosure for Non-financial Assets. This amendments clarify that the requirement for the disclosure of the recoverable amount of an asset or cash-generating units is only required in the periods in which the impairment has been recorded or reversed. Amendments are also made to expand and clarify the disclosure requirements when the recoverable amount has been determined on the basis of fair value less cost of disposal and to introduce a requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount based on fair value less costs of disposal is determined using a present value technique. The amendments are effective for annual periods beginning on or after January 1, 2014.

The amendment has no impact on the Group's financial statements, since the management has determined that the Group's non-financial assets are not impaired.

IFRIC Interpretation 21, Levies. This interpretation addresses the accounting for a liability to pay a levy that is accounted for in accordance with PAS 37 Provisions, Contingent Liabilities and Contingent Assets and those whose timing and amount is certain. This interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation. The liability to pay a levy is recognized progressively when the obligating event occurs over a period of time. If the levy is subject to a minimum threshold, recognition of a levy liability occurs only at the point the minimum threshold is reached. The amendments are effective for annual periods beginning on or after January 1, 2014.

The interpretation has no impact on the Group's financial statements, since the Group is not subject to levy as at the end of the reporting period.

New accounting standards, interpretations and amendments to existing standards effective subsequent to January 1, 2014

Standards issued but not yet effective up to the date of the Group's consolidated financial statements are listed below. This listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

Annual Improvements to PFRS 2010 – 2012 Cycle

The annual improvements address the following issues:

PFRS 2 (Amendment), Share-based Payment – Definition of vesting condition, focuses on the amendment of the definitions of 'vesting condition' and 'market condition' and added definitions for 'performance condition' and 'service condition' which are previously included in the definition of vesting conditions.

The management believes that the above improvements will not have a significant impact on the Group's consolidated financial statements, since the Group does not provide shared-based payments in consideration of goods or services received.

PFRS 8 (Amendment), Operating Segments – Aggregation of operating segments and Reconciliation of the total of the reportable segments' assets to the entity's assets, requires disclosure of judgments made by management in applying the aggregation criteria to operating segments which includes (a) a brief description of the operating segments that have been aggregated and (b) the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. These amendments also clarify that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly to the chief operating decision maker.

The management is still evaluating the impact of the above improvements on the Group's consolidated financial statements.

*PFRS 13 (Amendment), Fair Value Measurement – Short-term receivables and payables*This amendment states that issuing PFRS 13 and amending PFRS 9, Financial Instruments and PAS 39, Financial Instruments: Recognition and Measurement did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.

The management believes that the above improvements will not have a significant impact on the Group's consolidated financial statements, since the Group's short-term receivables and payables are measured at their invoice amounts and the effect of not discounting is immaterial.

PAS 16 (Amendment), Property, Plant and Equipment – Revaluation method: proportionate restatement of accumulated depreciation, clarifies that when an item of property, plant and equipment is revalued, the carrying amount of asset is adjusted to the revalued amount. At the date of revaluation, the asset is treated in one of the following ways: (a) the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses, or (b) the accumulated depreciation is eliminated against the gross carrying amount of the asset.

The management is still evaluating the impact of the above improvements on the Group's consolidated financial statements.

PAS 24 (Amendment), Related Party Disclosures – Key management personnel, clarifies that a management entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

The management believes that the above improvements will not have a significant impact on the Group's consolidated financial statements, since the key management personnel services are provided by the Group's Board of Directors (BOD).

The above improvements are effective for annual periods beginning on or after July 1, 2014 and shall be applied retrospectively. However, early application of these improvements is permitted.

Annual Improvements to PFRSs 2011 – 2013 Cycle

The annual improvements address the following issues:

PFRS 13 (Amendment), Fair Value Measurement – Portfolio exception, clarifies that the scope of the portfolio exception defined in paragraph 52 of PFRS 13 applies to all contracts within the scope of, and accounted for in accordance with, PAS 39 Financial Instruments: Recognition and Measurement or PFRS 9 Financial Instruments, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in PAS 32 Financial Instruments: Presentation.

The management believes that the above improvements will not have a significant impact on the Group's consolidated financial statements, since the Group has no group of financial assets and financial liabilities that is measured on a net basis.

PAS 40 (Amendment), Investment Property. These amendments clarify the interrelationship between PAS 40 and PFRS 3 Business Combinations . The amendment states that judgment is needed in determining whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of PFRS 3. Determining whether a specific transaction meets the definition of a business combination and includes an investment property requires the separate application of both PFRS 3 and PAS 40.

The management believes that the above improvements will not have a significant impact on the Group's consolidated financial statements, since the Group's investment properties consists of land that is held for lease.

The above amendments are effective for annual periods beginning on or after July 1, 2014 and shall be applied retrospectively. However, early application of these amendments is permitted.

*PAS 19 (Amendments) Employee Benefits – Defined Benefit Plans: Employee Contributions.*The amendments clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. If contributions from employees or third parties are linked to service, those contributions reduce the service cost as follows:(a) if the amount of the contributions is dependent on the number of years of service, an entity shall attribute the contributions to periods of service, i.e. either using the plan's contribution formula or on a straight-line basis; or (b) if the amount of the contributions is independent of the number of years of service, the entity is permitted to recognize such contributions as a reduction of the service cost in the period in which the related service is rendered. The amendments are effective for annual periods beginning on or after July 1, 2014.

The amendments will not have an impact on the Group'sconsolidated financial statements as the Group does not have contributions from employees or third parties that are linked to period of service.

PAS 16, Property, Plant and Equipment — Clarification of Acceptable Methods of Depreciation (Amended). These amendments clarify that a depreciation method that is based on revenue generated by an activity that includes the use of an asset is not appropriate.

This is because such methods reflect a pattern of generation of economic benefits that arise from the operation of the business of which an asset is part, rather than the pattern of consumption of an asset's expected future economic benefits. The amendments are effective for annual periods beginning on or after January 1, 2016.

The amendments will not have impact on the Group's consolidated financial statements as the Group's depreciation methods are not based on revenue.

PFRS 9, Financial Instruments. The standard requires all recognized financial assets that are within the scope of PAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or at fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely for payments of principal and interest on the outstanding balance are generally measured at amortized cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods.

For financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or increase an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. The standard is to be effective no earlier than the annual periods beginning January 1, 2018, with earlier application permitted.

The management believes that the adoption of PFRS 9 will have no significant impact on the Group's consolidated financial statements as most of the Group's financial instruments are not complex and is usually measured at amortized cost, except for financial assets at fair value through profit or loss (FVTPL) that are measured at fair value.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and all subsidiaries it controls.Control is achieved when the Parent Company has power over the investee, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect instruments. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company.

The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of these three elements of control. When the Parent Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Parent Company considers all relevant facts and circumstances in assessing whether or not the Parent Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Parent Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Parent Company, other vote holders or other parties;

- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Parent Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are fully consolidated from the date on which control is transferred to the Parent Company. Consolidation ceases when control is transferred out of the Parent Company. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of income from the date of acquisition or up to the date of disposal, as appropriate. A change in ownership interest of a subsidiary, without a change in control is accounted for as an equity transaction.

On acquisition, the assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets and liabilities acquired is considered as goodwill, which is shown as part of "Other noncurrent asset" account in the consolidated statements of financial position. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition), is accounted as negative goodwill and is shown as part of "Other income (net)" account in the consolidated statements of comprehensive income in the period of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognized.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intercompany balances and transactions, intercompany profits and expenses and gains and losses are eliminated in the consolidation.

Business Combinations and Goodwill

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

When the Group acquires business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business acquisition over the fair values of the identifiable net assets and liabilities acquired. Subsequent to initial recognition, it is measured at cost less any accumulated impairment losses.

Should the fair value fair values of the identifiable net assets and liabilities acquired exceeds the cost of business acquisition,the resulting gain is recognized as a bargain purchase in the consolidated statement of comprehensive income.For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of the CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and portion of the CGU retained.

When a subsidiary is sold, the difference between the selling price and the net assets plus the carrying amount of goodwill is recognized in the consolidated statement of comprehensive income.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the amount of the cash-generating unit (or group of cash-generating units) to which the goodwill has been allocated (or to the aggregate carrying amount of a group of cash-generating units to which the goodwill relates but cannot be allocated), an impairment loss is recognized immediately in the statement of income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill at the end of each reporting period.

Non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets not owned, directly or indirectly, by the Group.

Non-controlling interests are presented separately in the consolidated statement of comprehensive income and within the equity section of the consolidated statement of financial position, separate from the controlling interest of the Parent Company's equity. Non-controlling interest shares in the losses even if the losses exceed the non-controlling equity interest in the subsidiary.A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Non-controlling interest represents the 8.96% interest in PGI not owned by the Parent Company and the 1.44% interest in OOC not owned by PGI. The minority stockholders' share in losses of PGI and OOC is limited to the investment made. Any additional losses are for the account of the Group.

Change in the Group's ownership interests in subsidiaries without change in control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured at its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest in associate, joint venture, or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in the other comprehensive income are reclassified to profit or loss.

Segment reporting

The strategic steering committee is the Group's chief operating decision-maker.
Management has determined the operating segments consistent with the internal reporting reviewed by the strategic steering committee for purposes of allocating resources and assessing performance.

Financial instruments

Initial recognition, measurement and classification of financial instruments

The Group recognizes financial assets and financial liabilities in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Initial measurement

Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments includes transaction costs, except for those financial assets and liabilities at fair value through profit or loss (FVTPL) where the transaction costsare charged to expense in the period incurred.

Classification

On initial recognition, the Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss (FVTPL), loans and receivables, held-to-maturity (HTM) financial assets and available-for-sale (AFS) financial assets. The Group also classifies its financial liabilities into financial liabilities at FVTPL and other financial liabilities. The classification depends on the purpose for which the investments are acquired and whether they are quoted in an active market.

Management determines the classification of its financial assets and financial liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at the end of each reporting period.

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

The Group does not hold financial assets at AFSor HTM financial assets and FVTPL financial liabilities as at June 30, 2015 and December 31, 2014.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL include financial assets held for trading and financial assets designated upon initial recognition at FVTPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading, unless they are designated as effective hedging instruments or a financial guarantee contract. Gains or losses on financial assets at FVTPL are recognized in the consolidated statement of comprehensive income under "Fair value adjustments" account.

Financial assets may be designated by management at initial recognition at FVTPL when any of the following criteria is met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or

- The assets are part of a group of financial assets, which are managed and their performance are 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 at fair value through profit or loss (FVTPL) are stated at fair value, with any resultant gain or loss recognized in profit or loss.The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial assets and is included in the other gains and losses line item in the statements of comprehensive income. Fair value is determined in the manner described in Note 33.

This category includes the Group's investment in listed equity securities presented under "Financial assets at fair value through profit or loss (FVTPL)" account in the consolidated statement of financial position (see Note 7).

Other financial liabilities

Other financial liabilities are initially recorded at fair value, less directly attributabletransaction costs. After initial recognition, interest-bearing loans and borrowings aresubsequently measured at amortized cost using the effective interest method. Amortizedcost is calculated by taking into account any issue costs, and any discount or premium onsettlement. Gains and losses are recognized in the consolidated statement of comprehensive income whenthe liabilities are derecognized as well as through the amortization process. Other financialliabilities are initially recorded at fair value, less directly attributable transaction costs.

As at June 30, 2015 and December 31, 2014, included in other financial liabilities are the Group's trade and other payables, short-term debts, debts covered by the rehabilitation plan and advances from related parties(see Notes17, 18, 19 and 21).

Determination of fair value and fair value hierarchy

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

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

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

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

The Group determines the policies and procedures for both recurring fair value measurement, such as financial assets at FVTPL, and for non-recurring measurement, such as investment properties.

External values are involved for valuation of significant assets, such as investment properties. Selection criteria include market knowledge, reputation, independence and whether professionalstandards are maintained.

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

Fair value measurement disclosures of financial and non-financial assets are presented in Note 34to the consolidated financial statements.

“Day 1” Difference

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

Amortized cost of financial instruments

Amortized cost is computed using the effective interest method less any allowance forimpairment and principal repayment or reduction. The calculation takes into account anypremium or discount on acquisition and includes transaction costs and fees that are anintegral part of the effective interest rate.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are subsequently carried at amortized cost using the effective interest rate method less any allowance for impairment. Amortized cost is calculated, taking into account any discount or premium on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate and transaction costs.

Gains and losses are recognized in consolidated statement of comprehensive incomewhen the loans and receivables are derecognized or impaired, as well as through the amortization process. These financial assets are included in current assets if maturity is within 12 months from the end of reporting period. Otherwise, these are classified as noncurrent assets.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument or, when appropriate, a shorter period, to the net carrying amount on initial recognition

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

As at June 30, 2015 and 2014, included under loans and receivables are the Group's cash, trade and other receivables and due from related parties (see Notes 6, 8, and 21).

AFS financial assets

AFS financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the three other categories. The Group designates financial instruments as AFS if they are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions. After initial recognition, AFS financial assets are measured at fair value with unrealized gains or losses being recognized in consolidated statement of comprehensive income under other comprehensive income as "Changes in fair value of AFS financial assets", net of deferred income tax effect. When fair value cannot be reliably measured, AFS financial assets are measured at cost less any impairment in value.

When the investment is disposed or determined to be impaired, the cumulative gains or losses recognized in other comprehensive income is reclassified from equity to the consolidated statement of comprehensive income as reclassification adjustment.

The amount of the cumulative loss that is reclassified from equity to the consolidated statement of comprehensive income is the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on the financial assets previously recognized in the consolidated statement of comprehensive income.

Impairment loss recognized in the consolidated statement of comprehensive income for an investment in an equity instrument classified as AFS is not reversed through the statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as AFS increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognized in the consolidated statement of comprehensive income.

Interest earned on the investments is reported as interest income using the effective interest rate method. Dividends earned on investments are recognized in the consolidated statement of comprehensive income as "Dividend income" included in "Other income (net)" when the right of payment has been established. These financial assets are classified as noncurrent assets unless the intention is to dispose of such assets within 12 months from the end of reporting period.

The Group has no AFS financial assets as at June 30, 2015, and December 31, 2014.

Held-to-maturity (HTM) financial assets

HTM financial assets are quoted non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as HTM financial assets when the Group's management has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this category. After initial measurement, HTM financial assets are measured at an amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initially recognized amount and the maturity amount, less allowance for impairment. This calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts.

Gains and losses are recognized in the consolidated statement of comprehensive income when the investments are derecognized or impaired, as well as through the amortization process.

The Group has no HTM investments as at June 30, 2015 and 2014.

Financial assets and financial liabilities are offset and the net amount 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 assets and settle the liabilities simultaneously.

Derecognition of financial assets and financial liabilities

(a) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;

- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to third party under a “pass-through” arrangement; or

- the Group 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 risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset 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 Group’s continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(b) Financial liabilities

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

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

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements 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 assets and settle the liabilities simultaneously.

Impairment of financial assets

The Group assesses at the end of each reporting period 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 contracted parties or a group of contracted parties is experiencing significant financial difficulty, default or delinquency ininterest or principal payments, the probability that they will enter bankruptcy or otherfinancial 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.

(a) Financial assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrumentthat is not carried at fair value because its fair value cannot be reliably measured, or on aderivative asset that is linked to and must be settled by delivery of such an unquotedequity instrument has been incurred, the amount of the loss is measured as the differencebetween the asset’s carrying amount and the present value of estimated future cash flowsdiscounted at the current market rate of return of a similar financial asset.

(b) Loans and receivables

The Group first assesses whether objective evidence of impairment exists individuallyfor financial assets that are individually significant, and individually or collectively forfinancial assets that are not individually significant. If it is determined that no objectiveevidence of impairment exists for an individually assessed financial asset, whethersignificant or not, the asset is included in the group of financial assets with similar creditrisk and characteristics and that group of financial assets is collectively assessed forimpairment. Assets that are individually assessed for impairment and for which animpairment loss is or continues to be recognized are not included in a collectiveassessment of impairment.If there is objective evidence that an impairment loss on financial assets carried atamortized cost has been incurred, the amount of loss is measured as a difference betweenthe asset's carrying amount and the present value of estimated future cash flows(excluding future credit losses that have not been incurred) discounted at the financialasset's original effective interest rate (i.e., the effective interest rate computed at initialrecognition). The carrying amount of the asset shall be reduced through the use of anallowance account. The amount of loss is recognized in the consolidated statement of comprehensiveincome.

If in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, and the increase or decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance for impairment losses account.

If a future write-off is later recovered, the recovery is recognized in the consolidated statement of comprehensive income under "Other income (net)" account. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of comprehensive to the extent that the carrying value of the asset does not exceed its amortized cost at reversal date.

Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Group.

Cash

Cash includes cash on hand and deposits held at call with banks.

Real estate projects

Real estate projects are initially recognized at cost and are subsequently carried at the lower of cost and net realizable value. Cost consists of acquisition cost and expenditures for the development and improvement of subdivision and memorial park lots, and construction of the condominium units. Net realizable value is the estimated selling price less cost to complete and sell. The cost of real estate projects as disclosed in the consolidated statement of financial position is determined using the specific identification and cost allocation for non-specific cost.

The cost of real estate recognized in the consolidated statement of comprehensive income on disposal is determined with reference to the specific costs incurred on the property sold.

Inventories

Inventories includes three product lines such as, (1) LPG, cylinders and accessories, (2) industrial gases and (3) fuel.

LPG, cylinders, stoves and accessories includes LPG bulk, content, cylinders and accessories such as, burners and regulators.

Industrial gases' primary materials for processing is the air that is captured and stored using the oxygen storage balloon and oxygen compressor and undergoes series of production process before industrial gases (oxygen, acetylene, nitrogen and argon) are produced and become ready for distribution in the market. The atmospheric air is compressed and cooled and is fractionally distilled based on different boiling point of each component.

Fuel is composed of diesel, gasoline and lubricants.

Inventories are initially measured at cost. Subsequently, inventories are stated at the lower of cost and net realizable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- *Raw materials and general supplies* – Cost is determined primarily on the basis of moving average cost. Raw materials maintained at year end pertain to calcium carbide to be used in the production of acetylene under industrial gases line.

- *Finished goods* – Cost includes cost of raw materials used, direct labor and the applicable allocation of fixed and variable overhead costs. This refers to LPG already filled in the cylinders. Unit cost is accounted by adding the production cost to the beginning inventories and divided by the beginning quantity and production. Production cost includes the merchandise inventory cost, bulk cost and refilling cost. Cost of raw materials and general supplies is determined using the moving average method.

Net realizable value for finished goods is the estimated selling price in the ordinary course of business less the estimated cost of marketing and distribution. Net realizable value for raw materials and materials and supplies is the current replacement cost. Inventories are derecognized when sold.

Prepayments and other current assets

Prepayments are expenses paid in advance and recorded as asset before they are utilized. This account is mainly composed of prepaid maintenance, insurance, rent, taxes and licenses and other prepaid items. Prepaid rentals and insurance premiums and other prepaid items are apportioned over the period covered by the payment and charged to the appropriate accounts in the consolidated statement of comprehensive income when incurred.

Creditable withholding tax is deducted from income tax payable on the same year the revenue was recognized. Prepayments that are expected to be realized for no more than 12 months after the reporting period are classified as current asset, otherwise, these are classified as other noncurrent asset.

Claims for input VAT and other prepaid taxes are stated at fair value less provision for impairment, if any. Allowance for unrecoverable input VAT and prepaid taxes, if any, is maintained by the Group at a level considered adequate to provide for potential uncollectible portion of the claims. The Group, on a continuing basis, makes a review of the status of the claims designed to identify those that may require provision for impairment losses.

Assets held for dacion en pago

Assets held for dacionenpago consist of memorial park lots and real estate properties which are measured at the lower of its carrying amount and fair value less cost to sell. The details of the dacionenpago are discussed in detail in Note 2.

Property,plant and equipment

Property, plant and equipment are initially measured at cost. Subsequent to initial recognition, they are stated at cost less accumulated depreciation and any impairment in value, except for land and land improvements, buildings and improvements, and hotel and office equipment, which are carried at revalued amounts, as determined by an independent appraiser, less any accumulated depreciation and any impairment in value. Additions subsequent to the date of appraisal are stated at cost.

The initial cost of property, plant and equipment consists of its purchase price and any directly attributable costs of bringing the property, plant and equipment to its working condition and location for its intended use and the initial estimate of the future costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to expense in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standards of performance, the expenditures are capitalized as an additional cost of property, plant and equipment.

Independent appraisal of land and land improvements, buildings, and hotel and office equipment was performed by an independent firm of appraisers. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Following initial recognition at cost, land, land improvements, buildings, hotel and office equipment are carried at revalued amounts, which are the fair values at the date of revaluation, as determined by independent appraisers, less subsequent accumulated depreciation (on buildings) and any accumulated impairment losses. Revalued amounts are fair market values determined in appraisals by external professional valuers unless market-based factors indicate immediate impairment risk.

Fair value is determined by reference to market-based evidence, which 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. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is recognized in other comprehensive income and credited to the revaluation reserves account in the equity section of the consolidated statement of changes in equity.

Any revaluation deficit directly offsetting a previous surplus in the same asset is charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and the remaining deficit, if any, is recognized in the consolidated statement of comprehensive income. Annually, an amount from the “Revaluation reserve” account is transferred to retained earnings for the depreciation relating to the revaluation surplus. Upon disposal of revalued assets, amounts included in “Revaluation reserve” account relating to them are transferred to retained earnings.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	In Years
Building and structures	20-40
LPG plant, machinery and equipment	20
LPG, oxygen and acetylene cylinders	15
Land improvements	5-15
Machinery and equipment	9-10
Hotel and office equipment	9
Transportation equipment	5-6
Furniture, fixtures and equipment	5

Leasehold improvements are depreciated over the lease term or estimated useful lives of the improvements, whichever is shorter.

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The residual values and estimated useful lives or property, plant and equipment are reviewed and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset is included in the consolidated statement of comprehensive income in the year the item is derecognized.

Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, is measured initially at cost. Cost includes purchase price and any other cost directly attributable to bringing the assets to its working condition and location for its intended use. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and impairment loss, if any.

Subsequent expenditures relating to an item of investment property that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Investment properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or cash-generating unit is written down to its recoverable amount. The estimated recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statement of comprehensive income.

Recovery of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The recovery is recorded in the consolidated statement of comprehensive income. However, the increased carrying amount of an asset due to a recovery of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for that asset in prior years.

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

As at June 30, 2015 and December 31, 2014, included in investment properties are the Group's land, which are held for lease.

<u>Impairment of non-financial assets other than goodwill</u>

The carrying values of assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their estimated recoverable amount.

The estimated recoverable amount is the greater of net selling price or value in use. 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 the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the estimated recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses, if any, are recognized in the consolidated statement of comprehensive income, which are recognized as reduction in the revaluation reserve and any excess as a charge to current operations.

Recovery of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The recovery is recorded in the consolidated statement of comprehensive income. However, the increase in carrying amount of an asset due to recovery of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined had no impairment loss been recognized for that asset in prior years.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other payables include non-trade payables and accrued expenses (mainly utilities). Trade payable and accrued expenses are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer) while non-trade payables are classified as current liabilities if payment isdue within one year or less. If not, these are presented as noncurrent liabilities.

Borrowings and borrowing cost

(a) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs and are subsequently measured at amortized cost using the effective interest method. Difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

(b) Borrowing cost

Borrowing costs are generally recognized as expense in the year in which these costs are incurred, except for those borrowing costs that are directly attributable to the development of real estate project which are capitalized as part of the cost of the projects.

The capitalization of borrowing costs as part of the cost of such assets: (a) commences when the expenditure and borrowing costs for the assets are being incurred and activities that are necessary to prepare the assets for their intended sale are in progress; (b) is suspended during the extended periods in which active development of the assets are interrupted; and (c) ceases when substantially all activities necessary to prepare the assets for their intended sale are completed.

Leases

Group as a Lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged in the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated statement of comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable income.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each reporting date,the Group reassesses the need to recognize previously unrecognized deferred income tax asset.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess of minimum corporate income tax (MCIT)over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO),to the extent that it is probable that sufficient future taxable profits will be available againstwhich the deductible temporary differences, carry-forward benefits of unused tax creditsfrom excess of MCIT over RCIT and unused NOLCO can be utilized. Deferred income taxliabilities are recognized for all taxable temporary differences.

Deferred income tax is provided on temporary differences arising on investments insubsidiaries and associates, except for deferred income tax liability where the timing of thereversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax asset against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Retirement benefit obligation

a.) Retirement obligations

The Group provides retirement benefits to employees through a defined benefit plan. A defined benefit plan is a pension plan that determines the amount of pension benefit an employee would receive upon retirement, usually dependent on several factors such as age, salary and length of service.

The net defined benefit liability or asset 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 asset, 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 plan is determined using the projected unit credit method. The defined benefit cost comprises of the service cost, net interest on the defined benefit liability or asset and the remeasurement of net defined benefit liability or asset.

Retirement benefit expense comprises the following:

- Service cost
- Net interest on the defined benefit liability or asset
- Remeasurement of net defined benefit liability or asset

Service cost, which includes current service cost and gains and losses on settlement are recognized as expense in the consolidated statement of comprehensive income.

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 the consolidated statement of comprehensive income.

Remeasurements comprising actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified in the consolidated statement of comprehensive income in subsequent periods. All remeasurements are recognized in “Remeasurement gains on retirement benefit obligation” account under other comprehensive income, and is presented in the consolidated statement of financial position, are not reclassified to another equity account in subsequent periods.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Group recognizes termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(c) Other long-term benefits

The Group's net obligation in respect of long-term benefits other than pension plans is the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the end of the reporting period of high quality bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. The Group recognized the net total of service cost, net interest on the net defined benefit liability (asset), and remeasurements of the net defined benefit liability (asset) in profit or loss.

(d) Profit-sharing and bonus plans

The Group can recognize a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group can recognize a provision where it is contractually obliged or where there is a past practice that has created a constructive obligation.

Equity

(a) Capital stock

Capital stock represents the par value of the shares issued and outstanding as at reporting date.

(b) Additional paid-in capital

Additional paid-in-capital includes any premiums received on the issuance of capital stock. Incremental costs directly attributable to the issue of new shares are deducted from additional paid-in-capital, net of tax. If additional paid-in capital is not sufficient, the excess is charged against retained earnings. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

(c) Deficit

Deficit represents accumulated earnings and losses of the Group, and any other adjustments to it as required by other standards, less dividends declared.

Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, while expenses are recognized upon utilization of the service or at the date they are incurred. The following specific recognition criteria must also be met before revenue or expense is recognized:

- *Revenue on sales of residential units and memorial lots*

  Revenuesare recognized in full when substantially complete and upon receipt of sufficient down payment, provided that the profit is reliably determinable; that is, the collectability of the sales price is reasonably assured and the earning process is virtually complete, that is the seller is not obliged to perform significant activities after the sale to earn the profit.

Accumulated collections on contracts not yet recognized as revenue are recorded under the "Customers' deposits" account in the consolidated statement of financial position.

- *Revenues arising from hotel operations*

  Revenues are recognized when services are rendered, while those from banquet and other special events are recognized when the events take place. These are shown under "Hotel operations" account in the consolidated statement of comprehensive income.

- *Sale of goods*

  Revenue from sale of goods, shown under "Liquefied petroleum gases, industrial gases and fuel" account, is recognized when the risks and rewards of ownership of the goods have passed to the buyer.Sale of goods is measured at the fair value of the consideration received or receivable, excluding discounts, returns and value-added tax (VAT).

- *Rental income from operating lease*

  Rental income is recognized when actually earned.

- *Interest income*

  Interest is recognized as it accrues using the effective interest method (i.e., the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

- *Dividend income*

  Dividend income is recognized when the Group's right to receive payment is established.The right to receive payment is usually established when the dividends is declared by the board of directors.

- *Other comprehensive income*

  Other comprehensive income (OCI) comprises items of income and expenses (including items previously presented under the consolidated statement of changes in equity) that are not recognized in profit or loss for the year in accordance with PFRS.

- *Other income*

  Other income is recognized when earned.

<u>Cost and expense recognition</u>

Cost of real estate projects sold before completion of the development and construction is determined based on the actual development costs incurred to date plus estimated cost to complete the project as determined by the Group's technical staff and contractors. These estimates are reviewed periodically to take into consideration the changes in cost estimates.

Cost of goods sold is recognized as expense when the related goods are sold.

Expenses are recognized in the consolidated statement of comprehensive income when decrease in the future economic benefitrelated to a decrease in an asset or an increase in liability has arisen that can be measuredreliably. Expenses are recognized in consolidated statement of comprehensive income: on the basis of a direct associationbetween the cost incurred and the earning of specific items of income; on the basis ofsystematic and rational allocation procedures when economic benefits are expected to ariseover several accounting periods and the association with income can only be broadly orindirectly determined; or immediately when an expenditure produces no future economicbenefit or when, and to the extent that, future economic benefits do not qualify, or cease toqualify, for recognition in the consolidated statement of financial position of an asset.

Foreign currency-denominated transactions and translations

(a) *Functional and presentation currency*

Items included in the consolidated financial statements of the Group are measuredusing the currency of the primary economic environment in which the entity operates(functional currency). The consolidated financial statements are presented in Philippine Peso (₱) the Group's functional and presentation currency.

(b) *Transactions and balances*

Transactions denominated in foreign currencies are recorded using the applicable exchange rate at the date of the transaction. Outstanding monetary assets and monetary liabilities denominated in foreign currencies are translated using the applicable rate of exchange at the end of reach reporting period. Foreign exchange gains or losses are recognized in the consolidated statement of comprehensive income.

Provisions and contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, 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.

Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. When the Group expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain and the amount can be estimated reliably. The expense relating to any provision is presented in the consolidated statement of comprehensive income, net of any reimbursement.
Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements, but disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the consolidated financial

statements. If it has become virtually certain that aninflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements.

Related party relationships and transactions

Related party relationship exists when the party has the ability to control, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely to the legal form.

Earnings per share

Earnings per share is computed by dividing net income by the weighted average number of common shares issued, subscribed and outstanding during the year with retroactive adjustments for stock dividends declared.

Events after the reporting date

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

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements in compliance with PFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. The estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances at the end of the reporting period. Actual results could differ materially from such estimates.

Estimates and judgments 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.

Significant accounting judgments in applying the Group's accounting policies

(a) Functional currency

The Group considers the Philippine Peso (₱) as the currency that most fairly represents the economic effect of the underlying transactions, events and conditions. The Philippine Peso (₱) is the currency of the primary economic environment in which the Group operates. It is the currency in which the Group measures its performance and reports its operating results.

(b) *Revenue recognition on real estate transactions*

The management requires certain judgments in selecting an appropriate revenue recognition method for real estate transactions based on sufficiency of payments by the buyer and completion of the project. The Group believes the sufficient level of payments as determined by management in recognizing revenue is appropriate.

(c) *Operating lease*

The Group has entered into various lease agreements. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

The Group classified the lease as operating lease, since the Group believes that the lessor does not transfer substantially all the risks and benefits on the ownership of the assets.

(d) *Distinction between investment properties and owner-occupied properties*

The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to the other assets used in the production or supply process. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.The Group accounts for all its properties as investment properties.

(e) *Allowance for impairment of trade receivables, advances and advance payments to suppliers and contractors*

The Group maintains allowance for impairment on potentially uncollectible receivables, due from related parties and advance payments to suppliers and contractors, and writing off accounts considered uncollectible. Allowance is made for specific Group accounts, where objective evidence of impairment exists. The Group evaluates these accounts based on available facts and circumstances, including, but not limited to, the length of the Group's relationship with the customers, the customers' current credit status based on known market forces, average age of accounts, collection experience and historical loss experience. These factors are used by the Group as a basis in making judgments, whether or not to record allowance for impairment.

The management assessed trade receivables pertaining to sales of real estate to be good, since the Group retains the title of the property until fully paid.The Group considers the carrying amounts of trade and other receivables to be a reasonable approximation of their fair values.

Further, it has determined that any changes occurred affecting the balance of allowance for impairment is insignificant.

(f) Allowance for impairment on real estate projects

The real estate projects are stated at costs, which are lower than their net realizable values. It is management's evaluation that the stated costs of the real estate projects are lower than their net realizable value as at the end of reporting period, and that there are no indications of impairment as at the reporting date.

(g) Impairment of prepayments and other current assets

Prepayments and other current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized whenever there is existing evidence that the carrying amount is not recoverable. The Group's management evaluated that based on their review; there were no indicators of impairment as at June 30, 2015 and December 31, 2014.

(h) Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized whenever there is existing evidence that the carrying amount is not recoverable. Management believes that there are no indications that the property and equipment are impaired as at June 30, 2015 and December 31, 2014.

(i) Income taxes

Significant judgment is required in determining the provision for income taxes. Recognition of deferred income taxes depends on management's assessment of the probability of available future taxable income against which the temporary difference can be applied. Realization of future tax benefit related to the deferred tax assets is dependent on many factors, including the Group's ability to generate taxable income during the periods in which those temporary differences are expected to be recovered. Management has considered these factors in reaching its conclusion to provide a full valuation allowance on deferred tax assets inasmuch as management assessed that the carry forward benefit is not realizable in the near future.

(j) Provisions and contingencies

The management exercises its judgment to distinguish between provisions and contingencies. Policies on provisions and contingencies are discussed in Note 4.

The Group is involved in litigations, claims and disputes arising in the ordinary course of business. Management believes that the ultimate liability, if any, with respect to such litigations, claims and disputes will not materially affect the financial position and results of operations of the Group.

Significant accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed as follows:

(a) *Determining net realizablevalue of inventories*

Management determines estimated selling price of inventories by taking into account the most reliable evidence available at the time the estimates are made. The Group's primary operations are primarily and continuously subject to price changes in the active market, thus may cause significant adjustments to its inventories within the next financial year.

As at June 30, 2015 and December 31, 2014, the carrying amount of inventories amounted to ₱528 million and ₱543 million, respectively (see Note 9).

(b) *Determining net realizable value of real estate projects*

In determining the net realizable value of inventories, management takes into account the most reliable evidence available at the time the estimates are made. These are considered key sources of estimation uncertainty and may cause significant adjustments to the Group's real estate projects within the next financial year.

As at June 30, 2015 and December 31, 2014, the net carrying amounts of real estate projects amounted to ₱755 million and ₱779 million, respectively (see Note 10).

(c) *Useful lives of property, plant and equipment*

Estimates are made on the useful lives of the Group's property, plant and equipment based on the periods over which the assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technological or commercial obsolescence, or other limits on the use of such assets. In addition, estimates are based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by the changes in estimates brought about by the factors mentioned above.

As at June 30, 2015 and December 31, 2014, the carrying amounts of property, plant and equipment, amounted to ₱2.40 billion and ₱2.35 billion, respectively (see Notes 12 and 13).

(d) *Impairment of goodwill*

Determining whether goodwill is impaired requires estimation of the value of cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

The carrying amount of goodwill as at June 30, 2015 and December 31, 2014 amounted to ₱68,897,066. No impairment was recognized for the quarter ended June 30, 2015 and year ended December 31, 2014.

(e) Retirement benefit obligation

The present value of the retirement benefit obligation depends on a number of factors thatare determined on an actuarial basis using the number of assumptions. The assumptionsused in determining the retirement benefit expense include the discount rate and salary increase rate. Any changesin these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is theinterest rate that should be used to determine the present value of estimated future cashoutflows expected to be required to settle the retirement benefit obligation. In determiningthe appropriate discount rate, the Group considers the interest rates of government bonds and have terms of maturity approximating the terms of the related retirement benefitobligation.

Other key assumptions for retirement benefit obligation are based in part on current market conditions.

The carrying amount of the Group's retirement benefit obligation as at June 30, 2015 and December 31, 2014 are ₱209 million and ₱190 million, respectively (see Note 27).

(f) Recognition and realizability of deferred tax assets

Deferred tax assets are recognized for all unused tax losses and future tax credits. At end of the reporting period, the Group reviews its deferred tax assets and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based on industry trends and projected performance in assessing the sufficiency of taxable income.

(g) Impairment of nonfinancial assets other than goodwill

Management is required to perform test of impairment when impairment indicators are present. Property, plant and equipment are periodically reviewed to determine any indications of impairment. Management is required to make estimates to determine future cash flows to be generated from the continued use and ultimate disposition of these assets in order to determine the value in use. Though it believes that the estimates and assumptions used in the determination of recoverable amounts are reasonable and appropriate, significant changes in these assumptions may materially affect the assessment of the recoverable amounts and any resulting impairment loss could have a material adverse effect in the results of operations.

As at June 30, 2015 and December 31, 2014, the net carrying amounts of property, plant and equipment, amounted to ₱2.40 billion and ₱2.35 billion, respectively (see Notes 12 and 13).

6. CASH

This account consists of:

	2015	2014
Cash on hand	**₱2,512,631**	₱ 37,844,044
Cash in banks	**223,232,609**	497,157,446
	₱225,745,240	₱ 535,001,490

Cash in banks earn interest at the respective bank deposit rates.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

The movement of the account is as follows:

	2015	2014
Cost		
Balance at beginning of year	**₱ 349,071,800**	₱ 136,413,012
Additions	**170,818,205**	203,837,178
Disposals	**(10,045,848)**	(38,006,125)
	509,844,157	302,244,065
Fair value gain	**20,948,562**	46,827,735
Balance at end of year	**₱530,792,719**	₱ 349,071,800

This consists of equity securities from various listed companies in the Philippines.

The fair values of these securities have been determined directly by reference to published prices quoted in the active market at the end of the reporting period.

The movements of the fair value gain as at June 30, 2015 and December 31, 2014 are as follows:

	2015	2014
Balance at beginning	**₱ 46,827,735**	₱ 975,232
Realized fair value (loss) gain	**3,126,484**	223,737
Fair value gain (loss) during the period	**20,948,562**	45,628,766
Balance at end of year	**₱ 70,902,781**	₱ 46,827,735

The Group recognizes the fair value gain (loss) on financial assets at FVTPL under “Fair value gain (loss)” account which is presented as part of “Other income (charges)” accounting the consolidated statement of comprehensive income.

8. TRADE AND OTHER RECEIVABLES (NET)

This account consists of:

	2015	2014
Current:		
Trade	₱250,302,663	₱ 312,937,940
Less: Allowance for impairment loss	**43,349,366**	43,349,366
	206,953,297	269,588,574
Advances to officers and employees	**30,095,124**	40,029,069
Advances to contractors and suppliers	**35,197,865**	19,494,370
Refundable deposits	**6,351,611**	6,276,358
Cylinder deposits	**-**	1,903,304
Others	**21,8668,920**	- 26,442,626
	93,513,520	- 94,145,727
Less: Allowance for impairment loss	**7,478,395**	7,478,395
	86,035,125	86,667,332
Net	₱292,988,422	₱ 356,255,906

Trade receivables of PGI and OOC are usually due within 30 to 120 days and do not bear any interest. There is no significant credit risk on the Parent Company's installment sales receivables, since the title of property sold on an installment terms are not transferred to the buyer until the property is fully paid. All trade receivables are subject to credit risk exposure. However, the Group has no significant concentration of credit risk as the amounts recognized represent a large number of receivables from various customers.

Advances to officers and employees are non-interest bearing and collectible through salary deductions. This also includes, among others, car plan offered to officers and employees with repayment terms.

Other receivables as at December 31, 2014 includes, among others, advances made to a sports coordinator for the Company's sponsored annual marathon event, which is collectible upon liquidation.

The movements in the allowance for impairment losses are as follows:

	2015	2014
Balance at beginning of year	₱50,827,761	₱ 42,777,947
Provision for the year	-	8,049,814
Balance at the end of year	₱50,827,761	₱ 50,827,761

Management considers the carrying amounts of trade and other receivables to be a reasonable approximation of their fair values. Further, it has determined that any changes occurred affecting the balance of allowance for impairment is insignificant.

9. INVENTORIES

This account consists of:

	2015	2014
Finished goods:		
LPG, cylinders, stoves and accessories	**₱412,734,908**	₱ 316,030,216
Industrial gases	**24,888,968**	10,058,015
Fuel	**169,812**	250,403
	437,793,688	326,338,634
In-transit LPG		138,693,195
Material and supplies	**87,186,203**	68,127,388
Raw materials	**2,985,716**	9,896,457
	527,965,607	₱ 543,055,674

The inventories are stated at costs, which are lower than their net realizable values.

In-transit LPG inventories are under the cost, insurance and freight shipping term (CIF). The title and risk of loss shall pass to the buyer upon delivery of the goods to the carrier.

10. REAL ESTATE PROJECTS

Real estate projects consist of the following:

	2015	2014
Memorial park lots:		
Cagayan de Oro Gardens	₱76,336,745	₱ 78,087,946
Zamboanga Memorial Gardens	69,552,352	70,679,350
Mt.ApoGardens	63,101,227	63,967,207
Pryce Gardens – Pagadian	49,436,387	49,436,387
NorthZamboangaGardens	18,739,764	19,806,354
Ma. CristinaGardens	16,851,890	18,210,882
Pryce Gardens – ManoloFortich	16,921,366	17,498,301
Ozamis Memorial Gardens	15,686,594	16,013,719
PryceGardens – Alabel	16,007,781	16,007,781
Pryce Gardens – Bislig	15,789,713	15,789,713
PryceGardens – Malita	13,429,613	13,491,169
Pryce Gardens – Malaybalay	11,396,349	11,585,701
	383,249,781	390,574,510
Subdivision lots:		
Puerto HeightsVillage	30,770,005	30,770,005
Saint Joseph Homes	11,037,401	11,037,401
Villa Josefina Resort Village	8,609,184	8,609,184
Pryce Business Park	-	892,524
	50,416,590	51,309,114

Condominium units:		
Pryce Tower	98,768,412	98,768,412
Lands held for future development:		
Cagayan de Oro	164,022,528	164,022,528
Davao	23,042,925	39,383,094
Misamis Oriental	27,979,122	27,979,122
Cotabato	7,559,489	7,559,489
	321,372,476	238,944,233
	₱755,038,847	₱ 779,596,269

The real estate projects are stated at costs which are lower than their net realizable values.

11. PREPAYMENTS AND OTHER CURRENT ASSETS

This account consists of:

	2015	2014
Prepaid rent	**₱12,761,439**	₱ 32,322,197
Prepaid maintenance	**12,741,411**	13,711,613
Prepaid insurance	**42,919**	6,835,266
Prepaid taxes and licenses	**5,985,022**	6,097,668
Foods and materials inventory	**3,979,292**	3,655,081
Deferred charges	**17,872,712**	3,065,303
Input tax	**2,211,781**	2,762,139
Excess tax credit	**-**	511,921
Others	**24,030,334**	3,068,329
	₱79,624,910	₱ 72,029,517

Prepaid maintenance pertains to maintenance cost incurred for the requalification procedures on LPG bulk tanks and other machinery.

Others include, among others, terminal refilling and other plant repairs that are amortized within one (1) year.

Deferred charges represent project development cost in progress.

Other prepayments includes, among others, terminal refilling and other plant repairs that are amortized within one (1) year.

12. PROPERTY, PLANT AND EQUIPMENT AT REVALUED AMOUNTS (NET)

Reconciliations of net carrying amounts at the beginning and end of 2015 and 2014, and the gross carrying amounts and the accumulated depreciation of property, plant and equipment are shown below:

As at June 30, 2015

	Net carrying amount, January 1, 2015	Additions	Depreciation	Other movement	Net carrying amounts, June 30, 2015
Land and improvements	₱ 286,194,797	₱ 8,633,046	(₱ 526,708)	₱ -	₱ 294,301,135
Buildings and structures	174,365,404		(9,920,230)	-	164,445,174
Machinery and equipment	12,818,560		(633,908)	-	12,184,652
Oxygen and acetylene cylinders	112,122,769		(10,945,098)	-	101,177,671
Hotel and office equipment	10,861,736		(636,609)	-	10,225,127
	₱ 596,363,266	**₱ 8,633,046**	**(₱22,662,553)**	**₱ -**	**₱582,333,759**

	Cost	Accumulated depreciation	Net carrying amounts, June 30, 2015
Land and improvements	₱ 279,891,738	(₱ 13,180,787)	₱ 266,710,951
Buildings and structures	565,790,278	(392,787,165)	173,003,113
Machinery and equipment	219,885,716	(203,173,840)	16,711,876
Oxygen and acetylene cylinders	713,514,153	(599,187,930)	114,326,223
Hotel and office equipment	72,904,216	(61,322,620)	11,581,596
	₱ 1,871,226,086	**(₱ 1,269,652,342)**	**₱ 582,333,759**

As at December 31, 2014

	Net carrying amount, January 1, 2014	Additions	Depreciation	Disposal	Net carrying amounts, December 31, 2014
Land and improvements	₱ 287,053,182	₱ 192,000	(₱ 1,050,385)	₱ -	₱286,194,797
Buildings and structures	190,898,323	3,307,857	(19,840,776)	-	174,365,404
Machinery and equipment	10,841,623	3,271,554	(1,294,617)	-	12,818,560
Oxygen and acetylene cylinders	124,232,177	8,070,055	(20,179,463)	-	112,122,769
Hotel and office equipment	11,855,220	311,460	(1,304,944)	-	10,861,736
	₱ 624,880,525	**₱ 15,152,926**	**(₱43,670,185)**	**₱ -**	**₱596,363,266**

	Cost	Accumulated depreciation	Net carrying amounts, December 31, 2014
Land and improvements	₱ 299,131,723	(₱ 12,936,926)	₱ 286,194,797
Buildings and structures	565,790,278	(391,424,874)	174,365,404
Machinery and equipment	219,885,716	(207,067,156)	12,818,560
Oxygen and acetylene cylinders	713,514,153	(601,391,384)	112,122,769
Hotel and office equipment	72,904,216	(62,042,480)	10,861,736
	₱ 1,871,226,086	**(₱ 1,274,862,820)**	**₱ 596,363,266**

All of the appraised land, buildings and structures, machinery and equipment, and oxygen and acetylene cylinders of PGI were mortgaged as collaterals for PGI's obligations (see Note 19).

The Group deemed that it is impracticable to have its property, plant and equipment appraised because of its current financial condition. While fair market value of the buildings was not determined as at June 30, 2015 and December 31, 2014, the Group's management believes that the fair value does not differ materially from its carrying amount.

13. PROPERTY, PLANT AND EQUIPMENT AT COST (NET)

Reconciliations of the net carrying amounts at the beginning and end of 2015 and 2014, and the gross carrying amounts and the accumulated depreciation of property, plant and equipment at cost are as follows:

As at June 30, 2015

	Net carrying amount, January 1, 2015	**Additions**	**Depreciation**	**Reclassification**	**Net carrying amounts, June 30, 2015**
LPG plant machinery and equipment	**₱ 1,224,333,740**		(₱ 69,299,373)		**₱ 1,155,034,367**
Machinery and equipment	**248,066,591**		(8,566,355)		**239,500,236**
Transportation equipment	**74,008,643**		(14,955,506)	-	**59,053,137**
Leasehold improvement	**5,447,868**		(670,788)	-	**4,777,080**
Furniture, fixtures and equipment	**22,204,392**	2,100,009	(2,809,567)	-	**21,494,834**
Construction in progress	**106,186,340**	161,431,136	-		**267,617,476**
Building and structures	**7,633,693**		(230,545)	-	**7,403,148**
Land and improvements	**64,640,419**		-	-	**64,640,419**
	₱ 1,752,521,686	**₱ 163,531,145**	**(₱ 96,326,547)**	**₱ -**	**₱ 1,819,520,697**

	Cost	**Accumulated depreciation**	**Net carrying amounts, June 30, 2014**
LPG plant machinery and equipment	₱ 2,853,979,277	(₱ 1,669,268,544)	₱ 1,184,710,733
Machinery and equipment	327,135,068	(87,634,831)	239,500,237
Transportation equipment	293,641,890	(234,588,753)	59,053,137
Leasehold improvement	17,244,551	(12,467,471)	4,777,080
Furniture, fixtures and equipment	102,953,391	(83,558,566)	19,394,825
Construction in progress	106,186,340	-	106,186,340
Building and structures	9,239,474	(1,836,326)	7,403,148
Land and improvements	64,640,419	-	64,640,419
	₱ 3,775,020,410	**(₱ 2,089,354,491)**	**₱ 1,685,665,919**

As at December 31, 2014

	Net carrying amount, January 1, 2014	**Additions**	**Disposals**	**Depreciation**	**Other Movement**	**Net carrying amounts, December 31, 2014**
LPG plant machinery and equipment	1,069,089,878	47,840,568	₱ 140,752,454)	₱ 253,964,843	**1,230,142,835**	₱ 1,069,089,879
Machinery and equipment	81,352,666	3,891,381	(18,747,858)	180,401,222	**246,897,411**	81,352,666
Transportation equipment	68,740,074	30,083,436	(28,062,570)	-	**70,760,940**	68,740,073
Leasehold improvement	6,238,785	297,255	(1,262,609)	-	**5,273,431**	6,238,785
Furniture, fixtures and equipment	20,627,924	6,160,085	(5,777,647)	-	**21,010,362**	20,627,924
Construction in progress	294,941,718	245,610,687	-	(434,366,065)	**106,186,340**	294,941,718
Building and structures	8,071,922	-	(461,974)	-	**7,609,948**	8,071,922
Land and improvements	43,659,458	20,980,961	-	-	**64,640,419**	43,659,458
	1,592,722,425	**354,864,373**	**₱ 195,065,112)**	**₱ -**	**1,752,521,686**	₱ 1,592,722,425

	Cost	Accumulated depreciation	Net carrying amounts, December 31, 2014
LPG plant machinery and equipment	₱ 2,853,979,277	(₱ 1,623,836,442)	₱ 1,230,142,835
Machinery and equipment	327,135,068	(80,237,657)	246,897,411
Transportation equipment	293,641,890	(222,880,950)	70,760,940
Leasehold improvement	17,244,551	(11,971,120)	5,273,431
Furniture, fixtures and equipment	102,953,391	(81,943,029)	21,010,362
Construction in progress	106,186,340	-	106,186,340
Building and structures	9,239,474	(1,629,526)	7,609,948
Land and improvements	64,640,419	-	64,640,419
	₱ 3,775,020,410	**(₱ 2,022,498,724)**	**₱ 1,752,521,686**

Depreciation charged to operations was allocated as follows:

	2015	2014
Cost of sales	**₱ 88,731,165**	₱ 168,996,570
Operating expense:	**30,257935**	69,738,727
	₱ 118,989,100	₱ 238,735,297

14. INVESTMENT PROPERTIES

The Group’s investment properties represents three (3) parcels of land located in Taytay, Rizal and Silang, Cavite with an aggregate amount of ₱37,027,141, which were acquired in 2014.

The Group intends to hold these parcels of land for lease.

15. ASSETS HELD FOR DACION EN PAGO

Assets held for dacion en pago with a carrying value of ₱73 million and ₱198 million as at June 30, 2015 and December 31, 2014 respectively includes a number of memorial park lots contributed by the Parent Company to PGI in 2003 and 2004 for the increase in authorized capital stock of PGI in 2004.

These assets shall be used by the Group in settlement of its debts for dacion en pago covered by the Rehabilitation Plan.

The Company’s management evaluated that the carrying value of these assets held for dacion en pago approximates the fair value less cost to sell as at June 30, 2015 and December 31, 2014.

16. GOODWILL

Goodwill mainly comprises the excess of the cost of business acquisition over the fair value of the identifiable assets and liabilities acquired by the Parent Company.

Goodwill in relation to acquisition is attributable to Pryce Gases, Inc. (PGI).

The recoverable amount of PGI CGU was based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to cash flow projections of 8.0%. Cash flows beyond the five-year period are extrapolated using the steady growth rate of 1.0%. The carrying value of goodwill amounted to ₱68,897,066 as at June 30, 2015 and December 31, 2014. No impairment loss was recognized for goodwill arising from the acquisition of PGI.

The calculations of value in use for the PGI CGU are most sensitive to the following assumptions:

- Budgeted gross margin – The management determined budgeted gross margin based on past performance and its expectations for the market development.
- Growth rate – The projected growth rate is based on a conservative steady growth rate that does not exceed the compounded annual growth rate of the global LPG industry.
- Pre-tax discount rate – Discount rates reflect management's best estimate of the risks associated with the specific CGU. This is the benchmark rate used by management to measure operating performance.

Regarding the assessment of the value in use of PGI, management believes that no reasonably possible change in any of the aforementioned assumptions would cause the carrying value of the CGU to exceed their recoverable amount.

17. TRADE AND OTHER PAYABLES

	2015	2014
Accounts payable:		
Trade	**₱641,543,533**	₱ 1,182,066,162
Nontrade	**5,877,778**	4,430,069
Accrued expenses:		
Interest	**105,128,547**	21,391,628
Salaries, wages and benefits	**14,810,273**	11,572,420
Others	**28,129,086**	17,825,661
Cylinder and autogas kit deposits	**65,728,418**	29,827,189
Due to government agencies	**5,896,701**	11,953,599
Reserve fund liability	**8,085,776**	7,323,464
	₱875,200,112	₱ 1,286,390,192

Deferred income pertains to interest related to the car plans offered by the Company to certain officers and employees.

Cylinder deposits pertain to deposits made by customers for its cylinders lent out by the Group.

Other accrued expenses pertain to accrual of utilities, maintenance and security agency fees.

18. SHORT-TERM DEBTS

Short-term debts consist of:

Loan type and significant terms	2015	2014
PGI		
a. Unsecured short-term loan obtained from a local bank payable for 180 days from the date of loan release and renewable upon maturity. Interest rate is at 5.75% per annum, subject to repricing.	**₱150,000,000**	₱150,000,000
	-	-
	-	-
	₱150,000,000	₱150,000,000
OOC		
a. Unsecured short-term loan obtained from a local bank payable for 91 days from the date of loan release and renewable upon maturity. Interest rate is at 6.0% per annum, subject to repricing.	**₱40,000,000**	₱100,000,000
	-	-
	40,000,000	100,000,000
	₱190,000,000	₱ 250,000,000

Any new repriced interest rates that may be imposed by the bank for the relevant interest period shall be binding and conclusive, unless otherwise objected by the Group through a written advise. In the event the Group subsequently rejects any of the repriced interest rates computed by the bank or any new repriced interest rate agreed upon, the bank shall have the option to charge interest on the loan based on the last agreed rate computed from the end of the immediately preceding interest period until a new repriced interest rate is agreed upon or to immediately demand payment of the entire balance of the loan, which shall be considered immediately due, payable and defaulted. A thirty-six percent (36%) penalty per annum will be charged for all amounts due and unpaid.

19. DEBTS COVERED BY THE REHABILITATION PLAN

The liabilities covered by the Rehabilitation Plan, as mentioned in Note 2, consist of:

	2015	2014
Debts for dacionenpago	**₱34,386,176**	₱ 207,447,542
Accrued interest	**-**	121,670,566
	34,386,176	329,118,108
Restructured debts		
Current	**10,756,792**	59,345,094
Noncurrent	**21,513,585**	59,345,092
	32,270,377	118,690,186
	₱66,656,553	₱ 447,808,294

Assignment of Credit in favor to OOC

On May 12, 2015, a creditor (the "Assignor Creditor") of PGI with a balance of US Dollar One Million Five Hundred Twelve Thousand Nine Hundred Ninety-Seven and 40/100 (US $ 1,512,997.40) and OOC (the "Assignee"), executed a Deed of Assignment of all the rights and participations of the assignor creditor in the Tranche B portion of the Restructuring Agreement and the Mortgage Trust Indenture (MTI) in favor to OOC. Consequently, OOC assumed as the assignee creditor of PGI. *(Please see note 2.)*

In the consolidated Financial Statements, the above assigned loan is eliminated.

a) *Debts for dacion en pago of the Parent Company*

	2015	2014
Long-term commercial papers (LTCPs)	**₱34,386,176**	₱41,263,401
Trade and non-trade creditors		27,401,795
Loans from banks and other financial institutions	**-**	-
	34,386,176	68,665,196
Accrued interest	**-**	121,670,566
	₱34,386,176	₱190,335,762

Under the terms of the Rehabilitation Plan, the above indebtedness of the Parent Company shall be liquidated and paid by dacion en pago of the real estate properties with equivalent value of ₱513,804,375, subject to the following guidelines:

1. Payment of all indebtedness to creditor banks and long-term commercial papers (LTCPs) shall be made by way of dacionenpago of developed real estate properties of the Parent Company.

2. Trade creditors holding claims of at least ₱500,000 shall be paid by way of dacionenpago of memorial park lots to be allocated equally, except the memorial park lots in Davao City which is mortgaged to CBC.

3. Trade creditors holding claims of less than ₱500,000 shall be paid in cash over a three-year period, without interest, on a quarterly basis.

4. The value of the real estate properties to be ceded to the creditors by way of dacionenpago shall be the average of three appraisals to be undertaken by firms accredited by the BSP nominated by the creditors. In the event that the value shall exceed the amount of obligation to be settled, the excess assets shall be released in favor of the Parent Company. In case of deficiency in the value of the real estate properties, the shortfall shall be settled by way of dacionenpago of memorial park lots.

5. Memorial park lots shall be valued at ₱13,125 per lot for secured creditors and ₱17,500 for unsecured creditors.

Long-term commercial papers (LTCP)

These debts are secured by mortgaged trust indenture with CBC as mortgage trustee covering certain real estate projects of the Parent Company in Davao City.

- Two (2) of the Parent Company's LTCP holders with an aggregate outstanding loan balance of ₱34,386,126 executed a Deed of Assignment with the Parent Company's related party, Hinundayan Holdings Corporation (HHC), wherein the LTCP holders transferred and conveyed to HHC the LTCPs issued by the Parent Company for and in consideration of the equivalent amount of their outstanding loan balance with the Parent Company.

- On June 19, 2014, a creditor bank LTCP holder entered into a loan settlement agreement with the Parent Company wherein the parties agreed that the outstanding loan obligation amounting to ₱110,035,604 be fully settled in cash or manager's check amounting to ₱95 million instead of dacionenpago of real estate properties as approved by the rehabilitation court. The loan settlement was funded by the Parent Company's subsidiary, Pryce Gases, Inc. Accordingly, the Parent Company recognized gain on settlement of debt (net of transaction costs) amounting to ₱14,265,594 (see Note 25).

- The LTCP loan exposure of one creditor (Wise Capital Investment and Trust Corp.) as at June 30, 2015 and December 31, 2014 has been placed under a management committee of the Securities and Exchange Commission (SEC). This loan was finally settled on April 15, 2015.

<u>Loans from banks and other financial institutions</u>

These loans consist of foreign and local currency denominated loans obtained by the Parent Company from local banks on the assignment of trade receivables with recourse against the Parent Company. These loans are collateralized by certain real estate projects, and property and equipment of the Parent Company.

- On March 22, 2012, Bank of the Philippine Islands (BPI), BPI Family Savings Bank, Inc. (BFSB) and Josefina Multi Ventures Corporation (JMVC), with the conformity of the Parent Company and Pryce Gases, Inc. (PGI), executed a deed of assignment wherein BPI and BFSB sold, conveyed, transferred and assigned to JMVC all of their rights and interests (including rights as mortgagees and benefits under the rehabilitation plan) to the outstanding loan obligation of the Parent Company and PGI for and in consideration of ₱187,912,892.

- On March 4, 2014, China Banking Corporation (CBC) and JMVC, with the conformity of the Parent Company, executed a deed of assignment wherein CBC sold, conveyed, transferred and assigned to JMVC all of its rights and interests (including rights as mortgagee and benefits under the rehabilitation plan) to the outstanding loan obligation of the Parent Company for and in consideration of ₱252 million.

<u>Termination of Corporate Rehabilitation of Parent Company</u>

On May 19, 2015, the Parent Company filed the motion to terminate the proceedings for corporate rehabilitation. Subsequent to the reporting date, the court ordered on July 28, 2015 to terminate the rehabilitation proceedings of the Parent Company.

b) *Debts for dacionenpago of PGI*

This account consists of:

	2015	2014
Secured by non-operating assets:		
Foreign-currency denominated trade payable		₱ 82,797,768
Peso-denominated bank loan		-
Unsecured debts:		
Peso-denominated trade payables		55,984,578
	-	₱ 138,782,346

Under the terms of the Rehabilitation Plan, the amount in excess of ₱1.25 billion indebtedness shall be liquidated and paid by way of dacionenpago of real estate properties of the Parent Company, subject to the guidelines set forth below (see Note 2):

1. Real estate properties already mortgaged to a creditor or group of creditors shall be used as full payment of the debts to said creditors.

2. The value of the real properties to be ceded to the creditors by way of dacionenpago shall be the average of two appraisals to be undertaken by firms accredited by the Bangko Sentral ng Pilipinas (BSP) nominated by the creditors. In the event that the value shall exceed the amount of debts to be settled, the excess assets shall be released in favor of the Company or mortgagor. In case of deficiency in the value of the real estate assets, the shortfall shall be settled by way of dacionenpago of memorial park lots.

3. All other debts neither eligible for restructuring nor covered by a mortgage over real estate properties not used for operations shall be settled also by way of dacionenpago.

4. Memorial park lots shall be valued at a discount off-the-retail selling price as stipulated in the court order, in line with the prices used for similar dacions completed with nine other creditors of the Company.

5. Unsecured creditors and suppliers shall receive an aggregate of 49,500 memorial park lots at the stipulated dacion price.

6. All loans receivable acquired by the Parent Company from the various creditors of the Company through completed and prospective dacionenpago transactions shall be converted to additional equity of the Parent Company in the Company.

Debts secured by non-operating assets and unsecured debts are explained as follows:

<u>Debts secured by non-operating assets</u>

The Peso-denominated loan from a local bank is collateralized by a chattel mortgage on project assets, which are guaranteed by the Parent Company. The Peso-denominated loan from a financing company is collateralized by various transportation equipment owned by the Company (see Note 13). The US dollar denominated trade payable represents amounts payable for the purchases of commercial LPG mixtures from a foreign supplier.

The creditors, under this group, shall get whatever properties already mortgaged to them at dacion values keyed to the average of two appraisals undertaken by firms accredited by the BSP. In the event that dacion values shall exceed the amount of obligations to be settled, the excess assets shall be released in favor of the Parent Company or the mortgagor, as the case may be.

Certain bank, a mortgagee of a contiguous parcel of memorial development lot in Cagayan de Oro, and a foreign supplier, mortgagee of an eight-hectare portion of the Parent Company's memorial park lots in Dipolog, may elect either of the following options: (1) receive their memorial park lot entitlement entirely from the property mortgaged to them, or (2) receive a proportionate share of the available lot inventory in each location.

In 2012, a deed of assignment was executed by the Parent Company with a related party, Josefina Multi-Ventures Corporation (JMVC) to acquire the total loan balance of ₱187.9 million by way of assignment to certain local banks. The Company's liability to the new creditor, JMVC, was extinguished through the sale of one of the real estate properties of the Parent Company.

Unsecured debts

Unsecured trade payables represent the outstanding payables for purchases of goods and services from various suppliers of LPG, materials and supplies, repair services, freight and handling among others.

c) *Restructured debts of PGI*

This account consists of US-Dollar and Peso-denominated bank loans broken down as follows:

As at June 30, 2015

	Tranche A	Tranche B	Total	Current	Noncurrent
Foreign currency-denominated US$15 million loan granted by a foreign financing company	₱ -				
Foreign currency-denominated US$4 million loan granted by a foreign commercial bank	-	**14,556,802**	**14,556,802**	**4,852,267**	**9,704,535**
Peso-denominated loans granted by various local commercial banks	-	**17,713,573**	**17,713,573**	**5,904,524**	**11,809,049**
	₱ -	**₱ 32,270,375**	**₱ 32,270,375**	**₱ 10,756,791**	**₱ 21,513,584**

Assignment of Credit in favor of OOC

On May 12, 2015, a creditor (the "Assignor Creditor") of PGI with a balance of US Dollar One Million Five Hundred Twelve Thousand Nine Hundred Ninety-Seven and 40/100 (US $ 1,512,997.40) and OOC (the "Assignee"), executed a Deed of Assignment of all the rights and participations of the assignor creditor in the Tranche B portion of the Restructuring Agreement and the Mortgage Trust Indenture (MTI) in favor to OOC. Consequently, OOC assumed as the assignee creditor of PGI. *(Please see note 2.)*

In the consolidated Financial Statements, the above assigned loan is eliminated.

As at December 31, 2014

	Tranche A	Tranche B	Total	Current	Noncurrent
Foreign currency-denominated US$15 million loan granted by a foreign financing company	₱-	₱ 75,820,939	₱ 75,820,939	₱ 37,910,471	₱ 37,910,468
Foreign currency-denominated US$4 million loan granted by a foreign commercial bank	-	19,251,150	19,251,150	9,625,575	9,625,575
Peso-denominated loans granted by various local commercial banks	-	23,618,097	23,618,097	11,809,048	11,89,049
	₱-	₱ 118,690,186	₱ 118,690,186	₱ 59,345,094	₱ 59,345,092

The fair values of the restructured debts are as follows:

As at June 30, 2015

	Tranche A	Tranche B	Total	Current	Noncurrent
Foreign currency-denominated US$15 million loan granted by a foreign financing company	**₱ -**				
Foreign currency-denominated US$4 million loan granted by a foreign commercial bank	**-**	**8,844,989**	**8,844,989**	**2,428,892**	**6,416,097**
Peso-denominated loan granted by various local commercial banks	**-**	**12,832,526**	**12,832,526**	**5,025,564**	**7,806,962**
	₱ -	**₱ 21,677,515**	**₱ 21,677,515**	**₱ 7,454,456**	**₱ 14,223,059**

As at December 31, 2014

	Tranche A	Tranche B	Total	Current	Noncurrent
Foreign currency-denominated US$15 million loan granted by a foreign financing company	₱ -	₱ 52,901,492	52,901,492	₱ 27,037,068	₱ 25,864,424
Foreign currency-denominated US$4 million loan granted by a foreign commercial bank	-	13,432,269	13,432,269	6,864,995	6,567,274
Peso-denominated loans granted by various local commercial banks	-	14,054,422	14,054,422	7,251,896	6,802,526
	₱ -	₱80,388,183	₱80,388,183	₱ 41,153,959	₱ 39,234,224

The fair values of restructured debts have been determined by calculating their present values at end of the reporting period using the fixed effective market interest rates available to the Company. However, any fair value changes have not been included in profit or loss, since restructured debts are carried at amortized cost in the consolidated statement of financial position.

Of the Company's indebtedness as at August 27, 2002, only ₱1.25 billion will be paid in cash subject to restructuring terms under the Rehabilitation Plan (*see Note 2*).

The terms are set forth as follows:

1. Tranche A – covering ₱1 billion out of the ₱1.25 billion restructured debts, upon which the principal will be paid over 29 quarters from June 2006 to June 2013 or 10 years inclusive of a 3-year grace period on principal, with annual interest rate at prevailing 91-day Treasury Bill rate plus 1% for Peso-denominated loans and 3-month London Interbank Offered Rate (LIBOR) plus 1% for US Dollar-denominated loans, reckoned from the date of approval of the Rehabilitation Plan.

   The interest will be paid when incurred reckoning from the approval of the Rehabilitation Plan up to the full settlement of Tranche A debt.

   Debts under Tranche A have been paid in full as at December 31, 2013 with total payments made of ₱102.1 million.

2. Tranche B – covering the remaining ₱250 million, payable as to interest and principal in 12 equal quarterly installments starting upon full settlement of Tranche A debt but in no case later than September 2013, and with annual interest at prevailing 91-day Treasury Bill rate plus 1% for Peso-denominated loans and three-month LIBOR plus 1% for US Dollar-denominated loans, reckoned from date of approval of the Rehabilitation Plan.

   Foreign currency denominated loans shall continue to be denominated in US Dollars and to be computed at the prevailing peso exchange rate at the time of payment.

   Interest will accrue yearly in their respective foreign currency denominations and will be reckoned from the approval of the Rehabilitation Plan but repaid only after Tranche A debt is retired. Interest accrued on Tranche B debt will not accrue any additional interest or penalties until full repayment of Tranche A debt.

   Both Tranche A and Tranche B debts shall be secured by the operating assets respectively mortgaged to the creditors involved. Non-operating assets, which will not be ceded by way of dacionenpago, shall be released from the mortgages.

   If, during the grace period, the Company is unable to meet payment on interest falling due, then such interest shall be deferred and paid when the Company is able to accumulate enough cash. Under no circumstances will the deferred interest be paid beyond the maturity of Tranche B debt. No penalty charges will accrue on such deferred interest.

   Certain creditor banks have assigned their rights, titles and interests on the restructured debts to third parties. Terms and conditions of the credit documents and the approved rehabilitation plan remain unchanged.

Details of the restructured debts are as follows:

Foreign-currency-denominated US$15 million loan granted by a foreign financing company

The US$15 million term loan, which includes principal and interest of ₱96.3 million as at August 31, 2002 has an original term of seven years, inclusive of three years grace period on principal repayment. This was obtained from a foreign financing company in 1999 to settle maturing short-term loans from local commercial banks. The loan was originally payable over eight consecutive semi-annual installments of US$1.9 million commencing on December 15, 2001 and bears annual interest at rates ranging from .230% to .244% in 2014 and 1.04% to 1.71% in 2013 over and above LIBOR.

Realized foreign exchange gain (loss) on settlements made amounted to ₱.19 million and (₱1.7 million) in 2014, respectively, and is disclosed as part of the "Other income (net)" account in the statement of comprehensive income (see Note 25).

Foreign currency-denominated US$4 million loan granted by a foreign commercial bank

The US$4 million loan, which includes principal and interest of ₱17.0 million as at August 31, 2002, bears average interest .230% to .244% in 2014 and 1.04% to 1.71% in 2013. The loan is collateralized by the Company's oxygen and acetylene cylinders with carrying value of ₱124.3 million at June 30, 2015 and December 31, 2014 (see Note 13).

Peso-denominated loans granted by various local commercial banks

The Peso-denominated loans granted by various local commercial banks consist of ₱425 million and ₱100 million loans. The 425 million peso-denominated loans, which include principal and interest of ₱35.5 million as of August 31, 2002, represent availments from the Company's credit line obtained from various local commercial banks through a syndicated loan agreement. These loans were released in various dates in 1998 with an original term of seven years with two years grace period and payable in equal quarterly payments commencing at the end of the 9th quarter. The 1st quarterly payment started in April 2000. The ₱100 million Peso-denominated loans, which include principal and interest of ₱1.3 million as at August 31, 2002, represents availment from the Company's, approved credit line from a certain local commercial bank.

This loan was released in three tranches with an original term of five years with 1 ½ years grace period and is payable in 15 equal quarterly payments commencing at the end of the 5th quarter of the 2nd year.

These loan tranches bear interest at rates ranging from .001% to 1.157% in 2014.The proceeds from peso-denominated loans were used to fund the construction of the Company's LPG terminals and refilling plants.

A Mortgaged Trust Indenture (MTI) on property, plant and equipment owned by the Company, was executed with a trustee bank to secure the abovementioned obligations. The loan agreements provide certain restrictions and requirements with respect to, among others, declaration of dividends, incurrence of additional indebtedness and maintenance of certain financial ratios. Failure of the Company to comply with one of these requirements shall make the loans due and payable as if an event of default has occurred.

20. EQUITY

Capital stock

Details of this account are as follows:

	2015	2014
Common stock – ₱1 par value		
Authorized – 2,000,000,000 common shares	**₱2,000,000,000**	₱2,000,000,000
Issued - 1,998,750,000 common shares	**₱1,998,750,000**	₱1,998,750,000
Subscribed – 1,250,000 common shares	**1,250,000**	1,250,000
Total	**₱2,000,000,000**	₱2,000,000,000

Track record of the Parent Company

The Parent Company was incorporated on September 7, 1989 with an authorized capital stock of ₱1,000,000,000 divided into 600,000,000 shares of Class A common stock with the par value of ₱1.00 per share and 400,000,000 shares of Class B common stock with the par value of ₱1.00 per share. On March 30, 1990, it obtained the SEC's approval of the registration of its capital stock for sale to the public and on October 29, 1991, 150,000,000 of its Class 'A' shares were listed at the Makati Stock Exchange at the issue/offer price of ₱1.00 per share and 50,000,000 of its Class 'B' shares were likewise so listed at the same issue/offer price of ₱1.00 per share.

On March 21, 1994, the SEC approved the declassification of the Parent Company's capital stock made through an amendment of the Articles of Incorporation. Thus, the Parent Company's capital stock remained at ₱1,000,000,000 divided into 1,000,000,000 common shares with the par value of ₱1.00 per share.

On July 31, 1996, the SEC approved the increase of the capital stock of the Parent Company from ₱1,000,000,000 divided into 1,000,000,000 shares with the par value of ₱1.00 per share to ₱2,000,000,000 divided into 2,000,000,000 shares with the par value of ₱1.00 per share.

The Parent Company's shares listed in the Philippines Stock Exchange (PSE) are traded but was suspended due to the corporate rehabilitation proceedings. However, on March 16, 2015, the trading suspension of the Parent Company's shares was lifted due to finality of judgment by the Supreme Court in relation to the Corporate Rehabilitation (*see Note 2*).

As at June 30, 2015 and December 31, 2014, the Parent Company's capital stock is fully subscribed and has more or less 395 equity holders.

Increase in authorized capital stock of PGI/Paid subscription

On February 5, 2015, the Board of Directors (BOD) approved the amendment to the Articles of Incorporation to increase the authorized capital stock from ₱2.5 billion to ₱3.7 billion. Of the proposed increase, 300,000,000 shares were subscribed and paid by Josefina Multiventures Corporation (JMVC) for 206,510,267 shares and by Parent Company for 93,489,733 shares.

On May 27, 2015, the Securities and Exchange Commission (SEC) approved the increase in capital stock of PGI from ₱2.5 Billion to ₱3.7 Billion. Consequently, the corresponding stocks certificates were duly issued to JMVC for 206,510,267 shares and to Parent Company for 93,489,733 shares

21. RELATED PARTIES

The Group, in the normal course of business, has transactions with related parties. The following are the specific relationship, amount of transaction, account balances, the terms and conditions and the nature of the consideration to be provided in settlement.

Relationships

Related parties	Relationship
Pryce Plans, Inc. (PPI)	Under common control
Pryce Drugstore (PD)	Under common control
Pryce Insurance Consultants, Inc. (PICI)	Under common control
Mindanao Gardens, Inc.(MGI)	Under common control
Central Luzon Oxygen and Acetylene Corporation (CLOAC)	Under common control
Hinundayan Holdings Corporation (HHC)	Under common control
Josefina Multi-Ventures Corporation (JMVC)	Under common control
Chairman and officer (KMP)	Key management personnel

Transactions

a) The Group has unsecured non-interest bearing advances to its other related parties with no definite repayment terms and no guarantee. There are no provisions for impairment loss recognized as expense at the end of the reporting period. The outstanding balances arising from these transactions, which are to be settled in cash, are as follows:

	Amount of transactions		Outstanding balances	
Related party	**2015**	2014	**2015**	2014
PPI	**₱ 185,452**	(₱ 950,193)	**₱ 2,346,169**	₱ **2,160,717**
MGI	**-**	-	**-**	**295,363**
Net	**(₱ 185,452)**	(₱ 950,193)	**₱ 2,346,169**	₱ **2,456,080**

b) The Company has unsecured non-interest bearing advances from its key management personnel and other related parties with no definite repayment terms and no guarantee. The outstanding balances arising from these transactions, which are to be settled in cash, are as follows:

	Amount of transactions		Outstanding balances	
Related party	**2015**	2014	**2015**	2014
MGI	**₱ -**	₱ -	**₱ 105,826,967**	₱ 105,826,967
Key management personnel (KMP)	**-**		**49,293,300**	49,293,300
JMVC	**15,574,663**	15,574,663	-	15,574,663
CLOAC	**-**	-	**3,675,253**	3,675,253
HHC	**-**	-	**11,491**	11,491
	₱ 15,574,663	15,574,663	**₱ 158,807,012**	₱ 174,381,674

1. Due from HHC represents unsecured non-interest bearing advances to support its operations. These advances do not have any guarantee and no fix payment terms and is to be settled in cash.

2. Due from Pryce Plans, Inc. (PPI) represents payment made by the Parent Company on behalf of PPI for premiums for educational and pension plans provided to PPI's employees. This has no fix repayment terms and without any guarantee. These advances are to be settled in cash.

3. On September 29, 2014, OOC and the Parent Company entered into a deed of absolute sale wherein OOC sells, transfers and conveys all its rights and interests in and to various LPG machineries, equipment, and structures for and in consideration of ₱95 million inclusive of value added tax and it was presented under "Property, plant and equipment (net)" in the consolidated statements of financial position (see Note 13). These advances are non-interest bearing, unsecured, has no fix payment terms and are generally settled in cash.

4. On March 22, 2012, JMVC assumed the outstanding loan obligation of the Parent Company with BPI together with the outstanding loan obligation of PGI with BFSB. JMVC also assumed the outstanding loan obligation of the Parent Company with CBC on March 4, 2014 (see Note 19). The proceeds from the sale of Iligan Town Center (see Note 10) were used for partial settlement of the advances made by JMVC. The outstanding balance of these advances as at December 31, 2014 bears an interest of 6% and is secured by certain real estate properties owned by the Parent Company.

22. REVENUES

The details of this account are as follows:

a) Liquefied petroleum, industrial gases and fuels

	2015	2014
LPG, cylinders, stoves and accessories:		
Content	**P2,283,542,395**	**P 2,305,287,517**
Autogas	**133,164,255**	**146,604,354**
Cylinders	**37,882,916**	**33,798,640**
Stove and accessories	**902,774**	**4,001,231**
Sub-total	**2,455,492,341**	**2,489,691,742**
Industrial gases:		
Oxygen	**138,164,707**	**146,325,322**
Acetylene	**42,206,274**	**40,013,336**
Other gases	**16,944,851**	**18,497,584**
Sub-total	**197,315,832**	**204,836,242**
Fuels:		
Gasoline		**2,843,930**
Diesel	**1,376,281**	**3,072,355**
Lubricants		**6,000**
Sub-total	**1,376,281**	**5,922,286**
	2,654,184,454	**P 2,700,450,270**

b) Real estate sales

Revenue from real estate sales amounted to ₱58,305,474, and ₱22,437,007, for the quarter ended June 30, 2015 and 2014, respectively. Accumulated collections on contracts not yet recognized as revenue and recorded under the "Customers' deposits" account amounted to ₱230,106,055 and ₱210,136,689 as at June 30, 2015 and December 31,2014, respectively.

c) Cost of real estate amounted to ₱19,987,253, and ₱4,845,601 for the quarter ended June 30, 2015 and 2014, respectively. The cost of real estate recognized in the consolidated statement of comprehensive income on disposal is determined with reference to the specific costs incurred on the property sold.

23. OPERATING EXPENSES

This account consists of:

	2015	2014
Salaries, wages and benefits	₱82,922,261	₱86,203,607
Repairs and maintenance	30,853,665	37,780,253
Depreciation – notes 13 and 14	29,158,039	25,315,761
Rent and utilities	17,685,389	10,207,556
Travel and transportation	13,302,595	15,723,033
Fuel and oil	17,322,239	24,950,146
Materials and supplies	8,031,546	10,832,518
Taxes and licenses	17,756,479	15,050,979
Outside services	24,137,185	25,897,057
Freight and handling	19,928,370	20,700,064
Insurance	6,443,059	4,516,711
Representation and entertainment	4,045,380	3,736,578
Dues and subscriptions	3,342,304	3,292,001
Professional fees	3,331,199	1,844,786
Training and seminars	433,692	305,696
Donation	736,141	877,947
Advertisements	1,269,976	721,095
Others	19,850,155	19,908,879
Commission	11,325,909	22,045,281
	₱311,875,583	₱329,909,948

24. OTHER INCOME (NET)

Other income consists of gain on marketable securities, realized and unrealized forex gains/losses, dividend incomes, and other financial charges and incomes.

25. OTHER COMPREHENSIVE INCOME

	2015	2014
Remeasurement gains on retirement benefit obligation		
At beginning of year	₱ 18,643,586	₱ 18,643,586
Remeasurement gain during the year	-	-
Effect of deferred income tax	-	-
At end of year	18,643,586	18,643,586
Revaluation reserve		
At beginning of year	98,529,335	98,529,335
Transfer of revaluation reserve deducted from operations through additional depreciation charges	(7,453,918)	(7,453,918)
Deferred income tax effect on revaluation reserve charged to operations through additional depreciation	2,236,175	2,236,175
At end of year	93,311,592	93,311,592
Total other comprehensive income	₱ 111,955,178	₱ 111,955,178

26. RETIREMENT BENEFIT OBLIGATION

The Group maintains a retirement benefit plan covering all employees on regular employment status. The retirement plan of the Group is unfunded. The plans are noncontributory defined benefit plans that provide retirement benefits equal to the following: (a) 150% of monthly final salary for every year of service rendered for the first 20 years; (b) 175% of monthly final salary for every year of service rendered in excess of 20 years but not more than 25 years; and (c) 200% of monthly final salary for every year of service rendered in excess of 25 years. The plans use the projected unit credit method of actuarial valuation in its retirement benefit cost computation.

The plan uses the projected unit credit method of actuarial valuation in its retirement benefit cost computation.

The amounts of retirement benefit obligation recognized in the statements of financial position are the present value of the retirement benefit obligation as the retirement program is unfunded. As at June 30, 2015 and December 31, 2014, the present value of the retirement benefit obligation amounted to ₱209,564,094 and ₱190,381,718, respectively.

27. EARNINGS PER SHARE

Earnings per share is computed based on the weighted average number of common shares outstanding during the year. The number of shares used to compute basic earnings per share was 2,000,000,000 in both years.

	2015	2014
Net income	**₱ 297,084,967**	₱ 55,704,699
Weighted average number of common shares	**2,000,000,000**	2,000,000,000
	₱ 0.148	₱ 0.028

28. FAIR VALUE GAIN ON TRANSFERRED REAL ESTATE PROPERTIES THRU DACION EN PAGO COVERED BY THE REHABILITIATION PLAN

In 2004, the Parent Company transferred real estate properties to PGI its subsidiary, in exchange for PGI's shares of stock as capital/ equity contribution. The application for the increase in capital stock to ₱2.1 billion by PGI was approved by the SEC on June 30, 2004. Furthermore, the BIR issued a certification on November 5, 2004 and December 29, 2004 certifying the transferred real estate properties in exchange for shares of stock is a tax free exchange.

PGI recognized the transferred real estate properties from Parent Company based on the par value of its capital stock issued to the Parent Company, which is equivalent to the fair values of the real estate properties transferred based on Court Order issued by the Regional Trial Court.

The Parent Company recognized the real estate properties transferred to PGI as equity contribution at cost (carrying amount) instead of fair value of the asset given up as required under PFRS 3, Business Combination. This was a case of an extremely rare circumstance in which management concludes that compliance with a requirement in PFRS would be so misleading that it would conflict with the objectives of financial statements set out in the Framework, Because of this circumstance, the management of the Parent Company reduced the perceived misleading aspects of compliance by complying with the following disclosures.

The Parent Company's management decided to use the carrying value (cost of the real estate properties transferred to PGI) mainly due to the following reasons:

i) Both the Parent Company and subsidiary are under rehabilitation and the basis for the measurement of the real estate properties transferred was based on Court Order by the Regional Trial Court handling the rehabilitation and not on the basis of the parties involved;

ii) At the time of transfer, PGI's net asset carrying amounts were below the par value per share of its shares of stock due to its continued losses which resulted to a deficit amounting to ₱989,836,714 as at December 31, 2004. The fair value recognition on the transfer of Parent Company's real estate properties to PGI in exchange of PGI's shares of stock in the Parent Company's books and records would result to:

   - Recognition of a substantial amount of unrealized fair value gain on real estate properties; and

   - Overvalued carrying amount of its investment in subsidiary (PGI) because of the continued losses incurred by PGI that reduces the net carrying amounts of PGI's net assets.

<u>PGI real estate properties transferred to creditors by way of dacionenpago covered by the rehabilitation plan</u>

In 2005 and 2004, PGI transferred significant portion of the above real estate properties to its creditors by way of dacionenpago based on fair values as determined in the Court Order issued by the Regional Trial Court on the rehabilitation plan of PGI. The difference between the fair value and cost (as reported in the books and records by the parent company) of these transferred properties amounted to ₱129 million in 2005 and ₱902 million in 2004 or an aggregate amount of ₱1.03 billion. Subsequent to 2005, there were no real estate properties of PGI transferred to creditors by way of dacionenpago.

The ₱1.03 billion as at June 30, 2015 and December 31, 2014 represents the net difference between the fair value and the related cost the parent company's real estate properties transferred to PGI creditors in settlement of its debts covered by the rehabilitation plan. This amount was arrived at in the elimination process of intercompany account balances and such difference was accounted for as "Fair value gain on real estate properties" account and presented under equity section in the consolidated statement of financial position.

<u>Effect of Parent Company's recognition of real estate properties transferred to PGI at cost</u>

Had the Parent Company applied the fair value method of accounting on the recognition of its transferred real estate properties to PGI, the fair value gain on real estate properties should have been recognized as income and reduces the consolidated deficit as at June 30, 2015 and December 31, 2014 by ₱1.03 billion, respectively.

29. OPERATING LEASE AGREEMENTS

PGI has entered in various operating lease agreements for its Visayas and Mindanao sales offices with various local companies for a period of one (1) year renewable thereafter upon mutual agreement of both parties.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which result from both its operating and financing activities. The Group's risk management is in the Board of Directors, and focuses on actively securing the Group's short-to medium-term cash flows by minimizing the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described below:

- *Foreign currency risk*

  The Group has significant exposure to foreign currency risks as major portion of its restructured debts and purchase transactions on the part of PGI are foreign currency denominated.

  Though foreign exchange gains and losses are recognized for such transactions and for translation of monetary assets and liabilities, the Group is periodically monitoring the movements of foreign exchange rates so as not to significantly affect its operations.

- *Foreign currency risk sensitivity analysis*

  The following table demonstrates the sensitivity to a reasonably possible change in US dollar to Philippine peso exchange rate, with all other variables held constant, of the Group's cash and cash equivalents, trade receivables from related parties and advances from related parties before income tax as at December 31, 2014 and 2013 (due to the changes in the fair value of monetary assets and liabilities).

	Appreciation (Depreciation) of PHP	Effect in Income Before Tax
June 30, 2015	**1.50**	**(₱ 25,064,313)**
	1.00	**(16,709,542)**
	(1.50)	**25,064,313**
	(1.00)	**16,709,542**
December 31, 2014	1.50	(₱ 32,353,268)
	1.00	(21,568,845)
	(1.50)	32,353,268
	(1.00)	21,568,845

- *Credit risk*

Generally, the maximum credit risk exposure of financial assets is the carrying amount of financial assets as shown in the face of consolidated statement of financial position.

The Group's trade and other receivables are actively monitored to avoid significant concentration of credit risk. The maximum amount of exposure to credit risk as at December 31, 2014 and 2013 are as follows:

	2015	2014
Cash in bank	**₱223,232,609**	₱497,157,446
Trade and other receivables		
Current	**292,988,422**	356,255,906
Noncurrent		-
Due from related parties	**2,346,169**	2,456,080
	₱518,567,200	₱855,869,432

Credit quality information

As at December 31, 2014 and 2013, the credit risk for cash is considered negligible, since the counter parties are reputable banks with high quality external credit ratings. In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and areas.

Based on historical information about customer default rates, management considers the credit quality of trade receivables that are not past due or impaired to be good. The Group classifies advances to related parties as neither past due nor impaired. Advances to related parties generally have no specific credit terms. The Group does not hold any collateral as security on these receivables. The management continues to review advances to related parties for any legally enforceable right to offset with liabilities with the expressed intention of the borrower related parties to settle on a net basis.

- *Liquidity risk*

The Group has exposure to liquidity risk because of debts under dacionenpago and restructured debts covered by the Rehabilitation Plan and payment of finance costs by PGI. The impact of this risk is now considered minimal.

The Group manages liquidity by identifying events that would trigger liquidity problems, providing contingency plans, identifying potential sources of funds and monitoring compliance of liquidity risk and policy.

- *Price risk*

This is a risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all instruments traded in the market.

The Group is exposed to such risk because of its equity securities classified as financial assets at fair value through profit or loss (FVTPL). The Group is continuously monitoring the market prices of these securities.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

	Increase (Decrease) in Basis Points	Effect in Income After Tax
June 30, 2015	**100**	**₱37,144,850**
	50	**18,572,425**
	(100)	**(37,144,850)**
	(50)	**(18,572,425)**
December 31, 2014	100	₱ 24,423,910
	50	12,211,955
	(100)	(24,423,910)
	(50)	(12,211,955)

- *Interest rate risk*

The Group’s exposure to interest rate risk relates primarily to the Parent Company and PGI’s financial instruments with floating interest rate. Floating rate of financial instruments are subject to cash flow interest rate risk. Re-pricing of floating rate financial instruments is done every quarter.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Parent Company and PGI’s restructured debts (see Note 19). The impact on the Group’s equity is immaterial.

	Increase (Decrease) in Basis Points	Effect in Income After Tax
June 30, 2015	**100**	**(₱16,772,179)**
	50	**(8,386,090)**
	(100)	**16,772,179**
	(50)	**8,386,090**
December 31, 2014	100	(₱18,808,313)
	50	(9,404,157)
	(100)	18,808,313
	(50)	9,404,157

Capital risk objective and management

The primary objective of the Group’s management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

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

The capital that the Group manages includes all components of its equity as shown in the consolidated statement of financial position.

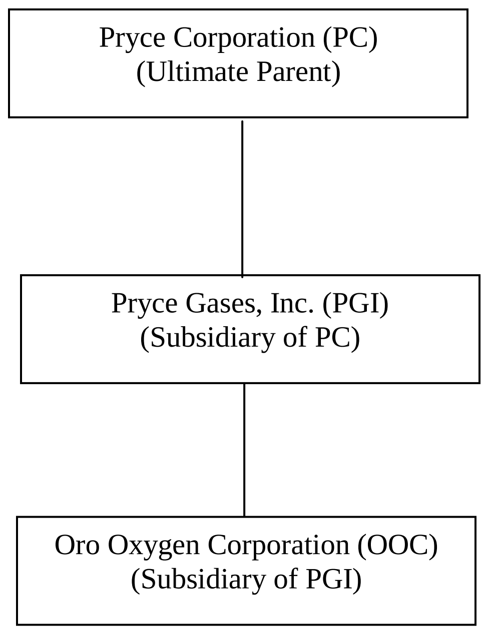
The Group monitors its capital gearing by measuring the ratio of interest-bearing debt to total capital and net interest-bearing debt to total capital. Interest-bearing debt includes all short term and long term debt while net interest-bearing debt includes all short term and long term debt net of cash and financial assets at FVPL.

(a) The fair value of restructured debts covered by the rehabilitation plan is determined based on the discounted value of future cash flows using the prevailing 91-day Treasury Bill rate plus 1% for Peso-denominated loans and 3-month London Interbank Offered Rate (LIBOR) plus 1% for US Dollar-denominated loans. 91-day Treasury Bill rate for the period ended June 30,2015 is 1.416% and 1.556% for 2014, while the LIBOR rate used for the period ended June 30, 2015 is 0.02556% and 1.255% for 2014.

There has been no transfer from one fair value hierarchy level to another.

*   *   *

PRYCE CORPORATION AND SUBSIDIARIES
ANNEX A – MAP OF CONGLOMERATE OR GROUP
OF COMPANIES WITHIN WHICH THE COMPANY BELONGS
JUNE 30, 2015



PRYCE CORPORATION AND SUBSIDIARIES
ANNEX B
STANDARDS, AMENDMENTS AND INTERPRETATIONS
EFFECTIVE JANUARY 1, 2011

The Group's consolidated financial statements used all applicable standards, interpretations and amendments in force on or after January 1, 2011. These are applied as the basis of the accounting policies in the preparation of the audited financial statements as at December 31, 2011. Below is the list of standards, interpretations and amendments effective on or after January 1, 2011:

	Effective date	
New amendments interpretations to existing standards effective in 2011		
PAS 24 (Revised), Related Party Disclosures	1/1/2011	Adopted
Amendment to PAS 32: Classification of Rights Issues	2/1/2010	Not applicable
Philippine Interpretation IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments	7/1/2010	Not applicable
Amendment to Philippine Interpretation IFRIC 14, PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1/1/2011	Not applicable
2010 improvements to PFRS (effective for the annual periods on or after January 1, 2011)		
PFRS 1 (Revised), First-time Adoption of Philippine Financial Reporting Standards	1/1/2011	Not applicable
PFRS 3 (Revised), Business Combinations	7/1/2010	Adopted
PFRS 7, Financial Instruments: Disclosures	1/1/2011	Adopted
PAS 1 (Revised), Presentation of Financial Statements	1/1/2011	Adopted
PAS 27 (Revised), Consolidated and Separate Financial Statements	7/1/2010	Adopted
PAS 34 Interim Financial Reporting	1/1/2011	Not applicable
Philippine Interpretation IFRIC 13, Customer Loyalty Programs	1/1/2011	Not applicable

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE A – FINANCIAL ASSETS
JUNE 30, 2015

Name of issuing entity and associate of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statement of financial position	Valued based on market quotation at end of reporting period	Income received and accrued
Phinma Corporation	1,149,660	13,795,920	13,795,920	
Swift Foods, Inc.	65,650,000	9,191,000	9,191,000	
Prime Onion Phils., Inc.	1,000,000	2,050,000	2,050,000	
Ionics, Inc.	3,156,000	1,672,680	1,672,680	
Pryce Corporation	49,758,543	158,232,167	158,232,167	
Alliance Global Group	100	2,170	2,170	
San Miguel Corporation	1,662,385	98,911,908	98,911,908	
RCBC	953,650	38,241,365	38,241,365	
Cebu Air	842,335	71,598,475	71,598,475	
SMC-Purefoods	112,990	19,479,476	19,479,476	
Top Frontier	1,376,227	112,093,689	112,093,689	
Ginebra San Miguel	413,900	5,523,870	5,523,870	
	126,075,790	**530,792,719**	**530,792,719**	

PRYCE CORPORATION AND SUBSIDIARIES

SCHEDULE B - ACCOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS AND EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

FOR THE PERIOD ENDED JUNE 30, 2015

Name of Debtor	Designation of Debtor	Balance at beginning of the period	Additions	Amount Collected	Amount Written off	Current	Non current	Balance at end of period
Angcos, Agnes	Officer	655,089	-	38,838		77,673	538,578	616,251
Sulatre, Alexis	Officer	1,126,600	-	266,263		113,020	747,317	860,337
Escaño, Jose Maria	Officer	1,040,560	-	142,999		112,195	785,366	897,561
Palma, Efren	Officer	1,022,117	-	31,061		112,195	878,861	991,056
Villanueva, Raul	Officer	757,667		14,893		149,512	593,262	742,774
Encabo Erica	Officer	712,673	-	38,836		77,673	596,164	673,837
Hatud, Feliciano	Officer	699,061		38,836		77,673	582,552	660,225
Ramis, Frecil	Officer	572,612	4,000	42,966		60,412	473,234	533,646
Gubalani , Concepcion	Officer	568,524		129,126		60,413	378,985	439,398
Gomez, Roger	Officer	569,961		46,384		60,413	463,164	523,577
Aguadera, Jonax	Officer	567,024	300,000	29,861		65,788	771,375	837,163
Villalobos, Randy	Officer	609,833		72,645		67,974	469,214	537,188
Sarraga, Darwin	Officer	598,129	79,000	9,431		59,760	607,938	667,698
Mosquera, Leo	Officer	516,789	15,000	92,391		60,413	378,985	439,398
Martin, Emiliano	Officer	473,233	-	30,207		60,412	382,614	443,026
Aguirre, Elmer	Officer	466,041	-	25,891		51,782	388,368	440,150
Narido, Lean	Staff	239,957		36,938		203,019	-	203,019
Fajardo, Ruben	Staff	310,656		29,306		250,009	31,341	281,350
Delima, Robin	Officer	383,894		35,494		40,988	307,412	348,400
Galvez, Jorge	Officer	325,000	190,000	9,445		128,780	376,775	505,555
Macion, Gabriel	Officer	275,938		70,663		72,450	132,825	205,275
Diano, Bernardo	Staff	285,587		152,824		132,763		132,763
Yamut, Jetaime	Officer	111,350	200,000	41,384		120,500	149,466	269,966
Trazo, Benjie	Staff	145,072	100,000	26,680		218,392	-	218,392
Logronio, Lucito	Staff	55,740	102,000	15,191		142,549	-	142,549
Orot, Antonio	Staff	164,362	45,000	10,000		25,000	174,362	199,362
Ordones, Jose Maria	Officer	201,428	-	5,000		60,003	136,425	196,428
Baisa, Emerson	Officer	186,320	968,099	72,298		50,000	1,032,121	1,082,121
Legaspi, Michael	Staff	36,350	160,090	17,278		55,090	124,072	179,162
Oghayon,Renato	Staff	113,514	40,000	14,497		98,566	40,451	139,017
Rosales, Diosito	Staff	96,944	15,000	11,885		49,008	51,051	100,059
Abuyog, Rudy	Officer	87,417	278,090	188,456		177,051	-	177,051
Roxly, Amador	Staff	80,924	30,788	3,812		58,055	49,845	107,900
Gaid, Carmeli	Officer	-	455,000	9,499		46,086	399,415	445,501
Lamac,lamac, Irnan	Staff		180,000	7,760		54,099	118,141	172,240
Arrabis, Leonito	Staff		374,554			374,554	-	374,554
Lagunay, Jose	Officer		198,655	6,288		192,367	-	192,367
Laot, Hermie	Staff		120,000	4,948		78,088	36,964	115,052
Dy, Carlitos	Officer		280,000	18,284		60,344	201,372	261,716
Various Employees	Staff	16,893,441	450,500	3,601,900		11,203,655	2,538,385	13,742,040
		30,949,808	4,585,776	5,440,460		15,158,724	14,936,400	30,095,124

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE C – AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
JUNE 30, 2015

Name and designation of creditor	Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written-off	Current	Non-Current	Balance at end of period
Pryce Gases, Inc.	Pryce Corporation	27,755,050	3,820,954	28,800,644		2,775,360		2,775,360
Pryce Gases, Inc.	Oro Oxygen Corporation	166,861,232	1,107,298,143	1,209,087,875		65,071,500		65,071,500
		194,616,282	1,111,119,097	1,237,888,519	-	67,846,860		67,846,860

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE D – INTANGIBLE ASSETS - OTHER ASSETS
JUNE 30, 2015

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other charges additions (deductions)	Ending balance
Goodwill	P 68,897,066	P –	P –	P –	P –	P 68,897,066

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE E – LONG TERM DEBT
JUNE 30, 2015

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption “Current portion of long term debt” in related statement of financial position	Amount shown under caption “Long-term debt” in the related statement of financial position
Debts for Dacion en pago			
Parent Company			
Long-term commercial Papers (LTCP’s)		P 34,386,176	P -
Loans from bank and other financial institution			-
Trade and non-trade creditors		-	-
		P 34,386,176	P -
Subsidiary			
By non-operating assets			
Foreign currency denominated		P -	P -
Peso denominated			-
Unsecured:			
Peso denominated trade payables		-	-
		P -	P -
Subsidiary			
Foreign currency denominated loan granted by a foreign financing company		P 19,110,727	P 38,221,455
Foreign currency denominated loan granted by a foreign commercial bank		4,852,267	9,704,535
Peso denominated loans granted by various local commercial banks		5,904,524	11,809,049
		P 29,867,519	P 59,735,039

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE F – INDEBTEDNESS TO RELATED PARTIES (CURRENT AND NON CURRENT LIABILITIES FROM RELATED COMPANIES)
JUNE 30, 2015

a. BOOKED UNDER "DEBTS FOR DACION COVERED BY REHABILITATION PLAN" - CURRENT LIABILITIES

Name of related party	Balance at beginning of period	Balance at end of period
Hinundayan Holdings	34,386,126	34,386,126
	P 34,386,126	P 34,386,126

b. BOOKED UNDER "ADVANCES FROM RELATED PARTIES" – NON CURRENT LIABILITIES

Name of related party	Balance at beginning of period	Balance at end of period
Mindanao Gardens, Inc.	P105,826,967	P105,826,967
PioVeloso	32,766,300	32,766,300
Salvador Escaňo	16,527,000	16,527,000
Central Luzon Oxygen and Acetylene Corporation	3,675,253	3,675,253
Hinundayan Holdings	11,492	11,492
	P 158,807,013	P 158,807,013

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE G – GUARANTEES OF SECURITIES OF OTHER ISSUERS
JUNE 30, 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 guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee

Not Applicable

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE H – CAPITAL STOCK
JUNE 30, 2015

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related statement of financial position caption	Number of shares reversed for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common shares	2,000,000,000	1,998,750,000	–	568,210,772	34,492,660	1,397,046,568

PRYCE CORPORATION AND SUBSIDIARIES
FINANCIAL SOUNDNESS
June 30, 2015 and December 31, 2014

	2015	2014
Profitability ratios:		
Return on Assets	5.93%	5.59%
Return on Equity	10.10%	11.22%
Net profit margin	10.89%	4.68%
The 2015 ratios are from annualized data as of June 30, 2015.		
Solvency and liquidity ratios:		
Current ratio	1.77	1.23
Debt to Equity ratio	0.62	1.00
Financial leverage ratios:		
Asset to Equity ratio	1.70	2.01
Debt to Asset ratio	0.36	0.50

PRYCE CORPORATION (Parent Company)
Aging of Accounts Receivable
As of June 30, 2015

Type of Accounts Receivable	**Total**	1-30 days	31-90 days	91-180 days	Over 180 days	1-2 Years	3-5 years	5 Years - above	Past due accounts
a. Trade Receivables									
1. Subdivision	**2,427,314**	140,209	169,588	216,592	268,609				1,632,316
2. Low-cost housing	**1,581,306**	129,287	203,398	309,109	314,611	292,591	306,299		26,011
3. Memorial Parks	**44,742,248**	3,453,990	3,888,099	4,998,226	6,109,775	7,477,509	8,309,445		10,505,204
4. Hotel	**276,214**	334,612							
5. Head Office	**-**	-	-						
Totals	**49,027,082**	**4,058,098**	**4,261,085**	**5,523,927**	**6,692,995**	**7,770,100**	**8,615,744**	**-**	**12,163,531**
Less: Allow. For Doubtful Acct.	**7,415,618**								7,415,618
Sub Total	***41,611,464***	***4,058,098***	***4,261,085***	***5,523,927***	***6,692,995***	***7,770,100***	***8,615,744***	**-**	***4,747,913***
b. Non-trade Receivables									
Advances to Officers & Employees	**4,431,071**	885,602	980,912						2,564,557
Advances to Suppliers & Contractors	**2,026,604**	433,567	569,014						1,024,023
Others	**4,338,934**	366,811	579,984					-	3,392,139
Totals	**10,796,609**	**1,685,980**	**2,129,910**	**-**	**-**	**-**	**-**	**-**	**6,980,719**
Less: Allow. For Doubtful Acct.	**4,612,551**								4,612,551
Sub Total	***6,184,058***	***1,685,980***	***2,129,910***	**-**	**-**	**-**	**-**	**-**	***2,368,168***
Grand Total	***47,795,522***	***5,744,078***	***6,390,995***	***5,523,927***	***6,692,995***	***7,770,100***	***8,615,744***	**-**	***7,116,081***

Accounts Receivable Description

Type of Receivables	Nature/Description	Collection period
1. Installment Receivables	**Subdivision**	1-7 years
	Low cost housing	1-15 years
	Memorial parks	1-3 years
	Condominium Office	1-5 years
	Commercial lot	1-3 years
	Hotel	1-30 days
	Head Office	1-3 months