COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

9	1	7	0							

COMPANY NAME

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

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

110 E. Rodriguez Avenue, Bagumbayan, Quezon City

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
	671-2935; 635-0751; 671-3954	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,042	4/18	9/30

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Constante T. Santos	Butch.Santos@urc.com.ph	(02) 633-7631	+63 998 840 0188

CONTACT PERSON's ADDRESS

41st Floor, Robinsons Equitable Tower ADB Ave., cor Poveda St., Ortigas, Pasig City

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

**ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES**

1. For the fiscal year ended **September 30, 2015**

2. SEC Identification Number **9170**

3. BIR Tax Identification No**. 000-400-016-000**

4. Exact name of issuer as specified in its charter **Universal Robina Corporation**

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

6. Industry Classification Code: (SEC Use Only)

7. **110 E. Rodriguez Ave., Bagumbayan, Quezon City** **1110**
   Address of principal office Postal Code

8. **671-2935; 635-0751; 671-3954**
   Issuer's telephone number, including area code

9. **Not Applicable**
   Former name, former address, and former fiscal year, if changed since last report.

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt
Common Shares, P1.00 Par value	**2,181,501,933 shares**

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

    Yes [/] No [ ]

12. Check whether the issuer:

    a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 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 that 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 [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant.

    The aggregate market value of the voting stock held by non-affiliates is ₱181,325,518,997.

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

    Not Applicable

DOCUMENTS INCORPORATED BY REFERENCE

If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

a) Any annual report to security holders; **None**

b) Any proxy or information statement filed pursuant to SRC Rule 20 and 17.1(b); **None**

c) Any prospectus filed pursuant to SRC Rule 8.1-1 **None**

TABLE OF CONTENTS

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Universal Robina Corporation (URC) is one of the largest branded food product companies in the Philippines, with the distinction of being called the country's first "Philippine Multinational", and has a growing presence in other Asian markets. It was founded in 1954 when Mr. John Gokongwei, Jr. established Universal Corn Products, Inc., a cornstarch manufacturing plant in Pasig. The Company is involved in a wide range of food-related businesses, including the manufacture and distribution of branded consumer foods, production of hogs and day-old chicks, manufacture of animal and fish feeds, glucose and veterinary compounds, flour milling, and sugar milling and refining. The Company is a dominant player with leading market shares in Savory Snacks, Candies and Chocolates, and is a significant player in Biscuits, with leading positions in Cookies and Pretzels. URC is also the largest player in the RTD Tea market and Cup Noodles business and is a respectable 2nd player in Coffee business.

No material reclassifications, merger, consolidation, or purchase or sale of significant amount of assets (not ordinary) were made in the past three years (2013-2015) except those mentioned in the succeeding paragraphs. The Company's financial condition has remained solid in the said period.

The Company operates its food business through operating divisions and wholly-owned or majority-owned subsidiaries that are organized into three business segments: branded consumer foods, agro-industrial products and commodity food products.

Branded consumer foods (BCF) segment, including our packaging division, is the Company's largest segment contributing about 84.2% of revenues for the fiscal year ended September 30, 2015. Established in the 1960s, the Company's branded consumer foods segment manufactures and distributes a diverse mix of salty snacks, chocolates, candies, biscuits, bakery products, beverages, instant noodles and pasta and tomato-based products. The manufacture, distribution, sales and marketing activities for the Company's consumer food products are carried out mainly through the Company's branded consumer foods division consisting of snack foods, beverage and grocery groups, although the Company conducts some of its branded consumer foods operations through its majority-owned subsidiaries and joint venture companies. The Company established URC Packaging division to engage in the manufacture of bi-axially oriented polypropylene (BOPP) films for packaging companies. The BOPP plant, located in Batangas, began commercial operation in June 1998 and holds the distinction of being the only Integrated Management System ISO-certified BOPP plant in the country today, with its Quality ISO 9001:2008 and Environmental ISO 14001:2004 Standards. URC also formed Food Service and Industrial division that supply BCF products in bulk to certain institutions like hotels, restaurants, and schools.

In November 2014, the Company acquired 100% shares of NZ Snack Foods Holdings Limited, which is the holding company of Griffin's Food Limited, a leading snack food company in New Zealand, from Pacific Equity Partners. In 2014, the Company also entered into joint ventures, Calbee-URC, Inc. and Danone Universal Robina Beverages, Inc.

Majority of the Company's branded consumer foods business is conducted in the Philippines. In 2000, the Company began to expand its BCF business more aggressively into other Asian markets, primarily through its subsidiary, URC International and its subsidiaries in China: Shanghai Peggy Foods Co. Ltd., Guangzhou Peggy Foods Co. Ltd., and URC Hongkong Co. Ltd.; in Malaysia: URC Snack Foods (Malaysia) Sdn. Bhd. and Ricellent Sdn. Bhd.; in Thailand: URC (Thailand) Co. Ltd.; in

Singapore: URC Foods (Singapore) Pte. Ltd.: Acesfood Network Pte, Ltd. in 2007 and Advanson International Pte, Ltd. in 2008; in Indonesia: PT URC Indonesia; in Vietnam: URC Vietnam Company Ltd. in 2006, URC Hanoi Company, Ltd. in 2009 and URC Central Co. Ltd. in 2013; and in Myanmar: URC (Myanmar) Co. Ltd in 2013. The Asian operations contributed about 23.3% of the Company's revenues for the fiscal year ended September 30, 2015.

The Company has a strong brand portfolio created and supported through continuous product innovation, extensive marketing and experienced management. Its brands are household names in the Philippines and a growing number of consumers across Asia are purchasing the Company's branded consumer food products.

The Company's agro-industrial products segment operates three divisions: (1) hog and poultry farming (Robina Farms or "RF"), (2) the manufacture and distribution of animal feeds, glucose and soya products (Universal Corn Products or "UCP"), and (3) the production and distribution of animal health products (Robichem). This segment contributed approximately 8.2% of sale of goods and services in fiscal 2015.

The Company's commodity food products segment engages in sugar milling and refining through its Sugar divisions: URSUMCO, CARSUMCO, SONEDCO, PASSI and Tolong; flour milling and pasta manufacturing through URC Flour division and renewable energy development through Distillery and Cogeneration divisions. This segment contributed approximately 7.6% of aggregate sale of goods and services in fiscal 2015.

In 2013, the Company started the construction of its fuel-grade ethanol plant in Negros Oriental and started commercial operations in December 2014. The plant produced fuel-grade anhydrous ethanol suitable for gasoline blending using sugar molasses as feedstock and has a capacity of 100,000 liters per day. In the same year, the Company also started the installation of Biomass Fired Power Cogeneration plant in Negros Occidental. Phase 1 of the project with 16 MW new steam turbine generator systems, which was completed in December 2014, has exported power to the Grid through the Wholesale Electricity Spot Market (WESM). Installation of Phase 2 with 30 MW steam turbine generator and completely new boiler system has been completed in June 2015. The power plant has been provisionally allowed by the NGCP to export power up to a maximum of 20MW thru the WESM as a Must-Run Unit until releases the Certificate of Compliance-FIT.

The Company is a core subsidiary of JG Summit Holdings, Inc. (JGSHI), one of the largest conglomerates listed in the Philippine Stock Exchange based on total net sales. JGSHI has substantial business interests in property development, hotel management, banking and financial services, petrochemicals, air transportation and in other sectors, including telecommunications, power generation and insurance. On December 4, 2012, JGSHI was named by Forbes Asia as one of the 50 best publicly-traded companies in Asia for 2012, the only Philippine firm chosen from a pool of 1,295 companies.

The percentage contribution to the Company's revenues for each of the three years in the period ended September 30, 2013, 2014 and 2015 by each of the Company's principal business segments is as follows:

	For the fiscal years ended September 30		
	2013	2014	2015
Branded Consumer Foods Group	80.8%	83.6%	84.2%
Agro-Industrial Group	9.1%	8.9%	8.2%
Commodity Foods Group	10.1%	7.5%	7.6%
	100.0%	100.0%	100.0%

The geographic percentage distribution of the Company's revenues for each of the three years in the period ended September 30, 2013, 2014 and 2015 is as follows:

	For the fiscal years ended September 30		
	2013	2014	2015
Philippines	72.8%	74.2%	69.6%
ASEAN	24.8%	23.4%	22.1%
China	2.4%	2.4%	1.2%
Oceania	0.0%	0.0%	7.1%
	100.0%	100.0%	100.0%

Customers

None of the Company's businesses is dependent upon a single customer or a few customers that a loss of anyone of them would have a material adverse effect on the Company. The Company has no single customer that, based upon existing orders, will account for 20.0% or more of the Company's total sale of goods and services.

Distribution, Sales and Marketing

The Company has developed an effective nationwide distribution chain and sales network that it believes provide its competitive advantage. The Company sells its branded food products primarily to supermarkets, as well as directly to top wholesalers, large convenience stores, large scale trading companies and regional distributors, which in turn sell its products to other small retailers and down line markets. The Company's branded consumer food products are distributed to approximately 120,000 outlets in the Philippines and sold through its direct sales force and regional distributors. URC intends to enlarge its distribution network coverage in the Philippines by increasing the number of retail outlets that its sales force and distributors directly service.

The branded consumer food products are generally sold by the Company from salesmen to wholesalers or supermarkets, and regional distributors to small retail outlets. 15 to 30 day credit terms are extended to wholesalers, supermarkets and regional distributors.

The Company believes that its emphasis on marketing, product innovation and quality, and strong brand equity has played a key role in its success in achieving leading market shares in the different categories where it competes. In particular, URC launched "Jack 'n Jill" as a master umbrella brand for all its snack food products in order to enhance customer recognition. URC devotes significant expenditures to support advertising and branding to differentiate its products and further expand market share both in the Philippines and in its overseas markets, including funding for advertising campaigns such as television commercials and radio and print advertisements, as well as promotions for new product launches.

Competition

The BCF business is highly competitive and competition varies by country and product category. The Company believes that the principal competitive factors include price, taste, quality, convenience, brand recognition and awareness, advertising and marketing, availability of products and ability to get its product widely distributed. Generally, the Company faces competition from both local and multinational companies in all of its markets. In the Philippines, major competitors in the market segments in which it competes include Liwayway Manufacturing Corp., Columbia Foods International, Republic Biscuit Corporation, Suncrest Foods Inc., Del Monte Phil. Inc., Monde Nissin

Corporation, Nestle Philippines Inc., San Miguel Pure Foods Company Inc. and Kraft Foods Inc. Internationally, major competitors include Procter & Gamble, Effem Foods/Mars Inc., Lotte Group, Perfetti Van Melle Group, Mayora Inda PT, Apollo Food, Frito-Lay, Nestlé S.A., Cadbury Schweppes PLC and Kraft Foods International.

URC AIG has four major segments namely: Commercial Feeds, Commercial Drugs, Robina Farm Hogs and Poultry. The market for AIG is highly fragmented, very competitive, cyclical and principally domestic. The Company is focused and known in providing Total Agri-Solution and farm management expertise including state of the art diagnostic capability.

The Company's commercial feeds segment principal competitive factors are quality, brand equity, credit term and price. It faces competition from local, multinational companies and even foreign companies in all of its markets. Since the business is highly fragmented, it also faces increasing speed of change in the market particularly customer preferences and lifestyle. The Company's principal competitors are San Miguel Corporation (B-Meg and Integra), UNAHCO (Sarimanok, Thunderbird and GMP) and Aboitiz Inc. (Pilmico). A number of multinationals including Cargil Purina Phils. Inc, CJ and Sun Jun of Korea, and New Hope of China are also key players in the market. The market for commercial drugs is dominated by multinationals and URC AIG is one of only few Philippine companies in this market. The Company's principal competitors are Pfizer, Inc., UNAHCO (Univet), and Merial Limited, a company jointly owned by Merk and Co., Inc. and Aventis. S.A.

The Company believes that the principal competitive factors for hogs are quality, reliability of supply, price and proximity to market. The Company's principal competitors are San Miguel Corp. (Monterey) and Foremost Farms, Inc. The Company considers quality, price, egg productivity and disease resistance as the principal competitive factors of its poultry business. The Company's principal competitors are Bounty Farms, Inc., Brookdale Farms, and Heritage Vet Corp. for layer chicks.

Enhancement and Development of New Products

The Company intends to continuously introduce innovative new products, product variants and line extensions in the snackfoods (snacks, biscuits, candies, chocolates and bakery), beverage and grocery (instant noodles and tomato-based) products. This fiscal year alone, the Company's Philippines Branded Consumer Foods has introduced 79 new products, which contributed to sales growth.

The Company supports the rapid growth of the business through line expansion, construction and acquisition of plants.

Raw Materials

A wide variety of raw materials are required in the manufacture of the Company's food products, including corn, wheat, flour, sugar, robusta coffee beans, palm oil and cocoa powder. Some of which are purchased domestically and some of which the Company imports. The Company also obtains a major portion of its raw materials from its agro-industrial and commodity food products segments, such as flour and sugar, and flexible packaging materials from wholly owned subsidiary, CFC Clubhouse Property, Inc. A portion of flexible packaging material requirements is also purchased both locally and from abroad (Vietnam and Indonesia), while Tetra-pak packaging is purchased entirely from Singapore.

For its feeds segment, the Company requires a variety of raw materials, including corn grains, soya beans and meals, feed-wheat grains, wheat bran, wheat pollard, soya seeds, rice bran, copra meal and fish meal. The Company purchases corn locally from corn traders and imports feed-wheat from suppliers in China, North America, and Europe. Likewise, soya seeds are imported by the Company from the USA. For its animal health products, the Company requires a variety of antibiotics and vitamins, which it acquires from suppliers in Europe and Asia. The Company maintains approximately two months physical inventory and one month in-transit inventory for its imported raw materials.

For its hog business, the Company requires a variety of raw materials, primarily imported breeding stocks or semen. For its poultry business, the Company purchases the parent stock for its layer chicks from Hendrix Genetics of France and Hyline from USA. Robina Farms obtain all of the feeds it requires from its UCP division and substantially all of the minerals and antibiotics from its Robichem division as part of the vertical integration. The Company purchases vaccines, medications and nutritional products from a variety of suppliers based on the values of their products.

The Company obtains sugar cane from local farmers. Competition for sugar cane supply is very intense and is a critical success factor for its sugar business. Additional material requirements for the sugar cane milling process are either purchased locally or imported.

The Company generally purchases wheat, the principal raw material for its flour milling and pasta business, from suppliers in the United States, Canada and Australia.

The Company's policy is to maintain a number of suppliers for its raw and packaging materials to ensure a steady supply of quality materials at competitive prices. However, the prices paid for raw materials generally reflect external factors such as weather conditions, commodity market fluctuations, currency fluctuations and the effects of government agricultural programs. The Company believes that alternative sources of supply of the raw materials that it uses are readily available. The Company's policy is to maintain approximately 30 to 90 days of inventory.

Patents, Trademarks, Licenses, Franchises, Concessions or Labor Contract

Intellectual property licenses are subject to the provisions of the Philippine Intellectual Property Code. The Company owns a substantial number of trademarks registered with the Bureau of Trademarks of the Philippine Intellectual Property Office. In addition, certain trademarks have been registered in other Asian countries in which it operates. These trademarks are important in the aggregate because brand name recognition is a key factor in the success of many of the Company's product lines. In the Philippines, the Company's licensing agreements are registered with the Philippine Intellectual Property Office. The former Technology Transfer Registry of the Bureau of Patents, Trademarks and Technology Transfer Office issued the relevant certificates of registration for licensing agreements entered into by URC prior to January 1998. These certificates are valid for a 10-year period from the time of issuance which period may be terminated earlier or renewed for 10-year periods thereafter. After the Intellectual Property Code of the Philippines (R.A. No. 8293) became effective in January 1998, technology transfer agreements, as a general rule, are no longer required to be registered with the Documentation, Information and Technology Transfer Bureau of the Intellectual Property Office, but the licensee may apply to the Intellectual Property Office for a certificate of compliance with the Intellectual Property Code to confirm that the licensing agreement is consistent with the provisions of the Intellectual Property Code. In the event that the licensing agreement is found by the Intellectual Property Office to be not in compliance with the Intellectual Property Code, the licensor may obtain from the Intellectual Property Office a certificate of exemption from compliance with the cited provision.

The Company also uses brand names under licences from third parties. These licensing arrangements are generally renewable based on mutual agreement. The Company's licensed brands include: Nissin's Cup Noodles, Nissin's Yakisoba instant noodles and Nissin's Pasta Express for sale in the Philippines; and Hunt's tomato and pork and bean products for sale in the Philippines.

URC has obtained from the Intellectual Property Office certificates of registration for its licensing agreements with Nissin-URC and Hunt-URC. The Company was also able to renew its licenses with Nissin-URC and Hunt-URC for another term.

Regulatory Overview

As manufacturer of consumer food and commodity food products, the Company is required to guarantee that the products are pure and safe for human consumption, and that the Company conforms to standards and quality measures prescribed by the Bureau of Food and Drugs.

The Company's sugar mills are licensed to operate by the Sugar Regulatory Administration and renews its sugar milling licenses at the start of every crop year. The Company is also registered with the Department of Energy as a manufacturer of bio-ethanol and as a renewable energy developer.

All of the Company's livestock and feed products have been registered with and approved by the Bureau of Animal Industry, an agency of the Department of Agriculture which prescribes standards, conducts quality control test of feed samples, and provides technical assistance to farmers and feed millers.

Some of the Company's projects, such as the sugar mill and refinery, bio-ethanol production, biomass power cogeneration, poultry and hog farm operations, certain snacks products, BOPP packaging, flexible packaging and PET bottle manufacturing, are registered with the Board of Investments (BOI) which allows the Company certain fiscal and non-fiscal incentives.

Effects of Existing or Probable Governmental Regulations on the Business

The Company operates its businesses in a highly regulated environment. These businesses depend upon licenses issued by government authorities or agencies for their operations. The suspension or revocation of such licenses could materially and adversely affect the operation of these businesses.

Research and Development

The Company develops new products and variants of existing product lines, researches new processes and tests new equipment on a regular basis in order to maintain and improve the quality of the Company's food products. In Philippine operations alone, about ₱54 million was spent for research and development activities for fiscal 2015 and approximately ₱43 million and ₱37 million for fiscals 2014 and 2013, respectively.

The Company has research and development staff for its branded consumer foods and packaging divisions of approximately 95 people located in its research and development facility in Metro Manila. The Company also has research and development staff in each of its manufacturing facilities. In addition, the Company hires experts from all over the world to assist its research and development staff. The Company conducts extensive research and development for new products, line extensions for existing products and for improved production, quality control and packaging as well as customising products to meet the local needs and tastes in the international markets. The Company's commodity foods segment also utilises this research and development facility to improve their production and quality control. The Company also strives to capitalize on its existing joint ventures to effect technology transfers.

The Company has a dedicated research and development team for its agro-industrial business that continually explores advancements in feeds, breeding and farming technology. The Company regularly conducts market research and farm-test for all of its products. As a policy, no commercial product is released if it was not tested and used in Robina Farms.

Transactions with Related Parties

The largest shareholder, JG Summit Holdings, Inc., is one of the largest conglomerates listed on the Philippine Stock Exchange based on total net sales. JG Summit provides the Company with certain corporate center services including corporate finance, corporate planning, procurement, human resources, legal and corporate communications. JG Summit also provides the Company with valuable market expertise in the Philippines as well as intra-group synergies. See Note 35 to Consolidated Financial Statements for Related Party Transactions.

Costs and Effects of Compliance with Environmental Laws

The operations of the Company are subject to various laws enacted for the protection of the environment, including the Pollution Control Law (R.A. No. 3931, as amended by P.D. 984), the Solid Waste Management Act (R.A. No. 9003), the Clean Air Act (R.A. No. 8749), the Environmental Impact Statement System (P.D. 1586) and the Laguna Lake Development Authority (LLDA) Act of 1966 (R.A. No. 4850). The Company believes that it has complied with all applicable environmental laws and regulations, an example of which is the installation of wastewater treatments in its various facilities. Compliance with such laws does not have, and in the Company's opinion, is not expected to have, a material effect upon the Company's capital expenditures, earnings or competitive position. As of September 30, 2015, the Company has invested about ₱220 million in wastewater treatment in its facilities in the Philippines.

Employees and Labor

As of September 30, 2015, the number of permanent full time employees engaged in the Company's respective businesses is 12,260 and are deployed as follows:

Business	**Company or Division**	**Number**
Branded consumer foods	BCF, Packaging Division, CCPI, URCI, URCCCL, NURC, HURC, CURC and DURBI	9,778
Agro-industrial products:		
Agribusiness	Robina Farms	541
Livestock feeds, glucose & soya products and veterinary compounds	UCP and Robichem	337
Commodity food products:		
Sugar	URSUMCO, SONEDCO, CARSUMCO, PASSI and Tolong	1,140
Flour & pasta	Flour	311
Bio-ethanol and renewable energy	Distillery and Cogeneration	153
		12,260

As at the same date, approximately 15,800 contractual and agency employees are engaged in the Company's businesses. The Company does not anticipate any substantial increase in the number of its employees in fiscal 2016.

For most of the companies and operating divisions, collective bargaining agreements between the relevant representatives of the employees' union and the subsidiary or divisions are in effect. The collective bargaining agreements generally cover a five-year term with a right to renegotiate the economic provisions of the agreement after three years, and contain provisions for annual salary increases, health and insurance benefits, and closed-shop arrangements. The collective bargaining agreements are with 24 different unions. For fiscal 2015, 2 collective bargaining agreements were signed and concluded with the labor unions which are as follows: URSUMCO Rank and File Independent Union (Nagkahiusang Mamumuo sa URSUMCO - National Federation of Labor) and AIG Kilusang Unyon sa Robina Farms - Alliance of Nationalist and Genuine Labor Organization (AIG KURF-ANGLO). The Company believes that good labor relations generally exist throughout the Company's subsidiaries and operating divisions.

The Company has a funded, noncontributory defined benefit retirement plan covering all of the regular employees of URC. The plan provides retirement, separation, disability and death benefits to its members. The Company, however, reserves the right to change the rate and amounts of its contribution at anytime on account of business necessity or adverse economic conditions. The funds of the plan are administered and managed by the trustees. Retirement cost charged to operations, including net interest cost, amounted to ₱130 million, ₱125 million and ₱103 million in fiscals 2015, 2014 and 2013, respectively.

Risks

The major business risks facing the Company and its subsidiaries are as follows:

1) Competition

The Company and its subsidiaries face competition in all segments of its businesses both in the Philippine market and in international markets where it operates. The Philippine food industry in general is highly competitive. Although the degree of competition and principal competitive factors vary among the different food industry segments in which the Company participates, the Company believes that the principal competitive factors include price, product quality, brand awareness and loyalty, distribution network, proximity of distribution outlets to customers, product variations and new product introductions. (See page 4, *Competition*, for more details)

The Company's ability to compete effectively is due to continuous efforts in sales and marketing of its existing products, development of new products and cost rationalization.

2) Financial Market

The Company has foreign exchange exposure primarily associated with fluctuations in the value of the Philippine Peso against the U.S. dollar and other foreign currencies. Majority of the Company's revenues is denominated in Pesos, while certain of its expenses, including debt services and raw material costs, are denominated in U.S. dollars or based on prices determined in U.S. dollars. In addition, the majority of the Company's debt is denominated in foreign currencies. Prudent fund management is employed to minimize effects of fluctuations in interest and currency rates.

3) Raw Materials

The Company's production operations depend upon obtaining adequate supplies of raw materials on a timely basis. In addition, its profitability depends in part on the prices of raw materials since a portion of the Company's raw material requirements is imported including packaging materials. To mitigate these risks, alternative sources of raw materials are used in the Company's operations.
(See page 5, *Raw Materials*, for more details)

4) Food Safety Concerns

The Company's business could be adversely affected by the actual or alleged contamination or deterioration of certain of its flagship products, or of similar products produced by third parties. A risk of contamination or deterioration of its food products exists at each stage of the production cycle, including the purchase and delivery of food raw materials, the processing and packaging of food products, the stocking and delivery of the finished products to its customers, and the storage and display of finished products at the points of final sale. The Company conducts extensive research and development for new products, line extensions for existing products and for improved production, quality control and packaging as well as customizing products to meet the local needs and tastes in the international markets for its food business. For its agro-industrial business, its researchers are continually exploring advancements in breeding and farming technology. The Company regularly conducts market research and farm-test for all of its products. Moreover, the Company ensures that the products are safe for human consumption, and that the Company conforms to standards and quality measures prescribed by regulatory bodies such as Bureau of Food and Drugs, Sugar Regulatory Administration, Bureau of Animal Industry, and Department of Agriculture.

5) Mortalities

The Company's agro-industrial business is subject to risks of outbreaks of various diseases. The Company faces the risk of outbreaks of foot and mouth disease, which is highly contagious and destructive to susceptible livestock such as hogs, and avian influenza or bird flu for its chicken farming business. These diseases and many other types could result to mortality losses. Disease control measures are adopted by the Company to minimize and manage this risk.

6) Intellectual Property Rights

Approximately 84.2% of the Company's sale of goods and services in fiscal year 2015 were from its branded consumer foods segment. The Company has put considerable efforts to protect the portfolio of intellectual property rights, including trademark registrations. Security measures are continuously taken to protect its patents, licenses and proprietary formulae against infringement and misappropriation.

7) Weather and Catastrophe

Severe weather condition may have an impact on some aspects of the Company's business, such as its sugar cane milling operations due to reduced availability of sugar cane. Weather condition may also affect the Company's ability to obtain raw materials and the cost of those raw materials. Moreover, the Philippines have experienced a number of major natural catastrophes over the years including typhoons, droughts, volcanic eruptions, and earthquakes. The Company and its subsidiaries continually maintain sufficient inventory level to neutralize any shortfall of raw materials from major suppliers whether local or imported.

8) Environmental Laws and Other Regulations

The Company is subject to numerous environmental laws and regulations relating to the protection of the environment and human health and safety, among others. The nature of the Company's operations will continue to subject it to increasingly stringent environmental laws and regulations that may increase the costs of operating its facilities above currently projected levels and may require future capital expenditures. The Company is continually complying with environmental laws and regulations, such as the wastewater treatment plants as required by the Department of Environment and Natural Resources, to lessen the effect of these risks.

The Company shall continue to adopt what it considers conservative financial and operational policies and controls to manage the various business risks it faces.

Item 2. Properties

The Company operates the manufacturing/farm facilities located in the following:

Location (Number of facilities)	Type of Facility	Owned/Rented	Condition
Pasig City (5)	Branded consumer food plants, feedmills and flourmill	Owned	Good
Libis, Quezon City (1)	Branded consumer food plant	Owned	Good
Canlubang, Laguna (1)	Branded consumer food plant	Owned	Good
Luisita, Tarlac (1)	Branded consumer food plant	Rented/Owned	Good
San Fernando, Pampanga (1)	Branded consumer food plant	Rented/Owned	Good
Dasmariñas, Cavite (2)	Branded consumer food plants	Owned	Good
Cagayan de Oro (1)	Branded consumer food plant	Owned	Good
San Pedro, Laguna (1)	Branded consumer food plant	Owned	Good
Calamba, Laguna (1)	Branded consumer food plant	Rented/Owned	Good
San Pablo, Laguna (1)	Branded consumer food plant	Owned	Good
Binan, Laguna (1)	Branded consumer food plant	Owned	Good
Antipolo, Rizal (2)	Poultry and piggery farm	Rented/Owned	Good
Taytay, Rizal (1)	Poultry farm	Rented/Owned	Good
Naic, Cavite (1)	Poultry farm	Owned	Good
San Miguel, Bulacan (2)	Piggery farm	Owned	Good
Bustos, Bulacan (1)	Piggery farm	Rented/Owned	Good
Pandi, Bulacan (1)	Piggery farm	Rented/Owned	Good
Novaliches, Quezon City (1)	Piggery farm	Owned	Good
Rosario, Batangas (1)	Piggery farm	Owned	Good
Davao City, Davao (1)	Flourmill	Owned	Good
Mandaue City, Cebu (1)	Branded consumer food plant	Owned	Good
Bais, Negros Oriental (1)	Distillery plant	Owned	Good
Manjuyod, Negros Oriental (1)	Sugar mill	Owned	Good
Piat, Cagayan (1)	Sugar mill	Owned	Good
Kabankalan, Negros Occidental (2)	Sugar mill and cogeneration plant	Owned	Good
San Enrique, Iloilo City (1)	Sugar mill	Owned	Good
Santa Catalina, Negros Oriental (1)	Sugar mill	Owned	Good
Simlong, Batangas (2)	BOPP plant/Flexible packaging	Owned	Good
Samutsakhorn Industrial Estate, Samutsakhorn, Thailand (4)	Branded consumer food plants	Owned	Good
Pasir Gudang, Johor, Malaysia (1)	Branded consumer food plant	Owned	Good
Jiangsu, China (1)	Branded consumer food plant	Owned	Good
Guandong, China (1)	Branded consumer food plant	Owned	Good
Shanghai, China (1)	Branded consumer food plant	Owned	Good
Industrial Town, Bekasi, Indonesia (1)	Branded consumer food plant	Owned	Good
VSIP, Bin Duong Province, Vietnam (3)	Branded consumer food plants	Owned	Good
Thach That District, Ha Noi, Vietnam (1)	Branded consumer food plant	Owned	Good
Mingaladon, Yangon, Myanmar (1)	Branded consumer food plant	Owned	Good
Papakura, Auckland, New Zealand (1)	Branded consumer food plant	Owned	Good
Wiri, Aucklang, New Zealand (1)	Branded consumer food plant	Owned	Good

The Company intends to continuously expand the production and distribution of the branded consumer food products internationally through the addition of manufacturing facilities located in geographically desirable areas, especially in the ASEAN countries, the realignment of the production to take advantage of markets that are more efficient for production and sourcing of raw materials, and increased focus and support for exports to other markets from the manufacturing facilities. It also intends to enter into alliances with local raw material suppliers and distributors.

Annual lease payment for rented properties amounted to ₱122 million for fiscal 2015. Lease contracts are renewable annually. Land in Taytay, Rizal, where farm's facilities are located, is owned by an affiliate and is rent-free.

Item 3. Legal Proceedings

The Company is subject to lawsuits and legal actions in the ordinary course of its business. The Company or any of its subsidiaries is not a party to, and its properties are not the subject of, any material pending legal proceedings that could be expected to have a material adverse effect on the Company's financial position or results of operations.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

Market Information

The principal market for URC's common equity is the Philippine Stock Exchange. Sales prices of the common stock follow:

	High	Low
Fiscal Year 2015		
Oct. to Dec. 2014	₱205.00	₱166.00
Jan. to Mar. 2015	226.60	186.60
Apr. to Jun. 2015	234.00	176.00
Jul. to Sep. 2015	203.80	173.00
Fiscal Year 2014		
Oct. to Dec. 2013	₱130.30	₱111.30
Jan. to Mar. 2014	143.00	113.40
Apr. to Jun. 2014	157.00	140.70
Jul. to Sep. 2014	188.60	153.00

As of January 8, 2016, the latest trading date prior to the completion of this annual report, sales price of the common stock is at ₱180.30.

The number of shareholders of record as of September 30, 2015 was approximately 1,042. Common shares outstanding as of September 30, 2015 were 2,181,501,933.

List of Top 20 Stockholders of Record
September 30, 2015

	Name of Stockholders	Number of Shares Held	Percent to Total Outstanding
1	JG Summit Holdings, Inc.	1,215,223,061	55.71%
2	PCD Nominee Corporation (Non-Filipino)	701,709,186	32.17%
3	PCD Nominee Corporation (Filipino)	252,085,639	11.56%
4	Elizabeth Y. Gokongwei and/or John Gokongwei, Jr.	2,479,400	0.11%
5	Litton Mills, Inc.	2,237,434	0.10%
6	Lisa Yu Gokongwei and/or Elizabeth Gokongwei	575,000	0.03%
6	Faith Gokongwei Ong and/or Elizabeth Gokongwei	575,000	0.03%
6	Robina Gokongwei Pe and/or Elizabeth Gokongwei	575,000	0.03%
6	Marcia Gokongwei Sy and/or Elizabeth Gokongwei	575,000	0.03%
6	Hope Gokongwei Tang and/or Elizabeth Gokongwei	575,000	0.03%
7	Quality Investments & Securities Corp.	400,143	0.02%
8	Flora Ng Siu Kheng	379,500	0.02%
9	Consolidated Robina Capital Corporation	253,000	0.01%
10	Gilbert U. Du and/or Fe Socorro R. Du	188,485	0.01%
11	JG Summit Capital Services Corporation	127,765	0.01%
12	Pedro Sen	75,900	0.00%
13	Phimco Industries Provident Fund	72,864	0.00%
14	Joseph Estrada	72,105	0.00%
15	Gilbert Du	63,250	0.00%
16	Lisa Yu Gokongwei	60,000	0.00%
17	Abacus Securities Corporation	51,100	0.00%
18	Patrick Y. Tong	46,299	0.00%
19	Patrick Henry C. Go	45,540	0.00%
19	Vincent Henry C. Go	45,540	0.00%
20	Eng Si Co Lim	45,000	0.00%
	OTHERS	2,965,722	0.14%
	TOTAL	2,181,501,933	100.00%

Recent Sales of Unregistered Securities

Not applicable. All shares of the Company are listed on the Philippine Stock Exchange.

Dividends

The Company paid dividends as follows:

For fiscal year 2015, a regular cash dividend of ₱1.50 per share and a special dividend of ₱1.50 per share were declared to all stockholders of record as of February 26, 2015 and paid on March 24, 2015.

For fiscal year 2014, a regular cash dividend of ₱1.50 per share and a special dividend of ₱1.50 per share were declared to all stockholders of record as of February 26, 2014 and paid on March 24, 2014.

For fiscal year 2013, a regular cash dividend of ₱1.50 per share and a special dividend of ₱0.90 per share were declared to all stockholders of record as of May 10, 2013 and paid on June 6, 2013.

**Item 6.	Management's Discussion and Analysis or Plan of Operation**

The following discussion should be read in conjunction with the accompanying consolidated financial statements and notes thereto, which form part of this Report. The consolidated financial statements and notes thereto have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS).

Results of Operations

Fiscal Year 2015 Compare to Fiscal Year 2014

URC generated a consolidated sale of goods and services of ₱109.051 billion for the fiscal year ended September 30, 2015, an 18.1% sales growth over previous year. Sale of goods and services performance by business segment follows:

- Sale of goods and services in URC's branded consumer foods segment (BCFG), excluding packaging division, increased by ₱14.605 billion, or 19.2% to ₱90.733 billion in fiscal 2015 from ₱76.128 billion registered in fiscal 2014. BCFG domestic operations posted a 10.0% increase in net sales from ₱52.352 billion in fiscal 2014 to ₱57.600 billion in fiscal 2015 due to strong performance of its beverage division which grew 12.7% on the back of continued growth of coffee business. Sales for snackfoods division grew by 6.2% due to growth across snacks, biscuits and chocolate segments as the Company defended its market shares and positions in key snackfood categories.

  BCFG international sales increased by 39.4% to ₱33.133 billion in fiscal 2015 against ₱23.776 billion in fiscal 2014. In US dollar (US$) term, sales registered an increase of 36.6% from US$539 million in fiscal 2014 to US$736 million in fiscal 2015. Top-line growth came from Thailand, Indonesia and Vietnam with sales contribution from New Zealand. Sales growth in Thailand was driven by core brands as it continues to be the market leader in biscuits and wafers. Indonesia posted double digit growth with its number one potato chips brand, Piattos, hitting all-time high sales and successful launch of another snack brand, Chiz King. Vietnam continued to grow on the back of robust sales of Rong Do, energy drink brand and C2, which remains to be the number one brand in the RTD tea category in the market. The Group started consolidating Griffin's sales into URC International starting mid-November 2014 upon closing of the acquisition.

  Sale of goods and services of BCFG, excluding packaging division, accounted for 83.2% of total URC consolidated sale of goods and services for fiscal 2015.

  Sale of goods and services in URC's packaging division slightly went up by 2.0% to ₱1.128 billion in fiscal 2015 from ₱1.106 billion recorded in fiscal 2014 due to increase in volume.

- Sale of goods and services in URC's agro-industrial segment (AIG) amounted to ₱8.931 billion in fiscal 2015, an 8.9% increase from ₱8.203 billion recorded in fiscal 2014. Feeds business increased by 21.6% due to higher sales volume as a result of effective sales strategy while farms business remained flat.

- Sale of goods and services in URC's commodity foods segment (CFG) amounted to ₱8.259 billion in fiscal 2015 or up by 19.0% from ₱6.939 billion reported in fiscal 2014. Growth came from sugar business which increased by 18.4% due to higher sales volume and sales contribution from distillery and cogeneration businesses while flour business remained flat.

URC's cost of sales consists primarily of raw and packaging materials costs, manufacturing costs and direct labor costs. Cost of sales increased by ₱9.796 billion, or 15.3%, to ₱73.801 billion in fiscal 2015 from ₱64.005 billion recorded in fiscal 2014 due to increase in sales volume.

URC's gross profit for fiscal 2015 amounted to ₱35.250 billion, up by ₱6.879 billion or 24.2% from ₱28.371 billion reported in fiscal 2014. Gross profit margin increased by 160 basis points from 30.7% in fiscal 2014 to 32.3% in fiscal 2015.

URC's selling and distribution costs, and general and administrative expenses consist primarily of compensation benefits, advertising and promotion costs, freight and other selling expenses, depreciation, repairs and maintenance expenses and other administrative expenses. Selling and distribution costs, and general and administrative expenses rose by ₱3.624 billion or 25.4% to ₱17.876 billion in fiscal 2015 from ₱14.252 billion registered in fiscal 2014. This increase resulted primarily from the following factors:

- 18.8% or ₱999 million increase in advertising and promotion costs to ₱6.312 billion in fiscal 2015 from ₱5.313 billion in fiscal 2014 due to promotion programs with key accounts and wholesalers, and new product launches.

- 33.8% or ₱967 million increase in compensation and benefits to ₱3.831 billion in fiscal 2015 from ₱2.864 billion in fiscal 2014 due to annual salary adjustments including the effect of consolidating Griffin's accounts starting this fiscal year.

- 16.5% or ₱688 million increase in freight and delivery charges to ₱4.846 billion in fiscal 2015 from ₱4.158 billion in fiscal 2014 due to increase in trucking and shipping costs as a result of increased volume.

- 192.6% or ₱310 million increase in rent expense to ₱471 million in fiscal 2015 from ₱161 million in fiscal 2014 as a result of consolidating Griffin's accounts.

As a result of the above factors, operating income increased by ₱3.254 billion, or 23.0% to ₱17.373 billion in fiscal 2015 from ₱14.119 billion reported in fiscal 2014. URC's operating income by segment was as follows:

- Operating income in URC's branded consumer foods segment, excluding packaging division, increased by ₱3.353 billion or 30.0% to ₱14.515 billion in fiscal 2015 from ₱11.162 billion in fiscal 2014. URC's domestic operations went up by 23.5% to ₱10.676 billion in fiscal 2015 from ₱8.648 billion in fiscal 2014 due to margin expansion as a result of lower input prices and operational efficiencies. International operations posted a ₱3.839 billion operating income, 52.7% higher than ₱2.514 billion posted in fiscal 2014 due to lower input prices partly offset by forex volatility. In US dollar amount, international operations posted an operating income of US$85 million, a 49.7% increase from US$57 million in fiscal 2014. The significant increase was attributed to the surging profits from Vietnam and operating income contribution from Griffins'.

  URC's packaging division reported a lower operating loss of ₱30 million in fiscal 2015 from ₱63 million reported in fiscal 2014 due to improved margins.

- Operating income in URC's agro-industrial segment increased by ₱104 million to ₱1.170 billion in fiscal 2015 from ₱1.067 billion in fiscal 2014 due to higher volumes and lower input prices for feeds business.

- Operating income in URC's commodity foods segment increased by ₱47 million to ₱3.139 billion in fiscal 2015 from ₱3.092 billion in fiscal 2014. Flour business registered an 11.8% increase due to better wheat prices. Sugar business declined by 10.4% due to higher freight costs notwithstanding higher sales volume and price while the distillery and cogeneration operations contributed an operating income of ₱126 million.

Market valuation loss on financial instruments at fair value through profit or loss of ₱215 million was reported in fiscal 2015 against the ₱63 million market valuation gain in fiscal 2014 due to decline in market values of equity investments and fair value changes from derivative instruments.

URC's finance revenue consists of interest income from investments in financial instruments, money market placements, savings and dollar deposits and dividend income from investment in equity securities. Finance revenue increased by ₱48 million to ₱277 million in fiscal 2015 from ₱229 million in fiscal 2014 due to increased level of financial assets.

URC's finance costs consist mainly of interest expense which increased by ₱1.127 billion or 749.4%, to ₱1.278 billion in fiscal 2015 from ₱150 million recorded in fiscal 2014 due to increased level of financial debt resulting from availments of long-term debt to finance the acquisition of Griffin's.

Net foreign exchange loss amounted to ₱265 million in fiscal 2015 from ₱73 million net foreign exchange gain reported in fiscal 2014 due to the combined effects of depreciation of international subsidiaries' local currencies vis-à-vis US dollar, particularly IDR, and depreciation of Philippine peso vis-à-vis US dollar.

Impairment losses decreased to ₱110 million in fiscal 2015 from ₱122 million in fiscal 2014 due to lower impairment losses on receivables.

Equity in net losses of joint ventures amounted to ₱206 million in fiscal 2015 as against ₱14 million equity income in fiscal 2014 due to pre-operating losses of Danone Universal Robina Beverages, Inc. (DURBI) and Calbee-Universal Robina Corporation (CURC).

Other income (expenses) - net consists of gain (loss) on sale of fixed assets, amortization of bond issue costs, rental income, and miscellaneous income and expenses. Other income-net increased to ₱180 million in fiscal 2015 from ₱3 million in fiscal 2014 due to claims from truckers, income from sale of poultry farm and insurance claims from losses resulting from typhoons.

The Company recognized provision for income tax of ₱3.252 billion in fiscal 2015, a 26.4% increase from ₱2.572 billion in fiscal 2014 due to higher taxable income, net of increase in recognized deferred tax asset.

URC's net income for fiscal 2015 amounted to ₱12.505 billion, higher by ₱850 million or 7.3% from ₱11.655 billion in fiscal 2014, due to higher operating income, net of increases in net finance costs, foreign exchange and market valuation losses and equity share in net losses of joint ventures.

URC's core earnings before tax (operating profit after equity earnings, net finance costs and other expenses - net) for fiscal 2015 amounted to ₱16.346 billion, an increase of 15.0% from ₱14.214 billion recorded in fiscal 2014.

Net income attributable to equity holders of the parent increased by ₱825 million or 7.1% to ₱12.383 billion in fiscal 2015 from ₱11.559 billion in fiscal 2014 as a result of the factors discussed above.

Non-controlling interest (NCI) represents primarily the share in the net income (loss) attributable to non-controlling interest of Nissin-URC, URC's 51.0%-owned subsidiary. NCI in net income of subsidiaries increased from ₱97 million in fiscal 2014 to ₱122 million in fiscal 2015.

URC reported an EBITDA (operating income plus depreciation and amortization) of ₱22.083 billion for fiscal 2015, 22.7% higher than ₱18.004 billion posted in fiscal 2014.

Fiscal Year 2014 Compare to Fiscal Year 2013

URC generated a consolidated sale of goods and services of ₱92.376 billion for the fiscal year ended September 30, 2014, 14.1% sales growth over last year's ₱80.995 billion. Sale of goods and services performance by business segment follows:

- Sale of goods and services in URC's branded consumer foods segment (BCFG), excluding packaging division, increased by ₱11.894 billion, or 18.5%, to ₱76.128 billion in fiscal 2014 from ₱64.234 billion registered in fiscal 2013. BCFG domestic operations posted a 24.1% increase in net sales from ₱42.181 billion in fiscal 2013 to ₱52.352 billion in fiscal 2014. All segments managed to post growth with beverage business driving the Philippine operations as it registered a 38.0% growth led by powdered beverage segments, mainly from coffee and complemented by the RTD. Snackfoods business also grew by 16.0% with categories such as snacks, biscuits and chocolates outpacing market growth.

  BCFG international sales increased by 7.8% to ₱23.776 billion in fiscal 2014 against ₱22.054 billion in fiscal 2013. In US dollar (US$) term, sales registered an increase of 2.3% from US$527 million in fiscal 2013 to US$539 million in fiscal 2014. Vietnam and Thailand, our two biggest contributors, accounted for 74.0% of total international sales. Vietnam sales grew despite weak consumer spending, as beverage, biscuits and candies all posted growth. Vietnam was also able to defend its market share in RTD tea from new entrants with its own C2 Oolong product offering. Thailand grew its sales despite increases in inflation and political instability. Growth was driven by improving sales of key biscuit and wafer brands due to promotions and sampling activities, including the strategy of launching 2-baht cookies to address budget-constrained consumers.

  Sale of goods and services of BCFG, excluding packaging division, accounted for 82.4% of total URC consolidated sale of goods and services for fiscal 2014.

  Sale of goods and services in URC's packaging division went down by 5.2% to ₱1.106 billion in fiscal 2014 from ₱1.167 billion recorded in fiscal 2013 due to lower sales volume brought about by weak market demand.

- Sale of goods and services in URC's agro-industrial segment (AIG) increased by 11.0% to ₱8.203 billion in fiscal 2014 from ₱7.393 billion recorded in fiscal 2013. Farm business grew by 11.2% due to better prices, growing hog carcass segment and increasing sales activities to the hotel and restaurant institutions. Feed business grew by 10.6% due to better prices and increase in volume supported by strong sales performance of gamefowl feeds.

- Sale of goods and services in URC's commodity foods segment (CFG) amounted to ₱6.939 billion in fiscal 2014 or down by 15.4% from ₱8.201 billion reported in fiscal 2013. Sugar business went down by 34.1% due to lower volumes despite increase in prices due to decline in refined sugar production. Flour business managed to post a 4.8% growth due to higher volumes.

URC's cost of sales consists primarily of raw and packaging materials costs, manufacturing costs and direct labor costs. Cost of sales went up by ₱6.229 billion, or 10.8%, to ₱64.005 billion in fiscal 2014 from ₱57.776 billion recorded in fiscal 2013 due to increases in sales volume.

URC's gross profit for fiscal 2014 amounted to ₱28.371 billion, up by ₱5.152 billion from ₱23.219 billion reported in fiscal 2013. URC's gross profit as a percentage of net sales increased by 200 basis points to 30.7% in fiscal 2014 from 28.7% in fiscal 2013 due to lower input costs.

URC's selling and distribution costs, and general and administrative expenses consist primarily of compensation benefits, advertising and promotion costs, freight and other selling expenses, depreciation, repairs and maintenance expenses and other administrative expenses. Selling and distribution costs, and general and administrative expenses rose by ₱1.312 billion or 10.1% to ₱14.252 billion in fiscal 2014 from ₱12.940 billion registered in fiscal 2013. This increase resulted primarily from the following factors:

- 17.6% or ₱623 million increase in freight and delivery charges to ₱4.158 billion in fiscal 2014 from ₱3.535 billion in fiscal 2013 due to increase in trucking and shipping costs associated with increased volume and port congestion issues.

- 10.1% or ₱263 million increase in compensation and benefits to ₱2.864 billion in fiscal 2014 from ₱2.601 billion in fiscal 2013 due to annual salary adjustments and increase in pension expenses.

- 3.6% or ₱186 million increase in advertising and promotion costs to ₱5.313 billion in fiscal 2014 from ₱5.127 billion in fiscal 2013 to support new product launches and expand sales of existing products.

As a result of the above factors, operating income increased by ₱3.840 billion, or 37.4% to ₱14.119 billion in fiscal 2014 from ₱10.279 billion reported in fiscal 2013. URC's operating income by segment was as follows:

- Operating income in URC's branded consumer foods segment, excluding packaging division, increased by ₱3.594 billion to ₱11.162 billion in fiscal 2014 from ₱7.568 billion in fiscal 2013. URC's domestic operations was up by 57.0% to ₱8.648 billion in fiscal 2014 from ₱5.508 billion in fiscal 2013 due to strong volumes that provided economies of scale, in addition to lower costs of major inputs. URC's international operations posted a ₱2.514 billion income, 22.0% higher than ₱2.060 billion posted last year. In US dollar amount, international operations posted an operating income of US$57 million, a 16.3% increase from US$49 million last year.

  URC's packaging division reported a lower operating loss of ₱63 million in fiscal 2014 from operating loss of ₱81 million in fiscal 2013 due to improved margins.

- Operating income in URC's agro-industrial segment increased by ₱410 million to ₱1.067 billion in fiscal 2014 from ₱657 million in fiscal 2013 due to improved hog business, which offset the downturn in feeds business resulting from higher productions costs.

- Operating income in URC's commodity foods segment declined to ₱3.092 billion in fiscal 2014 from ₱3.119 billion in fiscal 2013. Flour division registered a 9.9% increase due to lower wheat prices, offset by 5.9% decline in sugar business.

The Company reported lower market valuation gain on financial instruments at fair value through profit or loss of ₱63 million in fiscal 2014 from ₱473 million in fiscal 2013 due to decline in level of financial assets as a result of disposal of all bond investments and significant portion of equity investments during fiscal 2013.

URC’s finance revenue consists of interest income from investments in financial instruments, money market placements, savings and dollar deposits and dividend income from investment in equity securities. Finance revenue decreased by ₱301 million or 56.8% to ₱229 million in fiscal 2014 from ₱530 million in fiscal 2013 due decline in level of financial assets resulting from disposal of all bond investments and significant portion of equity investments.

URC’s finance costs consist mainly of interest expense which decreased by ₱116 million or 43.5%, to ₱150 million in fiscal 2014 from ₱266 million recorded in fiscal 2013 due to repayments of short-term debts during fiscal 2014 and settlement of long-term debt in the second quarter of fiscal 2013.

Impairment losses increased to ₱122 million in fiscal 2014 from ₱29 million in fiscal 2013 due to recognition of higher impairment losses on inventories and receivables**.**

Net foreign exchange gain amounted to ₱73 million in fiscal 2014 from ₱157 million net foreign exchange loss reported in fiscal 2013 due to effect of currency translation adjustments on foreign currency-denominated transactions.

Equity in net income of joint ventures amounted to ₱14 million in fiscal 2014 from ₱19 million in fiscal 2013 due to pre-operating expenses of newly established joint ventures, Calbee-URC Inc. and Danone Universal Robina Beverages, Inc.

Gain on sale of investments decreased from gain of ₱735 million in fiscal 2013 to nil in fiscal 2014. Gain on sale last year resulted from the disposal of all bond investments and significant portion of equity investments.

Other income (expenses) - net consists of gain (loss) on sale of fixed assets, amortization of bond issue costs, rental income, and miscellaneous income and expenses. Other income - net increased from ₱35 million other expense in fiscal 2013 to ₱3 million other income in fiscal 2014 mainly due to losses incurred from weather disturbances last year.

The Company recognized provision for income tax of ₱2.572 billion in fiscal 2014, a 79.6% increase from ₱1.432 billion in fiscal 2013 due to higher taxable income and recognition of deferred tax liabilities on realized foreign exchange gain and increase in market value of hogs.

URC's net income for fiscal 2014 amounted to ₱11.655 billion, higher by 15.2% from ₱10.117 billion in fiscal 2013, due to higher operating income, net of lower market valuation gain from financial assts at FVPL, net finance revenue and gain on sale of investments.

URC’s core earnings before tax (operating profit after equity earnings, net finance costs and other expenses - net) for fiscal 2014 amounted to ₱14.214 billion, an increase of 26.2% from ₱11.262 billion recorded for fiscal 2013.

Net income attributable to equity holders of the parent increased by ₱1.514 billion or 15.1% to ₱11.559 billion in fiscal 2014 from ₱10.045 billion in fiscal 2013 as a result of the factors discussed above.

Non-controlling interest (NCI) represents primarily the share in the net income attributable to non-controlling interest of Nissin-URC, URC’s 65.0%-owned subsidiary. NCI in net income of subsidiaries increased from ₱73 million in fiscal 2013 to ₱97 million in fiscal 2014.

URC reported an EBITDA (operating income plus depreciation and amortization) of ₱18.004 billion for fiscal 2014, 29.5% higher than ₱13.901 billion posted in fiscal 2013.

Fiscal Year 2013 Compare to Fiscal Year 2012

URC generated a consolidated sale of goods and services of ₱80.995 billion for the fiscal year ended September 30, 2013, 13.8% sales growth over previous year. Sale of goods and services performance by business segment follows:

- Sale of goods and services in URC's branded consumer foods segment (BCFG), excluding packaging division, increased by ₱9.726 billion, or 17.8%, to ₱64.234 billion in fiscal 2013 from ₱54.508 billion registered in fiscal 2012. BCFG domestic operations posted a 22.8% increase in net sales from ₱34.351 billion in fiscal 2012 to ₱42.181 billion in fiscal 2013 due to strong performance of its beverage division which grew 65.6% on the back of solid performance by powdered beverage businesses, mainly attributed to continued success of Great Taste white coffee; and RTD businesses, mainly driven by C2 230ml solo. Other RTD beverages like water and juice also contributed to the growth. Sales for snack foods division grew by 4.0% due to growth in salty snacks category.

  BCFG international sales increased by 9.4% to ₱22.054 billion in fiscal 2013 against ₱20.157 billion in fiscal 2012. In US dollar (US$) term, sales registered an increase of 11.9% from US$471 million in fiscal 2012 to US$527 million in fiscal 2013 due to increase in sales volume by 14.3%. Vietnam, the biggest contributor, has contributed 43.9% of total international sales in dollar terms. Vietnam's solid performance is attributed to the sustained strong demand for RTD beverages, C2 and Rong Do. Salty snacks also contributed to the growth in Vietnam as pelletized snacks continue to gain traction. Indonesia also grew sales on the back of snacks and chocolate categories with snacks being the main driver as sales momentum continued for fabricated potato crisp offering.

  Sale of goods and services of BCFG, excluding packaging division, accounted for 79.3% of total URC consolidated sale of goods and services for fiscal 2013.

  Sale of goods and services in URC's packaging division decreased by 33.3% to ₱1.167 billion in fiscal 2013 from ₱1.749 billion recorded in fiscal 2012 due to decline in sales volume.

- Sale of goods and services in URC's agro-industrial segment (AIG) amounted to ₱7.393 billion in fiscal 2013, a slight increase from ₱7.370 billion recorded in fiscal 2012. Feed business decreased by 13.9% to ₱3.098 billion due to weaker sales volume, however, this was offset by increase in farm business by 13.9% due to higher sales prices of hogs and poultry products.

- Sale of goods and services in URC's commodity foods segment (CFG) amounted to ₱8.201 billion in fiscal 2013 or increased by 8.3% from ₱7.575 billion reported in fiscal 2012. Sugar business sales increased by 24.1% due to early start of the milling season, good cane quality and supply, and the contribution coming from Tolong, a newly acquired mill. Flour business slightly decreased by 4.8% due to lower volume and selling price as a result of influx of imported flour.

URC's cost of sales consists primarily of raw and packaging materials costs, manufacturing costs and direct labor costs. Cost of sales increased by ₱5.046 billion, or 9.6%, to ₱57.776 billion in fiscal 2013 from ₱52.730 billion recorded in fiscal 2012 due to increase in sales volume, net of lower prices of key inputs such as coffee beans and palm oil.

URC's gross profit for fiscal 2013 amounted to ₱23.219 billion, up by ₱4.748 billion or 25.7% from ₱18.471 billion reported in fiscal 2012. Gross profit margin increased by 280 basis points from 25.9% in fiscal 2012 to 28.7% in fiscal 2013.

URC's selling and distribution costs, and general and administrative expenses consist primarily of compensation benefits, advertising and promotion costs, freight and other selling expenses, depreciation, repairs and maintenance expenses and other administrative expenses. Selling and distribution costs, and general and administrative expenses rose by ₱2.318 billion or 21.8% to ₱12.940 billion in fiscal 2013 from ₱10.622 billion registered in fiscal 2012. This increase resulted primarily from the following factors:

- 28.1% or ₱1.126 billion increase in advertising and promotion costs to ₱5.127 billion in fiscal 2013 from ₱4.001 billion in fiscal 2012 due to promotion programs with key accounts and wholesalers, and new product launches.

- 25.1% or ₱710 million increase in freight and delivery charges to ₱3.535 billion in fiscal 2013 from ₱2.825 billion in fiscal 2012 due to increase in trucking and shipping costs as a result of increased volume.

- 10.6% or ₱250 million increase in compensation and benefits to ₱2.601 billion in fiscal 2013 from ₱2.351 billion in fiscal 2012 due to annual salary adjustments and additional manpower.

As a result of the above factors, operating income increased by ₱2.429 billion, or 30.9% to ₱10.279 billion in fiscal 2013 from ₱7.850 billion reported in fiscal 2012. URC's operating income by segment was as follows:

- Operating income in URC's branded consumer foods segment, excluding packaging division, increased by ₱1.931 billion or 34.3% to ₱7.568 billion in fiscal 2013 from ₱5.637 billion in fiscal 2012. URC's domestic operations went up by 40.6% to ₱5.508 billion in fiscal 2013 from ₱3.917 billion in fiscal 2012 due to higher sales volume and lower costs of key inputs. International operations posted a ₱2.060 billion operating income, 19.7% higher than ₱1.721 billion posted in fiscal 2012 due to better margins brought about by additional scale and reduced input prices. In US dollar amount, international operations posted an operating income of US$49 million, a 22.5% increase from US$40 million in fiscal 2012.

  URC's packaging division reported an operating loss of ₱81 million in fiscal 2013 from operating loss of ₱103 reported in fiscal 2012 due to lower sales volume and increase in operating costs.

- Operating income in URC's agro-industrial segment increased by ₱298 million to ₱657 million in fiscal 2013 from ₱359 million in fiscal 2012 due to significant improvement in margins of the farm business. Operating income of feeds business also increased by 24.1% due to higher margin as a result of lower input costs.

- Operating income in URC's commodity foods segment increased by ₱319 million to ₱3.119 billion in fiscal 2013 from ₱2.800 billion in fiscal 2012. Flour business registered a 21.7% decline due to lower volumes and lower margins as a result of higher wheat costs. Operating income of sugar business increased by 38.6% due to good cane supply and quality, and the contribution coming from newly acquired mill.

Market valuation gain on financial instruments at fair value through profit or loss decreased to ₱473 million in fiscal 2013 from ₱1.548 billion in fiscal 2012 due to disposal of all bond investments and significant portion of the equity investments.

URC's finance revenue consists of interest income from investments in financial instruments, money market placements, savings and dollar deposits and dividend income from investment in equity securities. Finance revenue decreased by 56.9% or ₱700 million to ₱530 million in fiscal 2013 from ₱1.230 billion in fiscal 2012 due to decline in level of financial assets as a result of disposal of bond and equity investments.

URC's finance costs consist mainly of interest expense which decreased by ₱427 million or 61.6%, to ₱266 million in fiscal 2013 from ₱693 million recorded in fiscal 2012 due to decline in level of financial debt resulting from settlement of long-term debt and repayments of short-term debts.

Foreign exchange loss - net amounted to ₱157 million in fiscal 2013 from ₱634 million reported in fiscal 2012 due to lower unrealized foreign exchange loss on translation of foreign currency denominated accounts as a result of continuous depreciation of subsidiaries' local currencies and Philippine peso vis-à-vis US dollar.

Impairment loss of ₱29 million was reported in fiscal 2013, a decrease of 85.4% from ₱198 million in fiscal 2012 due to impairment loss recognized on trademark in fiscal 2012.

Equity in net income of a joint venture amounted to ₱19 million in fiscal 2013 as against ₱31 million in fiscal 2012 due to lower net income of Hunt-Universal Robina Corporation.

Gain (loss) on sale of investments increased from loss of ₱30 million in fiscal 2012 to gain of ₱735 million in fiscal 2013. Gain on sale in fiscal 2013 represents the gain on disposal of all bond investments and significant portion of equity investments.

Other income (expenses) - net consists of gain (loss) on sale of fixed assets, amortization of bond issue costs, rental income, and miscellaneous income and expenses. Other income (expense) - net decreased to ₱35 million other expense - net in fiscal 2013 from ₱83 million other income - net in fiscal 2012 due to losses incurred from weather disturbances.

The Company recognized provision for income tax of ₱1.432 billion in fiscal 2013, 43.1% increase from ₱1.001 billion in fiscal 2012 due to higher taxable income of Parent company and subsidiaries.

URC's net income for fiscal 2013 amounted to ₱10.117 billion, higher by ₱1.932 billion or 23.6% from ₱8.185 billion in fiscal 2012, due to higher operating income.

URC's core earnings before tax (operating profit after equity earnings, net finance costs and other expenses - net) for fiscal 2013 amounted to ₱11.262 billion, an increase of 33.0% from ₱8.470 billion recorded in fiscal 2012.

Net income attributable to equity holders of the parent increased by ₱2.282 billion or 29.4% to ₱10.045 billion in fiscal 2013 from ₱7.763 billion in fiscal 2012 as a result of the factors discussed above.

Non-controlling interest represents primarily the share in the net income (loss) attributable to non-controlling interest of Nissin-URC, URC's 65.0%-owned subsidiary. In August 2012, the Company acquired the remaining 23.0% minority interest of URC International making it a wholly owned subsidiary. As a result, minority interest in net income of subsidiaries decreased from ₱422 million in fiscal 2012 to ₱73 million in fiscal 2013.

URC reported an EBITDA (operating income plus depreciation and amortization) of ₱13.901 billion for fiscal 2013, 23.4% higher than ₱11.269 billion posted in fiscal 2012.

Financial Condition

URC's financial position remains healthy with strong cash levels. The Company has a current ratio of 2.30:1 as of September 30, 2015 higher than the 1.90:1 as of September 30, 2014. Financial debt to equity ratio of 0.42:1 as of September 30, 2015 is within comfortable level. The Company is in a net debt position of ₱8.595 billion this year against net cash position of ₱1.834 billion last year due to availment of long-term debt for Griffins' acquisition.

Total assets amounted to ₱110.747 billion as of fiscal-end 2015, higher than ₱77.921 billion as of fiscal-end 2014. Book value per share increased to ₱29.92 as of September 30, 2015 from ₱25.65 as of September 30, 2014.

The Company's cash requirements have been sourced through cash flow from operations. The net cash flow provided by operating activities for fiscal year 2015 amounted to ₱23.884 billion. Net cash used in investing activities amounted to ₱13.474 billion which were substantially used for the acquisition of Griffin's and capital expenditure program. Net cash provided by financing activities amounted to ₱2.188 billion due to net availments of long and short-term debts, net of dividend payment.

The capital expenditures amounting to ₱6.516 billion include site development and building construction, installation of new nips, wafer and coffee mixing lines, and upgrading of beverage facilities in Laguna; purchase of equipment for joint ventures; rehabilitation of beverage facilities in Pampanga; construction of manufacturing plant facilities in Central Vietnam; wafer baking line in Thailand; installation of Piattos line and warehouse construction in Indonesia.

The Company budgeted about ₱9.500 billion for capital expenditures (including maintenance capex) and investments for fiscal year 2016, which substantially consists of the following:

- ₱7.700 billion for installation of new lines to expand capacities in the snackfoods and beverage businesses across branded food operations; and construction of new buildings to house new lines and expand warehouse capacities, both domestic and international.
- ₱1.100 billion for commodity foods group for flourmill construction, sugar business expansion and maintenance capital expenditures.
- ₱700 million for agro-industrial group for sow level expansion, farm improvements and handling facilities for feeds division.

No assurance can be given that the Company's capital expenditures plan will not change or that the amount of capital expenditures for any project or as a whole will not change in future years from current expectations.

As of September 30, 2015, the Company is not aware of any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

Financial Ratios

The following are the major financial ratios that the Group uses. Analyses are employed by comparisons and measurements based on the financial information of the current year against last year.

	September 30, 2015	September 30, 2014
Liquidity:		
Current ratio	**2.30:1**	1.90:1
Solvency:		
Gearing ratio	**0.42:1**	0.16:1
Debt to equity ratio	**0.69:1**	0.39:1
Asset to equity ratio	**1.69:1**	1.39:1
	FY 2015	FY 2014
Profitability:		
Operating margin	**15.9%**	15.3%
Earnings per share	**5.68**	5.30
Leverage:		
Interest rate coverage ratio	**17.29**	119.70

The Group calculates the ratios as follows:

Financial Ratios	**Formula**
Current ratio	Current assets / Current liabilities
Gearing ratio	Total financial debt (short-term debt, trust receipts and acceptances payable and long-term debt including current portion) / Total equity (equity holders + non-controlling interests)
Debt to equity ratio	Total liabilities (current + noncurrent) / Total equity (equity holders + non-controlling interests)
Asset to equity ratio	Total assets (current + noncurrent) / Total equity (equity holders + non-controlling interests)
Operating margin	Operating Income / Sale of goods and services
Earnings per share	Net income attributable to equity holders of the parent / Weighted average number of common shares
Interest rate coverage ratio	Operating income plus depreciation and amortization / Finance costs

Material Changes in the 2015 Financial Statements
(Increase/Decrease of 5% or more versus 2014)

Income statements – Year ended September 30, 2015 versus Year ended September 30, 2014

18.1% increase in sale of goods and services was due to the following:

Sale of goods and services in URC's branded consumer foods segment (BCFG), excluding packaging division, increased by ₱14.605 billion, or 19.2% to ₱90.733 billion in fiscal 2015 from ₱76.128 billion registered in fiscal 2014. BCFG domestic operations posted a 10.0% increase in net sales from ₱ 52.352 billion in fiscal 2014 to ₱57.600 billion in fiscal 2015 due to strong performance of its beverage division which grew 12.7% on the back of continued growth of coffee business. Sales for snackfoods division grew by 6.2% due to growth across snacks, biscuits and chocolate segments as the Company defended its market shares and positions in key snackfood categories.

BCFG international sales increased by 39.4% to ₱33.133 billion in fiscal 2015 against ₱23.776 billion in fiscal 2014. In US dollar (US$) term, sales registered an increase of 36.6% from US$539 million in fiscal 2014 to US$736 million in fiscal 2015. Top-line growth came from Thailand, Indonesia and Vietnam with sales contribution from New Zealand. Sales growth in Thailand was driven by core brands as it continues to be the market leader in biscuits and wafers. Indonesia posted double digit growth with its number one potato chips brand, Piattos, hitting all-time high sales and successful launch of another snack brand, Chiz King. Vietnam continued to grow on the back of robust sales of Rong Do, energy drink brand and C2, which remains to be the number one brand in the RTD tea category in the market. The Group started consolidating Griffin's sales into URC International starting mid-November 2014 upon closing of the acquisition.

Sale of goods and services in URC's packaging division slightly went up by 2.0% to ₱1.128 billion in fiscal 2015 from ₱1.106 billion recorded in fiscal 2014 due to increase in volume.

Sale of goods and services in URC's agro-industrial segment (AIG) amounted to ₱8.931 billion in fiscal 2015, an 8.9% increase from ₱8.203 billion recorded in fiscal 2014. Feeds business increased by 21.6% due to higher sales volume as a result of effective sales strategy while farms business remained flat.

Sale of goods and services in URC's commodity foods segment (CFG) amounted to ₱8.259 billion in fiscal 2015 or up by 19.0% from ₱6.939 billion reported in fiscal 2014. Growth came from sugar business which increased by 18.4% due to higher sales volume and sales contribution from distillery and cogeneration businesses while flour business remained flat.

15.3% increase in cost of sales
Due to increase in sales volume

24.6% increase in selling and distribution costs
Due to increases in advertising and promotion costs, freight and delivery charges, rental and personnel-related costs

29.1% increase in general and administrative expenses
Due to increases in personnel-related costs, depreciation expense, rental and contracted services costs, and professional fees related to Griffin's acquisition

443.3% increase in market valuation loss on financial instruments at fair value through profit or loss
Due to decline in market values of equity investments and fair value changes on derivative instruments

21.1% increase in finance revenue
Due to increased level of financial assets

749.4% increase in finance costs
Due to increased level of financial debt resulting from availments of long-term debt to finance the acquisition of Griffin's

10.1% decrease in impairment losses
Due to the lower impairment losses on receivables

464.4% increase in foreign exchange loss - net
Due to the combined effects of depreciation of international subsidiaries' local currencies vis-à-vis US dollar, particularly IDR, and depreciation of Philippine peso vis-à-vis US dollar

1,565.5% decrease in equity in net earnings
Due to share in pre-operating losses of DURBI and CURC

6,379.9% increase in other income - net
Due to claims from truckers, income from sale of poultry farm and insurance claims from losses resulting from typhoons

26.4% increase in provision for income tax
Due to higher taxable income, net of increase in recognized deferred tax assets

25.9% increase in net income attributable to non-controlling interest
Due to higher net income of Nissin-URC

1,817.3% increase in other comprehensive income
Due to significant increase in cumulative translation adjustments resulting from combined effects of depreciation of NZ dollar and Philippine peso vis-à-vis US dollar

Statements of Financial Position - September 30, 2015 versus September 30, 2014

81.6% increase in cash and cash equivalents
Due to cash sourced from operating activities and availments of long-term debt, net of cash dividend payment, acquisition of Griffin's and capital expenditures

15.7% decrease in financial assets at fair value through profit or loss
Due to decrease in market values of equity securities

88.2% increase in available-for-sale financial assets
Due to increase in market values of club shares

16.2% increase in receivables - net
Due to increases in trade and non-trade receivables

6.0% increase in inventories
Due to increase in finished goods, work-in-process and spareparts inventories

6.4% decrease in biological assets
Due to decline in headcount and volume, net of increase in market values of hogs

79.0% decrease in other current assets
Due to release of deposit in escrow account representing the initial deposit for the acquisition of Griffin's

12.9% increase in property, plant and equipment
Due to acquisition of Griffin's and plant expansion projects

1,753.6% increase in goodwill
Due to acquisition of Griffin's

1,433.0% increase in intangible assets
Due to increase trademark and customer relationships resulting from acquisition of Griffin's

12.0% increase in investment in joint venture
Due to additional capital infusion in DURBI, net of equity share in net income (losses) of joint ventures

6.4% decrease in investment properties
Due to depreciation recognized on the properties

17.3% increase in other non-current assets
Due to increase in deferred input taxes and miscellaneous deposits

17.1% increase in accounts payable and other accrued liabilities
Due to increases in trade payables and accrual of various expenses

80.5% decrease in short-term debt
Due to payments made during the year

76.0% increase in income tax payable
Due to increase in taxable income of Parent company and subsidiaries, net of payments during the year

100.0% increase in long-term debt
Due to availments of term loan facilities to finance the acquisition of Griffin's

2,940.6% increase in deferred tax liabilities - net
Due to set-up of deferred tax liabilities on intangible assets that resulted from acquisition of Griffin's

100.0% increase in derivative liability
Due to consolidation of Griffin's outstanding derivative instruments

13.6% increase in retained earnings
Due to net income during the year, net of dividends declared

906.5% increase in other comprehensive income
Due to significant increase in cumulative translation adjustments

8.7% decrease in equity reserve
Due to gain on sale of equity interest in Nissin-URC

22.0% increase in equity attributable to non-controlling interests
Due to net income of Nissin-URC, net of dividends declared

The Company's key performance indicators are employed across all businesses. Comparisons are then made against internal target and previous period's performance. The Company and its significant subsidiaries' top five (5) key performance indicators are as follows: (in million PhPs)

Universal Robina Corporation (Consolidated)	**FY 2015**	**FY 2014**	**Index**
Revenues	109,051	92,376	118
EBIT	17,373	14,119	123
EBITDA	22,083	18,004	123
Net Income	12,505	11,655	107
Total Assets	110,747	77,921	142

URC International Co., Ltd. (Consolidated)	**FY 2015**	**FY 2014**	**Index**
Revenues	36,007	26,912	134
EBIT	3,758	2,358	159
EBITDA	5,553	3,559	156
Net Income	1,296	1,798	72
Total Assets	52,643	26,610	198

Nissin - URC	**FY 2015**	**FY 2014**	**Index**
Revenues	3,553	2,434	146
EBIT	421	415	101
EBITDA	505	461	110
Net Income	304	299	102
Total Assets	1,612	1,407	115

Majority of the above key performance indicators were within targeted levels.

Item 7. Financial Statements

The consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules (page 45) are filed as part of this Form 17-A (pages 47 to 169).

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9. Independent Public Accountants and Audit Related Fees

Independent Public Accountants

The Companys's independent public accountant is the accounting firm of the Sycip Gorres Velayo & Co. The same accounting firm is tabled for reappointment for the current year at the annual meeting of stockholders. The representatives of the principal accountant have always been present at prior year's meetings and are expected to be present at the current year's annual meeting of stockholders. They may also make a statement and respond to appropriate questions with respect to matters for which their services were engaged.

The current handling partner of SGV & Co. has been engaged by the Company in fiscal year 2015 and is expected to be rotated every five (5) years.

Audit-Related Fees

The following table sets out the aggregate fees billed for each of the last three fiscal years for professional services rendered by Sycip, Gorres Velayo & Co.

	Fiscal Year 2013	Fiscal Year 2014 (In peso)	Fiscal Year 2015
Audit and Audit-Related Fees	₱7,021,000	₱7,375,000	₱7,740,000
Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements	7,021,000	7,375,000	7,740,000
Professional fees for due diligence review for bond/shares offering	none	none	none
Tax Fees	none	none	none
Other Fees	none	none	none
Total	₱7,021,000	₱7,375,000	₱7,740,000

Audit Committee's approval policies and procedures for the services rendered by the external auditors

The Corporate Governance Manual of the Company provides that the audit committee shall, among others:

1. Evaluate all significant issues reported by the external auditors relating to the adequacy, efficiency, and effectiveness of policies, controls, processes and activities of the Company.
2. Ensure that other non-audit work provided by the external auditors is not in conflict with their functions as external auditors.
3. Ensure the compliance of the Company with acceptable auditing and accounting standards and regulations.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 10. Directors and Executive Officers of the Registrant

Name	Age	Position	Citizenship
John L. Gokongwei, Jr	89	Director, Chairman Emeritus	Filipino
James L. Go	76	Director, Chairman	Filipino
Lance Y. Gokongwei	48	Director, President and Chief Executive Officer	Filipino
Patrick Henry C. Go	45	Director, Vice President	Filipino
Frederick D. Go	46	Director	Filipino
Johnson Robert G. Go, Jr	50	Director	Filipino
Robert G. Coyiuto, Jr	64	Director	Filipino
Wilfrido E. Sanchez	78	Director (Independent)	Filipino
Pascual S. Guerzon	78	Director (Independent)	Filipino
Cornelio S. Mapa, Jr.	49	Executive Vice President	Filipino
Constante T. Santos	67	Senior Vice President	Filipino
Bach Johann M. Sebastian	54	Senior Vice President	Filipino
David J. Lim, Jr.	52	Vice President	US Citizen
Nicasio L. Lim	58	Senior Vice President	Filipino
Chona R. Ferrer	58	First Vice President	Filipino
Ester T. Ang	57	Vice President - Treasurer	Filipino
Edwin S. Totanes	58	Vice President	Filipino
Albert Francis S. Fernandez	48	Vice President	Filipino
Teofilo B. Eugenio, Jr.	50	Vice President	Filipino
Vincent Henry C. Go	44	Vice President	Filipino
Ellison Dean C. Lee	58	Vice President	Filipino
Renato P. Cabati	53	Vice President	Filipino
Anne Patricia C. Go	49	Vice President	Filipino
Abigail Joan R. Cosico	42	Vice President	Filipino
Pamela R. Forshage	59	Vice President	US Citizen
Arnold C. Alvarez	47	Vice President	Filipino
Sonia A. Zablan	65	Vice President	Filipino
Alan D. Surposa	52	Vice President	Filipino
Ma. Victoria M. Reyes-Beltran	49	Vice President	Filipino
Michael P. Liwanag	41	Vice President	Filipino
Michele F. Abellanosa	45	Vice President	Filipino
Reynaldo R. Santos	53	Vice President	Filipino
Rosalinda F. Rivera	45	Corporate Secretary	Filipino
Socorro ML. Banting	61	Assistant Vice President	Filipino
Arlene S. Denzon	47	Compliance Officer	Filipino

All of the above directors and officers have served their respective offices since May 27, 2015. There are no directors who resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of stockholders for any reason whatsoever.

Messrs. Wilfrido E. Sanchez and Pascual S. Guerzon are the independent directors of the Company.

A brief description of the directors and executive officers' business experience and other directorships held in other reporting companies are provided as follows:

John L. Gokongwei, Jr. founded URC in 1954 and has been the Chairman Emeritus of URC effective January 1, 2002. He continues to be a member of URC's Board and is the Chairman Emeritus of JG Summit Holdings, Inc. and certain of its subsidiaries. He also continues to be a member of the Executive Committee of JG Summit Holdings, Inc. He is currently the Chairman of the Gokongwei Brothers Foundation, Inc., Chairman and Chief Executive Officer of Robinsons Retail Holdings, Inc., Deputy Chairman and Director of United Industrial Corporation Limited, and a director of Cebu Air, Inc. and Oriental Petroleum and Minerals Corporation. He was elected a director of Manila Electric Company on March 31, 2014. He is also a non-executive director of A. Soriano Corporation. Mr. Gokongwei received a Masters degree in Business Administration from the De La Salle University and attended the Advanced Management Program at Harvard Business School.

James L. Go is the Chairman of the Board of Directors of URC. He is the Chairman and Chief Executive Officer of JG Summit Holdings, Inc. and Oriental Petroleum and Minerals Corporation. He is the Chairman of Robinsons Land Corporation, JG Summit Petrochemical Corporation, and JG Summit Olefins Corporation. He is the Vice Chairman and Deputy Chief Executive Officer of Robinsons Retail Holdings, Inc. and a director of Cebu Air, Inc., Marina Center Holdings Private Limted, Inc., United Industrial Corporation Limited and Hotel Marina City Private Limited. He is also the President and Trustee of the Gokongwei Brothers Foundation, Inc. He has been a director of the Philippine Long Distance Telephone Company (PLDT) since November 3, 2011. He is a member of the Technology Strategy Committee and Advisor of the Audit Committee of the Board of Directors of PLDT. He was elected a director of Manila Electric Company on December 16, 2013. Mr. Go received his Bachelor of Science degree and Master of Science degree in Chemical Engineering from Massachusetts Institute of Technology, USA. Mr. James L. Go is a brother of Mr. John L. Gokongwei, Jr. and joined URC in 1964.

Lance Y. Gokongwei is the President and Chief Executive Officer of URC. He is the President and Chief Operating Officer of JG Summit Holdings, Inc. He is also the Vice Chairman and Chief Executive Officer of Robinsons Land Corporation. He is the President and Chief Executive Officer of Cebu Air, Inc., JG Summit Petrochemical Corporation and JG Summit Olefins Corporation. He is the Chairman of Robinsons Bank Corporation, Vice Chairman of Robinsons Retail Holdings, Inc., and a director of Oriental Petroleum and Minerals Corporation and United Industrial Corporation Limited. He is a director and Vice Chairman of Manila Electric Company. He is also a trustee and secretary of the Gokongwei Brothers Foundation, Inc. He received a Bachelor of Science degree in Finance and a Bachelor of Science degree in Applied Science from the University of Pennsylvania. Mr. Lance Y. Gokongwei is the son of Mr. John L. Gokongwei, Jr. and joined URC in 1988.

Patrick Henry C. Go has been a director of URC since 2000. He is also a Vice President of URC and is the Executive Vice President and Senior Managing Director of JG Summit Petrochemical Corporation, URC Packaging Division, CFC Flexible Packaging Division and JG Summit Olefins Corporation. He is also a director of JG Summit Holdings, Inc., Robinsons Land Corporation, and Robinsons Bank Corporation. He is a trustee and treasurer of the Gokongwei Brothers Foundation, Inc. He received a Bachelor of Science degree in Management from the Ateneo de Manila University and attended the General Manager Program at Harvard Business School. Mr. Patrick Henry C. Go is a nephew of Mr. John L. Gokongwei, Jr.

Frederick D. Go has been a director of URC since June 2001. He is the President and Chief Operating Officer of Robinsons Land Corporation and Robinsons Recreation Corporation. He is the Group General Manager of Shanghai Ding Feng Real Estate Development Company Limited, Xiamen Pacific Estate Investment Company Limited, Chengdu Ding Feng Real Estate Development Company Limited, and Taicang Ding Feng Real Estate Development Company Limited. He also serves as a director of Cebu Air, Inc., JG Summit Petrochemical Corporation, Robinsons Bank Corporation, and

Cebu Light Industrial Park. He is also the Chairman of the Philippine Retailers Association. He received a Bachelor of Science degree in Management Engineering from the Ateneo de Manila University. Mr. Frederick D. Go is a nephew of Mr. John L. Gokongwei, Jr.

Johnson Robert G. Go, Jr. has been a director of URC since May 5, 2005. He is also a director of JG Summit Holdings, Inc., Robinsons Land Corporation, and Robinsons Bank Corporation. He is also a trustee of the Gokongwei Brothers Foundation, Inc. He received a Bachelor of Arts degree in Interdisciplinary Studies (Liberal Arts) from the Ateneo de Manila University. He is a nephew of Mr. John L. Gokongwei, Jr.

Robert G. Coyiuto, Jr. has been a director of URC since 2002. He is the Chairman of the Board and Chief Executive Officer of Prudential Guarantee & Assurance, Inc. and of PGA Sompo Japan Insurance, Inc. He is also Chairman of the Board of Bentley, Lamborghini, Porsche and Audi, Hyundai North Edsa, and Pioneer Tours Corporation. He is also the Chairman of Coyiuto Foundation. He is the Chairman and President of Calaca High Power Corporation and Pacifica 21 Holdings, Inc. He is Vice Chairman and Director of First Life Financial Co., Inc. and National Grid Corporation of the Philippines. He is also the President, Chief Operating Officer and Director of Oriental Petroleum and Minerals Corporation. He is a director of Petrogen Insurance Corporation, and Canon (Philippines) Inc. He is a Nominee of R. Coyiuto Securities, Inc. and a Member of the Board of Trustees of San Beda College.

Wilfrido E. Sanchez has been an independent director of URC since 1995. He is a Tax Counsel in Quiason Makalintal Barot Torres & Ibarra Law Offices. He is also a director of Adventure International Tours, Inc., Amon Trading Corporation, Center for Leadership & Change, Inc., EEI Corporation, Eton Properties Philippines, Inc., House of Investments, EMCOR, Inc., J-DEL Investment and Management Corporation, JVR Foundation, Inc., Kawasaki Motor Corp., K Servico, Inc., Magellan Capital Holdings Corporation, Rizal Commercial Banking Corporation, LT Group, Inc., Transnational Diversified Corporation, and Transnational Financial Services, Inc. (formerly Transnational Securities, Inc.). Mr. Sanchez received a Bachelor of Arts degree and a Bachelor of Laws degree from the Ateneo de Manila University and a Masters of Law degree from the Yale Law School.

Pascual S. Guerzon has been an independent director of URC since September 2007. He is currently the Principal of Dean Guerzon & Associates (Business Development). He is the Founding Dean of De La Salle Graduate School of Business. He was also the former President of the Management Association of the Philippines Agribusiness and Countryside Development Foundation and the Management Association of the Philippines Foundation, MBA Director of the Ateneo de Manila Graduate School of Business, Director of Leverage International Consultants, Deputy Director of Asean Chambers of Commerce and Industry and Section Chief of the Board of Investments. Mr. Guerzon is a holder of an MBA in Finance from the University of the Philippines and a Ph.D. (N.D) in Management from the University of Santo Tomas.

Cornelio S. Mapa, Jr. is an Executive Vice President of URC. He is also Managing Director of the URC Branded Consumer Foods Group. He was the General Manager of the Commercial Centers Division of Robinsons Land Corporation before joining URC in October 2010. Prior to joining URC and Robinsons Land Corporation, he was Senior Vice President and Chief Financial Officer of the Coca Cola Bottlers Philippines including its subsidiaries, Cosmos Bottling and Philippine Beverage Partners. He was also formerly Senior Vice President and Chief Financial Officer of La Tondeña Distillers, Inc. He earned his Bachelor of Science degrees in Economics and International Finance from New York University and obtained his Masters in Business Administration from IMD in Lausanne, Switzerland.

Constante T. Santos is the Senior Vice President - Corporate Controller of URC. He is also Senior Vice President - Corporate Controller of JG Summit Holdings, Inc. and Robinsons Land Corporation. Prior to joining URC in 1986, he practiced public accounting with SyCip, Gorres, Velayo & Co. in the Philippines and Ernst & Whinney in the United States. He is a member of the Philippine Institute of Certified Public Accountants. He obtained his Bachelor of Science degree in Business Administration from the University of the East and attended the Management Development Program at the Asian Institute of Management.

Bach Johann M. Sebastian is Senior Vice President and Chief Strategy Officer of URC. He is also the Senior Vice President and Chief Strategy Officer of JG Summit Holdings, Inc., Robinsons Land Corporation, Cebu Air, Inc., and Robinsons Retail Holdings, Inc. Prior to joining URC in 2002, he was Senior Vice President and Chief Corporate Strategist at RFM Corporation, Swift Foods Inc., Selecta Dairy Products Inc., Cosmos Bottling Corporation, and PSI Technologies Inc. Between 1981 and 1991, he was with the Department of Trade and Industry as Chief of Economic Research, and Director of Operational Planning. He received a Bachelor of Arts in Economics from the University of the Philippines in 1981 and a Master in Business Administration degree from the Asian Institute of Management in 1986.

David J. Lim, Jr. is Senior Vice President for Manufacturing, Technology and Projects & Engineering of URC's Branded Consumer Foods Group. He was the Assistant Technical Director for JG Summit Holdings, Inc. prior to joining URC in December of 2008. He earned his Bachelor of Science degree in Aeronautical Engineering from Imperial College, London, England and obtained a Master of Science degree in Civil Structural Engineering from the University of California at Beverly, USA as well as a Masters in Engineering from the Massachusetts Institute of Technology, USA.

Nicasio L. Lim is Senior Vice President, Human Resources for URC. He is also concurrently Senior Vice President, Corporate Human Resources (CHR) of JG Summit Holdings, Inc. He is a top human resource executive with 38 years solid experience in human resources both here and abroad, 21 of those years in San Miguel Corporation, 5 in Kraft Foods International and now with JG Summit Holdings, Inc. and URC. Prior to his current role, he was Director, Human Resources of URC starting May 2004. In that role, he managed HR functions for the whole URC Group comprising of several businesses: Branded Consumer Foods, Agro-Industrial, Flour, Sugar, Packaging and CFC Flexible. When he retired from San Miguel Corporation in 1999, he was Vice President for HR & Communications of the Beer Division. It was in his stint in San Miguel Corporation when he had his first crack at going international through his assignment as Vice President for Human Resources of San Miguel Brewing International based in Hong Kong in 1997. After San Miguel Corporation, he joined Kraft Foods International in 2000 as Human Resources Director for Southeast Asia. He was able to forge a very strong HR organization which took care of managing the needed HR imperatives of Kraft Foods International across 16 countries. He was conferred the People Manager of the Year Award, the highest award an HR practitioner can receive in his lifetime given by the People Management Association of the Philippines (PMAP) in 2007. He was a member of the PMAP Board of Directors from 2003 to 2004. In his capacity as Director, he headed the Committees on International Affairs and Industrial Relations. Moreover, he is among the esteemed HR professionals in the country who was bestowed the title Diplomate in People Management by PMAP. He graduated with a Bachelor's Degree on Business Administration at the De La Salle University and finished Human Resource Executive Program at the University of Michigan-USA.

Chona R. Ferrer is First Vice President for Corporate Treasury of URC. She is also the Deputy Treasurer of JG Summit Holdings, Inc. Prior to joining URC in 1983, she was Assistant Treasurer of Guevent Industrial Development Corporation. She received a Bachelor of Science degree in Business Administration from the University of the Philippines.

Ester T. Ang is the Vice President - Treasurer, Treasury Industrial Group. Prior to joining URC in 1987, she worked with Bancom Development Corporation and Union Bank of the Philippines. She received her Bachelor of Science degree in Accounting from the Ateneo De Davao University in Davao City.

Edwin S. Totanes is Vice President and Group Head of Marketing of URC. He has been the General Manager/Vice President of URC's Branded Consumer Foods Group - Beverage Division since 2008. He served as the General Manager of PT URC Indonesia from 2006 to 2008. He joined URC in 2003 as Vice President and General Manager of URC's Grocery Division. Prior to joining URC, he has assumed general management positions in Swift Foods, Inc. and Coca-Cola Bottlers Phils. He obtained his Bachelor of Arts degree in Economics, Cum Laude, from the Ateneo de Manila University and attended the Advanced Management Program at the Harvard Business School.

Albert Francis S. Fernandez is the Vice President for Sales of URC's Branded Consumer Foods Group Philippines. He brings with him 23 years of experience in the areas of management, sales, trade marketing, logistics and manufacturing from various industries such as cement, business process outsourcing, foods, consumer goods and agriculture. Prior to joining URC in 2012, he was Vice President for Sales and Logistics of Lafarge Cement Philippines. He also led GE Money Servicing Philippines as Vice President for Operations. He also held top key sales positions in Coca-Cola Export Corporation and Unilever Philippines Inc. He holds a Bachelor of Science degree in Chemical Engineering at the University of St. La Salle, Bacolod City.

Teofilo B. Eugenio, Jr. is Vice President for Snacks Marketing of the URC Branded Consumer Foods Group. He was also appointed General Manager of Calbee-URC, Inc. He was the Marketing Director for biscuits, cakes and chocolates of the URC Branded Consumer Foods Group and started as Group Product Manager of biscuits. Prior to joining URC, he was Senior Product Manager for Ovaltine at Novartis Nutrition Philippines, Inc. Mr. Eugenio has more than 20 years experience in the field of marketing. He earned his Bachelor of Science degree in Industrial Management Engineering, Minor in Mechanical Engineering, from the De La Salle University, Manila and obtained his Masters in Business Administration from Strathclyde Graduate Business School, Strathclyde University, United Kingdom.

Vincent Henry C. Go is Vice President of URC and has been the Group General Manager of URC's Agro-Industrial Group since 2006. He served as General Manager and National Sales Manager of Universal Corn Products in 2002 and 1994, respectively. He obtained his degree in Feed Manufacturing Technology from the Swiss Institute of Feed Technology in Uzwil, Switzerland. Mr. Vincent Henry C. Go is a nephew of Mr. John L. Gokongwei, Jr. and joined URC in 1992.

Ellison Dean C. Lee is a Vice President of URC and the Business Unit General Manager of URC's Flour Division. He started his career with the Philippine Appliance Corporation as Manager, Special Accounts, under the Office of the Chairman and President. He then moved to PHINMA Group of Companies and occupied the positions of Assistant Vice President and Vice President for Marketing. He also joined Inglenook Foods Corporation as Vice President for Sales. Prior to joining URC in 2001, he was a Vice President of Golden Gate Marketing Corporation, a marketing arm of APO Cement Corporation, and Vice President for Sales and Marketing of Blue Circle Philippines, Inc. He graduated with a Bachelor of Science in Business Management from the Ateneo De Manila University. He also attended the Management Program at the Asian Institute of Management.

Renato P. Cabati is a Vice President of URC and the Business Unit General Manager of URC's Sugar Group since 2002. He has held various posts in the sugar business since 1989. Prior to joining URC, he practiced public accounting with SyCip, Gorres, Velayo & Co. and private accounting with NDC -

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Guthrie Plantations, Inc. He is a member of the Philippine Institute of Certified Public Accountants, past President and Chairman of the Philippine Sugar Technologists Association, Inc., Executive Committee member of the Philippine Sugar Millers Association, Millers Sector Representative to the Sugar Tripartite Council of the Department of Labor & Employment and President of the Philippine Association of Sugar Refiners, Inc. and Vice Chairman of Ethanol Producers Association of the Philippines. He is a Certified Public Accountant and has obtained his Bachelor of Science degree in Commerce Major in Accounting from the Far Eastern University and attended raw sugar and refined sugar manufacturing courses at the Nichols State University, Thibodaux, Louisiana USA.

Anne Patricia C. Go is the Vice President for Advertising & Marketing Services of URC. She is also Vice President for Corporate Communications of JG Summit Holdings, Inc. (JGSHI). She handles all Advertising and Public Relations for JGSHI, its core businesses, and its other business interests, which include Summit Media and Robinsons Retail Group. She also handles all Advertising and Public Relations, Consumer Promotions, Special Events and Market Research requirements of URC. She joined URC in 1993 as Director of Marketing Services. She began her more than 20 year-career in Advertising and Communications in Basic/FCB. She was also a freelance broadcast producer and the Philippine representative of Hong Kong-based Centro Digital Pictures. She graduated from Ateneo de Manila University with a degree in Communication Arts. Ms. Anne Patricia C. Go is the niece of Mr. John L. Gokongwei, Jr.

Abigail Joan R. **Cosico** is the Vice President for Exports and New Markets Development of the URC Branded Consumer Foods Group Philippines and International. She was formerly the Business Unit General Manager of Robinsons Communities and of Robinsons Homes in concurrent capacity as Head of Investor Relations. Prior to joining Robinsons Homes, she was with the RLC Commercial Centers Division as the Property Lease Director, concurrent to her position as Director for Property Acquisition. She received her Bachelor of Science degree in Management from the Ateneo de Manila University and earned her Masters in Business Administration, Major in Finance degree from the Asian Institute of Management.

Pamela R. Forshage is Vice President for Technology, Research and Development of the URC Branded Consumer Foods Group Philippines and International. She brings with her more than 35 years of experience in the field of Food Science and Technology starting with her stints at Uncle Ben's Foods followed by Coca-Cola, PepsiCo Food International, Frito-Lay Foods and in 1994 as Technology Director of URC Branded Consumer. She earned her Bachelors and Masters degree in Food Science and Technology from Texas A&M University. She is a Certified Food Scientist (CFS) as granted by the International Food Science Certification Commission (IFSCC). She completed the Harvard Business School Program "Leading Innovation" in 2001. She is a member of the Philippine Association of Food Technologists, the Institute of Food Technology, American Society of Quality, American Chemical Society and the Product Development Management Association among others.

Arnold C. Alvarez is Vice President for Manufacturing of URC Branded Consumer Foods Group (BCFG) Philippines and International. He is responsible for the implementation of an integrated approach in managing manufacturing within URC BCFG which include establishing benchmarks on best in class operations for the different product categories within the region and working with plant leadership teams. His function also includes the implementation of standard metrics for the plants covering areas on productivity, quality, sustainability and people and identifying projects and programs to pursue them. Mr. Alvarez brings with him more than 25 years of work experience from consumer companies such as Unilever, JohnsonDiversey, Kimberly Clark, PDM Industries Philippines, Inc., and Coca Cola Bottlers Philippines, Inc. (CCBPI) in the areas of manufacturing and supply chain management. Prior to joining URC, he was Region Operations Director in CCBPI. He previously held various positions such as General Manager for Asia of PDM Industries Philippines, Inc., Operations Director for Manufacturing and Supply Chain of Kimberly Clark Philippines, Inc., and Supply Chain Director for Asia Pacific of Unilever. He received his Bachelor of Science Degree in Chemical Engineering from the University of the Philippines.

Sonia A. Zablan is Vice President for Government Affairs Department since 2000. She has been with the Company for more than 20 years, starting out as the Head of the Microcomputer Section under the Office of the President in 1987 and concurrently designated as Manager of the Corporate Development and Relations Department in 1989. Prior to joining the Company, she was Systems Development Manager at Guevarra & Sons Corporation. She obtained her Bachelor's Degree in Business Administration, Major in Finance, from the University of the Philippines.

Alan D. Surposa is Vice President for Procurement of URC and for Procurement and Supply Chain of URC Branded Consumer Foods Group – Philippines and International. He had an expanded role as Vice President – Corporate Procurement of JG Summit Holdings, Inc. effective March 18, 2015. He is responsible for the procurement operations of both the domestic and international businesses of URC and ensures proper implementation of best practices and techniques and exercises strong functional oversight over heads/managers in the different countries whose work revolves around procurement and supply chain to ensure consistent alignment and synergies across the region. Mr. Surposa also handles the Corporate Import Services of JG Summit Holdings, Inc. In his expanded role, he is responsible for ensuring that procurement processes operate smoothly and consistently across the group in line with the set procurement policies of the organization. He is a member and formerly a Director of The Purchasing Managers Association of the Philippines. Mr. Surposa received his Bachelor of Science degree in Civil Engineering from the Cebu Institute of Technology in Cebu City.

Ma. Victoria M. Reyes-Beltran is Vice President and General Legal Counsel - Corporate Legal II of URC. She is also the Corporate Secretary of Bio-Resource Power Generation Corporation, Chic Centre Corporation, Express Holdings, Inc., Itech Global Business Solutions Inc., Interactive Technology Solutions Inc., Mark Electronics Corporation, Robinsons Inn, Incorporated, Robinsons Realty & Management Corp., Southern Negros Development Corp., Summit Publishing Company, Inc. and Unicon Insurance Brokers Corp. Prior to joining URC in 1994, she was a Legal Counsel at Del Rosario & Del Rosario Law Offices. She graduated Bachelor of Laws from San Beda College of Law, Manila and has completed the course on Structuring and International Joint Venture at the University of California, School of Law (Davis Campus), USA. She was admitted to the Philippine Bar in 1993.

Michael P. Liwanag is the Vice President of Corporate Planning & Investor Relations of URC. Prior to joining the Company in 2001, he worked in different capacities in the fields of strategy and business analytics in Digital Telecommunications Phils., Inc., Global Crossings and Philippine Global Communications, Inc. He studied Industrial Engineering at the University of the Philippines and attended the Certified Management Accounting Program.

Michele F. Abellanosa is Vice President for Controllership of URC handling URC Main and Flour divisions. She also concurrently heads the accounting groups of JG Summit Holdings, Inc. (JGSHI), CFC Corporation, JG Summit Petrochemical Corporation, JG Summit Olefins Corporation and Unicon Insurance Brokers Corporation. Prior to joining URC and JGSHI, she practiced public accounting with SGV & Co. She received her Bachelor of Science degree in Commerce, Major in Accounting from the University of Santo Tomas and is a Certified Public Accountant.

Reynaldo R. Santos is Vice President for Controllership of URC handling the Branded Consumer Foods Group, Agro-Industrial Group, Sugar Group and URC Packaging divisions. Concurrently, he also heads the accounting groups of Nissin Universal Robina Corporation and Hunt Universal Robina Corporation. He is also the Finance Manager of Calbee-URC, Inc. Prior to joining URC in 1985, he was connected with Joaquin Cunanan & Co. He is a member of the Philippine Institute of Certified Public Accountants. He obtained his Bachelor of Science degree in Commerce, Major in Accounting from the Far Eastern University.

Rosalinda F. Rivera was appointed Corporate Secretary of URC on May 22, 2004 and has been Assistant Corporate Secretary since May 2002. She is also the Corporate Secretary of JG Summit Holdings, Inc., Robinsons Land Corporation, Cebu Air, Inc., Robinsons Retail Holdings, Inc., and JG Summit Petrochemical Corporation. Prior to joining URC, she was a Senior Associate at Puno and Puno Law Offices. She received a Juris Doctor degree from the Ateneo de Manila University School of Law and a Masters of Law degree in International Banking from the Boston University School of Law. She was admitted to the Philippine Bar in 1995.

Socorro ML. Banting is Assistant Vice President and Assistant Treasurer of URC. She is also an officer of other related companies of URC. Prior to joining URC in 1986, she worked with State Investment House, Inc. and Manila Midtown Hotel. She obtained her Bachelor of Science degree in Business Administration from the Ateneo de Davao University.

Arlene S. Denzon is Compliance Officer of URC and Vice President of the Enterprise Risk Management Group (VP-ERMG) of JG Summit Holdings, Inc. (JGSHI). Prior to rejoining URC in February, 2013, she was the Senior Vice President in charge of the Enterprise-wide Risk Management Group of Digitel Mobile Philippines, Inc. (DMPI, more popularly known as Sun Cellular) until December, 2012. Ms. Denzon started her career in the Gokongwei Group in 1991 and performed various roles including Accounting Manager of JGSHI until 1997, Assistant Vice President - Special Assistant to the Chairman until 2001, Vice President – Treasurer and Acting Chief Financial Officer of URC International until 2003 before she was seconded to DMPI in 2004. Prior to JGSHI, Ms. Denzon had three years working experience as external auditor in Sycip, Gorres, Velayo & Co. She was a Certified Public Accountant Board topnotcher and obtained her Bachelor of Accountancy degree, Magna Cum Laude, from the Polytechnic University of the Philippines.

The members of the Company's board of directors and executive officers can be reached at the address of its registered office at 110 E. Rodriguez Avenue, Bagumbayan, Quezon City, Philippines.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

None of the members of the Board of Directors and Executive Officers of the Company are involved in any criminal, bankruptcy or insolvency investigations or proceedings.

Family Relationships

Mr. James L. Go is a brother of Mr. John Gokongwei, Jr. while Mr. Lance Y. Gokongwei is his son. Mr. Patrick Henry C. Go, Mr. Frederick D. Go, Mr. Johnson Robert G. Go, Jr. and Mr. Vincent Henry C. Go are the nephews of Mr. John Gokongwei, Jr. Ms. Anne Patricia C. Go is the niece of Mr. John L. Gokongwei, Jr.

Item 11. Executive Compensation

The following summarizes certain information regarding compensation paid or accrued during the last two (2) fiscal years and to be paid in the ensuing fiscal year to the Company's Directors and Executive Officers:

	Estimated - FY2016				Actual	
	Salary	Bonus	Other	Total	2015	2014
CEO and Four (4) most highly compensated executive officers	₱101,812,724	₱1,500,000	₱247,500	₱103,560,224	₱97,213,294	₱81,156,602
All officers and directors as a group unnamed	129,081,641	3,000,000	427,500	132,509,141	117,576,453	107,913,084

The following are the five (5) highest compensated directors and/or executive officers of the Company: 1. Director, Chairman Emeritus - John L. Gokongwei, Jr.; 2. Director, Chairman - James L. Go; 3. Director, President and Chief Executive Officer - Lance Y. Gokongwei; 4. Executive Vice President - Cornelio S. Mapa, Jr.; and 5. Vice President - Edwin S. Totanes.

Standard Arrangements

There are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as a director for the last completed fiscal year and the ensuing year.

Other Arrangements

There are no other arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as a director for the last completed fiscal year and the ensuing year.

Employment Contracts and Termination of Employment and Change-in-Control Arrangement

There are no special employment contracts between the Corporation and the named executive officers.

There are no compensatory plans or arrangements with respect to a named executive officer.

Warrants and Options Outstanding

There are no outstanding warrants or options held by the Corporation's CEO, the named executive officers and all officers and directors as a group.

Item 12. Security Ownership of Certain Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

As of September 30, 2015, URC knows no one who beneficially owns in excess of 5% of URC's common stock except as set forth in the table below.

Title of Class	Names and addresses of record owners and relationship with the Corporation	Name of beneficial owner and relationship with record owner	Citizenship	No. of Shares Held	% to Total Outstanding
Common	JG Summit Holdings, Inc. [1] 43/F Robinsons Equitable Tower, ADB Avenue corner Poveda Street, Ortigas Center, Pasig City (stockholder)	Same as record owner (See note 1)	Filipino	1,215,223,061	55.71 %
Common	PCD Nominee Corporation[2] (Non-Filipino) G/F Makati Stock Exchange Bldg. 6767 Ayala Ave., Makati City (stockholder)	PCD Participants and their clients (See note 2)	Non-Filipino	701,709,186 (See note 3)	32.17%
Common	PCD Nominee Corporation[2] (Filipino) G/F Makati Stock Exchange Bldg. 6767 Ayala Ave., Makati City (stockholder)	PCD Participants and their clients (See note 2)	Filipino	252,086,639	11.56%

1. As of September 30, 2015, Mr. John L. Gokongwei, Jr., Chairman Emeritus of JG Summit Holdings, Inc., (JGSHI), holds 816,917,160 common shares representing 11.41% of the total outstanding common shares of the said corporation. The Chairman and the President are both empowered under the By-Laws of JGSHI to vote any and all shares owned by JGSHI, except as otherwise directed by the Board of Directors. The incumbent Chairman and Chief Executive Officer and President and Chief Operating Officer of JGSHI are Mr. James L. Go and Mr. Lance Y. Gokongwei, respectively.

2. PCD Nominee Corporation is the registered owner of the shares in the books of the Corporation's transfer agent. PCD Nominee Corporation is a corporation wholly-owned by Philippine Depository and Trust Corporation, Inc. (formerly the Philippine Central Depository) ("PDTC"), whose sole purpose is to act as nominee and legal title holder of all shares of stock lodged in the PDTC. PDTC is a private corporation organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. Under the current PDTC system, only participants (brokers and custodians) will be recognized by PDTC as the beneficial owners of the lodged shares. Each beneficial owner of shares though his participant will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee.

3. Out of the PCD Nominee Corporation (Non-Filipino) account, "The Hongkong and Shanghai Banking Corp. Ltd. - Clients' Acct." and "Deutsche Bank Manila - Clients A/C" hold for various trust accounts the following shares of the Corporation as of September 30, 2015:

	No. of shares	% to Outstanding
The Hongkong and Shanghai Banking Corp. Ltd. - Clients' Acct.	236,999,425	10.86%
Deutsche Bank Manila - Clients A/C	207,850,894	9.53%

The securities are voted by the trustee's designated officers who are not known to the Corporation.

(2) Security Ownership of Management

Title of Class	Name of beneficial Owner	Position	Amount & nature of beneficial ownership	Citizenship	% to Total Outstanding
Named Executive Officers[1]					
Common	1. John L. Gokongwei, Jr.[2]	Director, Chairman Emeritus	2,479,401	Filipino	0.11%
Common	2. James L. Go	Director, Chairman	1	Filipino	*
Common	3. Lance Y. Gokongwei	Director, President & Chief Executive Officer	1	Filipino	*
-	4. Cornelio S. Mapa, Jr.	Executive Vice President	-	Filipino	-
-	5. Edwin S. Totanes	Vice President	-	Filipino	-
	Sub-Total		2,479,403		0.11%
Other Directors, Executive Officers and Nominees					
Common	6. Patrick Henry C. Go	Director, Vice President	45,540	Filipino	*
Common	7. Frederick D. Go	Director	11,501	Filipino	*
Common	8. Johnson Robert G. Go, Jr.	Director	1	Filipino	*
Common	9. Robert G. Coyiuto, Jr.	Director	1	Filipino	*
Common	10. Wilfrido E. Sanchez	Independent Director	1	Filipino	*
Common	11. Pascual S. Guerzon	Independent Director	1	Filipino	*
Common	12. Vincent Henry C. Go	Vice President	45,540	Filipino	*
Common	13. Anne Patricia C. Go	Vice President	8,855	Filipino	*
Common	14. Pamela R. Forshage	Vice President	9,000	US Citizen	*
Common	15. Michele F. Abellanosa	Vice President	2,190	Filipino	*
	Sub-Total		122,630		*
			2,602,033		0.12%

1. As defined under Part IV (B) (1) (b) of SRC Rule 12, the "named executive officers" to be listed refer to the Chief Executive Officer and those that are the four (4) most highly compensated executive officers as of September 30, 2015.
2. Sum of shares in the name of "John Gokongwei, Jr." for one (1) share and "Elizabeth Y. Gokongwei and/or John Gokongwei, Jr." for 2,479,400.

* less than 0.01%

(3) Voting Trust Holders of 5% or more

There are no persons holding more than 5% of a class under a voting trust or similar agreement.

Item 13. Certain Relationships and Related Transactions

The Company, in its regular conduct of business, had engaged in transactions with its major stockholder, JG Summit Holdings, Inc. and its affiliated companies. See Note 35 (Related Party Disclosures) of the Notes to Consolidated Financial Statements in the accompanying Audited Financial Statements filed as part of this Form 17-A.

PART IV - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits - See accompanying Index to Exhibits (page 117)

(b) Reports on SEC Form 17-C

UNIVERSAL ROBINA CORPORATION
LIST OF CORPORATE DISCLOSURES/REPLIES TO SEC LETTERS
UNDER SEC FORM 17-C
APRIL 1, 2015 TO SEPTEMBER 30, 2015

Date of Disclosure	Description
April 6, 2015	Clarification of news report “Gokongwei firms change fiscal year”
April 22, 2015	Change in time of the Annual Meeting of Stockholders to be held on May 27, 2015
May 6, 2015	Press Release “URC first half results posted double digit topline and operating income growth at 21.6% and 26.3%, respectively, mainly driven by branded foods”
May 28, 2015	Stockholders’ approval of merger of CFC Clubhouse Property, Inc. with and into URC
May 28, 2015	Stockholders’ approval of amendment to Articles of Incorporation
May 28, 2015	Results of Annual Meeting of Stockholders
May 28, 2015	Results of Organizational Meeting of the Board of Directors
June 30, 2015	SEC approval of amendment to Articles of Incorporation
August 7, 2015	Press Release “URC first nine months results posted double digit topline and operating income growth at 18.3% and 24.1%, respectively, mainly driven by branded foods”
September 2, 2015	Clarification of news report “URC recasts sales guidance, flags weaker currency a headwind”

SIGNATURES

Pursuant to the requirements of Section 17 of the SRC and Section 141 of the Corporation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of ________ on __________, 2016.

UNIVERSAL ROBINA CORPORATION
Issuer

Pursuant to the requirements of the Securities Regulation Code, this annual report has been signed by the following persons in the capacities and on the dates indicated.

By:

LANCE Y. GOKONGWEI
President and Chief Executive Officer
Date 01/08/2016

CONSTANTE T. SANTOS
Senior Vice President - Corporate Controller
Date 01/08/2016

ROSALINDA F. RIVERA
Corporate Secretary
Date 01/08/2016

SUBSCRIBED AND SWORN to before me this JAN 13 2016 day of _______, 2016 affiants exhibiting to me his/their Community Tax Certificates, as follows:

NAMES	C.T.CERT.NO.	DATE OF ISSUE	PLACE OF ISSUE
Lance Y. Gokongwei	34572291	01.21.2015	Pasig City
Constante T. Santos	34645646	03.11.2015	Pasig City
Rosalinda F. Rivera	SSS ID No. 33-2484959-1		

Doc. No. 416;
Page No. 84;
Book No. CCXXI
Series of 2016.

ATTY. RAMON L. CARPIO
NOTARY PUBLIC
Np-89 (2015-2016) Commission Expires Dec. 31, 2016
Roll of Attorneys No. 22172
IBP OR 1017229, 1/4/16, Quezon City
PTR No. 2148146, 1/4/16, Quezon City
TIN 106-918-897
MCLE IV-Compliance No. 000630, 6/19/13
Rm. 326 Dona Consolacion Bldg. Cubao, Quezon City

UNIVERSAL ROBINA CORPORATION

ANNUAL CORPORATE GOVERNANCE REPORT

As of December 31, 2015

TABLE OF CONTENTS

Page Number

A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	9

Actual number of Directors for the year	9

(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)	Elected when (Annual /Special Meeting)	No. of years served as director *(as of 2015)*	*No. of years served as director reckoning from the election immediately following January 2, 2012**
John L. Gokongwei, Jr.	ED	N/A	Erlinda de Jesus	1954	*May 27, 2015*	Annual Meeting	*61*	*3*
James L. Go	ED	N/A	Erlinda de Jesus	joined URC in 1964	*May 27, 2015*	Annual Meeting	*51*	*3*
Lance Y. Gokongwei	ED	N/A	Erlinda de Jesus	joined URC in 1988	*May 27, 2015*	Annual Meeting	*27*	*3*
Patrick Henry C. Go	ED	N/A	Erlinda de Jesus	January 17, 2000	*May 27, 2015*	Annual Meeting	*15*	*3*
Frederick D. Go	NED	N/A	Erlinda de Jesus	June 1, 2001	*May 27, 2015*	Annual Meeting	*14*	*3*
Johnson Robert G. Go, Jr.	NED	N/A	Erlinda de Jesus	May 5, 2005	*May 27, 2015*	Annual Meeting	*10*	*3*
Robert G. Coyiuto, Jr.	NED	N/A	Erlinda de Jesus	October 28, 2002	*May 27, 2015*	Annual Meeting	*13*	*3*
Wilfrido E. Sanchez	ID	N/A	Erlinda de Jesus (no relationship with nominator)	May 9, 1995	*May 27, 2015*	Annual Meeting	*20*	*3*
Pascual S. Guerzon	ID	N/A	Erlinda de Jesus (no relationship with nominator)	September 20, 2007	*May 27, 2015*	Annual Meeting	*8*	*3*

Note*:*-per SEC Memorandum Circular No. 9 Series of 2011*

Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

The Corporation adheres to the principles and practices of good corporate governance, as embodied in its Corporate Governance Manual, Code of Business Conduct and related SEC Circulars. In March 8, 2010, the Board of Directors approved the adoption of a revised Corporate Governance Manual, in accordance with SEC Memorandum Circular No.6 (Series of 2009) dated June 22, 2009. Continuous improvement and monitoring of governance and management policies have been undertaken to ensure that the Corporation observes good governance and management practices. This is to assure the shareholders that the Corporation conducts its business with the highest level of integrity, transparency and accountability. SEC Memorandum Circular No.5, Series of 2013 mandates all listed companies to submit an Annual Corporate Governance Report (ACGR). On July 30, 2013, the Corporation submitted its ACGR for the year 2012 to the SEC. Beginning January 30, 2011 in accordance with SEC Memorandum Circular No. 9, Series of 2014, the Corporation submits every year a Corporate Governance Disclosure Report to the PSE.

The Board has adopted the Revised Corporate Governance Manual in *June 22, 2015* for the Company. The Manual elaborates on the governance roles and responsibilities of the Board and its Directors. The Board ensures that all material information about the Company is disclosed to the public on a timely manner. The Board likewise is strongly committed to respect and promote the rights of stockholders in accordance with the Revised Corporate Governance Manual, the Company's Articles of Incorporation, and By-Laws.

The Board represents the shareholders' interests in its objective to continuously improve the value of the Corporation and to achieve a successful and long-term business. The Board believes that it has to be actively responsible to ensure that the Corporation is properly managed to attain this result. In addition to fulfilling its obligations for increased shareholder value, the Board has responsibility to other stakeholders as well – customers, employees, suppliers, financiers, government, business partners, and to the communities and environment it operates in, all of whom are important to a successful business.

How often does the Board review and approve the vision and mission?

The Board *shall annually* review and approve the vision and mission of the Company.

(b) Directorship in Other Companies

(i) Directorship in the Company's Group[1]

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
John L. Gokongwei, Jr.	JG Summit Holdings, Inc.	Executive
	Robinsons Land Corporation	Executive
	JG Summit Petrochemical Corporation	Executive
	JG Summit Olefins Corporation	Non-Executive
	Cebu Air, Inc.	Non-Executive
	JG Summit Capital Markets Corporation	Executive
	CFC Corporation	Executive
	Bio-Resource Power Generation Corporation	Executive
James L. Go	JG Summit Holdings, Inc.	Executive, Chairman
	Robinsons Land Corporation	Executive, Chairman
	JG Summit Petrochemical Corporation	Executive, Chairman
	JG Summit Olefins Corporation	Executive, Chairman
	Cebu Air, Inc.	Non-Executive
	JG Summit Capital Markets Corporation	Executive
	CFC Corporation	Executive
	Bio-Resource Power Generation Corporation	Executive
Lance Y. Gokongwei	JG Summit Holdings, Inc.	Executive

[1] The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

	Robinsons Land Corporation	Executive
	Cebu Air, Inc.	Executive
	JG Summit Petrochemical Corporation	Executive
	JG Summit Olefins Corporation	Executive
	Robinsons Bank Corporation	Executive, Chairman
	JG Summit Capital Markets Corporation	Executive
Lance Y. Gokongwei	CFC Corporation	Executive
	Bio-Resource Power Generation Corporation	Executive
Patrick Henry C. Go	JG Summit Petrochemical Corporation	Executive
	JG Summit Olefins Corporation	Executive
	JG Summit Holdings, Inc.	Non-Executive
	Robinsons Land Corporation	Non-Executive
	Robinsons Bank Corporation	Non-Executive
	CFC Corporation	Non-Executive
Frederick D. Go	Robinsons Land Corporation	Executive
	Robinsons Recreation Corporation	Executive
	Robinsons Bank Corporation	Executive
	Cebu Air, Inc.	Non-Executive
	JG Summit Petrochemical Corporation	Non-Executive
	JG Summit Olefins Corporation	Non-Executive
Johnson Robert G. Go, Jr.	JG Summit Holdings, Inc.	Non-Executive
	Robinsons Land Corporation	Non-Executive
Robert G. Coyiuto, Jr.	none	N/A
Wilfrido E. Sanchez	none	N/A
Pascual S. Guerzon	none	N/A

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
John L. Gokongwei, Jr.	A. Soriano Corporation	Non-Executive
	Oriental Petroleum and Minerals Corporation	Non-Executive
	Manila Electric Company	*Non-Executive*
	Robinsons Retail Holdings, Inc.	Executive
James L. Go	Oriental Petroleum and Minerals Corporation	Executive, Chairman
	Philippine Long Distance Telephone Company	Non-Executive
	Manila Electric Company	*Non-Executive*
	Robinsons Retail Holdings, Inc.	Executive
Lance Y. Gokongwei	Oriental Petroleum and Minerals Corporation	Non-Executive
	Manila Electric Company	*Non-Executive*
	Robinsons Retail Holdings, Inc.	Executive

Robert G. Coyiuto, Jr.	Oriental Petroleum and Minerals Corporation	Executive
Wilfrido E. Sanchez	EEI Corporation	Non-Executive
	House of Investments, Inc.	Non-Executive
	LT Group, Inc.	Independent
	Rizal Commercial Banking Corporation	Non-Executive

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
John L. Gokongwei, Jr.	JG Summit Holdings, Inc.	Director, Chairman Emeritus
James L. Go	JG Summit Holdings, Inc.	Director, Chairman and CEO
Lance Y. Gokongwei	JG Summit Holdings, Inc.	Director, President and COO
Patrick Henry C. Go	JG Summit Holdings, Inc.	Director
Johnson Robert G. Go, Jr.	JG Summit Holdings, Inc.	Director

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

The Board may consider the adoption of guidelines on the number of directorships that its members can hold in stock and non-stock Corporations. Guidelines observed are stated in Article *III* Section *A.8* of the Revised Corporate Governance Manual.

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	A Director shall exercise due discretion in accepting and holding directorships and officerships in other corporations. A Director may hold any number of directorships or officerships outside the Company provided that, in the Director's opinion, these other positions do not detract or compromise the Director's capacity to diligently perform his duties as a Director of the Company *and compliant with the limit that may be set by the Board.*	*The Board may consider the adoption of guidelines on the number of directorships that its members can hold in stock and non-stock Corporations.*
Non-Executive Director		
CEO		

(c) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

(As of December 31, 2015)

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
John L. Gokongwei, Jr. (Note 1)	*2,479,401*	*11,700,000 (thru Robina Gokongwei-Pe &/or Elizabeth Gokongwei)*	*0.65%*
James L. Go	*1*		*0.00%*
Lance Y. Gokongwei	*1*		*0.00%*
Patrick Henry C. Go	*45,540*		*0.00%*
Frederick D. Go	*11,501*		*0.00%*
Johnson Robert G. Go, Jr.	*1*		*0.00%*
Robert G. Coyiuto, Jr.	*1*		*0.00%*
Wilfrido E. Sanchez	*1*		*0.00%*
Pascual S. Guerzon	*1*		*0.00%*
TOTAL	*2,536,448*	*11,700,000*	*0.65%*

Note 1. Sum of shares in the name of "John Gokongwei, Jr." for one (1) share and "Elizabeth Y. Gokongwei and/or John Gokongwei, Jr." for 2,479,400.

2) Chairman and CEO

(a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes ✓ **No** ☐

Identify the Chair and CEO:

Chairman of the Board	James L. Go
CEO/President	Lance Y. Gokongwei

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

The roles of Chairman and the Chief Executive Officer (CEO) may be separated in order to foster an appropriate balance of power, increased accountability, and better capacity for independent decision-making by the Board. A clear delineation of functions should be made between the Chairman and CEO upon their election.

If the roles of Chairman and CEO are unified, the proper checks and balances shall be laid down to ensure that the Board gets the benefit of independent views and perspectives.

	Chairman	Chief Executive Officer
Role	1. Ensure that the meetings of the Board are held in accordance with the By-Laws or as the Chairman may deem necessary. 2. Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the Directors and Management.	*1. The CEO shall have general care, management and administration of the business operations of the Company. He shall ensure that: (a) the business and affairs of the Company are managed in a sound and prudent manner; and (b) operational, financial and internal*

	3. Maintain qualitative and timely lines of communication and information between the Board and Management. 4. *Provide leadership to the Board and ensure that the Board works effectively and performs its duties responsibly.*	*controls are adequate and effective to ensure reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets and compliance with laws, rules, regulations and contracts.* 2. *The CEO shall provide leadership for Management in developing and implementing business strategies, plans and budgets to the extent approved by the Board. He shall provide the Board with a balanced and understandable account of the Company's performance, financial condition, results of operations and prospects on a regular basis.*
Accountabilities	Please see above	Please see above
Deliverables	1. Agenda for meetings 2. Statement of Management's Responsibility for audited financial statements 3. SEC Form 17-A 4. SEC Form 17-Q 5. Other reports required by law	1. Statement of Management's Responsibility for audited financial statements 2. SEC Form 17-A 3. SEC Form 17-Q 4. Other reports required by law

3) Explain how the board of directors plans for the succession of the CEO/Managing Director/President and the top key management positions?

One of the Company's core organizational systems is the Advancement Planning (AP) system. The AP system is an on-going process of identifying, assessing, and developing talents to ensure leadership continuity for all key positions and providing opportunities for key talents to grow within the organization. Incumbents / identified successors are assessed on 2 elements: performance over time and potential. Moreover, each identified successor is assessed based on his/her level of readiness to occupy the higher role. Specific development interventions per successor are also identified as part of the process. Every year, the AP System is reviewed by HR and top management to check whether the planned development interventions took place, and if the level of readiness of identified successors has progressed, among others.

The Competency-Based System and Performance Management System are two other core organizational systems that allows the Company to properly utilize the Advanced Planning System.

4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

The Board, with the assistance of the Governance, Nomination and Election Committee, implements a nomination and election process to ensure that all shareholders are given the opportunity to nominate and elect directors and to ensure a mix of knowledge, expertise, experience and balance among independent, non-executive and executive competent Directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

Qualification for directorship requires that the director must have a practical understanding of the business of the Corporation and must be a member of good standing in relevant industry, business or professional organizations. The Company has non-executive directors that are well experienced that allow them to give objective views, perspectives, and decisions on matters raised to the Board.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role	A Director's Office is one of trust and confidence. A Director should act in the best interest of the Company in a manner characterized by transparency, accountability, and fairness. He should also exercise leadership, prudence, and integrity in directing the Company towards sustained progress. A Director should observe the following norms of conduct: 1. Conduct fair business transactions with the Company, and ensure that his personal interest does not conflict with the interests of the Company. The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position. A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Company, or stands to acquire or gain financial advantage at the expense of the Company.	Same	Same

	2. Devote the time and attention necessary to properly and effectively perform his duties and responsibilities. A director should devote sufficient time to familiarize himself with the Company's business. He should be constantly aware of and knowledgeable with the Company's operations to enable him to meaningfully contribute to the Board's work. He should attend *at least 75% of the Board meetings* and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation. 3. Act judiciously. Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request clarification. 4. Exercise independent judgment. A director should view each problem or situation objectively. If a disagreement with other Directors arises, he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. Corollary, he should support plans and ideas that he thinks are beneficial to the Company. 5. Have a working knowledge of the statutory and regulatory requirements that affect the Company, including its articles of incorporation and By-Laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies. A director should also keep abreast with industry developments and business trends in order to promote the Company's competitiveness.		

	6. Observe confidentiality. A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board. *On the other hand, a Director should not take advantage for himself and/or his related interests or benefit from knowledge which is not generally available to the market.* 7. Have a working knowledge of the Company's control systems. A director shall ensure the continuing soundness, effectiveness, and adequacy of the Company's control environment. 8. *Disclose to the Philippine Stock Exchange (PSE) and the Securities and Exchange Commission (SEC) the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This shall also include the disclosure of the Corporation's purchase of its shares from the market (e.g. share buy-back program).*		
Accountabilities	See above	See above	See above
Deliverables	1. Exercise the powers of the Board of Directors as stated in the By-Laws 2. Executes all resolutions and minutes of the meetings of the Board of Directors.	Exercise the powers of the Board of Directors as stated in the By-Laws	

Provide the company's definition of "independence" and describe the company's compliance to the definition.

of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in the Company and includes, among others, any person who:

1. Is not a director or officer or substantial stockholder of the Company or of its related companies or any of its substantial shareholders except when the same shall be an independent director of any of the foregoing;

2. Does not own more than two percent (2%) of the shares of the Company and/or its related companies or any of its substantial shareholders;
3. Is not a relative of any director, officer or substantial shareholder of the Company, any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
4. Is not acting as a nominee or representative of any director or substantial shareholder of the Company, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement;
5. Has not been employed in any executive capacity by the Company, any of its related companies and/or by any of its substantial shareholders within the last two (2) years;
6. Is not retained, either personally or through his firm or any similar entity, as professional adviser, by the Company, any of its related companies and/or any of its substantial shareholders, within the last two (2) years; or
7. Has not engaged and does not engage in any transaction with the Company and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and are immaterial.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

The Company complies with the Corporation Code, Securities Regulation Code, its by-laws and Corporate Governance Manual in the election of independent directors.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
Not applicable			

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	The By-Laws provides that the directors of the Company shall be elected by plurality vote at the annual meeting of the stockholders for the year at which a quorum is present. At each election for directors, every stock holder shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected, or to cumulate his votes	• Must own at least one share of the capital stock of the Company in his own name. • A majority of the directors must be residents of the Philippines. • He must not have been convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years or a violation of the Corporation Code,

	by giving one candidate as many votes as the number of such directors multiplied by the number of shares shall equal, or by distributing such votes as the same principle among any number of candidates.	committed within five years before the date of his election. • He must be of legal age.
(ii) Non-Executive Directors	The By-Laws provides that the directors of the Company shall be elected by plurality vote at the annual meeting of the stockholders for the year at which a quorum is present. At each election for directors, every stock holder shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected, or to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of shares shall equal, or by distributing such votes as the same principle among any number of candidates.	• Must own at least one share of the capital stock of the Company in his own name. • A majority of the directors must be residents of the Philippines. • He must not have been convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years or a violation of the Corporation Code, committed within five years before the date of his election. • He must be of legal age.
(iii) Independent Directors	1. The Nomination Committee (the "Committee") shall have at least three (3) members, one of whom is an independent director. It shall promulgate the guidelines or criteria to govern the conduct of the nomination. The same shall be properly disclosed in the Company's information or proxy statement or such other reports required to be submitted to the Commission. 2. Nomination of independent director/s shall be conducted by the Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees. 3. The Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent director/s. 4. After the nomination, the Committee shall prepare a Final List	An independent director shall have the following qualifications: 1.1. He shall have at least one (1) share of stock of the Company; 1.2. He shall be at least a college graduate or he has sufficient management experience to substitute for such formal education or he shall have been engaged or exposed to the business of the Company for at least five (5) years; 1.3. He shall be twenty one (21) years old up to seventy (70) years old, however, due consideration shall be given to qualified independent directors up to the age of eighty (80); 1.4. He shall have been proven to possess integrity and probity; and 1.5. He shall be assiduous.

	of Candidates which shall contain all the information about all the nominees for independent directors, as required under Part IV (A) and (C) of Annex "C" of SRC Rule 12, which list, shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the Company is required to submit to the Commission. The name of the person or group of persons who recommended the nomination of the independent director shall be identified in such report including any relationship with the nominee. 5. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as independent director/s. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained nor allowed on the floor during the actual annual stockholders' meeting. 6. Election of Independent Director/s 6.1. Except as those required under this Rule and subject to pertinent existing laws, rules and regulations of the Commission, the conduct of the election of independent director/s shall be made in accordance with the standard election procedures of the Company or its by-laws. 6.2. It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing independent director/s. He shall ensure that independent director/s	

	are elected during the stockholders' meeting. 6.3. Specific slot/s for independent directors shall not be filled-up by unqualified nominees. 6.4. In case of failure of election for independent director/s, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy	
b. Re-appointment		
(i) Executive Directors	Same process as stated above for the selection/appointment of Executive Directors	Same criteria as stated above for the selection/ appointment of Executive Directors
(ii) Non-Executive Directors	Same process as stated above for the selection/appointment of Non-Executive Directors	Same criteria as stated above for the selection/ appointment of Non-Executive Directors
(iii) Independent Directors	Same process as stated above for the selection/appointment of Independent Directors	Same criteria as stated above for the selection/ appointment of Independent Directors
c. Permanent Disqualification		
(i) Executive Directors		He must not have been convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years or a violation of the Corporation Code, committed within five years before the date of his election.
(ii) Non-Executive Directors		He must not have been convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years or a violation of the Corporation Code, committed within five years before the date of his election.
(iii) Independent Directors		No person convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election, shall qualify as an independent director. This is without prejudice to other disqualifications which the Company's Manual on Corporate Governance provides.
d. Temporary Disqualification		
(i) Executive Directors		The Board may provide for the temporary disqualification of a Director for any of the following reasons: 1.1. Refusal to comply with the

		disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists; 1.2. Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during said incumbency, unless the absence is due to illness, death in the immediate family, or serious accident. This disqualification applies for purposes of the succeeding election; 1.3. Dismissal/termination for cause as Director of any Company covered by this Code. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination. 1.4. If the beneficial equity ownership of an Independent Director in the Company or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with. 1.5. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final. A temporarily disqualified Director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.
(ii) Non-Executive Directors		The Board may provide for the temporary disqualification of a Director for any of the following reasons: 1.1. Refusal to comply with the disclosure requirements of the Securities Regulation Code and its

		Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists; 1.2. Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during said incumbency, unless the absence is due to illness, death in the immediate family, or serious accident. This disqualification applies for purposes of the succeeding election; 1.3. Dismissal/termination for cause as Director of any Company covered by this Code. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination. 1.4. If the beneficial equity ownership of an Independent Director in the Company or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with. 1.5. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final. 1.6. A temporarily disqualified Director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.
(iii) Independent Directors		He shall be disqualified during his tenure under the following instances or causes: 1.1. He becomes an officer or employee of the Company where he is such member of the board of directors/trustees, or becomes any of the persons enumerated under letter

		(A) hereof; 1.2. His beneficial security ownership exceeds two percent (2%) of the outstanding capital stock of the Company where he is such director; 1.3. Fails, without any justifiable cause, to attend at least 50% of the total number of Board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family; Such other disqualifications that the Corporate Governance Manual provides.
e. Removal		
(i) Executive Directors	1. It must take place either at a regular meeting or special meeting of the stockholders or members called for the purpose; 2. There must be previous notice to the stockholders or members of the intention to remove; 3. The removal must be by a vote of the stockholders representing 2/3 of Outstanding Capital Stock or 2/3 of members. 4. The director may be removed with or without cause unless he was elected by the minority, in which case, it is required that there is cause for removal.	
(ii) Non-Executive Directors	1. It must take place either at a regular meeting or special meeting of the stockholders or members called for the purpose; 2. There must be previous notice to the stockholders or members of the intention to remove; 3. The removal must be by a vote of the stockholders representing 2/3 of Outstanding Capital Stock or 2/3 of members. 4. The director may be removed with or without cause unless he was elected by the minority, in which	

	case, it is required that there is cause for removal.	
(iii) Independent Directors		In case of resignation, disqualification or cessation of independent directorship and only after notice has been made with the Commission within five (5) days from such resignation, disqualification or cessation, the vacancy shall be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum, upon the nomination of the Committee otherwise, said vacancies shall be filled by the stockholders in a regular or special meeting called for that purpose. An independent director so elected to fill a vacancy shall serve only for the unexpired term of his predecessor in office.
f. Re-instatement		
(i) Executive Directors	Same process as stated above for the selection/appointment of Executive Directors	Same criteria as stated above for the selection/ appointment of Executive Directors
(ii) Non-Executive Directors	Same process as stated above for the selection/appointment of Non-Executive Directors	Same criteria as stated above for the selection/ appointment of Non-Executive Directors
(iii) Independent Directors	Same process as stated above for the selection/appointment of Independent Directors	Same criteria as stated above for the selection/ appointment of Independent Directors
g. Suspension		
(i) Executive Directors	Same process as stated above for the removal of Executive Directors	
(ii) Non-Executive Directors	Same process as stated above for the removal of Non-Executive Directors	
(iii) Independent Directors	Same process as stated above for the removal of Independent Directors	Same criteria as stated above for the removal of Independent Directors

Voting Result of the last Annual General Meeting held on *May 27, 2015*

Name of Director	Votes Received
John L. Gokongwei, Jr.	*URC's AGM voting result is 70.22% which is more than the majority vote.*
James L. Go	
Lance Y. Gokongwei	
Patrick Henry C. Go	
Frederick D. Go	
Johnson Robert G. Go, Jr.	
Robert G. Coyiuto, Jr.	
Wilfrido E. Sanchez	
Pascual S. Guerzon	

6) Orientation and Education Program

(a) Disclose details of the company's orientation program for new directors, if any.

New directors receive appropriate orientation from the Corporate Secretary when first appointed to the Board. The directors are likewise given an orientation kit that includes the latest Annual Report, Definitive Information Statement, relevant disclosures to the SEC and PSE, Revised Corporate Governance Manual, related governance policies, etc. This is to ensure that new Directors become familiar with the Company's business and governance processes.

(b) State any in-house training and external courses attended by Directors and Senior Management[2] for the past three (3) years:

The John Gokongwei Institute for Leadership and Enterprise Development or JG-ILED is the integrated leadership platform for systematic and sustainable development programs of the conglomerate. JG-ILED was established in 2005 with the following objectives: to demonstrate the enterprise commitment to continued learning, organizational growth and career development; to enable leaders to develop strategies for competitiveness, and to develop and grow our employees and create a deep bench of talents.

Under JG-ILED is the Management Development Program (MDP) which aims to enhance the leadership capability and business acumen of all JGS leaders. The following are programs under MDP: Finance for Senior Executives, Strategic Communication Program, Executive Coaching Program, and Advanced Negotiation Skills. Our leadership core has attended these programs. Three new programs were launched recently, namely: Leading and Managing Change, Strategy Planning and Execution and Becoming People Leaders.

Aside from JG-ILED, key business units implement their respective and targeted continuing education programs for their key executives / managers.

(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
John L. Gokongwei, Jr.	*2015*	*Exempted*[3]	
	June 17, 2014	Creating Advantage Through Governance	SGV & Co.
	August 13, 2013	Lecture on Tax Updates	SGV & Co.
James L. Go	*2015*	*Exempted*[4]	
	June 17, 2014	Creating Advantage	SGV & Co.

[2] Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

[3] *The SEC resolved to grant the request of the Company for Mr. John L. Gokongwei, Jr. to be permanently exempted from the corporate governance training requirement as per memo dated November 12, 2015 signed by Director Justina F. Callangan.*

[4] *The SEC resolved to grant the request of the Company for Mr. James L. Go to be permanently exempted from the corporate governance training requirement as per memo dated November 12, 2015 signed by Director Justina F. Callangan.*

	  August 13, 2013	Through Governance Lecture on Tax Updates	 SGV & Co.
Lance Y. Gokongwei	*November 25, 2015* June 17, 2014 August 13, 2013	*Updates on Philippine Practices on Corporate Governance & Enterprise Risk Management* Creating Advantage Through Governance Lecture on Tax Updates	*SGV & Co.* SGV & Co. SGV & Co.
Patrick Henry C. Go	June 17, 2014 August 13, 2013	Creating Advantage Through Governance Lecture on Tax Updates	SGV & Co.
Pascual S. Guerzon	June 17, 2014 / August 13, 2013	Corporate Governance Seminar/ Lecture on Tax Updates	SGV & Co.
Frederick D. Go	Nov 25, 2015	Updates on Philippine Practice on Corporate Governance & Enterprise Risk Management	SGV & Co.
Johnson Robert G. Go, Jr.	August 13, 2013	Lecture on Tax Updates	SGV & Co.
Robert G. Coyiuto, Jr.	August 13, 2013	Lecture on Tax Updates	SGV & Co.
Wilfrido E. Sanchez	Nov 25, 2015	Updates on Philippine Practice on Corporate Governance & Enterprise Risk Management	SGV & Co.

B. CODE OF BUSINESS CONDUCT & ETHICS

1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
1. Conflict of Interest	The Company's Code of Business Conduct and Conflicts of Interest Policy require employees to make a conscious effort to avoid conflict of interest situations; that his judgment and discretion is not influenced by considerations of personal gain or benefit. A conflict of interest may also occur	Same	Same

	because of the actions, employment, or investments of an immediate family member of an employee.		
2. Conduct of Business and Fair Dealings	The Company's employees that recommend, endorse, or approve the procurement or sale of goods and services should make a conscious effort to avoid any conflict of interest situation in transactions that they are involved in.	Same	Same
3. Receipt of gifts from third parties	The Company discourage the acceptance of gifts. However, gifts like advertising novelties maybe given or accepted during the Christmas season. There is no restriction in the value of the gift accepted. However, accepted gift with estimated value over Php2,000 must be disclosed to the Conflicts of interest Committee.	Same	Same
4. Compliance with Laws & Regulations	The Company ensures that all transactions comply with relevant laws and regulations. Any deficiencies are immediately rectified.	Same	Same
5. Respect for Trade Secrets/Use of Non-public Information	The Company has policies that ensure proper and authorized disclosure of confidential information. Disclosures to the public can only be done after disclosure to the SEC and PSE by the Company's authorized officers.	Same	Same
6. Use of Company Funds, Assets and Information	Employees are required to safeguard Company resources and assets with honesty and integrity. Employees must ensure that these assets are efficiently, effectively, and responsibly utilized.	Same	Same
7. Employment & Labor Laws & Policies	The Company's Human Resources Unit ensures compliance with employment and labor laws and policies.	Same	Same
8. Disciplinary action	Violation of any provision of the Code of Business Conduct may result to disciplinary action, including dismissal and reimbursement for any loss to the Company that results from the employee's action. If appropriate, a violation may result in legal action against the employee or referral to the appropriate government authorities.	Same	Same
9. Whistle Blower	*Any employee may discuss or disclose in writing any concern on potential violation of the Code of Business Conduct with the Conflicts of Interest Committee. Reports or disclosures can be made in writing or by email using the following contact details:* *a. email address CICOM@jgsummit.com.ph* *b. fax number 395-2890* *c. mailing address* *Must be sent in a sealed envelope clearly marked*	Same	Same

	<u>"Strictly Private and Confidential-To Be Opened by Addressee Only". CICOM</u> *<u>JG Summit Holdings, Inc.</u>* *<u>44th Flr. Robinsons Equitable Tower</u>* *<u>ADB Avenue, Cor., Poveda Road,</u>* *<u>Pasig City</u>* *<u>The complaint shall be filed using the Complaint/Disclosure Form (CDF) available in the company website.</u>* *<u>All information received in connection with the reports or disclosures shall be strictly confidential and shall not be disclosed to any person without prior consent of CICOM.</u>*		
Conflict Resolution	The Conflicts of Interest Committee submits recommendations on courses of action to be taken on conflicts of interest situations. Decision is done by the Executive Committee.	Same	Same

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

Yes. The Company's Code of Business Conduct has been disseminated to all directors, senior management, and employees.

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

All new employees undergo an orientation program to familiarize themselves with the Code. Relevant disclosure and compliance statements are likewise secured prior employment or engagement with the Company. *<u>Further, all concerned employees of the Conglomerate are required to comply with the Annual Self-Disclosure Activity on an annual basis. Employees with the following position levels or functions are required to accomplish and submit the Handwritten Self-Disclosure Form (HSDF to the Business Unit or Corporate Human Resources within fifteen (15) days after the end of each calendar year:</u>*

- *<u>All employees in the managerial and executive levels;</u>*
- *<u>All employees with procurement, retail merchandising, CAPEX project management, and leasing functions;</u>*
- *<u>Technical specialists involved in CAPEX projects</u>*
- *<u>All employees involved in engineering fabrications (whether OPEX or CAPEX)</u>*

<u>Employees may also submit new HSDF anytime during the year if they would like to disclose new information to avoid potential conflict of interest.</u>

4) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company	The Company applies the "arm's-length principle" in transactions entered into with the Parent Company.
(2) Joint Ventures	Treated as arm's-length transaction
(3) Subsidiaries	Treated as arm's-length transaction
(4) Entities Under Common Control	Treated as arm's-length transaction
(5) Substantial Stockholders	Treated as arm's-length transaction
(6) Officers including spouse/children/siblings/parents	Treated as arm's-length transaction
(7) Directors including spouse/children/siblings/parents	Treated as arm's-length transaction
(8) Interlocking director relationship of Board of Directors	The Company, adopts by law, the rules pertaining to interlocking directors, as follows: a) If the interests of the interlocking director in the corporations are both substantial (stockholdings exceed 20% of outstanding capital stock) General Rule: A contract between two or more corporations having interlocking directors shall not be invalidated on that ground alone. Exception: If the contract is fraudulent or not fair and reasonable. b) If the interest of the interlocking director in one of the corporations is nominal while substantial in the other (stockholdings 20% or more), the contract shall be valid provided the following conditions are present: 1) The presence of such director in the board meeting in which the contract was approved was not necessary to constitute a quorum for such meeting; 2) That the vote of such director was not necessary for the approval of the contract; 3) That the contract is fair and reasonable under the circumstances. Where (1) and (2) are absent , the contract can be ratified by the vote of the stockholders representing at least 2/3 of the outstanding capital stock or by the vote of the stockholders representing at least 2/3 of the members in a meeting called for the purpose. Provided that: 1) Full disclosure of the adverse interest of the directors/trustees involved is made on such meeting; 2) The contract is fair and reasonable under the circumstances.

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

None.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	Not applicable
Name of Officer/s	Not applicable
Name of Significant Shareholders	Not applicable

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company	Entities and persons that wish to transact business with the Company are required to submit accreditation papers and undergo evaluation by designated committees that recommended accreditation. Disclosures of relationships are required.
Group	Same as above

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,[5] commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
None		

(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
JG Summit Holdings, Inc.	Parent Company	The Company, in its regular conduct of business, had engaged in transactions with its major stockholder, JG Summit Holdings, Inc., and its subsidiaries. Please refer to Note 35 (Related Party Transactions) of the Notes to the Audited Consolidated Financial Statements as of September 30, *2014*.

[5] Family relationship up to the fourth civil degree either by consanguinity or affinity.

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
None		

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

	Alternative Dispute Resolution System
Corporation & Stockholders	*The Board shall establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its stockholders, and the Corporation and third parties, including regulatory authorities.*
Corporation & Third Parties	For cases filed in court involving the corporation and third parties, the corporation submits itself to the court-ordered mediation and judicial dispute resolution process and exhaust all means therein to settle the controversy amicably. For contracts, the corporation includes a dispute resolution clause between the designated officers of the parties to the contract and an arbitration clause, in the event the former fails, as alternative dispute resolution.
Corporation & Regulatory Authorities	None. Regulatory matters are subject to strict adherence and compliance by corporations as they are governed by laws, rules, and regulations.

C. BOARD MEETINGS & ATTENDANCE

1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

These are scheduled before the beginning of the year.

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the fiscal year*	No. of Meetings Attended*	%
Member	John L. Gokongwei, Jr.	*Date of last election: May 27, 2015*	11	11	100.00%
Chairman	James L. Go	*Date of last election: May 27, 2015*	11	11	100.00%
Member	Lance Y. Gokongwei	*Date of last election: May 27, 2015*	11	11	100.00%
Member	Patrick Henry C. Go	*Date of last election: May 27, 2015*	11	10	90.91%

Member	Frederick D. Go	*Date of last election: May 27, 2015*	11	11	100.00%
Member	Johnson Robert G. Go, Jr.	*Date of last election: May 27, 2015*	11	11	100.00%
Member	Robert G. Coyiuto, Jr.	*Date of last election: May 27, 2015*	11	11	100.00%
Independent	Wilfrido E. Sanchez	*Date of last election: May 27, 2015*	11	11	100.00%
Independent	Pascual S. Guerzon	*Date of last election: May 27, 2015*	11	11	100.00%

Note: Fiscal year 2015 of URC is from October 1, 2014 to September 30, 2015

3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

No.

4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

A quorum at any meeting of the directors shall consist of a majority of the number of directors fixed in the Articles of Incorporation. A majority of such quorum shall decide any question that may come before the meeting and shall be considered a valid corporate act, except for the election of officers which shall require the vote of a majority of all the members of the Board. *Actual attendance of the Board of Directors for each of the meeting for the fiscal year 2015 exceeded two-thirds of the board members.*

5) Access to Information

(a) How many days in advance are board papers[6] for board of directors meetings provided to the board?

The notice and agenda of the meeting and other relevant meeting materials shall be furnished to the Directors at least five (5) business days prior to each meeting.

(b) Do board members have independent access to Management and the Corporate Secretary?

Yes. Board members have independent access to Management and the Corporate Secretary.

(c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc.?

The Secretary shall issue notices of all meetings, shall keep their minutes, and shall sign with the Chairman or the President the certificates of stock and such other instruments that require such signature. He shall record all the votes and proceedings of the stockholders and of the Directors in a book kept for that purpose. He shall have charge of the corporate seal of the Company. He shall keep at the principal office of the Company the stock and transfer book and therein keep a record of all the stock, the names of stockholders alphabetically arranged with the addresses to which notices may be sent, the installments paid and unpaid on all stock for which subscription has been made and the date of payment of any installment, a statement of every alienation, sale or transfer of stock made, the date hereof and by and to whom made. He shall perform such other duties

[6] Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

as may be properly delegated to him.

The Corporate Secretary shall:

1. Be loyal to the mission, vision, and objectives of the Company.
2. Work fairly and objectively with the Board, Management, and stockholders.
3. Be responsible for the safekeeping and preservation of the integrity of the minutes of the meeting of the Board and its Committees, as well as other official records of the Company.
4. Gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Company.
5. *Provide the Board of Directors the schedule of meetings before the start of the financial year and provide notice before every meeting.*
6. As to agenda, get a complete schedule thereof and put the Board on notice at least five (5) business days before every meeting.
7. Inform the members of the Board, in accordance with the By-Laws, of the agenda of their meetings *together with the rationale and explanation of each item in the agenda* and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval.
8. *Release to the Exchange the notice of Annual Shareholders' Meeting (ASM) with detailed agendas and explanatory circulars, at least twenty eight (28) days before the date of the meeting*.
9. Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so.
10. Ensure that all Board procedures, rules, and regulations are strictly followed by the members.
11. *Submit within five (5) business days from the end of the Corporation's fiscal year an advisement letter on the attendance of the Directors during Board meetings.*

(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

Yes.

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes ✓ **No** ☐

Committee	Details of the procedures
Executive Audit *and Risk Management* Governance, Nomination and *Election* Remuneration *and Compensation*	To enable the Directors to properly fulfill their duties and responsibilities, Management should provide the Directors with complete, adequate and timely information about the matters to be taken in their meetings. Reliance on information volunteered by Management would not be sufficient in all circumstances and further inquiries may have to be made by a Director to enable him to properly perform his duties and responsibilities. Hence, the Directors are given independent access to Management and to the Corporate Secretary. The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts, and internal financial documents.

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Procedures	Details
The Directors, either individually or as a Board, and in furtherance of their duties and responsibilities, shall have access to independent professional advice at the Company's expense.	*-same-*

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes	Reason
None		

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Based on the compensation structure and policies of the Company on salary adjustments, promotions and performance assessments	
(2) Variable remuneration	None	
(3) Per diem allowance	Each director shall receive a reasonable per diem for his attendance at meetings	
(4) Bonus	Determined upon achievement of performance-based matrix	
(5) Stock Options and other financial Instruments	None	
(6) Others (specify)	Rice, medicine allowance and leave credits	

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	Performance-based matrices		
Non-Executive Directors	Each director shall receive a reasonable per diem for his attendance at meetings		

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Remuneration Scheme	Date of Stockholders' Approval
Ratification of acts of the Board of Directors and its committees, officers and management	*May 27, 2015*
Ratification of acts of the Board of Directors and its committees, officers and management	May 12, 2014
Ratification of acts of the Board of Directors and its committees, officers and management	April 18, 2013

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

The summary compensation table, as set forth below, shows the aggregate compensation of the: (a) CEO and 4 most highly compensated executive officers; and (b) all other directors and officers as a group unnamed.

Name	Position	Actual - Fiscal Year			
		Salary	Bonus	Others	Total
A. CEO and Four (4) most highly compensated executive officers		*₽ 95,465,794*	*₽ 1,500,000*	*₽ 247,500*	*₽ 97,213,294*
1. John L. Gokongwei, Jr.	Director, Chairman Emeritus				
2. James L. Go	Director, Chairman				
3. Lance Y. Gokongwei	Director, President and Chief Executive Officer				
4. Cornelio S. Mapa, Jr.	Executive Vice President				
5. Edwin S. Totanes	Vice President				
B. All other officers and directors as a group unnamed		*₽ 114,178,953*	*₽ 3,000,000*	*₽ 397,500*	*₽ 117,576,453*

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	See above	See above	See above
(b) Variable Remuneration	See above	See above	See above
(c) Per diem Allowance	See above	See above	See above
(d) Bonuses	See above	See above	See above
(e) Stock Options and/or other financial instruments	See above	See above	See above
(f) Others (Specify)	See above	See above	See above
Total			

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances			
2) Credit granted			
3) Pension Plan/s Contributions	Please refer to the Notes to the Audited Consolidated Financial Statements as of September 30, 2015		
(d) Pension Plans, Obligations incurred	Please refer to the Notes to the Audited Consolidated Financial Statements as of September 30, 2015		
(e) Life Insurance Premium			
(f) Hospitalization Plan	Healthcare coverage and benefits are provided by the Company through a health maintenance organization		
(g) Car Plan			
(h) Others (Specify)			
Total			

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

Director's Name	Number of Direct Option/Rights/ Warrants	Number of Indirect Option/Rights/ Warrants	Number of Equivalent Shares	Total % from Capital Stock
Not applicable				

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
None		

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
Patrick O. Ng, Executive Vice President	See table in paragraph 3 above.
Cornelio S. Mapa, Jr., Executive Vice President	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	3	2	-	The Executive Committee may act by majority vote of its members, in the course of the normal business or businesses of the Company, on such matters within the competence of the Board, except with respect to: (i) approval of any action for which shareholders' approval is required; (ii) filling of vacancies in the Board of Directors; (iii) amendment or repeal of the By-Laws, or the adoption of new By-Laws of the Company; (iv) amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable; (v) declaration and distribution of cash dividends to shareholders; and (vi) any matter that may be limited by law or by the Board of Directors by the majority vote of its members.			
Audit *and Risk Management*	3	1	2	The Audit *and Risk Management* shall have the following functions: 1. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal controls, audit process and monitoring of compliance with applicable laws, rules and regulations. 2. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Company. This function may include regular receipt from Management of information on risk exposures and risk management activities. 3. Perform oversight functions over the Company's Internal and External Auditors. It should ensure that the			

				Internal and External Auditors are given reasonable access to all material records, properties and personnel to enable them to perform their respective audit functions. 4. Review the Annual Internal Audit Plan to ensure its conformity with the objectives of the Company. The Plan shall include the audit scope, resources and budget necessary to implement it. 5. *Recommend the appointment, re-appointment and removal of External Auditor.* 6. Prior to the commencement of the audit, discuss with the External Auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts. 7. Ensure the establishment of an Internal Audit Department and the appointment of a Corporate Auditor and the terms and conditions of its engagement and removal. 8. Monitor, evaluate *and confirm* the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security. 9. Review the reports submitted by the Internal and External Auditors. 10. Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following • any change/s in accounting policies and practices; • major judgmental areas; • *significant related party transactions;* • significant adjustments resulting from the audit; • going concern assumptions; • compliance with accounting standards; and • compliance with tax, legal and regulatory requirements. 11. Coordinate, monitor and facilitate compliance with laws, rules and regulations. 12. Evaluate and determine the non-audit work, if any, of the External Auditor, and review periodically the non-audit fees paid to the External Auditor in relation to their significance to the total annual income of the External Auditor and to the Company's overall

				consultancy expenses. The Committee shall disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. If the non-audit work is allowed, this should be disclosed in the Company's Annual Report. 13. Establish and identify the reporting line of the Corporate Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit *and Risk Management Committee.* 14. The Audit *and Risk Management Committee* shall ensure that, in the performance of the work of the Corporate Auditor, he shall be free from interference by outside parties.
Governance, Nomination *and Election*	3	1	1	*The Governance,* Nomination *and Election Committee shall be responsible for overseeing the development and implementation of corporate governance principles and policies and ensuring that the nomination and election of new members of the Board is transparent with the end objective of having the Board increase shareholder value and aligned with the Corporation's strategic direction. For this purpose, the Governance, Nomination and Election Committee shall:* : 1. Pre-screen, evaluate the qualifications and shortlist all candidates nominated to become a Director in accordance with pertinent provisions of the Articles of Incorporation and By Laws of the Company, as well as established guidelines on qualifications and disqualifications *and succession planning.* 2. Recommend guidelines in the selection of nominee/s for Director/s which may include the following based on the perceived needs of the Board at a certain point in time: a. Nature of the business of the corporations which he is a Director of b. Age of the Director nominee c. Number of directorships/active memberships and officerships in other corporations or organizations d. Possible conflict of interest 3. Recommend guidelines in the determination of the optimum number of directorships/ active memberships and officerships in other corporations allowable for Directors. The capacity of Directors to serve with diligence shall not be compromised.

				4. Recommend to the Board regarding the size and composition of the Board in view of long term business plans, and the needed appropriate skills and characteristics of Directors. 5. Assess the effectiveness of the Board's processes and procedures in the election or replacement of Directors. 6. *Assist the Board of Directors in performing the corporate governance duties in compliance with the Corporation's Manual, the Revised Code of Corporate Governance, the Corporate Governance Guidelines and the listing rules of the Philippines Stock Exchange.* 7. *Monitor, evaluate and confirm the Corporation's full compliance with the code of corporate governance and where there is non-compliance, identify and explain reasons for each such issue.* 8. *Use professional search firms or other external sources of candidates when searching for candidates to the Board or Management as deemed necessary.*
Remuneration *and Compensation*	3	1	1	The Remuneration and Compensation Committee recommends for Board approval a formal and transparent policy and system of remuneration and evaluation of the Directors and Management Officers. For this purpose, the Committee shall: 1. Recommend a formal and transparent procedure for developing a policy on executive remuneration and evaluation and for fixing the remuneration packages of Directors and Management Officers that is consistent with the Company's culture, strategy, and business environment. 2. Recommend the amount of remuneration, which shall be in a sufficient level to attract and retain Directors and Management Officers who are needed to run the Company successfully. 3. Disallow any Director to decide his remuneration. 4. Ensure that Full Business Interest Disclosure is part of the pre-employment requirements for all incoming Management Officers, which among others compel all Management Officers to declare under the penalty of perjury all of their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired. 5. Review recommendations concerning the existing Human Resources Development Handbook, with the objective of strengthening provisions on conflict of

				interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts. 6. Provide in the Company's Annual Reports, information and proxy statements a clear, concise and understandable disclosure of aggregate compensation of its Executive Officers for the previous fiscal year and the ensuing year as prescribed by the Commission or other regulatory agency.
Others (specify)	None			

2) Committee Members

(a) Executive Committee

Office	Name	Date of last Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee**	No. of years served as director reckoning from the election immediately following January 2, 2012*
Chairman	James L. Go	*Date of last appointment: May 27, 2015*				14 years	*3*
Member (ED)	John L. Gokongwei, Jr. Lance Y. Gokongwei	*Date of last appointment: May 27, 2015*				14 years 14 years	*3*
Member (NED)	Frederick D. Go Johnson Robert G. Go, Jr.	*Date of last appointment: May 27, 2015*				8 years 9 years	*3*

Note: **-per SEC Memorandum Circular No. 9 Series of 2011*
*** as of 2014*

(b) Audit *and Risk Management* Committee

Office	Name	Date of last Appointment	No. of Meetings Held***	No. of Meetings Attended***	%	Length of Service in the Committee**	No. of years served as director reckoning from the election immediately following January 2, 2012*
Chairman	Wilfrido E. Sanchez	*Date of last appointment: May 27, 2015*	*4*	*4*	*100%*	10 years	*3*
Member (ED)	John L. Gokongwei, Jr. James L. Go Lance Y. Gokongwei	*Date of last appointment: May 27, 2015*	*4*	*4*	*100%*	12 years 12 years 12 years	*3*
Member (NED)	Johnson Robert G. Go, Jr.	*Date of last appointment: May 27, 2015*	*4*	*4*	*100%*	9 years	*3*
Member (ID)	Pascual S. Guerzon	*Date of last appointment: May 27, 2015*	*4*	*4*	*100%*	6 years	*3*

Note: **-per SEC Memorandum Circular No. 9 Series of 2011*
***as of 2014*
**** for the year 2014*

Disclose the profile or qualifications of the Audit Committee members.

1. The Board establishes the Audit and Risk Management Committee and appoints the members of the Committee.
2. This Audit and Risk Management Committee reports functionally to the Board.
3. The Audit and Risk Management Committee shall be composed of at least three (3) members from the Board, at least one (1) of whom shall always be Independent Director. The Board shall ensure that each member should have adequate competence and/or experience on accounting, finance and audit to enable them to discharge their responsibilities.
4. The Board shall appoint an Independent Director as Committee Chairman.
5. The Audit and Risk Management Committee, as a body, shall have neither executive nor managerial powers and duties in the Company except those relating to the management of the Corporate Auditor.

Describe the Audit Committee's responsibility relative to the external auditor.

Following are the responsibilities of the Audit and Risk Management relative to the external auditor:

1. *Perform oversight functions over the Corporation's Internal and External Auditors. It should ensure that the Internal and External Auditors are given reasonable access to all material records, properties and personnel to enable them to perform their respective audit functions.*
2. *Recommend the appointment, re-appointment and removal of External Auditor.*
3. *Prior to the commencement of the audit, discuss with the External Auditor the nature, scope, and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.*
4. *Review the reports submitted by the Internal and External Auditors.*
5. *Evaluate and determine the non-audit work, if any, of the External Auditor, and review periodically the non-audit fees paid to the External Auditor in relation to their significance to the total annual income of the External Auditor and to the Corporation's overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. If the non-audit work is allowed, this should be disclosed in the Company's Annual Report.*

(c) ***Governance,*** Nomination ***and Election Committee***

Office	Name	Date of last Appointment	No. of Meetings Held***	No. of Meetings Attended***	%	Length of Service in the Committee**	*No. of years served as director reckoning from the election immediately following January 2, 2012**
Chairman	James L. Go	Date of last appointment: May 27, 2015	1	1	100%	12 years	3
Member (ED)	John L. Gokongwei, Jr. Lance Y. Gokongwei	Date of last appointment: May 27, 2015	1	1	100% 100%	12 years 12 years	3
Member (NED)	Johnson Robert G. Go, Jr.	Date of last appointment: May 27, 2015	1	1	100%	9 years	3
Member (ID)	Wilfrido E. Sanchez	Date of last appointment: May 27, 2015	1	1	100%	12 years	3

Note: **-per SEC Memorandum Circular No. 9 Series of 2011*
***as of 2014*
**** for the year 2014*

(d) Remuneration *and Compensation* Committee

Office	Name	Date of last Appointment	No. of Meetings Held***	No. of Meetings Attended***	%	Length of Service in the Committee **	*No. of years served as director reckoning from the election immediately following January 2, 2012**
Chairman	James L. Go	Date of last appointment: May 27, 2015	Discussed at Board meetings			12 years	3
Member (ED)	John L. Gokongwei, Jr. Lance Y. Gokongwei	Date of last appointment: May 27, 2015				12 years 12 years	3
Member (NED)	Johnson Robert G. Go, Jr.	Date of last appointment: May 27, 2015				9 years	3
Member (ID)	Pascual S. Guerzon	Date of last appointment: May 27, 2015				6 years	3

Note*: *-per SEC Memorandum Circular No. 9 Series of 2011*
***as of 2014*
**** for the year 2014*

(e) Others (Specify)

Provide the same information on all other committees constituted by the Board of Directors:

Office	Name	Date of last Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	None					
Member (ED)						
Member (NED)						
Member (ID)						
Member						

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Executive	None	
Audit *and Risk Management*		
Governance, Nomination *and Election Committee*		
Remuneration *and Compensation*		
Others (specify)		

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive		
Audit *and Risk Management*	Review of inventory management, revenue management, marketing activities, sales transactions, cash management, monitoring of ageing stocks, scrap materials disposal, quality control procedures.	No significant issues that would put the Company at major risk
Governance, Nomination *and Election Committee*	Recommendation of nominees to be included in the final list of independent directors	No significant issues that would put the Company at major risk
Remuneration *and Compensation*	Recommendation of budgets for merit increase and salary adjustments	No significant issues that would put the Company at major risk
Others (specify)	None	

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive		
Audit *and Risk Management*	Internal audit plan for the coming fiscal year	No significant issues that would put the Company at major risk
Governance, Nomination *and Election Committee*	Pre-screen qualifications of nominees for independent directors	No significant issues that would put the Company at major risk
Remuneration *and Compensation*	Review and evaluate existing remuneration policies and procedures	No significant issues that would put the Company at major risk
Others (specify)	None	

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

The Company aims to identify, measure, analyze, monitor, and control all forms of risks that would affect the Company.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

At the end of each calendar year, the Chief Executive Officer (CEO) and Chief Audit Executive (CAE) executes a written attestation that a sound internal audit, control and compliance system is in place and working effectively. The attestation is presented to and confirmed by the Audit and Risk Management during the meeting.

(c) Period covered by the review;

The Audit *and Risk Management* Committee periodically reviews the risk management system of the Company through its meetings and review of required reports.

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and

The adequacy of the risk management system is reviewed annually by the Audit *and Risk Management* Committee. On a quarterly basis, specific risk management processes and findings are reviewed and evaluated.

(e) Where no review was conducted during the year, an explanation why not.

Not applicable.

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.	The Company trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.	It is the Company's objective that losses are minimized due to credit risks.
Liquidity risk is the risk of not being able to meet funding obligations such as the repayment of liabilities or payment of asset purchases as they fall due.	The Company's liquidity management involves maintaining funding capacity to finance capital expenditures and service maturing debts, and to accommodate any fluctuations in asset and liability levels due to changes in the Company's business operations or unanticipated events created by customer behavior or capital market conditions. The Company maintains a level of cash and cash equivalents deemed sufficient to finance its operations. It also maintains a portfolio of highly marketable and diverse financial assets that assumed to be easily liquidated in the event of	To minimize risk of not being able to meet funding obligations.

	an unforeseen interruption of cash flow. The Group also has committed lines of credit that it can access to meet liquidity needs.	
Market risks • Interest rate risk • Foreign currency risk arises on financial instruments that are denominated in a foreign currency other than the functional currency in which they are measured. • Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of individual stocks.	The Company's exposure to market risk for changes in interest rates relates primarily to the Company's short-term and long-term debt obligations. The Company's policy is to manage its interest cost using a mix of fixed and variable rate debt. Prudent fund management is employed to minimize effects of fluctuations in interest and currency rates.	The Company seeks to maintain a square or minimal position on its foreign currency exposure
Business risks • Competition • Raw materials • Food safety concerns – The Company's business could be adversely affected by the actual or alleged contamination or deterioration of certain of its flagship products, or of similar products produced by third parties. • Mortalities – The Company's agro-industrial business is subject to risks of outbreaks of various diseases that could result to mortality losses. • Intellectual property rights • Weather and catastrophe – Weather condition may affect the Company's ability to obtain raw materials	The Company's ability to compete effectively includes continuous efforts in sales and marketing of its existing products, development of new products and cost rationalization. The Company's production operations depend upon obtaining adequate supplies of raw materials on a timely basis. To mitigate the risk of inadequate supplies, alternative sources of raw materials are used in the Company's operations. The Company ensures that the products are safe for human consumption, and that the Company conforms to standards and quality measures prescribed by regulatory bodies such as Bureau of Foods and Drugs, Sugar Regulatory Administration, Bureau of Animal Industry, and Department of Agriculture. Disease control measures are adopted by the Company to minimize and manage the risk. Security measures are continuously taken to protect its patents, licenses and proprietary formulae against	To minimize risks arising from competition, inadequate supply of raw materials, mortalities and regulatory issues.

and the cost of those raw materials. • Environmental laws and other regulations	infringement and misappropriation. The Company and its subsidiaries continually maintain sufficient inventory level to neutralize any shortfall of raw materials from major suppliers, whether local or imported. The Company is continually complying with environmental laws and regulations, such as the wastewater treatment plants as required by the Department of Environment and Natural Resources, to lessen the effect of these risks.	

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Credit risk	Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group transacts only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The Group has a counterparty credit risk management policy which allocates investment limits based on counterparty credit ratings and credit risk profile.	It is the Group's objective that losses are minimized due to credit risks.
Market risk	Market risk is defined as the possibility of loss due to adverse movements in market factors such as exchange rates and prices. Market risk is the risk of loss to future earnings, to fair value or future cash flows of a financial instrument as a result of changes in its price, in turn caused by	It is the Group's objective to minimize effects of market risk.

	changes in interest rates, foreign currency exchange rates, equity prices and other market factors.	
Foreign currency risk	Foreign currency risk arises on financial instruments that are denominated in a foreign currency other than the functional currency in which they are measured. The Group makes use of derivative financial instruments, such as currency swaps, to hedge foreign currency exposure.	The Group seeks to maintain a square or minimal position on its foreign currency exposure.
Interest rate risk	The Group's exposure to market risk for changes in interest rates relates primarily to the Parent Company's and its subsidiaries' long-term debt obligations which are subject to floating rate. The Group makes use of derivative financial instruments, such as interest rate swaps, to hedge the variability in cash flows arising from fluctuation in benchmark interest rates.	The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt.
Liquidity risk	Liquidity risk is the risk of not being able to meet funding obligations such as the repayment of liabilities or payment of asset purchases as they fall due. The Group's liquidity management involves maintaining funding capacity to finance capital expenditures and service maturing debts, and to accommodate any fluctuations in asset and liability levels due to changes in the Group's business operations or unanticipated events created by customer behavior or capital market conditions. The Group maintains a level of cash and cash equivalents deemed sufficient to finance its operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund-raising activities. Fund-raising activities may include obtaining	To minimize risk of not being able to meet funding obligations.

	bank loans and capital market issues both onshore and offshore.	

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
Due to statutory limitations on the obligations of majority shareholders with respect to minority shareholders, minority shareholders are subject to the risk of the exercise by the majority shareholders of their voting power. However, the Corporation Code provides for minority shareholders' protection in certain instances wherein a vote by the shareholders representing at least two-thirds of the Company's outstanding capital stock is required. The Corporation Code also grants shareholders an appraisal, right allowing a dissenting shareholder to require a corporation to purchase his shares in certain instances.

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Credit risk	The Credit and Collection Department (CCD) of the Company continuously provides credit notification and implements various credit actions, depending on the assessed risks, to minimize credit exposure. Receivable balances of trade customers are being monitored on a regular basis and appropriate credit treatments are executed for overdue accounts. Likewise, other receivable balances are also being monitored and subjected to appropriate actions to manage credit risk.	The Company trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.
Liquidity risk	As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, which may include obtaining bank loans and capital market issuance, both onshore and offshore.	The Company's liquidity management involves maintaining funding capacity to finance capital expenditures and service maturing debts, and to accommodate any fluctuations in asset and liability levels due to changes in the Company's business operations or unanticipated events created by customer behavior or capital market conditions. The Company maintains a level of cash and cash equivalents deemed sufficient to finance its

		operations. It also maintains a portfolio of highly marketable and diverse financial assets that assumed to be easily liquidated in the event of an unforeseen interruption of cash flow. The Group also has committed lines of credit that it can access to meet liquidity needs.

b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Credit risk	Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group transacts only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.	The Group has a counterparty credit risk management policy which allocates investment limits based on counterparty credit ratings and credit risk profile.
Market risk	Market risk is defined as the possibility of loss due to adverse movements in market factors such as exchange rates and prices. Market risk is present in both trading and non-trading activities. Market risk is the risk of loss to future earnings, to fair value or future cash flows of a financial instrument as a result of changes in its price, in turn caused by changes in interest rates, foreign currency exchange rates, equity prices and other market factors.	The Group makes use of derivative financial instruments to hedge against fluctuations in interest rates and foreign currency exposure.
Foreign currency risk	Foreign currency risk arises on financial instruments that are denominated in a foreign currency other than the functional currency in which they are measured.	The Group makes use of derivative financial instruments, such as currency swaps, to hedge foreign currency exposure.
Interest rate risk	The Group's exposure to market risk for changes in interest rates relates primarily to the Parent Company's and its subsidiaries' long-term debt obligations which are subject to floating rate.	The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt. The Group makes use of derivative financial instruments, such as interest rate swaps, to hedge the variability in cash

		flows arising from fluctuation in benchmark interest rates.
Liquidity risk	Liquidity risk is the risk of not being able to meet funding obligations such as the repayment of liabilities or payment of asset purchases as they fall due. The Group's liquidity management involves maintaining funding capacity to finance capital expenditures and service maturing debts, and to accommodate any fluctuations in asset and liability levels due to changes in the Group's business operations or unanticipated events created by customer behavior or capital market conditions.	The Group maintains a level of cash and cash equivalents deemed sufficient to finance its operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund-raising activities. Fund-raising activities may include obtaining bank loans and capital market issues.

c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions
Board of Directors (BOD)	The BOD of the Company and the respective BOD of each subsidiary are ultimately responsible for the oversight of the Group's risk management processes that involve identifying, measuring, analyzing, monitoring and controlling risks. Each BOD has created the board-level Audit *and Risk Management* Committee to spearhead the managing and monitoring of risks.	*The minimum internal control mechanisms for the performance of the Board's oversight responsibility may include:* 1. *Definition of the duties and responsibilities of the CEO;* 2. *Selection of the person who possesses the ability, integrity and expertise essential for the position of CEO;* 3. *Evaluation of proposed Senior Management appointments;* 4. *Evaluation of appointments of Management Officers; and* 5. *Review of the Corporation's human resource policies, conflict of interest situations, compensation program for employees and management succession plan.*
Audit *and Risk Management* Committee	The Audit *and Risk Management* Committee shall assist the Group's BOD in its fiduciary responsibility for the over-all effectiveness of risk management systems, and both the internal and external audit functions of the Group. Furthermore, it is also the AC's purpose to lead in the general evaluation and to provide	The Audit *and Risk Management* Committee aims to ensure that: a. financial reports comply with established internal policies and procedures, pertinent accounting and auditing standards and other regulatory requirements; b. risks are properly identified, evaluated and managed, specifically in the areas of

	assistance in the continuous improvements of risk management, control and governance processes.	managing credit, market, liquidity, operational, legal and other risks, and crisis management; c. audit activities of internal and external auditors are done based on plan, and deviations are explained through the performance of direct interface functions with the internal and external auditors; and d. the Group's BOD is properly assisted in the development of policies that would enhance the risk management and control systems.
Enterprise Risk Management Group (ERMG)	The ERMG was created to be primarily responsible for the execution of the enterprise risk management framework.	The ERMG's main concerns include: a. recommending risk policies, strategies, principles, framework and limits; b. managing fundamental risk issues and monitoring of relevant risk decisions; c. providing support to management in implementing the risk policies and strategies; and d. developing a risk awareness program.
Compliance Officer	The Compliance Officer assists the BOD in complying with the principles of good corporate governance.	He shall be responsible for monitoring actual compliance with the provisions and requirements of the Corporate Governance Manual and other requirements on good corporate governance, identifying and monitoring control compliance risks, determining violations, and recommending penalties on such infringements for further review and approval of the BOD, among others.

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company;

Internal Control System covers systematic measures which include reviews, checks and balances, methods and procedures. The Company conducts its business in an orderly and efficient manner, safeguards its assets and resources, deters and detects errors and fraud, ensures the accuracy and completeness of its accounting data, prepares reliable and timely financial and management information and complies with the Company policies and procedures.

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

The Board through the Audit *and Risk Management* Committee monitors, evaluates and annually confirms the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security.
The Company understands that the primary responsibility for the design, implementation and maintenance of internal control rest on Management; while the Board and its Audit *and Risk Management* Committee oversee actions of Management and monitor the effectiveness of controls put in place.

Audit *and Risk Management* Committee's purpose is to lead in the general evaluation and to provide assistance in the continuous improvements of risk management, control and governance processes. Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security. And this committee meets quarterly and as often as necessary.

(c) Period covered by the review;

Preceding financial year.

(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and

Every quarter, the *Corporate* Internal Audit reports to the Audit *and Risk Management* Committee the summary of results of audit engagements / reviews and audits covering operational units of the Company and specific areas identified by Management. Material issues and its remedial measures, as reported by the *Corporate* Internal Audit group are monitored by Management and Audit *and Risk Management* Committee.

(e) Where no review was conducted during the year, an explanation why not.

Not applicable.

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
Corporate Internal Audit's role is to provide an independent, objective assurance and consulting services within the	Scope of internal audit includes the examination and evaluation of the Company's risk management, controls, and	In-house	Mr. Emmanuel B. De Pano	Corporate Internal Audit, headed by Corporate Audit Executive, reports functionally to the Audit *and Risk Management*

Company designed to add value and improve the Company's operations.	processes.			Committee of the Board of Directors.

(b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

The Audit and Risk Management Committee ensures the establishment of an Internal Audit Department and the appointment of a Corporate Auditor and the terms and conditions of its engagement and removal.

(c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

The *Corporate* Internal Auditor functionally reports directly to the Audit *and Risk Management* Committee. As such, the Audit *and Risk Management* Committee establishes and identifies the reporting line of the *Corporate* Internal Auditor to enable the *Corporate* Internal Audit Group to properly fulfill its duties and responsibilities. The Audit *and Risk Management* Committee ensures that, in the performance of the work of the Internal Audit, said group shall be free from interference by outside parties.

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Name of Audit Staff	Reason
None	Not applicable

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	On-going
Issues[7]	No significant issues that would put the Company at major risk.
Findings[8]	No significant findings that would put the Company at major risk.
Examination Trends	No significant examination trends were noted.

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

1) **Preparation of an audit plan inclusive of timeline and milestones;**
2) **Conduct of examination based on the plan;**
3) **Evaluation of the progress in the implementation of the plan;**
4) **Documentation of issues and findings as a result of the examination;**
5) **Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;**
6) **Conduct of the foregoing procedures on a regular basis.]**

[7] "Issues" are compliance matters that arise from adopting different interpretations.
[8] "Findings" are those with concrete basis under the company's policies and rules.

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

Policies & Procedures	Implementation
The Internal Auditor submits to the Audit *and Risk Management* Committee quarterly reports of the highlights of the audit engagements and a semi-annual report of the internal audit's activities and performance relative to the audit plans and strategies as approved by the Audit *and Risk Management* Committee. The Internal Auditor submits the yearly Audit plans to the Audit *and Risk Management* Committee who approves the same. Quarterly, the former reports to the latter the highlights of the audit engagements. On a monthly basis, audit plans are monitored and any changes in the audit plans are reported by the Audit teams to the Internal Auditor, who in turn updates the Audit *and Risk Management* Committee. At the end of each calendar year, the Chief Executive Officer (CEO) and Chief Audit Executive (CAE) executes a written attestation that a sound internal audit, control and compliance system is in place and working effectively. The attestation is presented by the CAE during the Audit *and Risk Management* Committee meeting. *The attestation is presented to and confirmed by the Audit and Risk Management during the meeting.*	Implemented

(g) Mechanism and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
To provide independence of the Internal Audit Group, the Chief Audit Executive reports directly to the Audit *and Risk Management*	The Company and its officers, staff and any other person who are privy to the material non-public information are prohibited to communicate material	The Company and its officers, staff and any other person who are privy to the material non-public information are prohibited to communicate material	The Company and its officers, staff and any other person who are privy to the material non-public information are prohibited to communicate material

Committee in a manner outlined in the Audit Charter. The Audit *and Risk Management* Committee performs oversight functions over the Company's internal and external auditors. It should act independently from each other and that both auditors are given unrestricted access to records, properties and personnel to enable them to perform their respective audit functions. *The Board evaluates and determines the non-audit work, if any, of the External Auditor, and review periodically the non-audit fees paid to the External Auditor in relation to their significance to the total annual income of the External Auditor and to the Corporation's overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. If the non-audit work is allowed, this should be disclosed in the Corporation's Annual Report.*	non-public information about the Company to any person, unless the Company is ready to simultaneously disclose the material non-public information to the Commission and to the Exchanges except if the disclosure is made to: • A person who is bound by duty to maintain trust and confidence to the Company such as but not limited to its auditors, legal counsels, investment bankers, financial advisers; and • A person who agrees in writing to maintain in strict confidence the disclosed material information and will not take advantage of it for his personal gain.	non-public information about the Company to any person, unless the Company is ready to simultaneously disclose the material non-public information to the Commission and to the Exchanges except if the disclosure is made to: • A person who is bound by duty to maintain trust and confidence to the Company such as but not limited to its auditors, legal counsels, investment bankers, financial advisers; and • A person who agrees in writing to maintain in strict confidence the disclosed material information and will not take advantage of it for his personal gain.	non-public information about the Company to any person, unless the Company is ready to simultaneously disclose the material non-public information to the Commission and to the Exchanges except if the disclosure is made to: • A person who is bound by duty to maintain trust and confidence to the Company such as but not limited to its auditors, legal counsels, investment bankers, financial advisers; and • A person who agrees in writing to maintain in strict confidence the disclosed material information and will not take advantage of it for his personal gain.

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

Compliance with the principles of good governance is one of the objectives of the Board of Directors. To assist the Board in achieving this purpose, the Board has designated a Compliance Officer, who reports to the Chairman, who shall be responsible for monitoring the actual compliance of the Company with the provisions and requirements of good governance, identifying and monitoring control compliance risks, determining violations, and recommending penalties for such infringements for further review and approval of the Board, among others. *The Governance, Nomination and Election Committee shall monitor, evaluate and confirm the Corporation's full compliance with the code of corporate governance and where there is non-compliance, identify and explain reasons for each such issue.*

H. ROLE OF STAKEHOLDERS

1) **Disclose the company's policy and activities relative to the following:**

	Policy	Activities
Customers' welfare	The Company has Customer Relations Policy and procedures to ensure that customers' welfare are protected and questions addressed	Customers are informed of the Company's customer relations contacts to ensure that their welfare and questions are addressed.
Supplier/contractor selection practice	We have Supplier Accreditation Policy to ensure that the Company's suppliers and contractors are qualified to meet its commitments to the Company.	Suppliers and contractors undergo accreditation and orientation on Company policies.
Environmentally friendly value-chain	The Company complies with government mandated policies on the environment.	Required environment management systems and energy management are rigidly complied with by the Company.
Community interaction	The Company focuses on uplifting the socio-economic condition of the country through education.	The Company partners with organizations that promote education of Filipinos through grants, endowments, scholarships, and educational facilities.
Anti-corruption programs and procedures?	The Company has policies that cover Business Conduct, Conflict of Interest Policy, Offenses Subject to Disciplinary Action Policy, among others.	New employees are oriented regarding policies and procedures related to Business Conduct and similar policies. All employees are given periodic reminders. *Further, all concerned employees of the Conglomerate are required to comply with the Annual Self-Disclosure Activity on an annual basis.*
Safeguarding creditors' rights	*The Company upholds creditors' right by honoring contracted obligations and providing information required under the Revised Disclosure Rules and the Securities Regulation Code, if applicable, audited financial statements prepared compliant with applicable financial reporting standards, and other periodic reports*	There is regular communication with creditors through briefings and the like.

	compliant with the provisions of law, loan covenants and other regulatory requirements. *This policy aims to:* *1. Provide the guiding principles to ensure protection of creditors' rights.* *2. To identify the duties of responsible departments in protecting the rights of creditors.* *This policy shall cover the documentation, reporting and disclosure requirements to promote transparency for the protection of the rights of creditors of the Company.*	

2) **Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?**

The Company's Corporate Responsibility Report is part of the Annual Report.

3) **Performance-enhancing mechanisms for employee participation.**

(a) What are the company's policy for its employees' safety, health, and welfare?

The Company abides by safety, health, and welfare standards and policies set by the Department of Labor and Employment. Likewise, the Company has Security and Safety Manuals that are implemented and regularly reviewed to ensure the security, safety, health, and welfare of the employees in the work place.

Moreover, the Company has the following policies in placed to promote the advocacy of employees' safety, health and welfare:

- *Drug-Free Workplace*
- *Workplace Policy on the Prevention and Control of HIV and AIDS, Hepatitis B and Tuberculosis*
- *Retirement Program*
- *Company and Government Mandated Leaves*
- *Compensation and Benefits*

(b) Show data relating to health, safety and welfare of its employees.

To ensure that the employees of the Company maintain a healthy balance between work and life, health and wellness programs are organized for these employees. Professionals are invited to conduct classes of Zumba, Tai Chi, and other activities in our work site. The Company has also partnered with fitness gyms to offer special membership rates to employees. This is in addition to the free use of gym facilities in the different installations.

Year on year, the Company has facilitated vaccinations such as against flu and cervical cancer that are offered not only to employees but to their dependents as well. The Company has worked with healthcare providers in identifying top diseases based on utilization report and has invited resource speakers to talk about preventive measures.

To ensure the safety of the Company's employees, a Corporate Emergency Response Team (CERT) has been created that will be activated and will become the "command center", orchestrating initiatives across the conglomerate during a crisis. Also, the CERT shall be responsible for the periodic review of contingency plans and the institution's emergency preparedness and response procedures to ensure that effective responses and responsible policies are in place to deal with crisis or emergency situations.

(c) State the company's training and development programs for its employees. Show the data.

The Company continuously provides learning and development opportunities for its employees through the John Gokongwei Institute for Leadership and Enterprise Development or what is commonly known as JG-ILED.

JG-ILED is the leadership platform for systematic and sustained development programs across the conglomerate. Its mission is to enable a high performing organization that will facilitate the learning process and develop the intellectual and personal growth of all employees through targeted and customized trainings and development programs.

JG-ILED curriculum comprises of the following:

Core Program – programs designed to ensure employees have the foundation needed to perform job effectively. It also covers key people skills training that will help supervisors and managers in leading their teams to perform to the optimum level.

- Basic Management Program (BMP)
- Coaching for Effectiveness (CFE)
- Problem Solving and Decision Making (PSDM)
- Employee Discipline Program (EDP)
- Achieving Customer Service Excellence (ACSE)

Management Development Program – program that aims to enhance the leadership capability and business acumen of all JGS leaders.

- Finance for Senior Executives
- Strategic Communication Program
- Executive Coaching Program
- Advanced Negotiation Skills
- Leading and Managing Change
- Strategy Planning and Execution
- Becoming People Leaders

Human Resources Development Program – courses designed to ensure employees have a common understanding of the HR processes and systems by which the Company operates.

- Job Evaluation
- Competency-Based System
- Organization Design and Manpower Planning
- Labor Relations Management
- Performance Management System
- Targeted Selection – Competency Based Interviewing

(d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

The Company has policies on annual merit increase, *promotion* and salary adjustments that are tied-up to the employees' performance assessments.

The Company promotes a culture of recognition and value for key and high performing employees who demonstrate excellence at the workplace. Recognition programs are maximized to promote and reinforce behavior that are consistent with the values and desired culture of the Company.

Performance will be the main driver for total rewards. Rewards programs are therefore differentiated across businesses and among employees according to their contributions and levels of performance with a significant share given to high performers.

The Company provides adequate benefits to cover the needs of its employees, where possible, through shared accountability between the Company and its employees.

The rewards philosophy adopts an integrated approach, embodied by the 3Ps in compensation: Pay for the Position, Pay for the Performance, and Pay for the Person. The Company Pays for the Position through its job evaluation system. It Pays for Performance through its performance management system which is linked to its merit increases. The Company Pays for the Person through its competency-based and succession planning systems.

4) **What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behavior? Explain how employees are protected from retaliation.**

Employees can submit complaints to the Conflict of Interest Committee (CICOM) or any officer of the Company who would relay said complaints to the Committee. Reports or disclosures can be made in writing or by email using the following contact details:

	Details
a. email address	*CICOM@jgsummit.com.ph*
b. fax number	*395-2890*
c. mailing address *Must be sent in a sealed envelope clearly marked "Strictly Private and Confidential-To Be Opened by Addressee Only"*	*CICOM* *JG Summit Holdings, Inc.* *44th Flr. Robinsons Equitable Tower* *ADB Avenue, Cor., Poveda Road, Pasig City*

The complaint shall be filed using the Complaint/Disclosure Form (CDF) which will be available in the Company Website. All information received in connection with the reports or disclosures shall be strictly confidential and shall not be disclosed to any person without prior consent of CICOM.

Protection from Retaliation

The Company commits to protect those who report in good faith from retaliation, harassment and even informal pressures. It will take the necessary and appropriate action to do so in its enforcement. A Whistleblower, who on account of his Complaint, is subjected to actual or threatened retaliation or harassment, shall be afforded protection in accordance with the applicable company policies.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

(As of December 31, 2015)

Shareholder	Number of Shares	Percent	Beneficial Owner
JG Summit Holdings, Inc.	*1,215,223,061*	*55.71%*	Same as record owner
PCD Nominee Corporation (Non-Filipino)	*705,765,610*	*32.35%*	PCD Participants and their clients
PCD Nominee Corporation (Filipino)	*248,100,675*	*11.37%*	PCD Participants and their clients

(As of December 31, 2015)

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
John L. Gokongwei, Jr. Elizabeth Gokongwei &/or John L. Gokongwei, Jr.	1 2,479,400	11,700,000 (through Robina Gokongwei-Pe &/or Elizabeth Gokongwei)	0.65%
James L. Go	1	-	0.00%
Lance Y. Gokongwei	1	-	0.00%
Patrick Henry C. Go	45,540	-	0.00%
Frederick D. Go	11,501	-	0.00%
Johnson Robert G. Go, Jr.	1	-	0.00%
Robert G. Coyiuto, Jr.	1	-	0.00%
Wilfrido E. Sanchez	1	-	0.00%
Pascual S. Guerzon	1	-	0.00%
Vincent Henry C. Go	45,540	-	0.00%
Anne Patricia C. Go	8,855	-	0.00%
Pamela J. Forshage	*9,000*	-	0.00%
Michele F. Abellanosa	*2,190*	-	0.00%
TOTAL	*2,602,033*	11,700,000	0.65%

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	No
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes

Training and/or continuing education programs attended by each director/commissioner	No
Number of board of directors/commissioners meetings held during the year	No
Attendance details of each director/commissioner in respect of meetings held	No
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

The number of Board meetings and attendance details are reported annually to the Commission in a separate disclosure. Details of remuneration are indicated in the Definitive information Statement that is likewise disclosed annually or as needed.

3) **External Auditor's fee**

Name of auditor	Audit Fee	Non-audit Fee
Sycip, Gorres Velayo & Co.	*₱ 7,740,000*	₱-

4) **Medium of Communication**

List down the mode/s of communication that the company is using for disseminating information.

The following modes of communication are being used by the Company to disseminate information:

- Electronic and regular mail
- Telecommunication facilities
- Hard copy of documents
- Website

5) **Date of release of audited financial report:**

The Audited Consolidated Financial Statements for the fiscal year ended September 30, 2015 was submitted to the SEC on January 13, 2016.

6) **Company Website**

Does the company have a website disclosing up-to-date information about the following?

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	Yes
Shareholding structure	Yes
Group corporate structure	Yes
Downloadable annual report	Yes
Notice of AGM and/or EGM	Yes
Company's constitution (company's by-laws, memorandum and articles of association)	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

7) **Disclosure of RPT**

RPT	Relationship	Nature	Value
Year 2015 The Board of Directors of Universal Robina Corporation ("URC") approved on March 10, 2015 the merger of CFC Clubhouse Property, Inc. ("CCPI") with and into URC. CCPI is a wholly-owned subsidiary of URC and is one of the major suppliers of flexible packaging materials for URC's snacks and beverages division. The proposed merger is expected to benefit URC in the reduction of expenses through the economies of scale, centralized administration and greater efficiency. Details are included in the SEC Form 17-C filed by URC on March 11, 2015.			
Year 2014 See Related Party Transactions of the Notes to the Audited Consolidated Financial Statements for the fiscal year ended September 30, 2014.			

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

Transactions between related parties are based on terms similar to those offered to non-related parties.

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	A majority of the subscribed and outstanding capital, present in person or represented by proxy, shall be sufficient at a stockholders' meeting to constitute a quorum for the election of directors and for the transaction of any business whatsoever, except in those cases in which the Corporation Code requires the affirmative vote of a greater proportion.

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Included in the agenda of the stockholders' meeting
Description	Every stockholder shall be entitled to vote for each share of stock held by him, which shall be by viva voce or show of hands.

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

None

Stockholders' Rights under The Corporation Code	**Stockholders' Rights <u>not</u> in The Corporation Code**
Stockholders' rights concerning Annual/Special Stockholders' Meeting are in accordance with the provisions stated in the Corporation Code.	*<u>The stockholders' rights concerning Annual/Special Stockholders' Meeting are consistent with those laid down in the Corporation Code</u>*.

Dividends

Declaration Date	**Record Date**	**Payment Date**
<u>February 6, 2015</u>	<u>February 26, 2015</u>	<u>March 24, 2015</u>

(d) Stockholders' Participation

1. **State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.**

Measures Adopted	**Communication Procedure**
Stockholders are given the opportunity to ask questions during the stockholders' meeting.	1. Stockholders are provided with disclosures, announcements and reports filed with the SEC and PSE through public records, press statements and the Company's website. 2. The Corporate Secretary shall: *a)* *<u>Inform the members of the Board, in accordance with the By-Laws, of the agenda of their meetings together with the rationale and explanation of each item in the agenda and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval.</u>* *b)* *<u>Release to the Exchange the notice of Annual Shareholders' Meeting (ASM) with detailed agendas and explanatory circulars, at least twenty eight (28) days before the date of the meeting.</u>* The notice of the meeting includes the date, time, venue and agenda of the meeting, the record date of stockholders entitled to vote, and the date and place of proxy validation.

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:

- **a. Amendments to the company's constitution**
- **b. Authorization of additional shares**
- **c. Transfer of all or substantially all assets, which in effect results in the sale of the company**

The Company complies with the provisions of the Corporation Code and the Securities Regulation Code on the above matters.

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?

The Company released to the Exchange the notice of Annual Shareholders' Meeting (ASM) with detailed agendas and explanatory circulars, at least twenty eight (28) days before the date of the meeting. The Company complies with the SRC Rule 20 (Disclosures to stockholders prior to meeting) which provides that the information statement, including the notice of meeting, shall be distributed to stockholders at least 15 business days before the date of the stockholders' meeting. The relevant dates pertaining to the last annual stockholders' meeting of the Company is set forth below:

a. Date of sending out notices: May 6, 2015

b. Date of the Annual/Special Stockholders' Meeting: May 27, 2015

4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

The usual questions asked during stockholders' meetings pertain to dividends and disclosures made in the audited financial statements of the Company.

5. Result of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining
Election of Board of Directors	More than a majority vote	Not applicable	Less than 1%
Election of External Auditor	More than a majority vote	Not applicable	Less than 1%

Name of Director	Votes Abstain
John L. Gokongwei, Jr.	less than 1%
James L. Go	
Lance Y. Gokongwei	
Patrick Henry C. Go	
Frederick D. Go	
Johnson Robert G. Go, Jr.	
Robert G. Coyiuto, Jr.	
Wilfrido E. Sanchez	
Pascual S. Guerzon	

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

The results of the resolutions approved by the stockholders at the annual meeting of the stockholders of the Company held on *May 27, 2015* were disclosed to the Philippine Stock Exchange on *May 27, 2015* and to the Securities and Exchange Commission on *May 27, 2015.*

Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Modifications	Reason for Modification
None	

(e) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	1. John L. Gokongwei, Jr. 2. James L. Go 3. Lance Y. Gokongwei 4. Patrick Henry C. Go 5. Frederick D. Go 6. Wilfrido E. Sanchez 7. Pascual S. Guerzon 8. Cornelio Mapa, Jr. 9. Chona R. Ferrer 10.Edwin S. Totanes 11.Vincent Henry C. Go 12. Renato P. Cabati 13.Anne Patricia C. Go 14. Sonia A. Zablan 15. Ma. Victoria M. Reyes-Beltran 16. Michael P. Liwanag 17. Rosalinda F. Rivera 18. Socorro ML. Banting 19. Arlene S. Denzon	*May 27, 2015*	By *viva voce* or show of hands	*0.65%*	*78.36%*	*79.01%*

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

Yes, the stock transfer agent of the Company.

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

Yes

(f) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	The By-Laws provides that stockholders may vote at all meetings the number of shares registered in their respective names, either in person or by proxy, duly given in writing and duly presented to and received by the Secretary for inspection and recording not later than five (5) working days before the time set for the meeting, except such period shall be reduced to one (1) working day for meetings that are adjourned due to lack of the necessary quorum. No proxy bearing a signature which is not legally acknowledged by the Secretary shall be honored at the meetings.
Notary	Not required
Submission of Proxy	See above.
Several Proxies	Not applicable
Validity of Proxy	The By-Laws provides that proxies shall be valid and effective for five (5) years, unless the proxy provides for a shorter period, and shall be suspended for any meeting wherein the stockholder appears in person.
Proxies executed abroad	Not applicable
Invalidated Proxy	
Validation of Proxy	Validation of proxies shall be held at the date, time and place as may be stated in the notice of the stockholders' meeting, which shall not be later than five (5) working days before the time set for the meeting.
Violation of Proxy	Any violation of this Rule on Proxy shall be subject to the administrative sanctions provided for under Section 144 of the Corporation Code and Section 54 of the Securities Regulation Code, and shall render the proceedings null and void.

(g) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	**Procedure**
The Company complies with the SRC Rule 20 (Disclosures to stockholders prior to meeting) which provides that the information statement, including the notice of meeting, shall be distributed to stockholders at least 15 business days before the date of the stockholders' meeting.	By courier and by mail *The Notice of Annual Stockholders' meeting (with agenda explanation) was posted in the Exchange on April 29, 2015.*

(h) **Definitive Information Statements and Management Report**

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	*1,055*
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	*May 6, 2015*
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	*May 6, 2015*
State whether CD format or hard copies were distributed	CD format
If yes, indicate whether requesting stockholders were provided hard copies	There was no request received for hard copies

(i) **Does the Notice of Annual/Special Stockholders' Meeting include the following:**

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	Yes
The amount payable for final dividends.	Yes
Documents required for proxy vote.	The Company does not solicit proxy votes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) **State the company's policies with respect to the treatment of minority stockholders.**

Policies	Implementation
The Company recognizes that the strongest proof of good corporate governance is what is publicly seen and experienced by its stockholders. Therefore, the following provisions are issued for the guidance of all internal and external parties concerned, as governance covenant between the Company and all its stockholders. The Board shall be committed to respect the following rights of the stockholders in accordance with the Corporation Code and the Company's Articles of Incorporation and By-Laws: • Right to Vote on All Matters that Require Their	Implemented

Consent or Approval • Right to Inspect Corporate Books and Records • Right to Information • Right to Dividends • Appraisal Right The Board shall be transparent and fair in the conduct of the annual and special stockholders meetings of the Company. The stockholders shall be encouraged to personally attend such meetings. If they cannot attend, they shall be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the By-Laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor. It shall be the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for violation of their rights. The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.	

(b) Do minority stockholders have a right to nominate candidates for board of directors?

Yes

K. INVESTORS RELATIONS PROGRAM

1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

- Major Company announcements are reviewed by the President and Chief Executive Officer prior release to the public.
- For internal communication, the Company uses email, newsletters, annual state of the business meeting etc.
- For external communication:
    - For financial press release, it is written by Investor Relations and reviewed by Controllers for data accuracy and approved by the President and CEO prior to release. It is then forwarded to the Corporate Secretary for filing in SEC and to Corporate Communications to be sent to the media.
    - For marketing initiated press release, it is written by Corporate Communications and reviewed and approved by Marketing.

2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details	
(1) Objectives	• Effectively communicate the Company's business model, performance, and long-term strategies and prospects to stakeholders and external parties. • Furnish timely, reliable and useful information to the capital market. • Enable the public to understand the nature of the different divisions of the business, investment story, as well as the operating and financial risks • Facilitate interaction between management, existing and potential stockholders; open up access to management • Ensure compliance to all rules and regulations of the PSE and SEC and other parties (regulatory and legal) • Broaden and diversify shareholder base • Achieve fair valuation for the Company against its peers and benchmark indices	
(2) Principles	Transparency, accessibility, timeliness and accuracy	
(3) Modes of Communications	Investor Relations	o One-on-one meetings o Road shows and conferences o Plant/on-site visits o Quarterly briefings o Financial press releases o Updated website o IR materials (presentations, transcripts, annual report)
	Corporate Communications	o Press releases o Press conference/ media interviews
(4) Investors Relations Officer	Mr. Michael P. Liwanag Vice President Corporate Planning and Investor Relations T +632.6337631 loc. 396 / +632.4703919 | IR@urc.com.ph	

3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

- The transaction must create value to the market.
- The transaction must be value-accretive.

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

The Company actively evaluates potential mergers and acquisitions. Once URC management believes that the transaction is in-line with the Company's strategies and will be value-accretive based on internal valuation and analysis, the board appoints an independent party to evaluate the fairness of the transaction price.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary
Calamity Drive: Donations in-kind were given to those affected by natural calamities through non-governmental organizations	
Feeding Program: GMA Plants - Rosario plant partnered with their Barangay officials for the feeding program. They were able to provide the children of the neighboring barangay with nutritious snacks. Also, they checked the health condition and progress of the children by monitoring their monthly body weight. El Salvador (CDO) - The plant partnered with URC EEM Coop to conduct feeding program to surrounding community.	Sitio Putol, Pasig Barangay Himaya
Gift Giving: GMA Plants - MCD plant partnered with Bagumbayan Pre-school during their Halloween Party and gave goodies to 100 children.	Bagumbayan Pre-school, Quezon City
"Brigada Skwela": Calamba - The plant partnered with San Cristobal elementary school in support to their back to the school programs. They helped in the cleaning and repainting of the classrooms. San Pedro - The Plant EMC (Haring Manok) partnered with elementary schools and supported the Brigada Eskwela or back to school clean up drive of public schools where the plant operates.	San Cristobal Elementary School, Calamba Laguna San Antonio Elementary School, San Pedro Laguna
Food Safety Lecture: Calamba - The plant initiated a lecture on basic food handling and safety. This is to help eliminate food contamination that can lead to diseases.	Barangay San Cristobal, Calamba Laguna
Clean up Drive: Pampanga - The Plant participated in the city government's initiative to maintain the city's cleanliness and raise awareness on the benefits of proper waste segregation by cleaning identified areas especially near rivers and creeks. Assigned area was the creek near the plant's location.	Pampanga Community

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors	The Board may create an internal self-rating system that can measure the performance of the Board and Management in accordance with the criteria provided for in the Corporate Governance Manual. The creation and implementation of such self-rating system, including its salient features, may be disclosed in the Company's Annual Report.	
Board Committees	The Audit *and Risk Management* Committee conducts an annual performance evaluation in compliance with SEC Memorandum Circular No. 4, Series of 2012.	Guidelines for the assessment of the performance of Audit *and Risk Management* Committees of companies listed on the exchange under SEC Memorandum Circular No. 4, Series of 2012.
Individual Directors		
CEO/President		

N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

Violations	Sanctions
First Violation	The subject person shall be reprimanded.
Second Violation	Suspension from office shall be imposed to the subject person. The duration of the suspension shall depend on the gravity of the violation.
Third Violation	The maximum penalty of removal from office shall be imposed.

The above answers are based on company records and information given by relevant officers of the Company.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

FORM 17- A, Item 7

UNIVERSAL ROBINA
CORPORATION
110 E. RODRIGUEZ, JR. AVENUE, BAGUMBAYAN, QUEZON CITY, PHILIPPINES 1600, P.O. Box 3542 MM 2800 - P.O. BOX 99-AC CUBAO, QUEZON CITY
TEL. 635-0751 TO 85 / 671-2935 TO 42

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of Universal Robina Corporation and Subsidiaries is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended September 30, 2015 and 2014, including the additional components attached therein, in accordance with the Philippine Financial Reporting Standards indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

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

JAMES L. GO
Chairman

LANCE Y. GOKONGWEI
President and
Chief Executive Officer

CONSTANTE T. SANTOS
SVP - Corporate Controller

JAN 1 3 2016

SUBSCRIBED AND SWORN to before me this ___ day of January, 2016 affiant(s) exhibiting to me his/their Community Tax Certificates as follows:

NAMES	C.T. CERT. NO.	DATE OF ISSUE	PLACE OF ISSUE
James L. Go	34572293	01.27.15	Pasig City
Lance Y. Gokongwei	34572291	01.27.15	Pasig City
Constante T. Santos	34645646	03.11.15	Pasig City

Doc No. 917
Page No. 84
Book No. CCXXI
Series of 2016

ATTY. RAMON L. CARPIO
NOTARY PUBLIC
Np-89 (2015-2016) Commission Expires Dec. 31, 2016
Roll of Attorneys No. 22172
IBP OR 1017229, 1/4/16, Quezon City
PTR No. 2148146, 1/4/16, Quezon City
TIN 106-918-897
MCLE IV-Compliance No. 000630, 6/19/13
Rm. 326 Dona Consolacion Bldg. Cubao, Quezon City

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

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

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

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Universal Robina Corporation
110 E. Rodriguez Avenue
Bagumbayan, Quezon City

We have audited the accompanying consolidated financial statements of Universal Robina Corporation and Subsidiaries, which comprise the consolidated statements of financial position as at September 30, 2015 and 2014, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended September 30, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Universal Robina Corporation and Subsidiaries as at September 30, 2015 and 2014, and their financial performance and their cash flows for each of the three years in the period ended September 30, 2015 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Aris C. Malantic
Partner
CPA Certificate No. 90190
SEC Accreditation No. 0326-AR-3 (Group A),
May 1, 2015, valid until April 30, 2018
Tax Identification No. 152-884-691
BIR Accreditation No. 08-001998-54-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5321657, January 4, 2016, Makati City

January 8, 2016

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30	
	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents (Note 7)	**₱18,298,379,441**	₱10,076,223,083
Financial assets at fair value through profit or loss (Note 8)	**401,701,602**	476,260,026
Receivables (Notes 10 and 35)	**10,833,224,194**	9,319,201,703
Inventories (Note 11)	**16,034,613,897**	15,129,022,837
Biological assets (Note 15)	**1,177,607,861**	1,278,304,318
Other current assets (Note 12)	**835,739,493**	3,976,999,288
	47,581,266,488	40,256,011,255
Noncurrent Assets		
Property, plant and equipment (Note 13)	**38,831,973,783**	34,407,755,976
Available-for-sale financial assets (Note 14)	**40,880,000**	21,720,000
Biological assets (Note 15)	**444,722,865**	455,817,612
Goodwill (Note 16)	**14,706,811,446**	793,415,185
Intangible assets (Note 16)	**7,281,943,040**	475,000,000
Investments in joint ventures (Note 17)	**494,242,502**	441,223,735
Investment properties (Note 18)	**53,518,151**	57,175,938
Deferred tax assets (Note 33)	**597,598,936**	404,393,056
Other noncurrent assets (Note 19)	**714,124,310**	608,694,233
	63,165,815,033	37,665,195,735
TOTAL ASSETS	**₱110,747,081,521**	₱77,921,206,990
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other accrued liabilities (Notes 21 and 35)	**₱13,166,618,909**	₱11,246,038,503
Short-term debt (Notes 20 and 23)	**845,285,468**	4,327,990,825
Trust receipts and acceptances payable (Notes 11 and 23)	**4,620,725,913**	4,412,695,949
Income tax payable	**2,079,280,260**	1,181,335,804
	20,711,910,550	21,168,061,081
Noncurrent Liabilities		
Long-term debt (Notes 22 and 23)	**21,869,680,961**	–
Deferred tax liabilities (Note 33)	**2,409,483,361**	463,982,054
Other noncurrent liabilities (Notes 9 and 32)	**396,378,358**	262,167,555
	24,675,542,680	726,149,609
	45,387,453,230	21,894,210,690

(Forward)

	September 30	
	2015	2014
Equity		
Equity attributable to equity holders of the parent		
Paid-up capital (Note 23)	**₱19,056,685,251**	₱19,056,685,251
Retained earnings (Note 23)	**48,628,034,035**	42,789,191,854
Other comprehensive income (Note 24)	**3,326,070,120**	330,447,069
Equity reserve (Note 23)	**(5,075,466,405)**	(5,556,531,939)
Treasury shares (Note 23)	**(670,386,034)**	(670,386,034)
	65,264,936,967	55,949,406,201
Equity attributable to non-controlling interests (Notes 17 and 23)	**94,691,324**	77,590,099
	65,359,628,291	56,026,996,300
TOTAL LIABILITIES AND EQUITY	**₱110,747,081,521**	₱77,921,206,990

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended September 30		
	2015	2014	2013
SALE OF GOODS AND SERVICES (Notes 6 and 35)	**₱109,051,029,911**	₱92,376,296,512	₱80,995,215,642
COST OF SALES (Notes 25 and 35)	**73,801,435,482**	64,005,377,917	57,776,004,285
GROSS PROFIT	**35,249,594,429**	28,370,918,595	23,219,211,357
Selling and distribution costs (Note 26)	**(14,622,882,337)**	(11,731,419,823)	(10,646,381,015)
General and administrative expenses (Notes 27 and 35)	**(3,253,291,465)**	(2,520,327,424)	(2,293,782,850)
OPERATING INCOME	**17,373,420,627**	14,119,171,348	10,279,047,492
Finance costs (Notes 6, 20 and 31)	**(1,277,553,002)**	(150,409,978)	(266,033,395)
Finance revenue (Notes 6, 7, 8, 12, 14 and and 30)	**277,180,388**	228,860,833	529,639,680
Net foreign exchange gains (losses)	**(265,211,087)**	72,777,508	(156,974,222)
Equity in net income (loss) of joint ventures (Note 17)	**(206,481,238)**	14,089,730	19,244,938
Market valuation gain (loss) on financial assets and derivative financial instruments at fair value through profit or loss (Note 8)	**(214,624,256)**	62,525,954	473,300,902
Impairment losses (Notes 6, 10, 11 and 16)	**(109,938,204)**	(122,272,279)	(28,900,348)
Gain on sale of investments (Notes 8 and 14)	**–**	–	735,172,736
Other income (expenses) - net	**179,676,001**	2,772,817	(34,726,375)
INCOME BEFORE INCOME TAX	**15,756,469,229**	14,227,515,933	11,549,771,408
PROVISION FOR INCOME TAX (Note 33)	**3,251,547,641**	2,572,223,919	1,432,441,798
NET INCOME	**₱12,504,921,588**	₱11,655,292,014	₱10,117,329,610
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the parent (Note 34)	**₱12,383,347,980**	₱11,558,709,746	₱10,044,555,499
Non-controlling interests (Note 17)	**121,573,608**	96,582,268	72,774,111
	₱12,504,921,588	₱11,655,292,014	₱10,117,329,610
EARNINGS PER SHARE (Note 34)			
Basic/diluted, for income attributable to equity holders of the parent	**₱5.68**	₱5.30	₱4.60

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended September 30		
	2015	2014	2013
NET INCOME	**₱12,504,921,588**	₱11,655,292,014	₱10,117,329,610
OTHER COMPREHENSIVE INCOME (LOSS)			
Items to be reclassified to profit or loss in subsequent periods:			
Cumulative translation adjustments (Note 24)	**2,982,525,738**	218,282,351	458,152,713
Unrealized gain (loss) on available-for- sale financial assets (Notes 14 and 24)	**19,160,000**	–	(650,504,738)
Unrealized loss on cash flow hedge	**(1,449,501)**	–	–
	3,000,236,237	218,282,351	(192,352,025)
Item not to be reclassified to profit or loss in subsequent periods:			
Remeasurement losses on defined benefit plans (Notes 24 and 32)	**(8,330,068)**	(88,717,012)	(239,816,807)
Income tax effect	**2,499,020**	26,615,104	71,945,042
	(5,831,048)	(62,101,908)	(167,871,765)
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	**2,994,405,189**	156,180,443	(360,223,790)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**₱15,499,326,777**	₱11,811,472,457	₱9,757,105,820
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the parent	**₱15,378,971,031**	₱11,714,687,614	₱9,684,980,972
Non-controlling interests	**120,355,746**	96,784,843	72,124,848
	₱15,499,326,777	₱11,811,472,457	₱9,757,105,820

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED SEPTEMBER 30, 2015, 2014 AND 2013

	Attributable to Equity Holders of the Parent																
	Paid-up Capital (Note 23)			**Retained Earnings** (Note 23)				**Other Comprehensive Income (Loss)**									
								Items to be reclassified to profit or loss in subsequent periods				**Item not to be reclassified to profit or loss in subsequent periods**					
	Capital Stock	**Additional Paid-in Capital**	**Total Paid-up Capital**	**Unappropriated Retained Earnings**	**Appropriated Retained Earnings**	**Total Retained Earnings**	**Equity Reserve** (Note 23)	**Cumulative Translation Adjustments** (Note 24)	**Net Unrealized Gain (Loss) on Available-For-Sale Investments** (Notes 14 and 24)	**Unrealized loss on cash flow hedge**	**Total**	**Remeasurement Losses on Defined BenefitPlans**	**Total Other Comprehensive Income (Loss)** (Note 24)	**Treasury Shares** (Note 23)	**Total**	**Attributable to Non-controlling Interests** (Notes 17 and 23)	**Total Equity**
Balances as at October 1, 2014	**₱2,227,638,933**	**₱16,829,046,318**	**₱19,056,685,251**	**₱42,789,191,854**	**₱–**	**₱42,789,191,854**	**(₱5,556,531,939)**	**₱819,382,429**	**₱–**	**₱–**	**₱819,382,429**	**(₱488,935,360)**	**₱330,447,069**	**(₱670,386,034)**	**₱55,949,406,201**	**₱77,590,099**	**₱56,026,996,300**
Net income for the year	**–**	**–**	**–**	**12,383,347,980**	**–**	**12,383,347,980**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**12,383,347,980**	**121,573,608**	**12,504,921,588**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,982,525,738**	**19,160,000**	**(1,449,501)**	**3,000,236,237**	**(4,613,186)**	**2,995,623,051**	**–**	**2,995,623,051**	**(1,217,862)**	**2,994,405,189**
Total comprehensive income	**–**	**–**	**–**	**12,383,347,980**	**–**	**12,383,347,980**	**–**	**2,982,525,738**	**19,160,000**	**(1,449,501)**	**3,000,236,237**	**(4,613,186)**	**2,995,623,051**	**–**	**15,378,971,031**	**120,355,746**	**15,499,326,777**
Cash dividends (Note 23)	**–**	**–**	**–**	**(6,544,505,799)**	**–**	**(6,544,505,799)**	**–**	**–**	**–**	**–**	**–**		**–**	**–**	**(6,544,505,799)**	**(128,839,987)**	**(6,673,345,786)**
Sale of equity interest in a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**481,065,534**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**481,065,534**	**25,585,466**	**506,651,000**
Appropriation of retained earnings	**–**	**–**	**–**	**(2,000,000,000)**	**2,000,000,000**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Balances as at September 30, 2015	**₱2,227,638,933**	**₱16,829,046,318**	**₱19,056,685,251**	**₱46,628,034,035**	**₱2,000,000,000**	**₱48,628,034,035**	**(₱5,075,466,405)**	**₱3,801,908,167**	**₱19,160,000**	**(₱1,449,501)**	**₱3,819,618,666**	**(₱493,548,546)**	**₱3,326,070,120**	**(₱670,386,034)**	**₱65,264,936,967**	**₱94,691,324**	**₱65,359,628,291**
Balances as at October 1, 2013	₱2,227,638,933	₱16,829,046,318	₱19,056,685,251	₱37,774,987,907	₱–	₱37,774,987,907	(₱5,556,531,939)	₱601,100,078	₱–	₱–	₱601,100,078	(₱426,630,877)	₱174,469,201	(₱670,386,034)	₱50,779,224,386	₱50,805,256	₱50,830,029,642
Net income for the year	–	–	–	11,558,709,746	–	11,558,709,746	–	–	–	–	–	–	–	–	11,558,709,746	96,582,268	11,655,292,014
Other comprehensive income	–	–	–	–	–	–	–	218,282,351	–	–	218,282,351	(62,304,483)	155,977,868	–	155,977,868	202,575	156,180,443
Total comprehensive income	–	–	–	11,558,709,746	–	11,558,709,746	–	218,282,351	–	–	218,282,351	(62,304,483)	155,977,868	–	11,714,687,614	96,784,843	11,811,472,457
Cash dividends (Note 23)	–	–	–	(6,544,505,799)	–	(6,544,505,799)	–	–	–	–	–	–	–	–	(6,544,505,799)	(70,000,000)	(6,614,505,799)
Balances as at September 30, 2014	₱2,227,638,933	₱16,829,046,318	₱19,056,685,251	₱42,789,191,854	₱–	₱42,789,191,854	(₱5,556,531,939)	₱819,382,429	₱–	₱–	₱819,382,429	(₱488,935,360)	₱330,447,069	(₱670,386,034)	₱55,949,406,201	₱77,590,099	₱56,026,996,300
Balances as at October 1, 2012	₱2,227,638,933	₱16,829,046,318	₱19,056,685,251	₱27,966,037,047	₱5,000,000,000	₱32,966,037,047	(₱5,556,531,939)	₱142,947,365	₱650,504,738	₱–	₱793,452,103	(₱259,408,375)	₱534,043,728	(₱670,386,034)	₱46,329,848,053	₱34,680,408	₱46,364,528,461
Net income for the year	–	–	–	10,044,555,499	–	10,044,555,499	–	–	–	–	–	–	–	–	10,044,555,499	72,774,111	10,117,329,610
Other comprehensive income	–	–	–	–	–	–	–	458,152,713	(650,504,738)	–	(192,352,025)	(167,222,502)	(359,574,527)	–	(359,574,527)	(649,263)	(360,223,790)
Total comprehensive income	–	–	–	10,044,555,499	–	10,044,555,499	–	458,152,713	(650,504,738)	–	(192,352,025)	(167,222,502)	(359,574,527)	–	9,684,980,972	72,124,848	9,757,105,820
Appropriation of retained earnings	–	–	–	(6,000,000,000)	6,000,000,000	–	–	–	–	–	–	–	–	–	–	–	–
Reversal of previous appropriations	–	–	–	11,000,000,000	(11,000,000,000)	–	–	–	–	–	–	–	–	–	–	–	–
Cash dividends (Note 23)	–	–	–	(5,235,604,639)	–	(5,235,604,639)	–	–	–	–	–	–	–	–	(5,235,604,639)	(56,000,000)	(5,291,604,639)
Balances as at September 30, 2013	₱2,227,638,933	₱16,829,046,318	₱19,056,685,251	₱37,774,987,907	₱–	₱37,774,987,907	(₱5,556,531,939)	₱601,100,078	₱–	₱–	₱601,100,078	(₱426,630,877)	₱174,469,201	(₱670,386,034)	₱50,779,224,386	₱50,805,256	₱50,830,029,642

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended September 30		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱15,756,469,229**	₱14,227,515,933	₱11,549,771,408
Adjustments for:			
Depreciation and amortization of:			
Property, plant and equipment (Note 13)	**4,647,276,393**	3,881,652,509	3,617,945,589
Intangibles (Note 16)	**59,039,487**	–	–
Investment properties (Note 18)	**3,657,787**	3,657,787	3,657,787
Finance costs (Note 31)	**1,277,553,002**	150,409,978	266,033,395
Finance revenue (Note 30)	**(277,180,388)**	(228,860,833)	(529,639,680)
Net foreign exchange losses (gains)	**265,211,087**	(72,777,508)	156,974,222
Impairment losses on:			
Inventories (Note 11)	**104,636,876**	103,876,120	28,694,879
Receivables (Note 10)	**5,301,328**	13,183,568	205,469
Goodwill (Note 16)	**–**	5,212,591	–
Market valuation loss (gain) on financial assets and derivative financial instuments at fair value through profit or loss (Note 8)	**214,624,256**	(62,525,954)	(473,300,902)
Equity in net loss (income) of joint ventures (Note 17)	**206,481,238**	(14,089,730)	(19,244,938)
Gain arising from changes in fair value less estimated costs to sell of swine stocks (Note 15)	**(109,218,243)**	(182,987,646)	(69,895,371)
Gain on sale of:			
Property, plant and equipment	**(14,228,864)**	(27,798,362)	(38,805,967)
Available-for-sale investments (Note 14)	**–**	–	(680,679,297)
Financial assets at fair value through profit or loss (Note 8)	**–**	–	(54,493,439)
Amortization of debt issuance costs	**62,790,121**	–	9,544,074
Operating income before working capital changes	**22,202,413,309**	17,796,468,453	13,766,767,229
Decrease (increase) in:			
Receivables	**98,628,970**	(810,206,171)	(1,279,188,548)
Inventories	**174,560,135**	(4,250,625,060)	(1,256,581,779)
Biological assets	**221,009,447**	12,926,180	(8,195,844)
Other current assets	**3,106,013,166**	(3,608,895,517)	86,038,931
Increase (decrease) in:			
Accounts payable and other accrued liabilities	**1,340,239,038**	1,578,474,391	2,251,269,839
Trust receipts and acceptances payable	**107,762,356**	1,935,765,149	(1,165,118,202)
Net cash generated from operations	**27,250,626,421**	12,653,907,425	12,394,991,626
Income taxes paid	**(2,542,293,369)**	(2,012,631,304)	(1,182,136,997)
Interest paid	**(1,091,706,671)**	(119,368,035)	(287,053,995)
Interest received	**267,275,437**	225,873,189	749,040,000
Net cash provided by operating activities	**23,883,901,818**	10,747,781,275	11,674,840,634
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Subsidiary, net of cash acquired (Note 16)	**(7,086,181,154)**	–	–
Property, plant and equipment (Notes 12 and 37)	**(6,515,922,687)**	(7,696,948,774)	(5,545,756,692)
Investments in joint ventures (Note 17)	**(276,500,000)**	(360,250,000)	–
Financial assets at fair value through profit or loss	**(68,471)**	(1,760)	–
Proceeds from the sale of:			
Equity share in a subsidiary (Note 23)	**506,651,000**		
Property, plant and equipment	**14,228,864**	39,145,112	84,818,228
Financial assets at fair value through profit or loss (Note 8)	**–**	–	10,713,882,489
Available-for-sale financial assets (Note 14)	**–**	–	4,717,681,000

(Forward)

	Years Ended September 30		
	2015	2014	2013
Decrease (increase) in:			
Other noncurrent assets	**(₱107,666,268)**	(₱133,847,208)	(₱48,923,388)
Net pension liability	**(25,765,981)**	(339,518,483)	(6,495,846)
Dividends received (Note 17)	**16,999,995**	18,499,995	29,999,991
Net cash provided by (used in) investing activities	**(13,474,224,702)**	(8,472,921,118)	9,945,205,782
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of:			
Short-term debt	**(3,496,301,000)**	(1,113,740,856)	(8,586,397,274)
Long-term debt (Notes 16 and 22)	**(16,387,274,619)**	–	(3,000,000,000)
Proceeds from:			
Availment of short-term debt	**13,595,643**	3,496,301,000	1,945,430,681
Availment of long-term debt	**24,355,805,004**	–	–
Cash dividends paid (Note 23)	**(6,673,345,786)**	(6,614,505,799)	(5,291,604,639)
Net cash used in financing activities	**(2,187,520,758)**	(4,231,945,655)	(14,932,571,232)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**8,222,156,358**	(1,957,085,498)	6,687,475,184
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**10,076,223,083**	12,033,308,581	5,345,833,397
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱18,298,379,441**	₱10,076,223,083	₱12,033,308,581

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Universal Robina Corporation (hereinafter referred to as "the Parent Company" or "URC") is incorporated and domiciled in the Republic of the Philippines, and is listed in the Philippine Stock Exchange. The registered office address of the Parent Company is at 110 E. Rodriguez Avenue, Bagumbayan, Quezon City, Philippines.

The Parent Company is a majority owned subsidiary of JG Summit Holdings, Inc. ("the Ultimate Parent Company" or "JGSHI").

The Parent Company and its subsidiaries (hereinafter referred to as "the Group") is one of the largest branded food products companies in the Philippines and has a growing presence in other markets in Asia. The Group is involved in a wide range of food-related businesses which are organized into three (3) business segments: (a) the branded consumer food segment which manufactures and distributes a diverse mix of salty snacks, chocolates, candies, biscuits, bakery products, beverages, noodles and tomato-based products; (b) the agro-industrial segment which engages in hog and poultry farming, production and distribution of animal health products and manufacture and distribution of animal feeds, glucose and soya bean products; and (c) the commodity food segment which engages in sugar milling and refining, flour milling and pasta manufacturing and renewable energy development. The Parent Company also engages in consumer product-related packaging business through its packaging division which manufactures bi-axially oriented polypropylene (BOPP) film and through its subsidiary, CFC Clubhouse Property, Inc. (CCPI), which manufactures polyethylene terephthalate (PET) bottles and printed flexible packaging materials. The Parent Company's packaging business is included in the branded consumer food segment.

On May 27, 2015, the Board of Directors (BOD) and Stockholders approved the amendment to the Articles of Incorporation (AOI) of the Parent Company to include in its secondary purpose the transportation of all kinds of materials and products and for the Parent Company to engage in such activity. On June 25, 2015, the Securities and Exchange Commission (SEC) approved the amendment to the secondary purpose.

On November 26, 2012, the BOD and Stockholders approved the amendment to the AOI of the Parent Company to include in its secondary purpose the business of power generation either for use of the Parent Company and its division and/or for sale. On March 21, 2013, the SEC approved the amendment to the secondary purpose.

On October 29, 2012, CCPI transferred its pet bottle operations to the Parent Company.

The operations of certain subsidiaries are registered with the Board of Investments (BOI) as preferred pioneer and nonpioneer activities. Under the terms of the registrations and subject to certain requirements, the Parent Company and certain subsidiaries are entitled to certain fiscal and non-fiscal incentives, including among others, an income tax holiday (ITH) for a period of three (3) years to six (6) years from respective start dates of commercial operations (see Note 36). The Group is also subject to certain regulations with respect to, among others, product composition, packaging, labeling, advertising and safety.

The principal activities of the Group are further described in Note 6 to the consolidated financial statements.

2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying consolidated financial statements of the Group have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVPL), available-for-sale (AFS) financial assets and derivative financial instruments that have been measured at fair value, and biological assets and agricultural produce that have been measured at fair value less estimated costs to sell.

The consolidated financial statements of the Group are presented in Philippine Peso. The functional and presentation currency of the Parent Company and its Philippine subsidiaries is the Philippine Peso. All values are rounded to the nearest peso except when otherwise stated.

Except for certain foreign subsidiaries of the Parent Company, which are disclosed below, the functional currency of other consolidated foreign subsidiaries is the US dollar (USD). The functional currencies of the Group's consolidated foreign subsidiaries follow:

Subsidiaries	Country of Incorporation	Functional Currency
Universal Robina (Cayman), Limited (URCL)	Cayman Islands	US Dollar
URC Philippines, Limited (URCPL)	British Virgin Islands	- do -
URC Asean Brands Co. Ltd. (UABCL)	- do -	- do -
Hong Kong China Foods Co. Ltd. (HCFCL)	- do -	- do -
URC International Co. Ltd. (URCICL)	- do -	- do -
URC Oceania Co. Ltd.	- do -	- do -
Shanghai Peggy Foods Co., Ltd. (Shanghai Peggy)	China	Chinese Renminbi
URC China Commercial Co. Ltd. (URCCCL)	- do -	- do -
Xiamen Tongan Pacific Food Co., Ltd.	- do -	- do -
Guangzhou Peggy Foods Co., Ltd.	- do -	- do -
Shantou SEZ Shanfu Foods Co., Ltd.	- do -	- do -
Jiangsu Acesfood Industrial Co., Ltd.	- do -	- do -
Shantou Peggy Co. Ltd.	- do -	- do -
URC Hong Kong Company Limited	Hong Kong	Hong Kong Dollar
PT URC Indonesia	Indonesia	Indonesian Rupiah
URC Snack Foods (Malaysia) Sdn. Bhd.	Malaysia	Malaysian Ringgit
Ricellent Sdn. Bhd.	- do -	- do -
URC Foods (Singapore) Pte. Ltd.	Singapore	Singapore Dollar
Acesfood Network Pte. Ltd.	- do -	- do -
Acesfood Holdings Pte. Ltd.	- do -	- do -
Acesfood Distributors Pte. Ltd.	- do -	- do -
Advanson International Pte. Ltd.	- do -	- do -
URC (Thailand) Co., Ltd.	Thailand	Thai Baht
Siam Pattanasin Co., Ltd.	- do -	- do -
URC (Myanmar) Co. Ltd.	Myanmar	Myanmar Kyats
URC Vietnam Co., Ltd.	Vietnam	Vietnam Dong
URC Hanoi Company Limited	- do -	- do -
URC Central Co. Ltd.	- do -	- do -
URC New Zealand Holding Co. Ltd.	New Zealand	Kiwi
URC New Zealand Finance Co. Ltd.	- do -	- do -
Griffin's Food Limited	- do -	- do -
Nice and Natural Limited	- do -	- do -

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

Basis of Consolidation
The consolidated financial statements include the financial statements of the Parent Company and the following wholly and majority owned subsidiaries:

Subsidiaries	Country of Incorporation	Effective Percentages of Ownership		
		2015	2014	2013
CCPI	Philippines	**100.00**	100.00	100.00
CFC Corporation	- do -	**100.00**	100.00	100.00
Bio-Resource Power Generation Corporation and a Subsidiary	- do -	**100.00**	100.00	100.00
Nissin-URC (NURC)	- do -	**51.00**	65.00	65.00
URCPL	British Virgin Islands	**100.00**	100.00	100.00
URCICL and Subsidiaries*	- do -	**100.00**	100.00	100.00
URCL	Cayman Islands	**100.00**	100.00	100.00
URCCCL	China	**100.00**	100.00	100.00

** Subsidiaries are located in Thailand, Singapore, Malaysia, Vietnam, Indonesia, China, Hong Kong, Myanmar, British Virgin Islands, and New Zealand.*

On March 10, 2015 and May 27, 2015, the BOD and stockholders of the Parent Company, respectively, approved the plan to merge CCPI with Parent Company, subject to SEC approval.

In December 2014, the Parent Company and Mitsubishi Corporation (Mitsubishi) entered into a share purchase agreement with Nissin Foods (Asia) Pte, Ltd. (Nissin) to sell 14% and 10%, respectively, of their equity interests in NURC. As a result, the ownership interest of URC, Nissin and Mitsubishi Corporation changed from 65%, 25% and 10% to 51%, 49% and nil, respectively.

In 2014, URC Oceania Company Ltd. (URC Oceania), URC New Zealand Holding Company Ltd. (URCNZHCL), and URC New Zealand Finance Company Ltd. (URC NZ FinCo) were incorporated under URCICL.

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

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

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

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Parent Company gains control until the date it ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

All intragroup transactions, balances, income and expenses are eliminated in the consolidation. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, non-controlling interests consist of the amount attributed to such interests at initial recognition and the non-controlling interest's share of changes in equity since the date of the combination

Changes in the Group's interest in subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the NCIs are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Group.

If the Group loses control over a subsidiary, it:
- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interest;
- derecognizes the related other comprehensive income recorded in equity and recycles the same to profit or loss or retained earnings;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained; and
- recognizes any surplus or deficit in profit or loss in the consolidated statement of comprehensive income.

Some of the Group's subsidiaries have a local statutory accounting reference date of December 31. These are consolidated using management prepared information on a basis coterminous with the Group's accounting reference date.

Below are the subsidiaries with a different accounting reference date from that of the Parent Company:

Subsidiaries	Year-end
URCCCL	December 31
Shantou SEZ Shanfu Foods Co., Ltd.	-do-
Guangzhou Peggy Foods Co., Ltd.	-do-
Jiangsu Acesfood Industrial Co., Ltd.	-do-
Acesfood Network Pte. Ltd. (Acesfood)	-do-
Acesfood Holdings Pte. Ltd.	-do-
Acesfood Distributors Pte. Ltd.	-do-
Advanson International Pte. Ltd. (Advanson)	-do-
URC Oceania Co. Ltd.	-do-
URC New Zealand Holding Co. Ltd.	-do-
URC New Zealand Finance Co. Ltd.	-do-

Under PFRS 10, *Consolidated Financial Statements*, it is acceptable to use, for consolidation purposes, the financial statements of subsidiaries for fiscal periods differing from that of the Parent Company if it is impracticable for the management to prepare financial statements with the same accounting period with that of the Parent Company and the difference is not more than three months.

Any significant transactions or events that occur between the date of the fiscal subsidiaries' financial statements and the date of the Parent Company's financial statements are adjusted in the consolidated financial statements.

Combinations of Entities Under Common Control

Business combinations of entities under common control are accounted for following the pooling of interests method. The pooling of interests method is generally considered to involve the following:

- The assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination. The only adjustments that are made are those adjustments to harmonize accounting policies.
- No new goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the equity acquired is reflected as "Equity Reserves" within equity.

The effects of intercompany transactions on current assets, current liabilities, revenues, and cost of sales for the periods presented and on retained earnings at the date of acquisition are eliminated to the extent possible.

Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss in the consolidated statement of comprehensive income as incurred.

Where appropriate, the cost of acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant PFRS. Changes in the fair value of contingent consideration classified as equity are not recognized.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that if known, would have effected the amounts recognized as of that date. The measurement period is the period from the date of acquisition to the date the Group receives complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum period of one year.

If the business combination is achieved in stages, the Group’s previously-held interests in the acquired entity are remeasured to fair value at the acquisition date (the date the Group attains control) and the resulting gain or loss, if any, is recognized in profit or loss in the consolidated statement of comprehensive income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss in the consolidated statement of comprehensive income, where such treatment would be appropriate if that interest were disposed of.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial years, except that the Group has adopted the following PFRS and Philippine Accounting Standards (PAS) and Philippine Interpretations based on International Financial Reporting Interpretations Committee (IFRIC) interpretations which are effective for the Group beginning October 1, 2014. The adoption of the new and amended standards and interpretations did not have any effect on the consolidated financial statements of the Group. They did however give rise to additional disclosures.

Investment Entities (Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and Philippine Accounting Standard (PAS) 27, *Separate Financial Statements*)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. The amendments must be applied retrospectively, subject to certain transition relief. These amendments have no impact to the Group, since none of the entities within the Group qualifies to be an investment entity under PFRS 10.

PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)
These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and are applied retrospectively. These amendments have no impact to the Group, since none of the entities within the Group qualifies to be an investment entity under PFRS 10. The Group is currently assessing impact of the amendments to PAS 32.

PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group as the Group has not novated its derivatives during the current or prior periods.

PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)
These amendments remove the unintended consequences of PFRS 13, *Fair Value Measurement*, on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

Philippine Interpretation of the IFRIC 21, *Levies*
IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Group as it has applied the recognition principles under PAS 37, Provisions, Contingent Liabilities and Contingent Assets, consistent with the requirements of IFRIC 21 in prior years.

Annual Improvements to PFRS (2010-2012 cycle)
In the 2010-2012 annual improvements cycle, seven amendments to six standards were issued, which included an amendment to PFRS 13. The amendment to PFRS 13 is effective immediately and it clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment has no impact on the Group.

Annual Improvements to PFRS (2011-2013 cycle)
In the 2011-2013 annual improvements cycle, four amendments to four standards were issued, which included an amendment to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - First-time Adoption of PFRS.* The amendment to PFRS 1 is effective immediately. It clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment has no impact on the Group as it is not a first time PFRS adopter.

PAS 19, *Employee Benefits- Defined Benefit Plans: Employee Contributions (Amendments)*
The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the re-measurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans. The amendments to PAS 19 are to be retrospectively applied for annual periods beginning on or after July 1, 2014. The Group does not expect that adoption of the amendments in PAS 19 will have material financial impact in future financial statements.

Annual Improvements to PFRS (2010-2012 cycle)
The Annual Improvements to PFRS (2010-2012 cycle) contain non-urgent but necessary amendments to the following standards:

PFRS 2, *Share-based Payment - Definition of Vesting Condition*
The amendment revised the definitions of vesting condition and market condition and added the definitions of performance condition and service condition to clarify various issues. This amendment shall be prospectively applied to share-based payment transactions for which the grant date is on or after July 1, 2014. This amendment does not apply to the Group as it has no share-based payments.

PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
The amendment clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as equity in accordance with PAS 32. Contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PFRS 9, *Financial Instruments* (or PAS 39, *Financial Instruments: Recognition and Measurement*, if PFRS 9 is not yet adopted). The amendment shall be prospectively applied to business combinations for which the acquisition date is on or after July 1, 2014. The Group shall consider this amendment for future business combinations.

PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
The amendments require entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker. These amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments affect disclosures only and have no impact on the Group's statement of financial position or statement of income.

PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation*
The amendment clarifies that, upon revaluation of an item of property, plant and equipment, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be 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 at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
b. The accumulated depreciation is eliminated against the gross carrying amount of the asset.

The amendment is effective for annual periods beginning on or after July 1, 2014. The amendment shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendment has no impact on the Group's statement of financial position or statement of income.

PAS 24, *Related Party Disclosures - Key Management Personnel*
The amendments clarify that an entity is a related party of the reporting entity if the said entity, or any member of the Company for which it is a part of, provides key management personnel services to the reporting entity or to the parent company of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel services from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity. The amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments affect disclosures only and have no impact on the Group's statement of financial position or statement of income.

PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortization*
The amendments clarify that, upon revaluation of an intangible asset, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be 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 amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.

b. The accumulated amortization is eliminated against the gross carrying amount of the asset.

The amendments also clarify that the amount of the adjustment of the accumulated amortization should form part of the increase or decrease in the carrying amount accounted for in accordance with the standard.

The amendments are effective for annual periods beginning on or after July 1, 2014. The amendments shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendments have no impact on the Group's statement of financial position or statement of income.

Annual Improvements to PFRS (2011-2013 cycle)
The Annual Improvements to PFRS (2011-2013 cycle) contain non-urgent but necessary amendments to the following standards:

PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
The amendment clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively.

PFRS 13, *Fair Value Measurement - Portfolio Exception*
The amendment clarifies that the portfolio exception in PFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no significant impact on the Group's statement of financial position or statement of income.

PAS 40, *Investment Property*
The amendment clarifies the interrelationship between PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property. The amendment stated that judgment is needed when 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. This judgment is based on the guidance of PFRS 3. This amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no significant impact on the Group's statement of financial position or statement of income.

Significant Accounting Policies

Fair Value Measurement
For measurement and disclosure purposes, the Group determines the fair value of an asset or liability at initial measurement or at each statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible 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.

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

Recognition of Financial Instruments
Date of recognition
The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when the Group 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. Derivatives are recognized on a trade date basis.

Initial recognition of financial instruments
Financial instruments are recognized initially at fair value. Except for financial instruments valued at FVPL, the initial measurement of financial assets includes transaction costs. The Group classifies its financial assets into the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, AFS financial assets, loans and receivables or as derivatives designated as heging instruments in effective hedge, as appropriate. The Group classifies its financial liabilities into financial liabilities at FVPL and other financial liabilities.

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

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

Financial assets and financial liabilities at FVPL
Financial assets and financial liabilities at FVPL include financial assets and financial liabilities held for trading purposes, derivative financial instruments, or those designated upon initial recognition at FVPL when any of the following criteria are met:

1. Financial assets and liabilities are classified as held for trading if they are acquired for the purpose of selling and repurchasing in the near term.

2. Derivatives are also classified under financial assets or liabilities at FVPL, unless they are designated as hedging instruments in an effective hedge

3. Financial assets or liabilities may be designated by management on initial recognition as at FVPL when any of the following criteria are met:
    - the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis;
    - the assets and liabilities are part of a group of financial assets, financial liabilities or both 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 and financial liabilities at FVPL are recorded in the consolidated statement of financial position at fair value. Changes in fair value are reflected in the consolidated statement of income. Interest earned or incurred is recorded in interest income or expense, respectively, while dividend income is recorded in other operating income according to the terms of the contract, or when the right of the payment has been established.

Derivatives classified as FVPL
The Group uses derivative financial instruments such as currency forwards and currency options to hedge the risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are initially recorded at fair value on the date at which the derivative contract is entered into and are subsequently remeasured at fair value. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as accounting hedges) are taken directly in the consolidated statement of income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair values of the Group's derivative instruments are calculated using certain standard valuation methodologies.

Derivatives designated as accounting hedges
For the purpose of hedge accounting, hedges are classified primarily as either: (a) a hedge of the fair value of an asset, liability or a firm commitment (fair value hedge); (b) a hedge of the exposure to variability in cash flows attributable to an asset or liability or a forecasted transaction (cash flow hedge); or (c) a hedge of a net investment in a foreign operation (net investment hedge). Hedge accounting is applied to derivatives designated as hedging instruments in a fair value, cash flow or net investment hedge provided certain criteria are met.

Hedge accounting
At the inception of a hedging relationship, the Group formally designates and documents the

hedge relationship to which the Group wishes to apply hedge accounting and risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedge

Cash flow hedges are hedges of the exposure to variability in cash flows that are attributable to a particular risk associated with a recognized asset, liability or a highly probable forecast transaction and could affect the profit or loss. The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized as 'Unrealized gains (losses) on cash flow hedge' in other comprehensive income. Any gain or loss in fair value relating to an ineffective portion is recognized immediately in profit or loss.

Amounts accumulated in other comprehensive income are recycled to profit or loss in the periods in which the hedged item will affect profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss recognized in other comprehensive income is eventually recycled in profit or loss.

Hedge effectiveness testing

To qualify for hedge accounting, the Group is required that at the inception of the hedge and throughout its life, each hedge must be expected to be highly effective (prospective effectiveness), and demonstrate actual effectiveness (retrospective effectiveness) on an ongoing basis.

The documentation of each hedging relationship sets out how the effectiveness of the hedge is assessed. The method that the Group adopts for assessing hedge effectiveness will depend on its risk management strategy.

For prospective effectiveness, the hedging instrument must be expected to be highly effective in offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated. The Group applies the dollar-offset method using hypothetical derivatives in performing hedge effectiveness testing. For actual effectiveness to be achieved, the changes in fair value or cash flows must offset each other in the range of 80 to 125 percent. Any hedge ineffectiveness is recognized in profit or loss.

Embedded derivatives
An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met: a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and c) the hybrid or combined instrument is not recognized at FVPL.

Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The Group determines whether a modification to cash flows is significant by considering the extent to which the expected future cash flows associated with the embedded derivative, the host contract or both have changed and whether the change is significant relative to the previously expected cash flow on the contract.

Current versus noncurrent classification
Derivative instruments that are not designated as effective hedging instruments are classified as current or noncurrent or separated into a current and noncurrent portion based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group will hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the reporting date, the derivative is classified as noncurrent (or separated into current and noncurrent portions) consistent with the classification of the underlying item.
- Embedded derivates that are not closely related to the host contract are classified consistent with the cash flows of the host contract.
- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instrument is separated into a current portion and a noncurrent portion only if a reliable allocation can be made.

Loans and receivables
Loans and receivables are nonderivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. After initial measurement, loans and receivables are subsequently carried at amortized cost using the EIR method less any allowance for impairment. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the EIR and transaction costs. The amortization is included under “Interest Income” in the statement of income. Gains and losses are recognized in profit or loss in the consolidated statement of income when the loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables are included in current assets if maturity is within 12 months from the statement of financial position date. Otherwise, these are classified as noncurrent assets.

This accounting policy applies primarily to the Group’s cash and cash equivalents and receivables.

AFS financial assets
AFS financial assets are those nonderivative investments which are designated as such or do not qualify to be classified or designated as financial assets at FVPL, held-to-maturity investments or loans and receivables. They are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value. The effective yield component of AFS debt securities, as well as the impact of restatement on foreign currency-denominated AFS debt securities, is reported in the consolidated statement of comprehensive income. The unrealized gains and losses arising from the fair valuation of AFS financial assets are excluded, from reported earnings and are reported under the ‘Unrealized gain (loss) on available-for-sale financial assets’ section of the consolidated statement of comprehensive income.

When the security is disposed of, the cumulative gain or loss previously recognized in equity is recognized under ‘Gain on sale of investments’ in the consolidated statement of income. Interest earned on holding AFS financial assets are reported as interest income using the EIR method. Where the Group holds more than one investment in the same security, these are deemed to be disposed of on a first-in, first-out basis.

Dividends earned on holding AFS financial assets are recognized in the consolidated statement of income, when the right to receive payment has been established. The losses arising from impairment of such investments are recognized under ‘Impairment Losses’ in the consolidated statement of income.

Other financial liabilities
Issued financial instruments or their components, which are not designated at FVPL are classified as other financial liabilities where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable debt issuance costs. Debt issuance costs are amortized using the EIR method and unamortized debt issuance costs are offset against the related carrying value of the loan in the consolidated statement of financial position.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR.

When a loan is paid, the related unamortized debt issuance costs at the date of repayment are charged against current operations. Gains and losses are recognized in the consolidated statement of income when the liabilities are derecognized or impaired, as well as through the amortization process.

This accounting policy applies primarily to the Group’s short-term (see Note 20) and long-term debt (see Note 22), accounts payable and other accrued liabilities (see Note 21) and other obligations that meet the above definition (other than liabilities covered by other accounting standards, such as pension liabilities or income tax payable).

Debt Issuance Costs
Debt issuance costs are amortized using EIR method and unamortized debt issuance costs are included in the measurement of the related carrying value of the loan in the consolidated statement of financial position. When the loan is repaid, the related unamortized debt issuance costs at the date of repayment are charged to the consolidated statement of income.

Classification of Financial Instruments Between Debt and Equity
A financial instrument is classified as debt if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

The Group evaluates its AFS investments whether the ability and intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the ability and intention to hold these assets for the foreseeable future or until maturity. Reclassification to the HTM category is permitted only when the entityhas the ability and intention to hold the financial asset to maturity.

For a financial asset reclassified out of the AFS category, any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the effective interest method. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the effective interest method. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

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

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

A financial asset that is reclassified out of the FVPL category is reclassified at its fair value on the date of reclassification. Any gain or loss already recognized in the consolidated statement of income is not reversed. The fair value of the financial asset on the date of reclassification becomes its new cost or amortized cost, as applicable.

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

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

Financial assets carried at amortized cost
The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant. If there is objective evidence that an impairment loss on financial assets carried at amortized cost (i.e., receivables) has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original EIR. The carrying amount of the asset is reduced through the use of an allowance account. The loss is recognized in the consolidated statement of income as 'Impairment Loss'. The asset, together with the associated allowance accounts, is written off when there is no realistic prospect of future recovery.

If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtor's ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed.

Any subsequent reversal of an impairment loss is recognized in the consolidated statement of income to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

The Group performs a regular review of the age and status of its trade and other receivables, designed to identify receivables with objective evidence of impairment and provide the appropriate allowance for impairment loss. The review is accomplished using a combination of specific and collective assessment approaches, with the impairment loss being determined for each risk grouping identified by the Group (see Note 10).

AFS financial assets
In the case of equity investments classified as AFS financial assets, objective evidence would include a significant or prolonged decline in the fair value of the investments below its cost. The determination of what is significant and prolonged is subject to judgment. 'Significant' is to be evaluated against the original cost of the investment and 'Prolonged' against the period in which the fair value has been below its original cost. The Group treats 'significant' generally as 20% or more and 'prolonged' as greated than 12 months for quoted equity instruments. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statement of income - is removed from equity and recognized in the consolidated statement of income. Impairment losses on equity investments are not reversed

through the consolidated statement of income. Increases in fair value after impairment are recognized directly as part of other comprehensive income.

In the case of debt instruments classified as AFS financial assets, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recorded under interest income in the consolidated statement of income. If, in subsequent year, the fair value of a debt instrument increases, and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of income, the impairment loss is reversed through in the consolidated statement of income.

Derecognition of Financial Instruments

Financial assets

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

- the rights to receive cash flows from the asset have expired;
- 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 a 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 ownership and retained control of the asset, or (b) has neither transferred nor retained the risk and rewards of the asset but has transferred the 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 original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

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

Offsetting Financial Instruments

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

<u>Inventories</u>
Inventories, including goods-in-process, are valued at the lower of cost or net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. NRV for materials, spare parts and other supplies represents the related replacement costs.

When the inventories are sold, the carrying amounts of those inventories are recognized under 'Cost of Sales and Services' in profit or loss in the period when the related revenue is recognized.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Finished goods, work-in-process, raw materials, containers and packaging materials
Cost is determined using the weighted average method. Finished goods and work-in-process include direct materials and labor, and a proportion of manufacturing overhead costs based on actual goods processed and produced, but excluding borrowing costs.

Materials in-transit
Cost is determined using the specific identification basis.

Spare parts and supplies
Cost is determined using the weighted average method.

<u>Biological Assets</u>
The biological assets of the Group are divided into two major categories with sub-categories as follows:

Swine livestock	- Breeders (livestock bearer)
	- Sucklings (breeders' offspring)
	- Weanlings (comes from sucklings intended to be breeders or to be sold as fatteners)
	- Fatteners/finishers (comes from weanlings unfit to become breeders; intended for the production of meat)
Poultry livestock	- Breeders (livestock bearer)
	- Chicks (breeders' offspring intended to be sold as breeders)

Biological assets are measured on initial recognition and at each statement of financial position date at its fair value less estimated costs to sell, except for a biological asset where fair value is not clearly determinable. Agricultural produce harvested from an entity's biological assets are measured at its fair value less estimated costs to sell at the time of harvest.

The Group is unable to measure fair values reliably for its poultry livestock breeders in the absence of: (a) available market determined prices or values; and (b) alternative estimates of fair values that are determined to be clearly reliable; thus, these biological assets are measured at cost less accumulated depreciation and any accumulated impairment losses. However, once the fair values become reliably measurable, the Group measures these biological assets at their fair values less estimated costs to sell.

Agricultural produce is the harvested product of the Group's biological assets. A harvest occurs when agricultural produce is either detached from the bearer biological asset or when a biological asset's life processes cease. A gain or loss arising on initial recognition of agricultural produce at fair value less estimated costs to sell is recognized in the consolidated statement of income in the period in which it arises. The agricultural produce in swine livestock is the suckling that transforms into weanling then into fatteners/finishers, while the agricultural produce in poultry livestock is the hatched chick and table eggs.

Biological assets at carried cost
The cost of a biological asset comprises its purchase price and any costs attributable in bringing the biological asset to its location and conditions intended by management.

Depreciation is computed using the straight-line method over the estimated useful lives (EUL) of the biological assets, regardless of utilization. The EUL of biological assets is reviewed annually based on expected utilization as anchored on business plans and strategies that considers market behavior to ensure that the period of depreciation is consistent with the expected pattern of economic benefits from items of biological assets. The EUL of biological assets ranges from two to three years.

The carrying values of biological assets are reviewed for impairment when events or changes in the circumstances indicate that the carrying values may not be recoverable (see further discussion under Impairment of Nonfinancial Assets).

This accounting policy applies to the Group's poultry livestock breeders.

Biological assets carried at fair values less estimated costs to sell
Swine livestock are measured at their fair values less costs to sell. The fair values are determined based on current market prices of livestock of similar age, breed and genetic merit. Costs to sell include commissions to brokers and dealers, nonrefundable transfer taxes and duties. Costs to sell exclude transport and other costs necessary to get the biological assets to the market.

A gain or loss on initial recognition of a biological asset at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell of a biological asset shall be included in the consolidated statement of income in the period in which it arises.

<u>Noncurrent Assets (Disposal Group) Held for Sale</u>
The Group classifies noncurrent assets as held for sale (disposal group) when their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset and an active program to locate a buyer and complete the plan must have been initiated. Furthermore, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.
The related results of operations and cash flows of the disposal group that qualify as discontinued operations are separated from the results of those that would be recovered principally through continuing use, and the prior years' consolidated statements of income and consolidated statement of cash flows are re-presented. The results of operations and cash flows of the disposal group that qualify as discontinued operations are presented in the consolidated statement of income and consolidated statement of cash flows as items associated with discontinued operations.

In circumstances where certain events have extended the period to complete the sale of a disposal group beyond one year, the disposal group continues to be classified as held for sale if the delay is caused by events or circumstances beyond the Group's control and there is sufficient evidence that the Group remains committed to its plan to sell the disposal group. Otherwise, if the criteria for classification of a disposal group as held for sale are no longer met, the Group ceases to classify the disposal group as held for sale.

Initial and subsequent measurement
Immediately before the initial classification of the noncurrent asset (disposap group) as held for sale, the carrying amount of the asset (or all the assets and liabilities of the disposal group) shall be measured in accordance with the applicable standards.

Noncurrent assets (disposal group) held for sale are measured at the lower of their carrying amount or fair value less costs to sell. Impairment losses are recognized for any initial or subsequent write-down of the assets held for sale to the extent that these have not been previously recognized at initial recognition. Reversals of impairment losses for any subsequent increases in fair value less cost to sell of the assets held for sale are recognized as a gain, but not in excess of the cumulative impairment loss that has been previously recognized. Liabilities directly related to noncurrent assets held for sale are measured at their expected settlement amounts.

Property, Plant and Equipment
Property, plant and equipment, except land, are carried at cost less accumulated depreciation and amortization and impairment losses, if any.

The initial cost of an item of property, plant and equipment comprises its purchase price and any cost attributable in bringing the asset to its intended location and working condition. Cost also includes: (a) interest and other financing charges on borrowed funds used to finance the acquisition of property, plant and equipment to the extent incurred during the period of installation and construction; and (b) asset retirement obligation relating to property, plant and equipment installed/constructed on leased properties, if any.

Land is stated at cost less any impairment in value.

Subsequent costs are capitalized as part of the 'Property, plant and equipment', only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Cost of repairs and maintenance are expensed when incurred.

Foreign exchange differentials arising from foreign currency borrowings used for the acquisition of property, plant and equipment are capitalized to the extent that these are regarded as adjustments to interest costs.

Depreciation and amortization of property, plant and equipment commence, once the property, plant and equipment are available for use and are computed using the straight-line method over the EUL of the assets regardless of utilization.

The EUL of property, plant and equipment of the Group follow:

	Years
Land improvements	20
Buildings and improvements	10 to 30
Machinery and equipment	10
Transportation equipment	5
Furniture, fixtures and equipment	5

Leasehold improvements are amortized over the shorter of their EUL or the corresponding lease terms.

The residual values, useful lives and methods of depreciation and amortization of property, plant and equipment are reviewed periodically and adjusted, if appropriate, at each financial year-end to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Any change in the expected residual values, useful lives and methods of depreciation are adjusted prospectively from the time the change was determined necessary.

Construction-in-progress is stated at cost. This includes the cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property, plant and equipment are capitalized during the construction period. Construction in-progress is not depreciated until such time as the relevant assets are completed and put into operational use. Construction in-progress are transferred to the related 'Property, plant and equipment' when the construction or installation and related activities necessary to prepare the property, plant and equipment for their intended use are completed, and the property, plant and equipment are ready for service.

Major spare parts and stand-by equipment items that the Group expects to use over more than one period and can be used only in connection with an item of property, plant and equipment are accounted for as property, plant and equipment. Depreciation and amortization on these major spare parts and stand-by equipment commence once these have become available for use (i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Group).

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 property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statement of income, in the year the item is derecognized.

Fully depreciated property, plant and equipment are retained in the accounts until these are no longer in use.

<u>Investment Properties</u>
Investment properties consist of properties that are held to earn rentals or for capital appreciation or both, and those which are not occupied by entities in the Group. Investment properties, except for land, are carried at cost less accumulated depreciation and any impairment in value. Land is carried at cost less any impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the cost of day-to-day servicing of an investment property.

Investment properties are measured initially at cost, including transaction costs. Transaction costs represent nonrefundable taxes such as capital gains tax and documentary stamp tax that are for the account of the Group. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such an asset cannot be measured in, which case, the investment property acquired is measured at the carrying amount of asset given up.

The Group’s investment properties are depreciated using the straight-line method over their EUL as follows:

	Years
Land improvements	10
Buildings and building improvements	10 to 30

The depreciation and amortization method and useful life are reviewed periodically to ensure that the method an d period of depreciation and amortization are consistend with the expected pattern of economic useful benefits from items of investment properties.

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 investment properties are recognized in the consolidated statement of income in the year of retirement or disposal.

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

For a transfer from investment property to owner-occupied property to inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under Property, Plant and Equipment account up to the date of change in use.

Goodwill

Goodwill represents the excess of the cost of the acquisition over the fair value of identifiable net assets of the investee at the date of acquisition which is not identifiable to specific assets. Goodwill acquired in a business combination from the acquisition date is allocated to each of the Group’s cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

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

- represents the lowest level within the Group at which the goodwill is monitored for internal managmenet purposes; and
- is not larger than a segment based on the Group’s operating segments as determined in accordance with PFRS 8, *Operating Segments.*

Following initial recognition, goodwill is measured at cost, less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired (see further discussion under Impairment of Nonfinancial Assets).

If the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the costs of the business combination, the acquirer shall recognize immediately in the consolidated statement of income any excess remaining after reassessment.

Where goodwill forms part of a cash-generating unit 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 the portion of the cash-generating unit retained.

Intangible Assets
Intangible assets (other than goodwill) acquired separately are measured on initial recognition at cost. The cost of intangible asset acquired in a business combination is its fair value as at the acquisition date. Following initial recognition, intangible assets are measured at cost less any accumulated amortization and impairment losses, if any.

The EUL of intangible assets are assessed to be either finite or indefinite.

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

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level (see further discussion under Impairment of Nonfinancial Assets). Such intangibles are not amortized. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

A gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the consolidated statement of income when the asset is derecognized.

A summary of the policies applied to the Group's intangible assets follows:

	EUL	Amortization method used	Internally generated or acquired
Product Formulation	Indefinite	No amortization	Acquired
Trademarks/Brands	Indefinite	No amortization	Acquired
Trademarks	Finite (4 years)	Straight line amortization	Acquired
Software Costs	Finite (10 years)	Straight line amortization	Acquired
Customer Relationship	Finite (35 years)	Straight line amortization	Acquired

Investment in Joint Ventures
The Group has interests in joint ventures. A joint venture is a contractual arrangement whereby two or more parties who have joint control over the arrangement have rights to the net assets of the arrangements.

The Group's investment in joint venture is accounted for using the equity method of accounting.

Under the equity method, the investment in a joint venture is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the joint venture. The consolidated statement of income reflects the Group's share in the results of operations of the joint venture. Where there has been a change recognized directly in the investees' equity, the Group recognizes its share of any changes and discloses this, when applicable, in the other comprehensive income in the consolidated statement of changes in equity. Profits and losses arising from transactions between the Group and the joint ventures are eliminated to the extent of the interest in the joint ventures.

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

Impairment of Nonfinancial Assets
This accounting policy applies primarily to the Group's property, plant and equipment (see Note 13), investment properties (see Note 18), investment in joint ventures (see Note 17), goodwill (see Note 16), intangible assets (see Note 16) and biological assets at cost (see Note 15).

Except for goodwill and intangible assets with indefinite useful lives which are tested for impairment annually, the Group assesses at each statement of financial position date whether there is an indication that its nonfinancial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's (or cash-generating unit's) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

Impairment losses are recognized under 'Impairment Losses' in the consolidated statement of income.

The following criteria are also applied in assessing impairment of specific assets:

Property, plant and equipment, investment properties, intangible assets with definite useful lives
For property, plant and equipment, investment properties, intangible assets with definite useful lives, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income. After such a reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Goodwill
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 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 carrying amount to which goodwill has been allocated, an impairment loss is recognized. Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operations 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 on the basis of the relative fair values of the operation disposed of and the portion of the cash-generating unit retained. Impairment losses relating to goodwill cannot be reversed in future periods.

Biological assets at cost
The carrying values of biological assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

Intangible assets with indefinite useful lives
Intangible assets with indefinite useful lives are tested for impairment annually as of year-end either individually or at the cash-generating unit level, as appropriate.

Investments in joint ventures
After application of the equity method, the Group determines whether it is necessary to recognize additional impairment losses on the Group's investments in joint ventures. If this is the case, the Group calculates the amount of impairment as being the difference between the fair value of the joint ventures and the acquisition cost and recognizes the amount under 'Impairment Losses' in the consolidated statement of income.

<u>Revenue Recognition</u>
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and other sales taxes or duties. The Group

Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting principal in all of its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods
Revenue from sale of goods is recognized upon delivery, when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any trade discounts, prompt payment discounts and volume rebates.

Rendering of tolling services
Revenue derived from tolling activities, whereby raw sugar from traders and planters is converted into refined sugar, is recognized as revenue when the related services have been rendered.

Dividend income
Dividend income is recognized when the shareholder’s right to receive the payment is established.

Rent income
Rent income arising on investment properties is accounted for on a straight-line basis over the lease term on ongoing leases.

Interest income
Interest income is recognized as it accrues using the effective interest rate (EIR) method under which interest income is recognized at 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.

<u>Provisions</u>
Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. 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 assessment 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 under ‘Financ Cost’ in the consolidated statement of income. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is probable.

<u>Contingencies</u>
Contingent liabilities are not recognized in the consolidated financial statements but 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.

Pension Costs

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 assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

Defined benefit costs comprise the following:

- Current service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset.

Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of income.

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

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

Termination benefit

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

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

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

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

Deferred tax
Deferred tax is provided using the balance sheet liability method on all temporary differences, with certain exceptions, at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:
- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from unused minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, and the carryforward benefits of unused tax credits from excess MCIT and unused NOLCO can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor future taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and future tacable profit will be availbble against which the temporary differences can be utilized.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss in the consolidated statement of comprehensive income. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as of the statement of financial position date.

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

Borrowing Costs

Interest and other finance costs incurred during the construction period on borrowings used to finance property development are capitalized to the appropriate asset accounts. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress, and expenditures and borrowing costs are being incurred. The capitalization of these borrowing costs ceases when substantially all the activities necessary to prepare the asset for sale or its intended use are complete. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. Capitalized borrowing cost is based on the applicable weighted average borrowing rate. Borrowing costs which do not qualify for capitalization are expensed as incurred.

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

Leases

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

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

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

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

Group as a lessee
Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in ‘finance costs’ in the consolidated statement of income.

A lease is depreciated over the EUL of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the EUL of the asset and the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term.

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

Cost and Expenses
Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other that those relating to distributions to equity participants. Cost and expenses are recognized when incurred.

Foreign Currency Translation/Transactions
The functional and presentation currency of the Parent Company and its Philippine subsidiaries is the Philippine Peso. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions and balances
Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are taken to the consolidated statement of income. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in statement of income. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Group companies
As of the statement of financial position date, the assets and liabilities of these subsidiaries are translated into the presentation currency of the Group at the rate of exchange ruling at the statement of financial position date and their respective statements of income are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity as ‘Cumulative translation adjustment’ under

'other comprehensive income'. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation shall be recognized in the consolidated statement of income.

Common Stock
Capital stocks are classified as equity and are recorded at par. Proceeds in excess of par value are recorded as 'Additional paid-in capital' in the consolidated statement of changes in equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Retained Earnings
Retained earnings represent the cumulative balance of periodic net income/loss, dividend distributions, prior period adjustments and effect of changes in accounting policy and capital adjustments.

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

Treasury Shares
Treasury shares are recorded at cost and are presented as a deduction from equity. Any consideration paid or received in connection with treasury shares are recognized directly in equity.

When the shares are retired, the capital stock account is reduced by its par value. The excess of cost over par value upon retirement is debited to the following accounts in the order given: (a) additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued, and (b) retained earnings. When shares are sold, the treasury share account is credited and reduced by the weighted average cost of the shares sold. The excess of any consideration over the cost is credited to additional paid-in capital.

Transaction costs incurred such as registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties (net of any related income tax benefit) in relation to issuing or acquiring the treasury shares are accounted for as reduction from equity, which is disclosed separately.

No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Dividends on Common Stocks
Dividends on common shares are recognized as a liability and deducted from equity when approved by Board of Directors (BOD) of the Parent Company in the case of cash dividends, and the BOD and shareholders of the Parent Company in the case of stock dividends.

Earnings Per Share (EPS)
Basic EPS is computed by dividing consolidated net income attributable to equity holders of the Parent Company (consolidated net income less dividends on preferred shares) by the weighted average number of common stocks issued and outstanding during the year, adjusted for any subsequent stock dividends declared.

Diluted EPS amounts are calculated by dividing the consolidated net income attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 6 to the consolidated financial statements.

Events after the Reporting Period
Any post year-end event up to the date of approval of the BOD of the consolidated financial statements that provides additional information about the Group's position at the statement of financial position date (adjusting event) is reflected in the consolidated financial statements. Any post year-end event that is not an adjusting event is disclosed in the notes to the consolidated financial statements, when material.

Standards issued but not yet effective
The Group will adopt the following standards and interpretations when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended PFRS, PAS and Philippine Interpretations to have a significant impact on its consolidated financial statements.

Effective January 1, 2016
PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)
The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

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

PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments)
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will

have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures* - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are effective from annual periods beginning on or after 1 January 2016.

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

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

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

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

PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new

plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.
PFRS 7 - *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

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

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

Effective January 1, 2018
PFRS 9, *Financial Instruments* - Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version)
PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by BOA.

The adoption of PFRS 9 is not expected to have any significant impact on the Group's consolidated financial statements.

PFRS 9, *Financial Instruments* (2014 or final version)
In July 2014, the final version of PFRS 9, *Financial Instruments*, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015.

The adoption of PFRS 9 is not expected to have any significant impact on the Group's consolidated financial statements.

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

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

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3. Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements in compliance with PFRS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

<u>Judgments</u>
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

a. *Going concern*
   The Group's management has made an assessment on the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue their business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

Therefore, the consolidated financial statements continue to be prepared under the going concern basis.

b. *Classification of financial instruments*
The Group exercises judgment in classifying a financial instrument, or its component parts, on initial recognition as either a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statement of financial position.

In addition, the Group classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm’s length basis.

c. *Determination of fair values of financial instruments*
The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting judgment and estimates. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, volatility rates), the amount of changes in fair value would differ if the Group utilized different valuation methodologies and assumptions. Any changes in the fair value of these financial assets and liabilities would affect consolidated statements of income and consolidated statements of comprehensive income.

Where the fair values of certain financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable market data where possible, but where this is not feasible, estimates are used in establishing fair values. The judgments include considerations of liquidity and model inputs such as correlation and volatility for longer-dated derivatives. The fair values of the Group’s derivative financial instruments are based from quotes obtained from counterparties.

The fair values of the Group’s financial instruments are disclosed in Note 5.

d. *Classification of leases*
Operating lease commitments - Group as lessee
Management exercises judgment in determining whether substantially all the significant risks and rewards of ownership of the leased assets are transferred to the Group. Lease contracts, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased items, are capitalized. Otherwise, they are considered as operating leases.

Operating lease commitments - Group as lessor
Based on the evaluation of the terms and conditions of the arrangements, the Group has determined that it retains all significant risks and rewards of ownership of these properties. In determining significant risks and benefits of ownership, the Group considers, among others, the following:

- the leases do not provide for an option to purchase or transfer ownership of the property at the end of the lease and
- the related lease terms do not approximate the EUL of the asset being leased.

Accordingly, the Group accounted for the lease as operating lease.

Finance lease commitments - Group as lessee
Some of the Group's subsidiaries were granted land usage rights from private entities. The land usage right represents the prepaid amount of land lease payments. The right is currently being amortized by the Group on a straight-line basis over the term of the right.

e. *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 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 an investment property. The Group considers each property separately in making its judgment.

f. *Determination of functional currency*
PAS 21, *The Effects of Changes in Foreign Exchange Rates*, requires management to use its judgment to determine the entity's functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the entity. In making this judgment, the Group considers the following:
- the currency that mainly influences sales prices for financial instruments and services (this will often be the currency in which sales prices for its financial instruments and services are denominated and settled);
- the currency in which funds from financing activities are generated; and
- the currency in which receipts from operating activities are usually retained.

In the case of an intermediate holding company or finance subsidiary, the principal consideration of management is whether it is an extension of the Parent Company and performing the functions of the parent - i.e., whether its role is simply to hold the investment in, or provide finance to, the foreign operation on behalf of the Parent Company or whether its functions are essentially an extension of a local operation (e.g., performing selling, payroll or similar activities for that operation) or indeed it is undertaking activities on its own account. In the former case, the functional currency of the entity is the same with that of the Parent Company; while in the latter case, the functional currency of the entity would be assessed separately.

g. *Noncurrent assets (Disposal Group) held for sale*
The Group classifies a subsidiary as a disposal group held for sale if it meets the following conditions at the reporting date:
- The entity is available for immediate sale and can be sold in its current condition;
- An active program to locate a buyer and complete the plan sale has been initiated; and
- The entity is to be genuinely sold, not abandoned.

h. *Contingencies*
The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe these proceedings will have a material effect on the Group's financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

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

a. *Impairment of AFS financial assets*
The Group treats AFS equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is 'significant' or 'prolonged' requires judgment. The Group treats 'significant' generally as 20.00% or more and 'prolonged' as 12 months or longer for quoted equity securities. In addition, the Group evaluates other factors, such as normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

The Group did not recognize any impairment loss on AFS financial assets in 2015, 2014 and 2013. As of September 30, 2015 and 2014, the carrying value of AFS financial assets amounted to ₱40.9 million and ₱21.7 million, respectively (see Note 14).

b. *Estimation of allowance for impairment losses on receivables*
The Group maintains allowances for impairment losses on its trade and other receivables at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by the management on the basis of factors that affect the collectibility of the accounts. These factors include, but are not limited to, the length of relationship with the customer, the customer's payment behavior and known market factors. The Group reviews the age and status of receivables, and identifies accounts that are to be provided with allowances on a continuous basis. The Group provides full allowance for trade and other receivables that it deems uncollectible.

The Group reviews its finance receivables at each statement of financial position date to assess whether an impairment loss should be recorded in the consolidated statement of income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

In addition to specific allowance against individually significant loans and receivables, the Group also makes a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted.

This collective allowance is based on any deterioration in the internal rating of the loan or investment since it was granted or acquired. These internal ratings take into consideration factors such as any deterioration in risk, industry, and technological obsolescence, as well as identified structural weaknesses or deterioration in cash flows.

The amount and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in the allowance for impairment losses on trade and other receivables would increase recorded operating expenses and decrease current assets.

Provision for impairment losses on receivables (included under 'Impairment losses' in the consolidated statements of income) amounted to ₱5.3 million, ₱13.2 million and ₱0.2 million in 2015, 2014 and 2013, respectively. Total receivables, net of allowance for impairment losses, amounted to ₱10.8 billion and ₱9.3 billion as of September 30, 2015 and 2014, respectively (see Note 10).

c. *Determination of NRV of inventories*
The Group adjusts the cost of inventory to the recoverable value at a level considered adequate to reflect market decline in the value of the recorded inventories.

The Group reviews the classification of the inventories and generally provides adjustments for recoverable values of new, actively sold and slow-moving inventories by reference to prevailing values of the same inventories in the market.

The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. An increase in inventory obsolescence and market decline would increase recorded operating expenses and decrease current assets.

Inventory written down as expense (included under the 'Cost of sales' in the consolidated statements of income) amounted to ₱578.6 million, ₱377.6 million and ₱726.1 million in 2015, 2014 and 2013, respectively (see Note 11).

The Group recognized impairment losses on its inventories amounting to ₱104.6 million, ₱103.9 million and ₱28.7 million in 2015, 2014 and 2013, respectively. The Group's inventories, net of inventory obsolescence and market decline, amounted to ₱16.0 billion and ₱15.1 billion for September 30, 2015 and 2014, respectively (see Note 11).

d. *EUL of property, plant and equipment and investment properties, intangible assets with finite life and biological assets*
The Group estimates the useful lives of its property, plant and equipment and investment properties based on the period over which the assets are expected to be available for use. The EUL of property, plant and equipment and investment properties are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned above. A reduction in the EUL of property, plant and equipment and investment properties would increase depreciation expense and decrease noncurrent assets.

The EUL of biological assets is reviewed annually based on expected utilization as anchored on business plans and strategies that considers market behavior to ensure that the period of depreciation is consistent with the expected pattern of economic benefits from items of biological assets.

The Group estimates the useful lives of intangible assets with finite life based on the expected pattern of consumption of future economic benefits embodied in the asset.

As of September 30, 2015 and 2014, the carrying amounts of the Group's depreciable assets follow:

	2015	2014
Property, plant and equipment - net (Note 13)	**₱29,696,297,832**	₱24,936,586,545
Software costs and customer relationship (Note 16)	**1,859,966,330**	−
Biological assets - breeders (Note 15)	**444,722,865**	455,817,612
Investment properties - net (Note 18)	**53,518,151**	57,175,938

e. *Determination of fair values less estimated costs to sell of biological assets*
The fair values of swine are determined based on current market prices of livestock of similar age, breed and genetic merit. Costs to sell include commissions to brokers and dealers, nonrefundable transfer taxes and duties. Costs to sell exclude transport and other costs necessary to get the biological assets to the market. The fair values are reviewed and updated if expectations differ from previous estimates due to changes brought by both physical change and price changes in the market. It is possible that future results of operations could be materially affected by changes in these estimates brought about by the changes in factors mentioned.

As of September 30, 2015 and 2014, the Group's biological assets carried at fair values less estimated costs to sell amounted to ₱1.5 billion and ₱1.6 billion, respectively (see Note 15). Gains arising from changes in the fair market value of biological assets amounted to ₱109.2 million, ₱183.0 million and ₱69.9 million in 2015, 2014 and 2013, respectively (see Note 15).

f. *Assessment of impairment of nonfinancial assets*
The Group assesses the impairment of its nonfinancial assets (i.e., property, plant and equipment, investment properties, investment in a joint venture, biological assets at cost, goodwill and intangible assets) whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:

- significant or prolonged decline in the fair value of the asset;
- market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating the asset's value in use and decrease the asset's recoverable amount materially;
- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

The Group determines an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount has been determined based on value in use calculations. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the cash-generating unit being tested.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

In the case of goodwill and intangible assets with indefinite lives, at a minimum, such assets are subject to an annual impairment test and more frequently whenever there is an indication that such asset may be impaired. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and to choose a suitable discount rate in order to calculate the present value of those cash flows.

In 2015, 2014 and 2013, the Group did not recognize any impairment losses on its property, plant and equipment (see Note 13) and its other intangible assets (see Note 16). In 2015, 2014, and 2013 the Group recognized impairment losses on its goodwill (included under 'Impairment losses' on the consolidated statements of income) amounting to nil, ₱5.2 million and nil,respectively (see Note 16).

As of September 30, 2015 and 2014, the balances of the Group's nonfinancial assets, net of accumulated depreciation, amortization and impairment losses follow:

	2015	2014
Property, plant and equipment (Note 13)	**₱38,831,973,783**	₱34,407,755,976
Goodwill (Note 16)	**14,706,811,446**	793,415,185
Intangible assets (Note 16)	**7,281,943,040**	475,000,000
Biological assets at cost (Note 15)	**91,080,091**	122,829,660
Investment in joint ventures (Note 17)	**494,242,502**	441,223,735
Investment properties (Note 18)	**53,518,151**	57,175,938

g. *Estimation of pension and other benefits costs*

The cost of defined benefit pension plans and other post employment benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each statement of financial position date.

As of September 30, 2015 and 2014, the balances of the Group's net pension liability and other employee benefits follow:

	2015	2014	2013
Net pension liability (Note 32)	**₱244,731,643**	₱262,167,555	₱604,417,551
Other employee benefits (Note 29)	**1,419,785,105**	1,100,013,481	844,508,937

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country. Further details about the assumptions used are provided in Note 32.

h. *Recognition of deferred tax assets*
The Group reviews the carrying amounts of its deferred income taxes at each statement of financial position date and reduces the deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of the deferred tax assets to be utilized.

As of September 30, 2015 and 2014, the Group recognized deferred tax assets amounting to ₱597.6 million and ₱404.4 million, respectively (see Note 33), as the Group believes sufficient taxable income will allow these deferred tax assets to be utilized.

Net deferred tax liabilities amounted to ₱2.4 billion and ₱0.5 billion as of September 30, 2015 and 2014 (see Note 33).

As of September 30, 2015 and 2014, the Group has certain subsidiaries which are under ITH. As such, no deferred tax assets were set up on certain gross deductible temporary differences that are expected to reverse or expire within the ITH period (see Note 36).
As of September 30, 2015 and 2014, the total amount of unrecognized deferred tax assets of the Group amounted to ₱148.7 million and ₱47.6 million, respectively (see Note 33).

4. Financial Risk Management Objectives and Policies

The Group's principal financial instruments, other than derivative financial instruments, comprise cash and cash equivalents, financial assets at FVPL, AFS financial assets, and interest-bearing loans and other borrowings. The main purpose of these financial instruments is to finance the Group's operations and related capital expenditures. The Group has various other financial assets and financial liabilities, such as trade receivables and payables which arise directly from its operations. One of the Group's subsidiaries is a counterparty to derivative contracts. These derivatives are entered into as a means of reducing or managing their respective foreign exchange and interest rate exposures, as well as for trading purposes.

The BOD of the Parent Company and its subsidiaries review and approve policies for managing each of these risks and they are summarized below, together with the related risk management structure.

Risk Management Structure
The Group's risk management structure is closely aligned with that of the ultimate parent company. The BOD of the Parent Company and the respective BODs of each subsidiary are ultimately responsible for the oversight of the Group's risk management processes that involve identifying, measuring, analyzing, monitoring and controlling risks.

The risk management framework encompasses environmental scanning, the identification and assessment of business risks, development of risk management strategies, design and implementation of risk management capabilities and appropriate responses, monitoring risks and risk management performance, and identification of areas and opportunities for improvement in the risk management process.

Each BOD has created the board-level Audit Committee (AC) to spearhead the managing and monitoring of risks.

AC
The AC shall assist the Group's BOD in its fiduciary responsibility for the over-all effectiveness of risk management systems, and both the internal and external audit functions of the Group. Furthermore, it is also the AC's purpose to lead in the general evaluation and to provide assistance in the continuous improvements of risk management, control and governance processes.

The AC also aims to ensure that:

a. financial reports comply with established internal policies and procedures, pertinent accounting and auditing standards and other regulatory requirements;
b. risks are properly identified, evaluated and managed, specifically in the areas of managing credit, market, liquidity, operational, legal and other risks, and crisis management;
c. audit activities of internal and external auditors are done based on plan, and deviations are explained through the performance of direct interface functions with the internal and external auditors; and
d. the Group's BOD is properly assisted in the development of policies that would enhance the risk management and control systems.

Enterprise Risk Management Group (ERMG)
The ERMG was created to be primarily responsible for the execution of the enterprise risk management framework. The ERMG's main concerns include:

a. recommending risk policies, strategies, principles, framework and limits;
b. managing fundamental risk issues and monitoring of relevant risk decisions;
c. providing support to management in implementing the risk policies and strategies; and
d. developing a risk awareness program.

Corporate Governance Compliance Officer
Compliance with the principles of good corporate governance is also one of the primary objectives of the BOD. To assist the BOD in achieving this purpose, the BOD has designated a Compliance Officer who shall be responsible for monitoring the actual compliance with the provisions and requirements of the Corporate Governance Manual and other requirements on good corporate governance, identifying and monitoring control compliance risks, determining violations, and recommending penalties on such infringements for further review and approval of the BOD, among others.

Day-to-day risk management functions
At the business unit or company level, the day-to-day risk management functions are handled by four (4) different groups, namely:

1. Risk-taking personnel. This group includes line personnel who initiate and are directly accountable for all risks taken.
2. Risk control and compliance. This group includes middle management personnel who perform the day-to-day compliance check to approved risk policies and risk mitigation decisions.
3. Support. This group includes back office personnel who support the line personnel.
4. Risk management. This group pertains to the business unit's Management Committee which makes risk mitigating decisions within the enterprise-wide risk management framework.

Enterprise Resource Management (ERM) Framework
The Parent Company's BOD is also responsible for establishing and maintaining a sound risk management framework and is accountable for risks taken by the Parent Company. The Parent Company's BOD also shares the responsibility with the ERMG in promoting the risk awareness program enterprise-wide.

The ERM framework revolves around the following eight interrelated risk management approaches:

1. Internal Environmental Scanning. It involves the review of the overall prevailing risk profile of the business unit to determine how risks are viewed and addressed by management. This is presented during the strategic planning, annual budgeting and mid-year performance reviews of the Group.
2. Objective Setting. The Group's BOD mandates the business unit's management to set the overall annual targets through strategic planning activities, in order to ensure that management has a process in place to set objectives which are aligned with the Group's goals.
3. Event Identification. It identifies both internal and external events affecting the Group's set targets, distinguishing between risks and opportunities.

4. Risk Assessment. The identified risks are analyzed relative to the probability and severity of potential loss which serves as a basis for determining how the risks should be managed. The risks are further assessed as to which risks are controllable and uncontrollable, risks that require management's attention, and risks which may materially weaken the Group's earnings and capital.
5. Risk Response. The Group's BOD, through the oversight role of the ERMG, approves the business unit's responses to mitigate risks, either to avoid, self-insure, reduce, transfer or share risk.
6. Control Activities. Policies and procedures are established and approved by the Group's BOD and implemented to ensure that the risk responses are effectively carried out enterprise-wide.
7. Information and Communication. Relevant risk management information are identified, captured and communicated in form and substance that enable all personnel to perform their risk management roles.
8. Monitoring. The ERMG, Internal Audit Group, Compliance Office and Business Assessment Team constantly monitor the management of risks through risk limits, audit reviews, compliance checks, revalidation of risk strategies and performance reviews.

Risk management support groups
The Group's BOD created the following departments within the Group to support the risk management activities of the Parent Company and the other business units:
1. Corporate Security and Safety Board (CSSB). Under the supervision of ERMG, the CSSB administers enterprise-wide policies affecting physical security of assets exposed to various forms of risks.
2. Corporate Supplier Accreditation Team (CORPSAT). Under the supervision of ERMG, the CORPSAT administers enterprise-wide procurement policies to ensure availability of supplies and services of high quality and standards to all business units.
3. Corporate Management Services (CMS). The CMS is responsible for the formulation of enterprise-wide policies and procedures.
4. Corporate Planning (CORPLAN). The CORPLAN is responsible for the administration of strategic planning, budgeting and performance review processes of business units.
5. Corporate Insurance Department (CID). The CID is responsible for the administration of the insurance program of business units concerning property, public liability, business interruption, money and fidelity, and employer compensation insurances, as well as, in the

procurement of performance bonds.

Risk Management Policies
The main risks arising from the use of financial instruments are credit risk, liquidity risk and market risks such as foreign currency risk, equity price risk and interest rate risk. The Group's policies for managing the aforementioned risks are summarized below.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Credit and Accounts Receivable Monitoring Department (CARMD) of the Group continuously provides credit notification and implements various credit actions, depending on assessed risks, to minimize credit exposure. Receivable balances of trade customers are being monitored on a regular basis and appropriate credit treatments are executed for overdue accounts. Likewise, other receivable balances are also being monitored and subjected to appropriate actions to manage credit risk.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, financial assets at FVPL, AFS financial assets and certain derivative financial instruments, the Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments.

a. Credit risk exposure

   With respect to credit risk arising from financial assets of the Group, which comprises cash and cash equivalents, receivables, financial assets at FVPL and AFS financial assets, the Group's maximum exposure to credit risk is equal to its carrying amount as of September 30, 2015 and 2014, except for the Group's trade receivables as of September 30, 2015 with carrying value of ₱1.32 billion and collateral with fair value amounting to ₱0.05 billion, resulting to net exposure of ₱1.27 billion.

   The Group holds no other collateral or guarantee that would reduce the maximum exposure to credit risk.

b. Risk concentrations of the maximum exposure to credit risk

   Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Group's financial strength and undermine public confidence.

In order to avoid excessive concentrations of risk, identified concentrations of credit risks are controlled and managed accordingly.

i. Concentration by geographical location

The Group's credit risk exposures as of September 30, 2015 and 2014 before taking into account any collateral held or other credit enhancements are categorized by geographic location follows:

	2015					
	Philippines	**Asia**	**New Zealand**	**United States**	**Others***	**Total**
Loans and receivables:						
Cash and cash equivalents (excluding cash on hand, see Note 7)	**₱14,586,246,064**	**₱2,982,435,008**	**₱637,419,508**	**₱–**	**₱–**	**₱18,206,100,580**
Receivables (Note 10):						
Trade receivables	**4,578,660,481**	**2,328,449,736**	**1,127,044,518**	**23,839,533**	**14,366,392**	**8,072,360,660**
Due from related parties	**1,564,936,668**	**–**	**–**	**–**	**–**	**1,564,936,668**
Advances to officers, employees and suppliers	**649,890,023**	**412,986,349**	**–**	**–**	**–**	**1,062,876,372**
Interest receivable	**17,931,420**	**–**	**–**	**–**	**–**	**17,931,420**
Other receivables	**28,709,343**	**86,233,150**	**–**	**–**	**176,581**	**115,119,074**
Total loans and receivable	**21,426,373,999**	**5,810,104,243**	**1,764,464,026**	**23,839,533**	**14,542,973**	**29,039,324,774**
Financial assets at FVPL:						
Equity securities (Note 8):	**401,701,602**	**–**	**–**	**–**	**–**	**401,701,602**
AFS financial assets:						
Equity securities (Note 14)	**40,880,000**	**–**	**–**	**–**	**–**	**40,880,000**
	₱21,868,955,601	**₱5,810,104,243**	**₱1,764,464,026**	**₱23,839,533**	**₱14,542,973**	**₱29,481,906,376**

**Includes Brazil and Mexico.*

	2014				
	Philippines	Asia	United States	Others*	Total
Loans and receivables:					
Cash and cash equivalents (excluding cash on hand, see Note 7)	₱8,250,268,799	₱1,775,589,353	₱–	₱–	₱10,025,858,152
Receivables (Note 9):					
Trade receivables	3,835,384,742	2,657,848,738	12,833,312	10,194,110	6,516,260,902
Due from related parties	1,447,647,173	–	–	–	1,447,647,173
Advances to officers, employees and suppliers	684,164,665	327,825,430	–	–	1,011,990,095
Interest receivable	8,026,469	–	–	–	8,026,469
Other receivables	230,508,793	104,768,271	–	–	335,277,064
Total loans and receivable	14,456,000,641	4,866,031,792	12,833,312	10,194,110	19,345,059,855
Financial assets at FVPL:					
Equity securities (Note 8):	476,260,026	–	–	–	476,260,026
AFS financial assets:					
Equity securities (Note 14)	21,720,000	–	–	–	21,720,000
	₱14,953,980,667	₱4,866,031,792	₱12,833,312	₱10,194,110	₱19,843,039,881

**Includes Brazil and Mexico.*

ii. Concentration by industry

The tables below show the industry sector analysis of the Group's financial assets as of September 30, 2015 and 2014 before taking into account any collateral held or other credit enhancements.

	2015						
	Manufacturing	**Financial Intermediaries**	**Petrochemicals**	**Tele-Communication**	**Mining**	**Others***	**Total**
Loans and receivables:							
Cash and cash equivalents (excluding cash on hand, see Note 7)	**₱–**	**₱18,206,100,580**	**₱–**	**₱–**	**₱–**	**₱–**	**₱18,206,100,580**
Receivables (Note 10):							
Trade receivables	**7,279,822,819**	**–**	**450,809,157**	**–**	**–**	**341,728,684**	**8,072,360,660**
Due from related parties	**393,739,248**	**47,311,992**	**–**	**–**	**–**	**1,123,885,428**	**1,564,936,668**
Advances to officers, employees and suppliers	**1,004,436,262**	**–**	**–**	**–**	**–**	**58,440,110**	**1,062,876,372**
Interest receivable	**159,128**	**17,772,292**	**–**	**–**	**–**	**–**	**17,931,420**
Other receivables	**74,924,648**	**–**	**–**	**12,851,097**	**–**	**27,343,329**	**115,119,074**
Total loans and receivables	**8,753,082,105**	**18,271,184,864**	**450,809,157**	**12,851,097**	**–**	**1,551,397,551**	**29,039,324,774**
Financial assets at FVPL:							
Equity securities (Note 8)	**–**	**–**	**–**	**–**	**400,273**	**401,301,329**	**401,701,602**
AFS financial assets:							
Equity securities (Note 14)	**–**	**–**	**–**	**–**	**–**	**40,880,000**	**40,880,000**
	₱8,753,082,105	**₱18,271,184,864**	**₱450,809,157**	**₱12,851,097**	**₱400,273**	**₱1,993,578,880**	**₱29,481,906,376**

**Includes real state, agriculture, automotive, and electrical industries.*

	2014						
	Manufacturing	Financial Intermediaries	Petrochemicals	Tele-Communication	Mining	Others*	Total
Loans and receivables:							
Cash and cash equivalents (excluding cash on hand, see Note 7)	₱–	₱10,025,858,152	₱–	₱–	₱–	₱–	₱10,025,858,152
Receivables (Note 10):							
Trade receivables	5,728,663,120	–	448,364,902	–	–	339,232,880	6,516,260,902
Due from related parties	319,429,680	37,778,902	–	–	–	1,090,438,591	1,447,647,173
Advances to officers, employees and suppliers	935,090,459	–	–	–	–	76,899,636	1,011,990,095
Interest receivable	380,245	7,646,224	–	–	–	–	8,026,469
Other receivables	220,803,816	153,855	–	13,567,446	–	100,751,947	335,277,064
Total loans and receivables	7,204,367,320	10,071,437,133	448,364,902	13,567,446	–	1,607,323,054	19,345,059,855
Financial assets at FVPL:							
Equity securities (Note 8)	–	–	–	–	646,817	475,613,209	476,260,026
AFS financial assets:							
Equity securities (Note 14)	–	–	–	–	–	21,720,000	21,720,000
	₱7,204,367,320	₱10,071,437,133	₱448,364,902	₱13,567,446	₱646,817	₱2,104,656,263	₱19,843,039,881

**Includes real state, agriculture, automotive, and electrical industries.*

c. Credit quality per class of financial assets

The tables below show the credit quality by class of financial assets as of September 30, 2015 and 2014, gross of allowance for impairment losses:

	2015				
	Neither Past Due Nor Impaired				
	High Grade	**Standard Grade**	**Substandard Grade**	**Past Due or Individually Impaired**	**Total**
Loans and receivables:					
Cash and cash equivalents (excluding cash on hand, see Note 7)	**₱18,206,100,580**	**₱–**	**₱–**	**₱–**	**₱18,206,100,580**
Receivables (Note 10):					
Trade receivables	**5,866,721,181**	**488,520,367**	**280,878,532**	**1,622,249,772**	**8,258,369,852**
Due from related parties	**1,564,936,668**	**–**	**–**	**–**	**1,564,936,668**
Advances to officers, employees and suppliers	**624,914,441**	**289,074,210**	**77,453,777**	**91,080,626**	**1,082,523,054**
Interest receivable	**17,931,420**	**–**	**–**	**–**	**17,931,420**
Other receivables	**45,743,090**	**19,116,776**	**–**	**219,310,080**	**284,169,946**
Total loans and receivables	**26,326,347,380**	**796,711,353**	**358,332,309**	**1,932,640,478**	**29,414,031,520**
Financial assets at FVPL (Note 8):					
Equity securities	**401,701,602**	**–**	**–**	**–**	**401,701,602**
AFS financial assets:					
Equity securities (Note 14)	**40,880,000**	**–**	**–**	**–**	**40,880,000**
	₱26,768,928,982	**₱796,711,353**	**₱358,332,309**	**₱1,932,640,478**	**₱29,856,613,122**

	2014				
	Neither Past Due Nor Impaired			Past Due or Individually Impaired	
	High Grade	Standard Grade	Substandard Grade		Total
Loans and receivables:					
Cash and cash equivalents (excluding cash on hand, see Note 7)	₱10,025,858,152	₱–	₱–	₱–	₱10,025,858,152
Receivables (Note 10):					
Trade receivables	5,237,156,542	532,153,576	144,403,370	790,105,136	6,703,818,624
Due from related parties	1,447,647,173	–	–	–	1,447,647,173
Advances to officers, employees and suppliers	347,674,299	602,085,823	8,822,306	73,054,349	1,031,636,777
Interest receivable	8,026,469	–	–	–	8,026,469
Other receivables	72,312,328	115,916,485	75,748,013	240,383,014	504,359,840
Total loans and receivables	17,138,674,963	1,250,155,884	228,973,689	1,103,542,499	19,721,347,035
Financial assets at FVPL (Note 8):					
Equity securities	476,260,026	–	–	–	476,260,026
AFS financial assets:					
Equity securities (Note 14)	21,720,000	–	–	–	21,720,000
	₱17,636,654,989	₱1,250,155,884	₱228,973,689	₱1,103,542,499	₱20,219,327,061

High grade cash and cash equivalents are short-term placements and working cash fund placed, invested, or deposited in foreign and local banks belonging to the top ten (10) banks, including an affiliated bank, in the Philippines in terms of resources and profitability.

Other high grade accounts are accounts considered to be high value. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits. Standard grade accounts are active accounts with minimal to regular instances of payment default, due to ordinary/common collection issues. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly. Substandard grade accounts are accounts which have probability of impairment based on historical trend. These accounts show propensity to default in payment despite regular follow-up actions and extended payment terms.

d. Aging analysis

An aging analysis of the Group's past due or individually impaired receivables as of September 30, 2015 and 2014 are as follows:

	2015					
	Past Due Nor Impaired				**Impaired**	
	Less than 30 Days	**30 to 60 Days**	**60 to 90 Days**	**Over 90 Days**	**Financial Assets**	**Total**
Trade receivables	**₱881,105,294**	**₱112,050,855**	**₱3,505,102**	**₱439,579,329**	**₱186,009,192**	**₱1,622,249,772**
Advances to officers, employees and suppliers	**11,178,630**	**1,478,201**	**3,331,515**	**55,445,598**	**19,646,682**	**91,080,626**
Others	**10,001,961**	**5,339,953**	**25,396,246**	**9,521,048**	**169,050,872**	**219,310,080**
Balances at end of year	**₱902,285,885**	**₱118,869,009**	**₱32,232,863**	**₱504,545,975**	**₱374,706,746**	**₱1,932,640,478**

	2014					
	Past Due Nor Impaired				Impaired	
	Less than 30 Days	30 to 60 Days	60 to 90 Days	Over 90 Days	Financial Assets	Total
Trade receivables	₱137,298,058	₱92,711,054	₱40,910,530	₱331,627,772	₱187,557,722	₱790,105,136
Advances to officers, employees and suppliers	7,409,140	4,445,031	202,818	41,350,678	19,646,682	73,054,349
Others	42,942,969	8,884,823	192,570	19,279,876	169,082,776	240,383,014
Balances at end of year	₱187,650,167	₱106,040,908	₱41,305,918	₱392,258,326	₱376,287,180	₱1,103,542,499

e. Impairment assessment

The Group recognizes impairment losses based on the results of the specific/individual and collective assessment of its credit exposures. Impairment has taken place when there is a presence of known difficulties in the servicing of cash flows by counterparties, infringement of the original terms of the contract has happened, or when there is an inability to pay principal or interest overdue beyond a certain threshold. These and the other factors, either singly or in tandem with other factors, constitute observable events and/or data that meet the definition of an objective evidence of impairment.

The two methodologies applied by the Group in assessing and measuring impairment include: (1) specific/individual assessment; and (2) collective assessment.

Under specific/individual assessment, the Group assesses each individually significant credit exposure for any objective evidence of impairment, and where such evidence exists, accordingly calculates the required impairment.

Among the items and factors considered by the Group when assessing and measuring specific impairment allowances are: (a) the timing of the expected cash flows; (b) the projected receipts or expected cash flows; (c) the going concern of the counterparty's business; (d) the ability of the counterparty to repay its obligations during financial crisis; (e) the availability of other sources of financial support; and (f) the existing realizable value of collateral.

The impairment allowances, if any, are evaluated as the need arises, in view of favorable or unfavorable developments.

With regard to the collective assessment of impairment, allowances are assessed collectively for losses on receivables that are not individually significant and for individually significant receivables when there is no apparent or objective evidence of individual impairment. A particular portfolio is reviewed on a periodic basis, in order to determine its corresponding appropriate allowances. The collective assessment evaluates and estimates the impairment of the portfolio in its entirety even though there is no objective evidence of impairment on an individual assessment. Impairment losses are estimated by taking into consideration the following deterministic information: (a) historical losses/write offs; (b) losses which are likely to occur but has not yet occurred; and (c) the expected receipts and recoveries once impaired.

Liquidity risk
Liquidity risk is the risk of not being able to meet funding obligation such as the repayment of liabilities or payment of asset purchases as they fall due. The Group's liquidity management involves maintaining funding capacity to finance capital expenditures and service maturing debts, and to accommodate any fluctuations in asset and liability levels due to changes in the Group's business operations or unanticipated events created by customer behavior or capital market conditions. The Group maintains a level of cash and cash equivalents deemed sufficient to finance its operations. It also maintains a portfolio of highly marketable and diverse financial assets that assumed to be easily liquidated in the event of an unforeseen interruption of cash flow. The Group also has committed lines of credit that it can access to meet liquidity needs. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities. Fund raising activities may include obtaining bank loans and capital market issues both onshore and offshore.

Maturity Profile of Financial Assets and Liabilities

The tables below summarize the maturity profile of the Group's financial assets and liabilities as of September 30, 2015 and 2014 based on the remaining undiscounted contractual cash flows.

	2015				
	On Demand	**1 to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Total**
Financial Assets					
Loans and receivables:					
Cash and cash equivalents	**₱3,299,290,307**	**₱15,904,834,488**	**₱250,345,829**	**₱–**	**₱19,454,470,624**
Receivables:					
Trade receivables	**2,573,738,148**	**5,498,622,512**	**–**	**–**	**8,072,360,660**
Due from related parties	**836,828,025**	**–**	**728,108,643**	**–**	**1,564,936,668**
Advances to officers, employees and suppliers	**712,380,431**	**215,995,236**	**134,500,705**	**–**	**1,062,876,372**
Interest receivable	**20,389**	**17,911,031**	**–**	**–**	**17,931,420**
Other receivables	**42,835,531**	**65,866,307**	**22,644,962**	**–**	**131,346,800**
Total loans and receivables	**7,465,092,831**	**21,703,229,574**	**1,135,600,139**	**–**	**30,303,922,544**
Financial assets at FVPL					
Equity securities	**401,701,602**	**–**	**–**	**–**	**401,701,602**
AFS financial asset:					
Equity securities	**40,880,000**	**–**	**–**	**–**	**40,880,000**
	₱7,907,674,433	**₱21,703,229,574**	**₱1,135,600,139**	**₱–**	**₱30,746,504,146**
Financial Liabilities					
Financial liabilities at amortized cost:					
Accounts payable and other accrued liabilities:					
Trade payable and accrued expenses*	**₱4,099,883,080**	**₱7,930,853,797**	**₱432,028,780**	**₱–**	**₱12,462,765,657**
Due to related parties	**73,127,178**	**–**	**–**	**–**	**73,127,178**
Short-term debt	**–**	**846,831,629**			**846,831,629**
Trust receipts and acceptances payable	**–**	**638,925,460**	**4,009,242,114**	**–**	**4,648,167,574**
Long-term debt	**–**	**252,754,218**	**758,262,656**	**25,461,518,207**	**26,472,535,081**
Derivative liability	**–**	**–**	**–**	**151,646,715**	**151,646,715**
	₱4,173,010,258	**₱9,669,365,104**	**₱5,199,533,550**	**₱25,613,164,922**	**₱44,655,073,834**

**Excludes statutory liabilities*

	2014				
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	Total
Financial Assets					
Loans and receivables:					
Cash and cash equivalents	₱1,444,986,811	₱8,636,726,908	₱–	₱–	₱ 10,081,713,719
Receivables:					
Trade receivables	3,329,329,384	3,186,931,518	–	–	6,516,260,902
Due from related parties	1,447,647,173	–	–	–	1,447,647,173
Advances to officers, employees and suppliers	268,953,399	674,403,930	68,632,766	–	1,011,990,095
Interest receivable	–	8,026,469	–	–	8,026,469
Other receivables	247,470,102	50,333,552	37,473,410	–	335,277,064
Total loans and receivables	6,738,386,869	12,556,422,377	106,106,176	–	19,400,915,422
Financial assets at FVPL					
Equity securities	476,260,026	–	–	–	476,260,026
AFS financial assets					
Equity securities	21,720,000	–	–	–	21,720,000
	₱7,236,366,895	₱12,556,422,377	₱106,106,176	₱–	₱19,898,895,448

Forward

	2014				
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	Total
Financial Liabilities					
Financial liabilities at amortized cost:					
Accounts payable and other accrued liabilities:					
Trade payable and accrued expenses*	₱5,001,928,540	₱5,773,851,880	₱151,496,789	₱–	₱10,927,277,209
Due to related parties	69,385,015	–	–	–	69,385,015
Short-term debt	–	4,348,431,109	–	–	4,348,431,109
Trust receipts and acceptances payable	75,291,275	2,255,008,961	2,107,074,035	–	4,437,374,271
	₱5,146,604,830	₱12,377,291,950	₱2,258,570,824	₱–	₱19,782,467,604

**Excludes statutory liabilities*

Market risk

Market risk is the risk of loss to future earnings, to fair value or future cash flows of a financial instrument as a result of changes in its price, in turn caused by changes in interest rates, foreign currency exchange rates, equity prices and other market factors.

Foreign currency risk

Foreign currency risk arises on financial instruments that are denominated in a foreign currency other than the functional currency in which they are measured.

The Group has transactional currency exposures. Such exposures arise from sales and purchases in currencies other than the entities' functional currency. As of September 30, 2015, 2014 and 2013, approximately 30.4%, 25.7% and 27.2% of the Group's total sales are denominated in currencies other than the functional currency. In addition, 16.90% and 50.48% of the Group's debt is denominated in US Dollars as of September 30, 2015 and 2014, respectively. The Group's capital expenditures are likewise substantially denominated in US Dollar.

The tables below summarize the Group's exposure to foreign currency risk:

	2015			
	NZ Dollar	**US Dollar**	**Others***	**Total**
Assets				
Cash and cash equivalents	**₱637,513,689**	**₱7,884,807,309**	**₱26,319,675**	**₱8,548,640,673**
Receivables	**1,127,044,518**	**2,348,582,235**	**32,689,484**	**3,508,316,237**
	1,764,558,207	**10,233,389,544**	**59,009,159**	**12,056,956,910**
Liabilities				
Accounts payable and other accrued liabilities	**1,009,707,580**	**–**	**–**	**1,009,707,580**
Short-term debt	**–**	**–**	**845,285,468**	**845,285,468**
Trust receipts	**–**	**4,620,725,913**	**–**	**4,620,725,913**
Long-term debt	**21,869,680,961**	**–**	**–**	**21,869,680,961**
	22,879,388,541	**4,620,725,913**	**845,285,468**	**28,345,399,922**
Net Foreign Currency-Denominated Assets (Liabilities)	**(₱21,114,830,334)**	**₱5,612,663,631**	**(₱786,276,309)**	**(₱16,288,443,012)**

**Other currencies include Singapore Dollar, Thai Baht, Chinese Yuan, Malaysian Ringgit, Indonesian Rupiah and Vietnam Dong*

	2014			
	NZ Dollar	US Dollar	Others	Total
Assets				
Cash and cash equivalents	₱–	₱4,162,931,749	₱–	₱4,162,931,749
Receivables	–	307,058,458	–	307,058,458
	–	4,469,990,207	–	4,469,990,207
Liabilities				
Accounts payable and other accrued liabilities	32,292,224	–	–	32,292,224
Short-term debt	3,496,301,000	–	831,689,825	4,327,990,825
Trust receipts	–	4,412,695,949	–	4,412,695,949
	3,528,593,224	4,412,695,949	831,689,825	8,772,978,998
Net Foreign Currency-Denominated Assets (Liabilities)	(₱3,528,593,224)	₱57,294,258	(₱831,689,825)	(₱4,302,988,791)

**Other currencies include Singapore Dollar, Thai Baht, Chinese Yuan, Malaysian Ringgit, Indonesian Rupiah and Vietnam Dong*

The following tables set forth the impact of the range of reasonably possible changes in the US Dollar and Euro - Philippine Peso exchange rate on the Group's income before income tax as of September 30, 2015 and 2014:

	2015	
Reasonably possible change in unit of Philippine peso for every unit of foreign currency	**US Dollar**	**NZ Dollar**
₱5.00	**₱600,413,311**	**(₱3,533,543,468)**
(5.00)	**(600,413,311)**	**3,533,543,468**

	2014	
Reasonably possible change in unit of Philippine peso for every unit of foreign currency	US Dollar	NZ Dollar
₱5.00	₱6,383,761	(₱499,999,870)
(5.00)	(6,383,761)	499,999,870

The impact of the range of reasonably possible changes in the exchange rates of the other currencies against the Philippine Peso on the Group's income before income tax as of September 30, 2015 and 2014 are deemed immaterial.

The exchange rates used to restate the US dollar-denominated financial assets and liabilities were ₱46.74 to US$1.00 and ₱44.88 to US$1.00 as of September 30, 2015 and 2014, respectively. The exchange rates used to restate the NZ dollar-denominated financial liabilities were ₱29.90 to NZ$1.00 and ₱34.96 to NZ$1.00 as of September 30, 2015 and 2014, respectively.

Equity price risk
Equity price risk is the risk that the fair values of equities will change as a result of changes in the levels of equity indices and the value of individual stocks.

The table below shows the effect on equity as a result of a change in the fair value of equity instruments held as financial assets at FVPL investments due to reasonably possible changes in equity indices:

	2015		2014	
Changes in PSEi	**12.18%**	**(12.18%)**	12.40%	(12.40%)
Change in trading gain at equity portfolio	**(27,469,625)**	**27,469,625**	43,182,845	(43,182,845)
As a percentage of the Parent Company's trading gain for the year	**271.67%**	**(271.67%)**	144.79%	(144.79%)

The Group's investment in golf shares designated as AFS financial assets are susceptible to market price risk arising from uncertainties about future values of the investment security. The Group's estimates an increase of 1.00% in 2015 and 2014 would have an impact of approximately 0.41 million and 0.22 million on equity, respectively. An equal change in the opposite direction would have decreased equity by the same amount.

Interest rate risk
The Group's exposure to market risk for changes in interest rates relates primarily to the subsidiaries' long-term debt obligations which are subject to floating rate. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt.

The following tables show information about the Group's financial instruments that are exposed to interest rate risk and presented by maturity profile:

	2015								
	<1 year	**>1-<2 years**	**>2-<3 years**	**>3-<4 years**	**>4-<5 years**	**Total**	**Total (in Philippine Peso)**	**Debt Issuance Costs (in Philippine Peso)**	**Carrying Value (in Philippine Peso)**
Liabilities:									
Foreign currencies:									
Floating rate									
New Zealand Dollar loans	**NZ$33,808,466**	**NZ$33,552,823**	**NZ$33,552,823**	**NZ$33,552,823**	**NZ$750,776,244**	**NZ$885,243,179**	**₱22,198,497,235**	**₱328,816,274**	**₱21,869,680,961**
Interest rate:									
NZ BKBM+1.60%									
Fixed rate:									
Thailand Baht loans	**THB657,800,000**	**THB−**	**THB−**	**THB−**	**THB−**	**THB657,800,000**	**845,285,468**	**−**	**845,285,468**
Interest rate:									
2.21% to 2.25%									
Trust receipt and acceptances payable	**USD98,860,204**	**USD−**	**USD−**	**USD−**	**USD−**	**USD98,860,204**	**4,620,725,913**	**−**	**4,620,725,913**
Interest rate:									
0.993% to 1.057%									
							₱27,664508,616	**₱328,816,274**	**₱27,335,692,342**

	2014								
	<1 year	>1-<2 years	>2-<3 years	>3-<4 years	>4-<5 years	Total	Total (in Philippine Peso)	Debt Issuance Costs (in Philippine Peso)	Carrying Value (in Philippine Peso)
Liabilities:									
Foreign currencies:									
Fixed rate:									
New Zealand Dollar Loan	NZ$100,000,000	NZ$−	NZ$−	NZ$−	NZ$−	NZ$100,000,000	₱3,496,301,000	₱−	₱3,496,301,000
Interest rate: 4.75%									
Thailand Baht loans	THB600,800,000	THB−	THB−	THB−	THB−	THB600,800,000	831,689,825	−	831,689,825
Interest rate: 2.62%									
Trust receipt and acceptances payable	USD98,333,057	USD−	USD−	USD−	USD−	USD98,333,057	4,412,695,949	−	4,412,695,949
Interest rate: 0.925% to 1.003%									
							₱8,740,686,774	₱−	₱8,740,686,774

5. **Fair Value Measurement**

The following methods and assumptions were used to estimate the fair value of each asset and liability for which it is practicable to estimate such value:

Cash and cash equivalents, receivables (except amounts due from and due to related parties), accounts payable and other accrued liabilities, short-term debt, and trust receipts and acceptances payable
Carrying amounts approximate their fair values due to the relatively short-term maturities of these instruments.

Amounts due from and due to related parties
Carrying amounts of due from and due to related parties which are payable and due on demand approximate their fair values.

Financial assets at FVPL and AFS investments
Fair values of debt securities are generally based upon quoted market prices. If the market prices are not readily available, fair values are estimated using either values obtained from independent parties offering pricing services or adjusted quoted market prices of comparable investments or using the discounted cash flow methodology. Fair values of quoted equity securities are based on quoted prices published in markets.

Biological assets
Swine livestock are measured at their fair values less costs to sell. The fair values are determined based on current market prices of livestock of similar age, breed and genetic merit. Costs to sell include commissions to brokers and dealers, nonrefundable transfer taxes and duties. Costs to sell exclude transport and other costs necessary to get the biological assets to the market.

Investment properties
Fair value of investment properties are based on cost method. Under this approach, an estimate is made of the current 'Cost of Replacement, New' of the buildings and other land improvements in accordance with prevailing market prices for materials, labor, and contractor's overhead, profit, and fees. Adjustments are then made to reflect depreciation resulting from physical deterioration, functional, and economic obsolescence based on personal inspection of the buildings and other land improvements and in comparison with similar new properties.

The fair values of the Group's investment properties have been determined by appraisers, including independent external appraisers, based on the analysis of the buildings and other land improvements by breaking them down into major components such as foundation, columns, beams, floorings, wall, roofing, and others using workable units as lineal meter, square meter, and other appropriate basic unit. Equally given importance are the interior finishes. Bills of quantities for each building component using the appropriate basic unit are prepared and related to the unit cost for each component developed based on current market prices.

The Group has determined that the highest and best use of the building and building improvement classified as investment properties is its current use.

Long-term debt
The fair value of long-term debt is based on the discounted value of future cash flows (interests and principal) using market rates plus a certain spread.

Derivative liability

The fair values of forward exchange derivatives are calculated by reference to the prevailing interest differential and spot exchange rate as of valuation date, taking into account the remaining term-to-maturity of the forwards.

Fair Value Hierarchy

The Group uses the following hierarchy in determining and disclosing the fair value of financial instruments by valuation technique:

- Quoted prices in active markets for identical assets or liabilities (Level 1);
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	2015				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total Fair value**
Assets measured at fair value					
Financial assets at FVPL:					
Quoted equity securities	**₱401,701,602**	**₱401,701,602**	**₱–**	**₱–**	**₱401,701,602**
AFS financial assets					
Quoted equity securities	**40,880,000**	**40,880,000**	**–**	**–**	**40,880,000**
Biological assets	**1,531,250,635**	**–**	**1,531,250,635**	**–**	**1,531,250,635**
Assets for which fair values are disclosed					
Investment properties	**53,518,151**	**–**	**–**	**232,236,000**	**232,236,000**
	₱2,027,350,388	**₱442,581,602**	**₱1,531,250,635**	**₱232,236,000**	**₱2,206,068,237**
Liabilities measured at fair value					
Derivative liabilities	**₱151,646,715**	**₱–**	**₱151,646,715**	**₱–**	**₱151,646,715**
Liabilitiess for which fair values are disclosed					
Long-term debt	**21,869,680,961**	**–**	**–**	**18,783,334,230**	**18,783,334,230**
	₱22,021,327,676	**₱–**	**₱151,646,715**	**₱18,783,334,230**	**₱18,934,980,945**

	2014				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair value
Assets measured at fair value					
Financial assets at FVPL:					
Quoted equity securities	₱476,260,026	₱476,260,026	₱–	₱–	₱476,260,026
AFS financial assets					
Quoted equity securities	21,720,000	21,720,000	–	–	21,720,000
Biological assets	1,611,292,270	–	1,611,292,270	–	1,611,292,270
Assets for which fair values are disclosed					
Investment properties	57,175,938	–	–	232,236,000	232,236,000
	₱2,166,448,234	₱497,980,026	₱1,611,292,270	₱232,236,000	₱2,341,508,296

In 2015 and 2014, there were no transfers between Level 1 and Level 2 fair value measurements. Non-financial assets determined under Level 3 include investment properties. No transfers between any level of the fair value hierarchy took place in the equivalent comparative period.

Description of significant unobservable inputs to valuation:

Account	Valuation Technique	Significant Unobservable Inputs
Investment properties	Cost method	Replacement cost and depreciation for improvements

Significant increases (decreases) in adjustments for replacement cost and depreciation for improvements would result in a significantly higher (lower) fair value of the properties.

Significant Unobservable Inputs

Replacement cost	Estimated amount of money needed to replace in like kind and in new condition an asset or group of assets, taking into consideration current prices of materials, labor, contractor's overhead, profit and fees, and all other attendant costs associated with its acquisition and installation in place without provision for overtime or bonuses for labor, and premiums for materials.
Depreciation	Depreciation as evidenced by the observed condition in comparison with new units of like kind tempered by consideration given to extent, character, and utility of the property which is to be continued in its present use as part of a going concern but without specific relations to earnings.

6. Business Segment Information

The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group has four reportable operating segments as follows:

- The branded consumer food products segment manufactures and distributes a diverse mix of salty snacks, chocolates, candies, biscuits, bakery products, beverages, instant noodles, and pasta and tomato-based products. This segment also includes the packaging division, which manufactures BOPP films primarily used in packaging; and its subsidiary, which manufactures flexible packaging materials for the packaging requirements of various branded food products. Its revenues are in their peak during the opening of classes in June and Christmas season.
- The agro-industrial products segment engages in hog and poultry farming, manufacturing and distribution of animal feeds, glucose and soya products, and production and distribution of animal health products. Its peak season is during summer and before Christmas season.
- The commodity food products segment engages in sugar milling and refining, and flour milling and pasta manufacturing and renewable energy. The peak season for sugar is during its crop season, which normally starts in November and ends in April while flour and pasta's peak season is before and during the Christmas season.

- The corporate business segment engages in bonds and securities investment and fund sourcing activities.

No operating segments have been aggregated to form the above reportable operating business segments.

Management monitors the operating results of business segments separately for the purpose of making decisions about resource allocation and performance assessment. The measure presented to manage segment performance is the segment operating income (loss). Segment operating income (loss) is based on the same accounting policies as consolidated operating income (loss) except that intersegment revenues are eliminated only at the consolidation level. Group financing (including finance costs and revenues), market valuation gain and loss, foreign exchange gains or losses, other revenues and expenses and income taxes are managed on a group basis and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The following tables present the financial information of each of the operating segments in accordance with PFRS except for Earnings before interest, income taxes and depreciation/ amortization (EBITDA) and Earnings before interest and income taxes (EBIT) as of and for the period ended September 30, 2015, 2014, and 2013.

The Group's business segment information follows:

	2015					
	Branded Consumer Food	**Agro-Industrial**	**Commodity Food**	**Corporate Business**	**Eliminations**	**Total**
			(In Thousands)			
Sale of Goods and Services						
Third party	**₱91,861,235**	**₱8,931,097**	**₱8,258,698**	**₱–**	**₱–**	**₱109,051,030**
Inter-segment	**10,048,310**	**276,183**	**6,362,829**	**–**	**(16,687,322)**	**–**
	₱101,909,545	**₱9,207,280**	**₱14,621,527**	**₱–**	**(16,687,322)**	**₱109,051,030**
Result						
Earnings before interest, income taxes and depreciation/amortization (EBITDA)	**₱18,098,890**	**₱1,427,416**	**₱3,846,103**	**(₱1,289,015)**	**₱–**	**₱22,083,394**
Depreciation and amortization (Note 28)	**(3,613,879)**	**(257,005)**	**(707,520)**	**(131,570)**	**–**	**(4,709,974)**
Earnings before interest and income tax (EBIT)	**₱14,485,011**	**₱1,170,411**	**₱3,138,583**	**(1,420,585)**	**₱–**	**₱17,373,420**
Finance revenue (Note 30)	**₱112,352**	**₱133**	**₱1,379**	**₱163,316**	**₱–**	**277,180**
Finance costs (Notes 20, 22 and 31)	**(₱1,212,848)**	**(₱18,500)**	**(₱34,407)**	**(₱11,798)**	**₱–**	**(1,277,553)**
Equity in net income of joint ventures (Note 17)	**₱–**	**₱–**	**₱–**	**(₱206,481)**	**₱–**	**(₱206,481)**
Market valuation gain (loss) on financial assets and derivative financial instruments at FVPL (Note 8)	**₱–**	**₱–**	**₱–**	**(₱214,624)**	**₱–**	**(₱214,624)**
Impairment losses	**(105,058)**	**–**	**(4,880)**	**–**	**–**	**(109,938)**
Other expenses*						**(85,534)**
Income before income tax						**15,756,470**
Provision for income tax (Note 33)						**(3,251,548)**
Net income						**₱12,504,922**
Other Information						
Total assets	**73,041,902**	**5,256,753**	**13,575,146**	**18,873,281**	**–**	**110,747,082**
Total liabilities	**35,445,559**	**2,928,789**	**5,057,425**	**1,955,680**	**–**	**45,387,453**
Capital expenditures (Note 13)	**4,600,527**	**360,406**	**1,362,035**	**192,955**	**–**	**6,515,923**
Non-cash expenses other than depreciation and amortization:						
Impairment losses on:						
Receivables (Note 10)	**₱421**	**₱–**	**₱4,880**	**₱–**	**₱–**	**₱5,301**
Inventories (Note 11)	**104,637**	**–**	**–**	**–**	**–**	**104,637**
	₱105,058	**₱–**	**₱4,880**	**₱–**	**₱–**	**₱109,938**

** Include net foreign exchange losses and other revenues (expenses).*

	2014					
	Branded Consumer Food	Agro-Industrial	Commodity Food	Corporate Business	Eliminations	Total
	(In Thousands)					
Sale of Goods and Services						
Third party	₱77,233,787	₱8,203,015	₱6,939,495	₱–	₱–	₱92,376,297
Inter-segment	9,350,272	4,152,627	6,007,458		(19,510,357)	–
	₱86,584,059	₱12,355,642	₱12,946,953	₱–	(₱19,510,357)	₱92,376,297
Result						
Earnings before interest, income taxes and depreciation/amortization (EBITDA)	₱13,999,723	₱1,355,412	₱3,713,909	(₱1,064,563)	₱–	₱18,004,481
Depreciation and amortization (Note 28)	(2,901,342)	(288,632)	(622,207)	(73,129)	–	(3,885,310)
Earnings before interest and income tax (EBIT)	₱11,098,381	₱1,066,780	₱3,091,702	(₱1,137,692)	₱–	₱14,119,171
Finance revenue (Note 30)	₱80,939	₱103	₱1,766	₱146,053	₱–	228,861
Finance costs (Notes 20, 22 and 31)	(₱86,234)	(₱9,595)	(₱27,861)	(₱26,720)	₱–	(150,410)
Equity in net income of joint ventures (Note 17)	₱–	₱–	₱–	₱14,090	₱–	14,090
Market valuation gain on financial assets at FVPL (Note 8)	₱–	₱–	₱–	₱62,526	₱–	62,526
Impairment losses						(122,272)
Other expenses*						75,550
Income before income tax						14,227,516
Provision for income tax (Note 33)						(2,572,224)
Net income						₱11,655,292
Other Information						
Total assets	48,682,573	5,621,741	11,171,001	12,445,892	–	77,921,207
Total liabilities	10,465,748	2,896,084	4,185,517	4,346,862	–	21,894,211
Capital expenditures (Note 13)	4,302,565	292,088	2,823,549	278,747	–	7,696,949
Non-cash expenses other than depreciation and amortization:						
Impairment losses on:						
Receivables (Note 10)	₱7,216	₱1,296	₱–	₱4,671	₱–	₱13,183
Inventories (Note 11)	97,608	–	6,268	–	–	103,876
Goodwill (Note 16)	5,213	–	–	–	–	5,213
	₱110,037	₱1,296	₱6,268	₱4,671	₱–	₱122,272

** Include net foreign exchange losses and other revenues (expenses).*

	2013					
	Branded Consumer Food	Agro-Industrial	Commodity Food	Corporate Business	Eliminations	Total
	(In Thousands)					
Sale of Goods and Services						
Third party	₱65,400,934	₱7,392,911	₱8,201,371	₱–	₱–	₱80,995,216
Inter-segment	6,653,676	3,524,393	5,178,254	–	(15,356,323)	–
	₱72,054,610	₱10,917,304	₱13,379,625	₱–	(₱15,356,323)	₱80,995,216
Result						
Earnings before interest, income taxes and depreciation/amortization (EBITDA)	₱10,129,027	₱967,947	₱3,745,033	(₱941,357)	₱–	₱13,900,650
Depreciation and amortization (Note 28)	(2,642,218)	(311,198)	(626,118)	(42,069)	–	(3,621,603)
Earnings before interest and income tax (EBIT)	₱7,486,809	₱656,749	₱3,118,915	(₱983,426)	₱–	10,279,047
Finance revenue (Note 30)	₱48,067	₱173	₱2,221	₱479,179	₱–	529,640
Finance costs (Notes 20, 22 and 31)	(₱41,649)	(₱11,187)	(₱41,999)	(₱171,198)	₱–	(266,033)
Equity in net income of a joint venture (Note 17)	₱–	₱–	₱–	₱19,245	₱–	19,245
Market valuation gain on financial assets at FVPL (Note 8)	₱–	₱–	₱–	₱473,301	₱–	473,301
Impairment losses						(28,900)
Other expenses*						543,472
Income before income tax						11,549,772
Provision for income tax (Note 33)						(1,432,442)
Net income						₱10,117,330
Other Information						
Total assets	₱39,343,253	₱4,734,422	₱8,632,824	₱13,834,469	₱–	₱66,544,968
Total liabilities	₱10,619,062	₱1,147,858	₱3,546,414	₱401,604	₱–	₱15,714,938
Capital expenditures (Note 13)	₱3,640,111	₱250,218	₱1,583,005	₱72,423	₱–	₱5,545,757
Non-cash expenses other than depreciation and amortization:						
Impairment losses on:						
Receivables (Note 10)	₱–	₱–	₱205	₱–	₱–	₱205
Inventories (Note 11)	8,341	5,413	14,941	–	–	28,695
	₱8,341	₱5,413	₱15,146	₱–	₱–	₱28,900

** Include net foreign exchange losses and other revenues (expenses).*

Inter-segment Revenues
Inter-segment revenues are eliminated at the consolidation level.

Segment Results
Segment results pertain to the net income (loss) of each of the operating segments excluding the amounts of market valuation gains and losses on financial assets at FVPL, foreign exchange losses and other revenues and expenses which are not allocated to operating segments.

Segment Assets
Segment assets are resources owned by each of the operating segments excluding significant inter-segment transactions.

Segment Liabilities
Segment liabilities are obligations incurred by each of the operating segments excluding significant inter-segment transactions. The Group also reports to the chief operating decision maker the breakdown of the short-term and long-term debt of each of the operating segments.

Capital Expenditures
The components of capital expenditures reported to the chief operating decision maker are the additions to investment property and property plant and equipment during the period.

Geographic Information
The Group operates in the Philippines, Thailand, Malaysia, Indonesia, China, Hong Kong, Singapore, Vietnam, Myanmar and New Zealand.

The following table shows the distribution of the Group's consolidated revenues to external customers by geographical market, regardless of where the goods were produced:

	2015	2014	2013
		(In Thousands)	
Domestic	**₱75,918,231**	₱68,600,627	₱58,941,454
Foreign	**33,132,799**	23,775,670	22,053,762
	₱109,051,030	₱92,376,297	₱80,995,216

The Group has no customer which contributes 10% or more of the consolidated revenues of the Group.

The table below shows the Group's carrying amounts of noncurrent assets per geographic location excluding noncurrent financial assets, deferred tax assets and pension assets:

	2015	2014	2013
		(In Thousands)	
Domestic	**₱25,439,811**	₱24,686,271	₱21,429,562
Foreign	**37,087,525**	12,552,812	11,128,556
	₱62,527,336	₱37,239,083	₱32,558,118

7. **Cash and Cash Equivalents**

This account consists of:

	2015	2014
Cash on hand	**₱92,278,861**	₱50,364,931
Cash in banks	**2,680,097,754**	1,394,733,314
Short-term investments	**15,526,002,826**	8,631,124,838
	₱18,298,379,441	₱10,076,223,083

Cash in banks earn interest at the prevailing bank deposit rates. Short-term investments represent money market placements that are made for varying periods depending on the immediate cash requirements of the Group, and earn interest ranging from 0.01% to 6.20% and 0.01% to 4.50% for foreign currency-denominated money market placements in 2015 and 2014, respectively. Peso-denominated money market placements on the other hand, earn interest ranging from 1.50% to 2.10% and 1.00% to 1.50% in 2015 and 2014, respectively.

8. **Financial Assets at Fair Value Through Profit or Loss**

This account consists of investments held-for-trading amounting to ₱401.7 million and ₱476.3 million as of September 30, 2015 and 2014, respectively. Investments held-for-trading consists of quoted equity securities issued by certain domestic entities.

Gains (losses) per class of investment financial assets and derivative financial instrument to fair value though profit and loss:

	2015	2014	2013
Equity securities	**(₱74,626,895)**	₱62,525,954	₱226,425,612
Debt securtites:			
Private bonds	**–**	–	241,882,525
Government securities	**–**	–	4,992,765
Derivatives (Note 9)	**(139,997,361)**	–	–
	(₱214,624,256)	₱62,525,954	₱473,300,902

In 2013, the Group sold all of its debt securities and significant portion of its equity securities at FVPL for a total consideration of ₱10.7 billion (see Note 35). Gain arising from the sale of FVPL investments amounted to ₱54.5 million presented under 'Gain on sale of investments' in the consolidated statements of income. Interest income earned from private bonds and government securities amounted to ₱170.5 million and ₱3.7 million, respectively (see Note 30).

There were no sales of financial assets at FVPL in 2015 and 2014.

9. **Derivative Financial Instruments**

Derivative not designated as accounting hedge

The Group's derivatives not designated as accounting hedges include foreign currency forwards to take positions for risk management purposes. Also included under this heading are any derivatives designated as accounting hedges but do not meet PAS 39 hedging requirements.

The Group entered into a foreign currency forwards arrangement with notional amount of NZ$322.3 million (₱9.6 billion) and recognized change in fair value of the instrument amounting to ₱151.6 million during the year.

In 2015, the Group recognized commodity swap option as part of the net asset acquired from the acquisition of NZSFHL. The Group recognized gain amounting to ₱5.99 million upon maturity of the contract in 2015.

Derivatives designated as accounting hedge
As part of its asset and liability management, the Group uses derivatives, particularly currency option, as cash flow hedges in order to reduce its exposure to market risks.

The Group's short-term forwards have varying tenors ranging from one to three months and have a total notional amount of NZ$5.43 million at September 30, 2015. The negative fair values amounted to NZ$0.07 million as of September 30, 2015.

Details of 'Other noncurrent liabilities' are as follows:

	2015	2014
Net pension liability	**₱244,731,643**	₱262,167,555
Derivative liability	**151,646,715**	–
	₱396,378,358	₱262,167,555

10. **Receivables**

This account consists of:

	2015	2014
Trade receivables (Note 35)	**₱8,258,369,852**	₱6,703,818,624
Due from related parties (Note 35)	**1,564,936,668**	1,447,647,173
Advances to officers, employees and suppliers	**1,082,523,054**	1,031,636,777
Interest receivable	**17,931,420**	8,026,469
Others	**284,169,946**	504,359,840
	11,207,930,940	9,695,488,883
Less allowance for impairment losses	**374,706,746**	376,287,180
	₱10,833,224,194	₱9,319,201,703

Others include receivables from URC Retirement Plan amounting to nil and ₱55.9 million as of September 30, 2015 and 2014, respectively (see Note 32).

Allowance for Impairment Losses on Receivables
Changes in allowance for impairment losses on receivables follow:

	2015			
	Individual Assessment		**Collective Assessment**	
	Trade Receivables	**Other Receivables**	**Trade Receivables**	**Total**
Balances at beginning of year	**₱173,996,431**	**₱188,729,458**	**₱13,561,291**	**₱376,287,180**
Provision for impairment losses	**421,123**	**4,880,205**	**–**	**5,301,328**
Accounts written-off	**(1,969,653)**	**(4,912,109)**	**–**	**(6,881,762)**
Balances at end of year	**₱172,447,901**	**₱188,697,554**	**₱13,561,291**	**₱374,706,746**

	2014			
	Individual Assessment		Collective Assessment	
	Trade Receivables	Other Receivables	Trade Receivables	Total
Balances at beginning of year	₱193,050,496	₱188,729,458	₱13,561,291	₱395,341,245
Provision for impairment losses	13,183,568	–	–	13,183,568
Recovery/accounts written-off	(32,237,633)	–	–	(32,237,633)
Balances at end of year	₱173,996,431	₱188,729,458	₱13,561,291	₱376,287,180

Allowance for impairment losses on other receivables includes impairment losses on advances to officers, employees and suppliers and other receivables, amounting to ₱19.6 million and ₱169.1 million respectively, as of September 30, 2015 and 2014.

11. Inventories

This account consists of:

	2015	2014
At cost:		
Raw materials	**₱7,389,936,987**	₱8,157,810,158
Finished goods	**4,053,655,599**	2,992,767,154
	11,443,592,586	11,150,577,312
At NRV:		
Goods in-process	**848,547,316**	720,606,320
Containers and packaging materials	**1,762,664,661**	1,610,001,186
Spare parts and supplies	**1,979,809,334**	1,647,838,019
	4,591,021,311	3,978,445,525
	₱16,034,613,897	₱15,129,022,837

Under the terms of the agreements covering liabilities under trust receipts totaling ₱4.6 billion and ₱4.4 billion as of September 30, 2015 and 2014, respectively, certain inventories which approximate the trust receipts payable, have been released to the Group in trust for the banks. The Group is accountable to these banks for the trusteed merchandise or their sales proceeds.

Inventory obsolescence, market decline and mark down amounted to ₱578.6 million, ₱377.6 million and ₱726.1 million in 2015, 2014 and 2013, respectively.

The Group recognized impairment losses on its inventories amounting to ₱104.6 million, ₱103.9 million and ₱28.7 million in 2015, 2014 and 2013, respectively. The Group's inventories, net of inventory obsolescence and market decline, amounted to ₱16.0 billion and ₱15.1 billion as of September 30, 2015 and 2014, respectively.

The Group's raw materials used, which include raw materials and container and packaging materials inventory, (presented under 'Cost of sales' in the consolidated statements of income), amounted to ₱53.3 billion, ₱46.8 billion and ₱43.8 billion in 2015, 2014, and 2013, respectively (see Note 25).

12. Other Current Assets

This account consists of:

	2015	2014
Input value-added tax (VAT)	**₱535,162,929**	₱253,243,925
Prepaid insurance	**139,353,862**	110,224,122
Deposit held in escrow	**–**	3,516,223,391
Other prepaid expenses	**161,222,702**	97,307,850
	₱835,739,493	₱3,976,999,288

Deposit held in escrow pertains to the NZ$100.0 million initial deposit for the purchase of New Zealand Snack Food Holdings Limited (NZSFHL) as specified under the terms of the Sale and Purchase Agreement (SPA) (see Note 16). Interest income on this account amounted to ₱23.7 million and ₱20.5 million in 2015 and 2014, respectively (see Note 30). Subject to the terms and conditions of the SPA, the deposit was released to the seller in 2015.

Other prepaid expenses include prepaid rent amounting to ₱27.1 million and ₱23.6 million in 2015 and 2014, respectively, and prepaid adverting expense amounting to ₱18.9 million and ₱27.6 million in 2015 and 2014, respectively.

13. Property, Plant and Equipment

	2015				
	Land	**Land Improvements**	**Buildings and Improvements**	**Machinery and Equipment**	**Sub-total**
Cost					
Balances at beginning of year	**₱2,839,698,936**	**₱1,550,446,218**	**₱10,702,230,833**	**₱46,538,294,659**	**₱61,630,670,646**
Additions (Note 6)	**10,856,863**	**105,449,452**	**650,915,292**	**3,209,917,277**	**3,977,138,884**
Additions from acquisition of a subsidiary	**230,058,094**	**431,466,610**	**1,358,419,691**	**1,880,984,976**	**3,900,929,371**
Disposals, reclassifications and other adjustments	**(94,776,154)**	**(579,005,547)**	**789,183,975**	**4,019,953,025**	**4,135,355,299**
Balances at end of year	**2,985,837,739**	**1,508,356,733**	**13,500,749,791**	**55,649,149,937**	**73,644,094,200**
Accumulated Depreciation and Amortization					
Balances at beginning of year	–	**407,788,336**	**4,200,340,910**	**31,225,556,704**	**35,833,685,950**
Depreciation and amortization (Note 6)	–	**56,728,809**	**571,958,750**	**3,658,824,517**	**4,287,512,076**
Disposals, reclassifications and other adjustments	–	**8,412,242**	**461,245,667**	**2,417,640,985**	**2,887,298,894**
Balances at end of year	–	**472,929,387**	**5,233,545,327**	**37,302,022,206**	**43,008,496,920**
Net Book Value	**₱2,985,837,739**	**₱1,035,427,346**	**₱8,267,204,464**	**₱18,347,127,731**	**₱30,635,597,280**

	2015				
	Transportation Equipment	**Furniture, Fixtures and Equipment**	**Construction In-progress**	**Equipment In-transit**	**Total**
Cost					
Balances at beginning of year	**₱1,826,578,391**	**₱2,679,073,019**	**₱4,142,359,354**	**₱2,489,111,141**	**₱72,767,792,551**
Additions (Note 6)	**114,018,144**	**174,855,086**	**1,985,466,788**	**264,443,785**	**6,515,922,687**
Additions from acquisition of a subsidiary	–	**55,217,503**	**409,030,701**	–	**4,365,177,575**
Disposals, reclassifications and other adjustments	**(31,900,330)**	**679,661,298**	**(2,658,134,611)**	**(473,946,223)**	**1,651,035,433**
Balances at end of year	**1,908,696,205**	**3,588,806,906**	**3,878,722,232**	**2,279,608,703**	**85,299,928,246**
Accumulated Depreciation and Amortization					
Balances at beginning of year	**1,290,896,406**	**1,235,454,219**	–	–	**38,360,036,575**
Depreciation and amortization (Note 6)	**125,979,149**	**233,785,168**	–	–	**4,647,276,393**
Disposals, reclassifications and other adjustments	**(25,499,787)**	**598,842,388**	–	–	**3,460,641,495**
Balances at end of year	**1,391,375,768**	**2,068,081,775**	–	–	**46,467,954,463**
Net Book Value	**₱517,320,437**	**₱1,520,725,131**	**₱3,878,722,232**	**₱2,279,608,703**	**₱38,831,973,783**

	2014				
	Land	Land Improvements	Buildings and Improvements	Machinery and Equipment	Sub-total
Cost					
Balances at beginning of year	₱2,595,932,120	₱1,501,394,337	₱11,121,880,789	₱41,601,335,738	₱56,820,542,984
Additions (Note 6)	184,605,447	186,155,820	554,505,944	2,035,803,201	2,961,070,412
Disposals, reclassifications and other adjustments	59,161,369	(137,103,939)	(974,155,900)	2,901,155,720	1,849,057,250
Balances at end of year	2,839,698,936	1,550,446,218	10,702,230,833	46,538,294,659	61,630,670,646
Accumulated Depreciation and Amortization					
Balances at beginning of year	–	537,293,236	4,739,023,663	27,260,614,161	32,536,931,060
Depreciation and amortization (Note 6)	–	65,113,676	533,520,120	2,919,887,547	3,518,521,343
Disposals, reclassifications and other adjustments	–	(194,618,576)	(1,072,202,873)	1,045,054,996	(221,766,453)
Balances at end of year	–	407,788,336	4,200,340,910	31,225,556,704	35,833,685,950
Net Book Value	₱2,839,698,936	₱1,142,657,882	₱6,501,889,923	₱15,312,737,955	₱25,796,984,696

	2014				
	Transportation Equipment	Furniture, Fixtures and Equipment	Construction In-progress	Equipment In-transit	Total
Cost					
Balances at beginning of year	₱2,196,774,715	₱2,172,567,195	₱3,059,979,173	₱1,145,218,790	₱65,395,082,857
Additions (Note 6)	78,840,899	218,112,392	3,505,954,893	932,970,178	7,696,948,774
Disposals, reclassifications and other adjustments	(449,037,223)	288,393,432	(2,423,574,712)	410,922,173	(324,239,080)
Balances at end of year	1,826,578,391	2,679,073,019	4,142,359,354	2,489,111,141	72,767,792,551
Accumulated Depreciation and Amortization					
Balances at beginning of year	1,470,171,400	1,207,580,338	–	–	35,214,682,798
Depreciation and amortization (Note 6)	127,834,024	235,297,142	–	–	3,881,652,509
Disposals, reclassifications and other adjustments	(307,109,018)	(207,423,261)	–	–	(736,298,732)
Balances at end of year	1,290,896,406	1,235,454,219	–	–	38,360,036,575
Net Book Value	₱535,681,985	₱1,443,618,800	₱4,142,359,354	₱2,489,111,141	₱34,407,755,976

The Group did not recognize any impairment losses on its property, plant and equipment in 2015, 2014 and 2013.

Borrowing Costs
No borrowing costs have been capitalized as property, plant and equipment under construction in 2015 and 2014.

Depreciation
The breakdown of consolidated depreciation and amortization of property, plant and equipment follows (see Note 28):

	2015	2014	2013
Cost of sales (Notes 25 and 28)	**₱4,278,795,399**	₱3,574,535,754	₱3,395,233,450
Selling and distribution costs (Notes 26 and 28)	**121,695,627**	90,656,884	83,892,540
General and administrative expenses (Notes 27 and 28)	**246,785,367**	216,459,871	138,819,599
	₱4,647,276,393	₱3,881,652,509	₱3,617,945,589

Collateral
As of September 30, 2015 and 2014, the Group has no property and equipment that are pledged as collateral.

14. Available-for-Sale Financial Assets

As of September 30, 2015 and 2014, this account consist of equity securities with the following movement:

	2015	2014
Balance at beginning of year	**₱21,720,000**	₱21,720,000
Fair value changes during the year	**19,160,000**	–
Balance at end of year	**₱40,880,000**	₱21,720,000

In 2015 and 2014, the Group recognized unrealized gains on market revaluation of AFS financial assets amounting to ₱19.2 million and nil, respectively, presented as components of ‘Other comprehensive income’ in Equity (Note 24).

In 2013, the Group sold all of its debt securities and significant portion of its equity securities for a total consideration of ₱4.7 billion. Gain arising from the sale of AFS financial assets amounted to ₱680.7 million presented under ‘Gain on sale of investments’ in the consolidated statements of income. The Group recognized interest income of ₱58.1 million and ₱36.7 million from private and government bonds, respectively.

There were no sales of AFS financial assets in 2015 and 2014.

15. **Biological Assets**

This account consists of:

	2015						
	Swine (At Fair Value Less Estimated Costs to Sell)			**Poultry (At Cost)**			
	Breeder	**Commercial**	**Sub-total**	**Breeder**	**Commercial**	**Sub-total**	**Total**
Cost							
Balances at beginning of year	**₱465,283,866**	**₱1,230,995,955**	**₱1,696,279,821**	**₱130,125,571**	**₱47,308,363**	**₱177,433,934**	**₱ 1,873,713,755**
Additions	**169,756,715**	**2,748,409,000**	**2,918,165,715**	**60,393,141**	**59,348,509**	**119,741,650**	**3,037,907,365**
Disposal	**(174,148,870)**	**(2,932,343,352)**	**(3,106,492,222)**	**(107,980,185)**	**(51,228,491)**	**(159,208,676)**	**(3,265,700,898)**
Balances at end of year	**460,891,711**	**1,047,061,603**	**1,507,953,314**	**82,538,527**	**55,428,381**	**137,966,908**	**1,645,920,222**
Accumulated Depreciation							
Balances at beginning of year	**84,987,551**	**–**	**84,987,551**	**54,604,274**	**–**	**54,604,274**	**139,591,825**
Depreciation	**40,907,934**	**–**	**40,907,934**	**77,237,076**	**–**	**77,237,076**	**118,145,010**
Disposal	**(39,974,563)**	**–**	**(39,974,563)**	**(84,954,533)**	**–**	**(84,954,533)**	**(124,929,096)**
Balances at end of year	**85,920,922**	**–**	**85,920,922**	**46,886,817**	**–**	**46,886,817**	**132,807,739**
Gains arising from changes in fair value less estimated costs to sell	**34,100,366**	**75,117,877**	**109,218,243**	**–**	**–**	**–**	**109,218,243**
Net Book Value at End of Year	**₱409,071,155**	**₱1,122,179,480**	**₱1,531,250,635**	**₱35,651,710**	**₱55,428,381**	**₱91,080,091**	**₱1,622,330,726**

	2014						
	Swine (At Fair Value Less Estimated Costs to Sell)			Poultry (At Cost)			
	Breeder	Commercial	Sub-total	Breeder	Commercial	Sub-total	Total
Cost							
Balances at beginning of year	₱464,201,910	₱1,001,731,932	₱1,465,933,842	₱185,254,463	₱79,303,351	₱264,557,814	₱1,730,491,656
Additions	162,192,202	2,781,511,798	2,943,704,000	168,931,820	56,633,538	225,565,358	3,169,269,358
Disposal	(169,709,436)	(2,726,636,231)	(2,896,345,667)	(224,060,712)	(88,628,526)	(312,689,238)	(3,209,034,905)
Balances at end of year	456,684,676	1,056,607,499	1,513,292,175	130,125,571	47,308,363	177,433,934	1,690,726,109
Accumulated Depreciation							
Balances at beginning of year	74,135,733	–	74,135,733	92,295,459	–	92,295,459	166,431,192
Depreciation	49,757,535	–	49,757,535	104,620,603	–	104,620,603	154,378,138
Disposal	(38,905,717)	–	(38,905,717)	(142,311,788)	–	(142,311,788)	(181,217,505)
Balances at end of year	84,987,551	–	84,987,551	54,604,274	–	54,604,274	139,591,825
Gains arising from changes in fair value less estimated costs to sell	8,599,190	174,388,456	182,987,646	–	–	–	182,987,646
Net Book Value at End of Year	₱380,296,315	₱1,230,995,955	₱1,611,292,270	₱75,521,297	₱47,308,363	₱122,829,660	₱1,734,121,930

Total biological assets shown in the consolidated statements of financial position follow:

	2015	2014
Current portion	**₱1,177,607,861**	₱1,278,304,318
Noncurrent portion	**444,722,865**	455,817,612
	₱1,622,330,726	₱1,734,121,930

The Group has about 250,361 and 259,117 heads of swine as of September 30, 2015 and 2014, respectively, and about 486,619 and 466,342 heads of poultry as of September 30, 2015 and 2014, respectively.

16. **Goodwill and Intangible Assets**

The composition and movements of goodwill follow:

	2015	2014
Cost		
Balances at beginning of year	**₱1,041,554,889**	₱1,046,767,480
Additions due to acquisition of a subsidiary	**13,913,396,261**	–
Impairment write-down	**–**	(5,212,591)
Balances at end of year	**14,954,951,150**	1,041,554,889
Accumulated Impairment Losses		
Balances at beginning and end of year	**248,139,704**	248,139,704
Net Book Value at End of Year	**₱14,706,811,446**	₱793,415,185

Acquisition of Griffin's

On July , URC NZ FinCo, a wholly-owned subsidiary of URCICL, entered into a Sale and Purchase Agreement with Pacific Equity Partners (PEP) for the acquisition of 100% equity interest in New Zealand Snack Foods Holding Limited (NZSFHL), which is the holding company of Griffin's Food Limited, the leading snack food company in New Zealand, subject to the approval of New Zealand's Overseas Investment Office (OIO) as required by Overseas Investment Act 2005 and Overseas Investment Regulation of 2005. The total consideration of the acquisition is NZ$233.7 million (approximately ₱8.2 billion), including the initial deposit of NZ$100.0 million (₱3.5 billion) and the balance upon completion (see Note 12).

On October 29, 2014, New Zealand's OIO granted its consent on the application for the acquisition of NZSFHL. On November 14, 2014, following the approval from OIO, the transaction was completed and the remaining balance of the consideration was settled.

The Group engaged the services of a third party valuer to conduct the final purchase price allocation.

The fair values of the identifiable assets and liabilities of NZSFHL at the date of acquisition follow:

Purchase consideration transferred	₱8,152,809,497
Fair value of identifiable assets	
Cash and cash equivalents	₱1,066,628,343
Trade receivables	2,022,403,012
Inventories	1,500,415,759
Property, plant and equipment	4,365,177,575
Intangibles	6,865,982,527
Total Assets	15,820,607,216
Fair value of identifiable liabilities	
Trade payables	(2,889,821,951)
Deferred tax liability	(2,303,077,210)
Income tax liability	(1,020,200)
External bank debt	(16,387,274,619)
Total Liabilities	(21,581,193,980)
Total fair value of identifiable net liabilities	(5,760,586,764)
Goodwill	₱13,913,396,261

In 2015, after the acquisition had been finalized, the Group settled the external debt amounting to ₱16.4 billion.

Goodwill arising from the acquisition of NZ Group is allocated entirely to the operations of Griffins'. None of the goodwill recognized is expected to be deductible for income tax purposes. From the date of acquisition, the NZ Group has contributed gross revenues of ₱7.8 billion and net income amounting to ₱621.7 million to the Group. If the business combination had taken place at the beginning of the year, total revenues and net income attributable to equity holders of the Parent Company in 2015 would have been ₱110.3 billion and ₱10.8 billion, respectively.

The Group's goodwill at September 30, 2014 pertains to: (a) the acquisition of Advanson in December 2007 and (b) the excess of the acquisition cost over the fair values of the net assets acquired by HCFCL and UABCL in 2000. The goodwill arising from the acquisitions of HCFCL, UABCL, and Advanson was translated at the applicable year-end exchange rate.

The composition and movements of intangible assets follow:

	2015				
	Trademark/ Brands	**Product Formulation**	**Software Costs**	**Customer Relationship**	**Total**
Cost					
Balances at beginning of year	**₱251,524,581**	**₱425,000,000**	**₱–**	**₱–**	**₱676,524,581**
Additions from acquisition of a subsidiary	**4,946,976,710**	**–**	**33,033,717**	**1,885,972,100**	**6,865,982,527**
	5,198,501,291	**425,000,000**	**33,033,717**	**1,885,972,100**	**7,542,507,108**
Accumulated Amortization and Impairment Losses					
Balances at beginning of year	**201,524,581**	**–**	**–**	**–**	**201,524,581**
Amortization during the period	**–**	**–**	**14,756,087**	**44,283,400**	**59,039,487**
	201,524,581	**–**	**14,756,087**	**44,283,400**	**260,564,068**
Net Book Value at End of Year	**₱4,996,976,710**	**₱425,000,000**	**₱18,277,630**	**₱1,841,688,700**	**₱7,281,943,040**

	2014				
	Trademark	Product Formulation	Software Costs	Customer Relationship	Total
Cost					
Balances at beginning and end of year	₱251,524,581	₱425,000,000	₱–	₱–	₱676,524,581
Accumulated Amortization and Impairment Losses					
Balances at beginning and end of year	201,524,581	–	–	–	201,524,581
Net Book Value at End of Year	₱50,000,000	₱425,000,000	₱–	₱–	₱475,000,000

Trademarks and product formulation were acquired from General Milling Corporation in 2008. Total intangibles assets acquired from the acquisition of NZSFHL composed of brands of ₱4.9 billion, customer relationships of ₱1.9 billion and software costs of ₱0.03 billion.

The Group performed its annual impairment test on its goodwill and other intangible assets with indefinite useful lives as of September 30, 2015. The recoverable amounts of goodwill and other intangible assets were determined 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 the cash flow is at 9%. The following assumptions were also used in computing value in use:

Growth rate estimates - growth rates were based on experiences and strategies developed for the various subsidiaries. The prospect for the industry was also considered in estimating the growth

rates.
Discount rates - discount rates were estimated based on the industry weighted average cost of capital, which includes the cost of equity and debt after considering the gearing ratio.

17. **Investments in Joint Ventures**

	2015	2014
Acquisition Cost		
Balances at beginning of year	**₱361,500,000**	₱1,250,000
Additional investments	**276,500,000**	360,250,000
Balances at end of year	**638,000,000**	361,500,000
Accumulated Equity in Net Earnings		
Balances at beginning of year	**79,723,735**	84,134,000
Equity in net income (losses) during the year	**(206,481,238)**	14,089,730
Dividends received	**(16,999,995)**	(18,499,995)
Balances at end of year	**(143,757,498)**	79,723,735
Net Book Value at End of Year	**₱494,242,502**	₱441,223,735

Hunt-Universal Robina Corporation
The Parent Company has an equity interest in Hunt-Universal Robina Corporatin (HURC), a domestic joint venture which is a jointly controlled entity. HURC manufactures and distributes food products under the "Hunt's" brand name, which is under exclusive license to HURC in the Philippines.

Calbee-URC, Inc.
On January 17, 2014, the Parent Company entered into a joint venture agreement with Calbee, Inc., a corporation duly organized in Japan to form Calbee-URC, Inc. (CURCI), a corporation duly incorporated and organized in the Philippines to manufacture and distribute food products under the "Calbee Jack 'n Jill" brand name, which is under exclusive license to CURCI in the Philippines.

Danone Universal Robina Beverages, Inc.
On May 23, 2014, the Parent Company entered into a joint venture agreement with Danone Asia Holdings Pte, Ltd., a corporation duly organized in the Republic of Singapore to form Danone Universal Robina Beverages, Inc. (DURBI), a corporation duly incorporated and organized in the Philippines to manufacture and distribute food products under the "B'lue" brand name, which is under exclusive license to DURBI in the Philippines.

In 2015, the Parent Company made an additional subscription to the unissued authorized capital stock of DURBI consisting of 9,975,000 common shares for a total cost of ₱276.50 million.

The Parent Company's percentage of ownership in its joint ventues and its related equity in the net assets are summarized below:

	Percentage of Ownership		Equity in Net Assets	
	2015	2014	**2015**	2014
			(In Millions)	
HURC	**50.0**	50.0	**₱84.5**	₱84.3
CURCI	**50.0**	50.0	**284.6**	325.1
DURBI	**50.0**	50.0	**125.2**	31.8

Summarized financial information in respect of the Group's joint ventures as of September 30, 2015 and 2014 are presented below.

	HURC		CURCI		DURBI	
	2015	2014	**2015**	2014	**2015**	2014
			(Thousands)			
Current assets	**₱385,288**	₱384,320	**₱593,635**	₱650,393	**₱378,004**	₱66,546
Noncurrent assets	**1,642**	1,467	**166,147**	–	**12,989**	–
Current liabilities	**316,737**	315,703	**190,953**	151	**290,443**	2,992
Noncurrent liabilities	**2,562**	529	**–**	–	**–**	–
Revenue	**683,952**	720,066	**158,010**	1,218	**155,614**	57
Costs and expenses	**(651,158)**	(673,644)	**(239,138)**	(4,975)	**(671,588)**	(3,003)
Net income (loss)	**34,330**	34,883	**(81,128)**	(3,758)	**(366,165)**	(2,946)

The summarized financial information presented above represents amounts shown in the joint ventures' financial statements prepared in accordance with PFRS.

Investments in Subsidiaries

As of September 30, 2015 and 2014, the Parent Company has the following percentage of ownership of shares in its wholly owned and partially owned subsidiaries as follows:

Subsidiaries	Country of Incorporation	Effective Percentages of Ownership	
		2015	2014
CCPI	Philippines	**100.00**	100.00
CFC Corporation	- do -	**100.00**	100.00
Bio-Resource Power Generation Corporation	- do -	**100.00**	100.00
NURC (Note 23)	- do -	**51.00**	65.00
URCPL	British Virgin Islands	**100.00**	100.00
URCICL and Subsidiaries*	- do -	**100.00**	100.00
URCL	Cayman Islands	**100.00**	100.00
URCCCL	China	**100.00**	100.00

**Subsidiaries are located in Thailand, Singapore, Malaysia, Vietnam, Indonesia, China, Hongkong, Myanmar, British Virgin Islands and New Zealand*

The summarized financial information of a subsidiary with material non-controlling interest is provided below. This information is based on financial statements of NURC before inter-company eliminations:

	2015	2014
	(In Thousands)	
Current assets	**₱952,961**	₱1,083,215
Noncurrent assets	**658,997**	323,974
Current liabilities	**1,172,619**	907,181
Noncurrent liabilities	**19,948**	921,191
Revenue	**3,552,587**	2,433,507
Costs and expenses	**(3,131,944)**	(2,018,550)
Net income	**304,454**	299,157

The percentage of equity interest held by non-controlling interest in a subsidiary with material non-controlling interest follows:

Name of Subsidiary	Country of incorporation and operation	**2015**	2014
NURC	Philippines	**49%**	35%

The accumulated non-controlling interest of the above subsidiary as of September 30, 2015 and 2014 amounted to ₱94.7 million and ₱77.6 million, respectively.

The profit or loss allocated to non-controlling interest of the above subsidiary for the year ended September 30, 2015, 2014 and 2013 amounted to ₱121.6 million, ₱96.6 million and ₱72.8 million, respectively.

18. Investment Properties

	2015	2014
Cost		
Balances at beginning and end of year	**₱107,947,364**	₱107,947,364
Accumulated Depreciation		
Balances at beginning of year	**50,771,426**	47,113,639
Depreciation (Note 27 and 28)	**3,657,787**	3,657,787
Balances at end of year	**54,429,213**	50,771,426
Net Book Value at End of Year	**₱53,518,151**	₱57,175,938

The investment properties consist of building, plant, and other land improvements which are made available for lease to certain related parties (see Note 35).

The aggregate fair value of the Group's investment properties amounted to ₱232.2 million as of September 30, 2015 and 2014. The fair values of investment properties have been determined by qualified independent appraisers. The fair value represents 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 current use of the investment properties represents its highest and best use.

Total rental income earned from investment properties (included under 'Other income' in the consolidated statements of income) amounted to ₱52.9 million, ₱52.8 million and ₱59.3 million in 2015, 2014 and 2013, respectively.

Direct operating expenses (included under 'General and administrative expenses' in the consolidated statements of income) arising from investment properties amounted to ₱0.9 million in 2015, 2014 and 2013.

Collateral

As of September 30, 2015 and 2014, the Group has no investment properties that are pledged as collateral.

19. **Other Noncurrent Assets**

This account consists of:

	2015	2014
Input VAT	**₱309,885,540**	₱272,121,814
Deposits	**377,222,856**	311,834,172
Others	**27,015,914**	24,738,247
	₱714,124,310	₱608,694,233

20. **Short-term Debt**

This account consists of:

	2015	2014
Thai Baht denominated loans - with interest ranging from 2.21% to 2.25% in 2015 and 2.62% in 2014	**₱ 845,285,468**	₱831,689,825
New Zealand Dollar denominated loan - with interest rate of 4.75% in 2014	**–**	3,496,301,000
	₱845,285,468	₱4,327,990,825

Interest is based on prevailing market rates. Accrued interest payable on the Group's short-term debt (included under 'Accounts payable and other accrued liabilities' in the consolidated statements of financial position) amounted to ₱1.1 million and ₱33.4 million as of September 30, 2015 and 2014, respectively (see Note 21). Interest expense from the short-term debt amounted to ₱43.2 million, ₱83.9 million and ₱81.3 million in 2015, 2014 and 2013, respectively (see Note 31).

21. **Accounts Payable and Other Accrued Liabilities**

This account consists of

	2015	2014
Trade payables (Note 35)	**₱7,644,930,094**	₱6,708,603,921
Accrued expenses	**4,277,663,984**	3,552,891,628
Due to related parties (Note 35)	**73,127,178**	69,385,015
Output VAT	**479,165,289**	80,151,281
Customers' deposits	**227,037,889**	370,977,913
Advances from stockholders (Note 35)	**230,204,548**	231,950,035
Others	**234,489,927**	232,078,710
	₱13,166,618,909	₱11,246,038,503

Trade payables are noninterest-bearing and are normally settled on 30-60 day terms. Trade payables arise from purchases of inventories which include raw materials and indirect materials (i.e. packaging materials) and supplies, for use in manufacturing and other operations.

Customers' deposits represent downpayments for the sale of goods or performance of services which will be applied against accounts receivables upon delivery of goods or rendering of services.

As of September 30, 2015 and 2014, others include withholding taxes payable amounting to ₱122.7 million and ₱130.4 million, respectively.

The accrued expenses account consists of:

	2015	2014
Advertising and promotions	**₱2,860,517,046**	₱2,647,344,022
Freight and handling costs	**348,473,883**	283,175,644
Interest payable	**220,122,308**	34,275,977
Utilities	**216,544,045**	215,938,805
Contracted services	**39,602,308**	61,878,175
Others	**592,404,394**	310,279,005
	₱4,277,663,984	₱3,552,891,628

Others include accrual for professional and legal fees and other benefits.

22. Long-term Debt

This account consists of:

	Principal	Unamortized debt issuance costs	Total
URC NZ FinCo Loan	₱12,559,785,840	₱185,815,524	**₱12,373,970,316**
URC Oceania Loan	9,638,711,395	143,000,750	**9,495,710,645**
	₱22,198,497,235	₱328,816,274	**₱21,869,680,961**

URC NZ FinCo NZ$420 Million Term Loan due 2019
On November 13, 2014, URC NZ FinCo Ltd. entered into a secured term loan facility agreement payable in five (5) years, amounting to NZ$420M (₱12.6 billion), with various banks for payment of acquisition costs and to refinance certain indebtedness of an acquired company, NZSFHL. The loan obtained bears a market rate plus a certain spread, payable quarterly, maturing on November 13, 2019.

URC Oceania NZ$322 Million Term Loan due 2019
On November 13, 2014, URC Oceania Co. Ltd. entered into a secured term loan facility agreement payable in five (5) years, amounting to NZ$322M (₱9.6 billion), with various banks for payment of acquisition costs and to refinance certain indebtedness of an acquired company, NZSFHL. The loan obtained bears a market rate plus a certain spread, payable quarterly, maturing on November 13, 2019.

For the URZ NZ Finco and URC Oceania loans, the Group is required to maintain consolidated debt to equity ratio of not greater than 2.5 to 1.0.

URC ₱3.0 Billion 8.75% Fixed Corporate Notes Due 2014
On March 24, 2009, URC issued fixed corporate notes amounting to ₱3.0 billion to various financial institutions for capital expenditures and general corporate purposes. The notes bear a fixed interest rate of 8.75%, payable semi-annually in arrears, and have a term of five (5) years, maturing on March 27, 2014.

The notes contain negative covenants that, among others, prohibit merger or consolidation with other entities if it is not the surviving entity, nor shall it create or form another corporation or subsidiary when a material adverse effect will result. The notes also contain affirmative covenants which include among others maintenance of a debt to equity ratio of not greater than 2.0 to 1.0 and interest coverage ratio of not lesser than 2.0 to 1.0.

On February 28, 2013, URC redeemed the loan under Section 3.07 of the Loan Agreement "Redemption Due to Taxation". Total payment amounted to ₱3.1 billion, including interest.

The Group has complied with all of its debt covenants as of September 30, 2015 and 2014.

23. **Equity**

The details of the Parent Company's common stock as of September 30, 2015, 2014 and 2013 follow:

Authorized shares	2,998,000,000
Par value per share	₱1.00
Issued shares:	
Balances at beginning and end of year	2,227,638,933
Outstanding shares	2,181,501,933

As of September 30, 2015 and 2014, the paid-up capital of the Group consists of the following:

Common stock	₱2,227,638,933
Additional paid-in capital	16,829,046,318
Total paid-up capital	₱19,056,685,251

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to these ratios in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital structure or issue capital securities. No changes have been made in the objective, policies and processes as they have been applied in previous years.

The Group monitors its use of capital structure using a debt-to-capital ratio which is gross debt divided by total capital. The Group includes within gross debt all interest-bearing loans and borrowings, while capital represents total equity.

Following is a computation of the Group's debt-to-capital ratio as of September 30, 2015 and 2014:

		2015	2014	2013
(a)	Short-term debt (Note 20)	**₱845,285,468**	₱4,327,990,825	₱1,945,430,681
	Trust receipts payable (Note 11)	**4,620,725,913**	4,412,695,949	2,384,316,199
	Long-term debt (Note 22)	**21,869,680,961**	–	–
		₱27,335,692,342	₱8,740,686,774	₱4,329,746,880
(b)	Capital	**₱65,359,628,291**	₱56,026,996,300	₱50,830,029,642
(c)	Debt-to-capital ratio (a/b)	**0.42:1**	0.16:1	0.09:1

The Group's policy is to not to exceed a debt-to-capital ratio at 2:1 level. The Group considers its total equity as capital.

Cumulative Redeemable Preferred Shares
The Group's authorized preferred shares of stock are 12.00% cumulative, nonparticipating, and nonvoting. In case of dissolution and liquidation of the Parent Company, the holders of the preferred shares shall be entitled to be paid an amount equal to the par value of the shares or ratably insofar as the assets of the Parent Company may warrant, plus accrued and unpaid dividends thereon, if any, before the holders of the common shares of stock can be paid their liquidating dividends. The authorized preferred stock is 2,000,000 shares at par value of ₱1.00 per share. There have been no issuances of preferred stock as of September 30, 2015 and 2014.

Retained Earnings
Accumulated equity in net earnings of the subsidiaries and associates
A portion of the Group's retained earnings corresponding to the net earnings of the subsidiaries and accumulated equity in net earnings of the associates and joint ventures amounting to ₱36.4 billion and ₱31.5 billion as of September 30, 2015 and 2014, respectively, is not available for dividend declaration. The accumulated equity in net earnings becomes available for dividends upon receipt of the Parent Company from the investees.

Dividends
Details of the Group's dividend declarations follow:

Parent Company

	2015	2014	2013
Date of declaration	**February 6, 2015**	February 6, 2014	April 18, 2013
Dividend per share	**₱3.00**	₱3.00	₱2.40
Total dividends	**₱6.5 billion**	₱6.5 billion	₱5.2 billion
Date of record	**February 26, 2015**	February 26, 2014	May 10, 2013
Date of payment	**Mach 24, 2015**	March 24, 2014	June 6, 2013

NURC

Year	Date of declaration	Dividend per share	Total dividends	Date of record	Date of payment
2015	November 30, 2014	0.42	₱79,114,249	November 30, 2014	February 28, 2015
2015	December 15, 2014	1.53	289,000,000	September 30, 2014	February 28, 2015
2014	December 11, 2013	1.06	200,000,000	September 30, 2013	February 28, 2014
2013	December 07, 2012	0.85	160,000,000	December 31, 2012	February 1, 2013

CCPI

In September 2015, the BOD of CCPI approved the declaration of cash dividends to the stockholders amounting to ₱376.1 million payable on February 26, 2015.

There were no dividend decleration and dividend payments to stockholders of CCPI in 2014.

In October 2012, the BOD of CCPI approved the declaration of property dividends to the stockholders amounting to ₱614.2 million. The dividends were distributed in full on October 29, 2012.

The Group intends to maintain an annual cash dividend payment ratio of 50.0% of the Group's consolidated net income from the preceding fiscal year, subject to the requirements of the applicable laws and regulations and the absence of circumstances which may restrict the payment of such dividends. The BOD may, at any time, modify such dividend payment ratio.

Appropriation of retained earnings
On September 18, 2015, as approved by the BOD, the Group has appropriated retained earnings amounting to ₱2.0 billion for the Group's capital expenditure commitments to expand capacities in the snackfoods and beverage businesses across branded food operations which is expected to be completed within the next two years.

On February 11, 2013, the BOD approved the reversal of the previously appropriated retained earnings amounting to ₱5.0 billion. On the same date, the BOD approved the appropriation of retained earnings amounting to ₱6.0 billion for the purposes of the Group's plant expansion. On September 18, 2013, the BOD approved the reversal of the previously appropriated retained earnings amounting to ₱6.0 billion.

Treasury Shares
On June 14, 2012, the Parent Company's BOD approved the sale of 120 million common shares previously held as treasury shares through a placement to institutional investors at a selling price of ₱62 per share, with a total gross selling proceeds amounting to ₱7.4 billion. On June 19, 2012, the Parent Company received the net cash proceeds amounting to ₱7.3 billion, net of the transactions costs amounting to ₱95.2 million. The proceeds of the said sale will be used for potential acquisition and general corporate purposes. CLSA Limited acted as a sole book-runner and sole placing agent for the sale.

The Parent Company has outstanding treasury shares of 46.1 million as of September 30, 2015, 2014 and 2013. The Parent Company is restricted from declaring an equivalent amount of the treasury shares from the unappropriated retained earnings as dividends.

Equity Reserve
In December 2014, URC entered into a share purchase agreement with Nissin Foods (Asia) Pte., Ltd. to sell 14.0% of its equity interest in NURC for a total consideration of ₱506.7 million. As a result of the sale, the equity interest of URC changed from 65.0% to 51.0%. The excess of the consideration received over the carrying amount of the equity transferred to NCI amounting to ₱481.1 million is presented under "Equity Reserve" in the consolidated statements of changes in equity.

In August 2012, the Parent Company has acquired 23.0 million common shares of URCICL from International Horizons Investment Ltd for ₱7.2 billion. The acquisition of shares represents the remaining 23.00% interest in URCICL. As a result of the acquisition, the Parent Company now holds 100.00% interest in URCICL. The Group recognized equity reserve from the acquisition amounting to about ₱5.6 billion included under "Equity Reserve" in the consolidated statements of changes in equity.

Record of Registration of Securities with SEC

Summarized below is the Parent Company's track record of registration of securities under the Securities Registration Code.

Date of offering	Type of offering	No. of shares offered	Par value	Offer price	Authorized number of Shares	Issued and Outstanding Shares
February 17, 1994	Registration of authorized capital stock	–	₱1.00	₱–	1,998,000,000 common shares 2,000,000 preferred shares	–
February 23, 1994	Initial public offering					
	Subscribed and fully paid common Shares	929,890,908	1.00	1.00	–	929,890,908
	New common shares	309,963,636	1.00	21.06	–	309,963,636
July 21, 1995	20.00% stock dividend	247,970,907	–	–	–	247,970,907
October 15, 2001	10.00% stock dividend	148,782,542	–	–	–	148,782,542
June 20, 2003	Property-for-share swap [the Parent Company shares in exchange for property of Robinsons Supermarket Corporation (RSC)]	49,871,556	–	–	–	49,871,556
December 16, 2005	Increase in authorized capital stock (payment by way of 15.00% stock dividend)	–	–	–	1,000,000,000 common shares	252,971,932

(Forward)

Date of offering	Type of offering	No. of shares offered	Par value	Offer price	Authorized number of Shares	Issued and Outstanding Shares
February 7, 2006	New share offering for common shares:					
	a. Primary shares	282,400,000	₱1.00	₱17.00	–	282,400,000
	b. Secondary shares	352,382,600				
	c. Over-allotment shares	95,217,400				
November 14, 2007 to October 20, 2008	Acquisition of Parent Company's shares under the share buy-back program	–	–	–	–	(75,104,200)
April 21, 2009	Issuance of shares to JGSHI	–	–	–	–	5,787,452
December 8, 2009 to January 27, 2011	Acquisition of Parent Company's shares under the share buy-back Program	–	–	–	–	(91,032,800)
June 14, 2012	Sale of treasury shares	–	–	–	–	120,000,000
						2,181,501,933

The table below provides information regarding the number of stockholders of the Parent Company as of September 30, 2015, 2014 and 2013:

	2015	2014	2013
Common shares	**1,042**	1,066	1,085

24. Components of Other Comprehensive Income

The breakdown and movement of other comprehensive income attributable to equity holders of the Parent Company follows:

	2015	2014	2013
Items to be reclassified to profit or loss in subsequent periods:			
Cumulative translation adjustments	**₱3,801,908,167**	₱819,382,429	₱601,100,078
Net unrealized gain on AFS financial assets (Note 14):			
Balances at beginning of year	**–**	–	650,504,738
Change in fair value during the year	**19,160,000**	–	110,370,180
Reclassification adjustment included in the profit or loss arising from disposal of AFS financial assets	**–**	–	(760,874,918)
Balances at end of year	**19,160,000**	–	–
Net unrealized loss on cash flow hedges (Note 9):			
Change in fair value during the year	**(1,449,501)**	–	–
	3,819,618,666	819,382,429	601,100,078
Item not to be reclassified to profit or loss in subsequent periods:			
Remeasurement losses on defined benefit plans:			
Balances at beginning of year	**(698,479,087)**	(609,472,681)	(370,583,392)
Remeasurement losses on defined benefit plans during the year	**(6,590,265)**	(89,006,406)	(238,889,289)
Balances at end of year	**(705,069,352)**	(698,479,087)	(609,472,681)
Income tax effect	**211,520,806**	209,543,727	182,841,804
	(493,548,546)	(488,935,360)	(426,630,877)
	₱3,326,070,120	₱330,447,069	₱174,469,201

The Group does not recognize income tax on cumulative translation adjustments.

25. Cost of Sales

This account consists of:

	2015	2014	2013
Raw materials used	**₱53,294,754,531**	₱46,770,621,016	₱43,817,028,459
Direct labor	**4,251,024,101**	2,442,500,703	2,063,484,958
Overhead costs	**16,656,817,256**	15,853,990,814	12,010,027,750
Total manufacturing costs	**74,202,595,888**	65,067,112,533	57,890,541,167
Goods in-process	**(103,861,298)**	(214,487,461)	(141,609,230)
Cost of goods manufactured	**74,098,734,590**	64,852,625,072	57,748,931,937
Finished goods	**(297,299,108)**	(847,247,155)	27,072,348
	₱73,801,435,482	₱64,005,377,917	₱57,776,004,285

Overhead costs are broken down as follows:

	2015	2014	2013
Utilities	**₱6,724,572,531**	₱7,617,555,083	₱5,204,472,840
Depreciation and amortization (Note 28)	**4,293,551,486**	3,574,535,754	3,395,233,450
Repairs and maintenance	**2,195,999,911**	2,004,020,427	1,462,403,873
Personnel expenses (Note 29)	**1,978,646,243**	1,466,686,047	1,321,879,981
Rental expense (Note 37)	**1,018,125,361**	881,496,776	393,609,271
Handling and delivery charges	**168,610,328**	73,878,521	56,480,317
Research and development	**85,283,906**	73,139,925	82,871,021
Others	**192,027,490**	162,678,281	93,076,997
	₱16,656,817,256	₱15,853,990,814	₱12,010,027,750

26. **Selling and Distribution Costs**

	2015	2014	2013
Advertising and promotions	**₱6,312,005,354**	₱5,313,458,212	₱5,127,544,573
Freight and other selling expenses	**6,302,343,505**	4,992,463,143	4,239,618,811
Personnel expenses (Note 29)	**1,598,020,251**	1,108,922,133	1,052,919,667
Depreciation and amortization (Note 28)	**165,979,027**	90,656,884	83,892,540
Repairs and maintenance	**70,689,807**	94,303,151	76,707,620
Other selling and distribution costs	**173,844,393**	131,616,300	65,697,804
	₱14,622,882,337	₱11,731,419,823	₱10,646,381,015

27. **General and Administrative Expenses**

	2015	2014	2013
Personnel expenses (Note 29)	**₱1,845,846,562**	₱1,357,827,433	₱1,063,694,395
Depreciation and amortization (Note 28)	**250,443,154**	220,117,658	142,477,386
Professional and legal fees	**159,732,814**	84,146,493	58,901,602
Travel and transportation	**150,571,485**	172,462,015	270,853,622
Repairs and maintenance	**125,344,450**	102,176,650	94,336,606
Taxes, licenses and fees	**115,539,003**	105,078,199	110,542,170
Security and contractual services	**93,238,375**	64,308,796	65,520,711
Communication	**91,565,921**	46,895,114	45,289,786
Utilities	**53,063,499**	54,713,246	47,490,740
Rental expense (Note 37)	**75,649,892**	46,920,062	48,774,294
Stationery and office supplies	**27,999,527**	28,008,290	29,185,129
Donations and contributions	**8,702,557**	3,734,332	101,705,353
Other expenses	**255,594,226**	233,939,136	215,011,056
	₱3,253,291,465	₱2,520,327,424	₱2,293,782,850

28. **Depreciation and Amortization**

The breakdown of consolidated depreciation and amortization on property, plant and equipment, investment in properties and intangible assets follows:

	2015	2014	2013
Cost of sales (Notes 13 and 25)	**₱4,293,551,486**	₱3,574,535,754	₱3,395,233,450
Selling and distribution costs (Notes 13 and 26)	**165,979,027**	90,656,884	83,892,540
General and administrative expenses (Notes 13, 16, 18, and 27)	**250,443,154**	220,117,658	142,477,386
	₱4,709,973,667	₱3,885,310,296	₱3,621,603,376

29. **Personnel Expenses**

This account consists of:

	2015	2014	2013
Salaries and wages	**₱3,873,144,742**	₱2,708,604,158	₱2,491,067,248
Other employee benefits	**1,419,785,105**	1,100,013,481	844,508,937
Pension expense (Note 32)	**129,583,209**	124,817,974	102,917,858
	₱5,422,513,056	₱3,933,435,613	₱3,438,494,043

The breakdown of personnel expenses follows:

	2015	2014	2013
Cost of sales (Note 25)	**₱1,978,646,243**	₱1,466,686,047	₱1,321,879,981
Selling and distribution costs (Note 26)	**1,598,020,251**	1,108,922,133	1,052,919,667
General and administrative expenses (Note 27)	**1,845,846,562**	1,357,827,433	1,063,694,395
	₱5,422,513,056	₱3,933,435,613	₱3,438,494,043

30. **Finance Revenue**

This account consists of:

	2015	2014	2013
Bank interest income	**₱228,893,761**	₱191,054,204	₱157,384,222
Interest income on escrow fund (Note 12)	**23,748,550**	20,466,995	–
Dividend income	**22,698,413**	16,151,434	100,954,333
Interest income on financial assets at FVPL (Note 8)	**–**	–	174,184,912
Interest income from AFS financial assets (Note 14)	**–**	–	94,805,348
Others	**1,839,664**	1,188,200	2,310,865
	₱277,180,388	₱228,860,833	₱529,639,680

31. Finance Costs

This account consists of finance costs arising from:

	2015	2014	2013
Short-term debt (Note 20)	**₱43,214,597**	₱83,913,655	₱81,339,791
Net interest on net pension liability (Note 32)	**12,993,140**	27,684,710	20,895,270
Long-term debt (Note 22)	**1,105,529,776**	–	129,907,337
Others	**115,815,489**	38,811,613	33,890,997
	₱1,277,553,002	₱150,409,978	₱266,033,395

32. Pension Costs

The Group has a funded, noncontributory defined benefit retirement plan covering all its employees. The pension funds are being administered and managed through JG Summit Multi-Employer Retirement Plan (The Plan), with Robinsons Bank Corporation (RBC) as Trustee. The plan provides for retirement, separation, disability and death benefits to its members. The Group, however, reserves the right to discontinue, suspend or change the rates and amounts of its contributions at any time on account of business necessity or adverse economic conditions. The latest actuarial valuation was made on September 30, 2015.

Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee’s retirement benefits under any collective bargaining and other agreements shall not be less than those provided under law. The law does not require minimum funding of the plan.

Changes in net defined benefit liability of funded funds of the Group are as follows:

2015												
		Net benefit cost in consolidated statements of income				Remeasurements in other comprehensive income						
	1 October 2014	Current service cost	Net interest cost (Note 31)	Subtotal	Benefits paid	Return on plan assets (excluding amount included in net interest cost)	Actuarial changes arising from changes in experience adjustments	Actuarial changes arising from demographic assumptions	Actuarial changes arising from changes in financial assumptions	Subtotal	Contribution by employer	30 September 2015
Present value of defined benefit obligation	**₱2,211,764,369**	**₱129,583,209**	**₱109,142,294**	**₱238,725,503**	**(₱168,459,862)**	**₱–**	**(₱107,975,034)**	**(₱6,919,028)**	**₱67,228,334**	**(₱47,665,728)**	**₱–**	**₱2,234,364,282**
Fair value of plan assets	**(1,949,596,814)**	**–**	**(96,149,154)**	**(96,149,154)**	**168,459,862**	**55,995,796**	**–**	**–**	**–**	**55,995,796**	**(168,342,329)**	**(1,989,632,639)**
	₱262,167,555	**₱129,583,209**	**₱12,993,140**	**₱142,576,349**	**₱–**	**₱55,995,796**	**(₱107,975,034)**	**(₱6,919,028)**	**₱67,228,334**	**₱8,330,068**	**(₱168,342,329)**	**₱244,731,643**

2014												
		Net benefit cost in consolidated statements of income				Remeasurements in other comprehensive income						
	1 October 2013	Current service cost	Net interest cost (Note 31)	Subtotal	Benefits paid	Return on plan assets (excluding amount included in net interest cost)	Actuarial changes arising from changes in experience adjustments	Actuarial changes arising from demographic assumptions	Actuarial changes arising from changes in financial assumptions	Subtotal	Contribution by employer	30 September 2014
Present value of defined benefit obligation	₱2,030,171,549	₱124,817,974	₱92,773,981	₱217,591,955	(₱92,798,368)	₱–	₱119,294,178	₱–	(₱62,494,945)	₱56,799,233	₱–	₱2,211,764,369
Fair value of plan assets	(1,425,753,998)	–	(65,089,271)	(65,089,271)	92,798,368	31,917,779	–	–	–	31,917,779	(583,469,692)	(1,949,596,814)
	₱604,417,551	₱124,817,974	₱27,684,710	₱152,502,684	₱–	₱31,917,779	₱119,294,178	₱–	(₱62,494,945)	₱88,717,012	(₱583,469,692)	₱262,167,555

The fair value of net plan assets of the Group by each classes as at the end of the reporting period are as follows:

	2015	2014
Assets		
Cash and cash equivalents	**₱183,797,082**	₱176,249,924
Short-term notes receivable (Note 35)	**1,600,894,571**	1,626,914,603
Held-to-maturity investments	**109,173,647**	108,734,216
Available-for-sale investments	**1,379,042**	–
Interest receivable	**2,825,431**	2,163,953
Land	**91,448,525**	91,448,525
	1,989,518,298	2,005,511,221
Liabilities		
Accrued trust and management fees	**24,521**	24,431
Due to related party (Notes 10 and 35)	**–**	55,889,976
Unrealized loss from AFS	**(138,862)**	–
	(114,341)	55,914,407
	₱1,989,632,639	₱1,949,596,814

The costs of defined benefit pension plan as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension for defined benefit plans are as follows:

	Parent Company		NURC		CCPI	
	2015	2014	**2015**	2014	**2015**	2014
Discount rate	**4.68%**	4.93%	**4.91%**	5.19%	**4.86%**	5.29%
Salary increase	**5.70%**	5.50%	**5.70%**	5.50%	**5.70%**	5.50%

The overall expected rate of retun on assets is determined based on the market expectation prevailing on that date, applicable to the period over which the obligation is to be settled.

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

	Increase (Decrease)	Parent Company		NURC		CCPI	
		2015	2014	**2015**	2014	**2015**	2014
Discount rate	1.00%	**(₱140,965,138)**	(₱156,587,407)	**(₱3,443,354)**	(₱3,006,959)	**(₱3,403,149)**	(₱2,189,954)
	(1.00%)	**163,123,786**	182,006,435	**4,120,884**	3,623,428	**4,282,353**	2,784,107
Salary increase	1.00%	**153,693,599**	170,967,679	**3,925,665**	3,447,555	**4,118,574**	2,673,122
	(1.00%)	**(135,822,038)**	(150,414,386)	**(3,360,049)**	(2,931,388)	**(3,352,210)**	(2,152,661)

The Group expects to contribute ₱146.0 million in the pension fund in 2016.

Shown below is the maturity analysis of the Group's expected (undiscounted) benefit payments:

	2015	2014
Less than one year	**₱548,053,504**	₱416,879
More than one year to five years	**757,817,463**	3,231,477
More than five years to 10 years	**1,059,630,321**	13,483,093
More than 10 years to 15 years	**1,209,908,229**	40,346,387
More than 15 years to 20 years	**1,199,775,962**	59,047,261
More than 20 years	**2,557,591,721**	337,379,267

Shown below is the average duration of the defined benefit obligation at the end of the reporting period:

	2015	2014
	(Years)	
Parent Company	**15**	16
NURC	**21**	21
CCPI	**26**	28

33. **Income Taxes**

Provision for income tax consists of:

	2015	2014	2013
Current	**₱3,382,651,738**	₱2,318,032,975	₱1,631,297,901
Deferred	**(131,104,097)**	254,190,944	(198,856,103)
	₱3,251,547,641	₱2,572,223,919	₱1,432,441,798

Components of the Group's net deferred tax assets and liabilities follow:

	Net deferred tax assets		**Net deferred tax liabilities**	
	2015	2014	**2015**	2014
Deferred tax assets on:				
Net unrealized foreign exchange loss	**₱360,723,741**	₱149,905,530	**₱4,347,263**	₱173,655
Impairment losses on trade receivables and property and equipment	**113,354,637**	113,860,745	**292,417**	376,086
Pension liabilities	**100,628,154**	108,753,816	**37,785,006**	14,560
Past service cost	**104,979,277**	118,060,355	–	–
Inventory write-downs	**37,960,487**	33,518,687	**3,065,907**	–
Foreign subsidiaries	**53,284,051**	24,343,388	–	–
Nondeductible accruals	–	–	**22,600,931**	–
NOLCO	**1,236,857**	59,531	–	–
MCIT	**355,351**	355,351	–	–
Others	–	–	**563,695**	–
	772,522,555	548,857,403	**68,655,219**	564,301
Deferred tax liabilities on:				
Intangibles	–	–	**1,657,470,182**	–
Undistributed income of foreign subsidiaries	–	–	**509,578,351**	431,331,183
Accelerated depreciation	–	–	**276,494,455**	–
Gain arising from changes in	**165,197,061**	132,431,588	–	–

	Net deferred tax assets		Net deferred tax liabilities	
	2015	2014	**2015**	2014
fair value less estimated point-of-sale costs of swine stocks				
Foreign subsidiaries	**₱–**	₱–	**₱34,595,592**	₱33,215,172
Borrowing costs	**9,726,558**	12,032,759	**–**	–
	174,923,619	144,464,347	**2,478,138,580**	464,546,355
Net deferred tax assets (liabilities)	**₱597,598,936**	₱404,393,056	**(₱2,409,483,361)**	(₱463,982,054)

As of September 30, 2015 and 2014, the Group's subsidiaries did not recognize deferred tax assets amounting to ₱148.7 million and ₱47.6 million, respectively, since management believes that future taxable income will not be available to allow all or part of the deferred tax assets to be utilized. The temporary difference wherein no deferred tax assets were recognized were from the unrealized foreign exchange losess of the Group's subsidiaries.

Reconciliation between the Group's statutory income tax rate and the effective income tax rate follows:

	2015	2014	2013
Statutory income tax rate	**30.00%**	30.00%	30.00%
Tax effects of:			
Nondeductible interest expense	**1.01**	0.08	0.12
Equity in net income of a joint venture	**(0.39)**	0.03	0.05
Income exempt from tax	**(0.24)**	–	(0.32)
Market valuation gain on financial assets at FVPL	**0.14**	(0.13)	(0.18)
Interest income subjected to final tax	**(0.27)**	(0.28)	(0.31)
Net income of subsidiaries for which no tax was provided	**(12.17)**	(12.91)	(19.68)
Others	**2.56**	1.29	2.72
Effective income tax rate	**20.64%**	18.08%	12.40%

RA No. 9337

RA No. 9337 was enacted into law which amended various provisions in the existing 1997 National Internal Revenue Code. Among the reforms introduced by the said RA were the reduction in the regular corporate income tax rate from 35% to 30% beginning January 1, 2009; and the reduction of nondeductible interest expense from 42% of interest income subjected to final tax to 33% beginning January 1, 2009.

Entertainment, Amusement and Recreation (EAR) Expenses

Revenue Regulation No. 10-2002 defines expenses to be classified as EAR expenses and sets a limit for the amount that is deductible for tax purposes. EAR expenses are limited to 0.5% of net sales for sellers of goods or properties or 1% of net revenue for sellers of services. For sellers of both goods or properties and services, an apportionment formula is used in determining the ceiling on such expenses. EAR expenses amounted to ₱40.0 million, ₱36.4 million and ₱33.5 million in 2015, 2014 and 2013, respectively.

MCIT

An MCIT of 2% on modified gross income is computed and compared with the RCIT. Any excess of the MCIT over RCIT is deferred and can be used as a tax credit against future income tax liability for the next three years. In 2013, CFC Corporation has excess MCIT over RCIT amounting to ₱0.4 million for which deferred tax asset was recognized.

34. **Earnings Per Share**

The following reflects the income and share data used in the basic/dilutive EPS computations:

	2015	2014	2013
Net income attributable to equity holders of the parent	**₱12,383,347,980**	₱11,558,709,746	₱10,044,555,499
Weighted average number of common shares	**2,181,501,933**	2,181,501,933	2,181,501,933
Basic/dilutive EPS	**₱5.68**	₱5.30	₱4.60

The weighted average number of common shares takes into account the treasury shares at year end. There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these consolidated financial statements.

There were no potential dilutive shares in 2015, 2014, and 2013.

35. **Related Party Transactions**

The Group, in the regular conduct of its business, has entered into transactions with JGSHI, its ultimate parent, and other related parties principally consisting of sales, purchases, advances and reimbursement of expenses, regular banking transactions, leases and, management and administrative service agreements. Transactions with related parties are generally settled in cash. The amounts and related volumes and changes are presentedin the summary below.

Intercompany transactions are eliminated in the accompanying consolidated financial statements. Related party transactions not eliminated are as follows:

2015								
			Outstanding Balance in Statement of Financial Position					
Related Party	**Category/ Transaction**	**Amount/ Volume**	**Cash and Cash Equivalents** (Note 7)	**Trade Receivable (Payable) - net** (Notes 10 and 21)	**Non- trade Receivable (Payable) - net** (Notes 10 and 21**)**	**Terms**	**Conditions**
Ultimate Parent Company	Advances	**₱201,634**	**₱–**	**₱–**	**₱880,029,217**	**On demand; non-interest bearing**	**Unsecured; no impairment**
	Rental expense	**147,956,480**	–	–	–		
	Other expense	–	–	–	–		
Entity under common control							
Due from related parties	Advances	**311,061,811**	–	–	**684,907,451**	**On demand; non-interest bearing**	**Unsecured; no impairment**
	Sales	**714,682,700**	–	**37,657,484**	–	**On demand; non-interest bearing**	**Unsecured; no impairment**
	Rental income	**32,219,041**	–	–	–		
	Engineering services	**9,241,013**	–	–	–		
Due to related parties			–	–	**(73,127,178)**		
Cash and cash equivalents	Cash in bank	**(35,281,944)**	**121,049,551**	–	–	**Interest-bearing at prevailing market rate; due and demandable**	**Unsecured; no impairment**
	Money market placements	**204,438,784**	**2,139,934,132**	–	–	**Interest-bearing at prevailing market rate; due and demandable**	**Unsecured; no impairment**
Joint Venture	Purchases	**677,604,771**		**(54,072,655)**	–	**1-30 days; non-interest bearing**	**Unsecured**
	Sales	**195,457,699**		**30,185,596**	–		

			2014				
			Outstanding Balance in Statement of Financial Position				
Related Party	**Category/ Transaction**	**Amount/ Volume**	**Cash and Cash Equivalents** (Note 7)	**Trade Receivable (Payable) - net** (Notes 10 and 21)	**Non- trade Receivable (Payable) - net** (Notes 10 and 21)	**Terms**	**Conditions**
Ultimate Parent Company	Advances	₱183,304	₱–	₱–	₱815,929,379	On demand; non-interest bearing	Unsecured; no impairment
	Rental expense	122,152,062	–	–	–		
	Other expense	(8,939,602)	–	–	–		
Entity under common control							
Due from related parties	Advances	31,143,140	–	–	631,717,794	On demand; non-interest bearing	Unsecured; no impairment
	Sales	287,074,160	–	558,543,657	–	On demand; non-interest bearing	Unsecured; no impairment
	Rental income	16,558,539	–	–	–		
	Engineering services	9,457,541	–	–	–		
Due to related parties		–	–	–	(69,385,015)		
Cash and cash equivalents	Cash in bank	10,094,953	159,289,558	–	–	Interest-bearing at prevailing market rate; due and demandable	Unsecured; no impairment
	Money market placements	25,694,057	1,935,495,348	–	–	Interest-bearing at prevailing market rate; due and demandable	Unsecured; no impairment
Joint Venture	Purchases	718,840,162	–	(63,909,449)	–	1-30 days; non-interest bearing	Unsecured
	Sales	41,268,800					

	2013	
Related Party	Category/ Transaction	Volume/ Amount
Ultimate Parent Company	Rent expense	₱118,795,519
	Other expense	39,451,744
Entities under common control	Sales	341,388,699
	Rental income	10,822,935
	Engineering services	10,034,801
Joint Venture	Purchases	662,499,617
	Sales	38,909,600
	Rental income	1,130,917

The Group's significant transactions with related parties follow:

(a) The Group maintains savings and current accounts and time deposits with an entity under common control which is a local commercial bank. Cash and cash equivalents earns interest at the prevailing bank deposit rates.

(b) In 2013, the Group sold majority of its debt and equity securities classified as financial assets at FVPL and AFS financial assets to JG Summit Philippines Limited, Inc. for a total consideration of ₱15.2 billion. Realized gain arising from these transactions amounted to ₱717.2 million (see Notes 8 and 14).

(c) As of September 30, 2015 and 2014, the Group has advances from stockholders amounting to ₱230.2 million and ₱232.0 million, respectively.

Sale of Noodle Line Assets through Asset Purchase Agreement
On November 17, 2014, NURC entered into an asset purchase agreement with the Parent Company to acquire the latter's noodle line assets for a consideration of ₱366.7 million which comprised the following:

- Building and improvements thereon as well the machinery and equipment, free from liens and encumbrances, for a total consideration of ₱290.2 million; and
- Inventories such as raw materials, packing materials, semi-manufactured inventory and spare parts and supplies, for a total consideration of ₱76.5 million.

Transactions with the retirement plan
The retirement fund of the Group's employee amounted to ₱2.0 billion and ₱1.9 billion as of September 30, 2015 and 2014, respectively (see Note 32). The fund is being managed by JG Summit Multi-Employer Retirement Plan, a corporation created for the purpose of managing the funds of the Group, with RBC as the trustee.

	Year	**Category/ Transaction**	**Volume/ Amount**	**Balance**	**Terms**	**Conditions**
Due from retirement plan (Note 32)	**2015**	**Advances**	₱–	₱–	On demand; non-interestbearing	Unsecured; Not impaired
	2014	-do-	55,889,976	55,889,976	-do-	-do-
	2013	-do-	118,110,859	492,021,167	-do-	-do-

The Group's plan assets also include amounts due from JGSHI totaling ₱1.6 billion (see Note 32).

Compensation of Key Management Personnel
The compensation of the Group’s key management personnel by benefit type follows:

	2015	2014	2013
Short-term employee benefits	**₱209,707,382**	₱189,069,686	₱149,124,896
Post-employment benefits	**58,689,602**	63,361,947	60,495,875
	₱268,396,984	₱252,431,633	₱209,620,771

There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group’s pension plans.

36. **Registration with the BOI**

Certain operations of the Parent Company and consolidated subsidiaries are registered with the BOI as preferred pioneer and nonpioneer activities. As registered enterprises, these entities are subject to some requirements and are entitled to certain tax and non-tax incentives which are considered in the computation of the provision for income tax.

Cogeneration
On September 26, 2014, Cogeneration was registered with the BOI as a Renewable Energy (RE) developer of Bagasse-fired power plant.

Under the terms of the registration and subject to certain requirements, the Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) ITH for a period of seven (7) years at which the RE Plant generated the first kilowatt-hour energy after commissioning or testing, or two months from date of commissioning, whichever is earlier; (b) duty-free importation of RE machinery, equipment, and materials including control and communication equipment; (c) tax exemption of carbon credits; (d) special realty tax rates on equipment and machinery, (e) NOLCO during the first three years from the start of commercial operation shall be carried over as a deduction from the gross income as defined in the National Internal Revenue Code (NIRC) for the next seven (7) years immediately following the year of such loss; (f) after availment of the ITH, the enterprise shall pay a corporate tax of 10% on its taxable income as defined in the NIRC, provided that it shall pass on the savings to the end users in the form of lower power rates; (g) the plant, machinery, and equipment that are reasonably needed and actually used for the exploration, development, and utilization of RE resources may be depreciated using a rate not exceeding twice the rate which would have been used had the annual allowance been computed in accordance with the rules and regulations prescribed by the Department of Finance and the provisions of the NIRC; (h) the sale of fuel or power generated by the enterprise from renewable sources of energy such as biomass as well as its purchases of local supply of goods, properties, and services needed for the development, construction, and installation of its plant facilities, and the whole process of exploration and development of RE sources up to its conversion into power shall be subject to zero percent VAT pursuant to NIRC; (i) tax credit equivalent to 100% of the value of VAT and custom duties that would have been paid on the purchase of RE machinery, equipment, materials and parts had these items been imported shall be given to the enterprise that purchases machinery, equipment, materials and parts from a domestic manufacturer.

Distillery

On August 28, 2013, Distillery was registered with the BOI as a manufacturer of bio-ethanol (fuel grade ethanol).

Under the terms of the registration and subject to certain requirements, the Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) ITH for a period of seven (7) years from March 2014 or date of commissioning, whichever is earlier; (b) duty-free importation of RE machinery, equipment, and materials including control and communication equipment; (c) tax exemption of carbon credits; (d) special realty tax rates on equipment and machinery, (e) NOLCO during the first three years from the start of commercial operation shall be carried over as a deduction from the gross income as defined in the NIRC for the next seven (7) years immediately following the year of such loss; (f) after availment of the ITH, the enterprise shall pay a corporate tax of 10% on its taxable income as defined in the NIRC, provided that it shall pass on the savings to the end users in the form of lower power rates; (g) the plant, machinery, and equipment that are reasonably needed and actually used for the exploration, development, and utilization of RE resources may be depreciated using a rate not exceeding twice the rate which would have been used had the annual allowance been computed in accordance with the rules and regulations prescribed by the Department of Finance and the provisions of the NIRC. The enterprise that applies for accelerated depreciation shall no longer be eligible to avail of the ITH; (h) the sale of fuel or power generated by the enterprise from renewable sources of energy such as biomass as well as its purchases of local supply of goods, properties, and services needed for the development, construction, and installation of its plant facilities, and the whole process of exploration and development of RE sources up to its conversion into power shall be subject to zero percent VAT pursuant to NIRC; (i) tax credit equivalent to 100% of the value of VAT and custom duties that would have been paid on the purchase of RE machinery, equipment, materials and parts had these items been imported shall be given to the enterprise that purchases machinery, equipment, materials and parts from a domestic manufacturer.

Robina Farms (RF) - Poultry

On January 30, 2008, RF - Poultry was registered with the BOI as an expanding producer of parent stock day-old chicks. On June 4 of the same year, it was registered as a new producer of table eggs and its by-products. Both activities are on a non-pioneer status.

Under the terms of the registration and subject to certain requirements, RF - Poultry is entitled to the following fiscal and non-fiscal incentives: (a) ITH for a period of three (3) years from October 2008 (as an expanding producer of parent stock day-old chicks) and for a period of four (4) years from October 2009 (as a new producer of table eggs and its by-products); (b) additional deduction from taxable income on wages subject to certain terms and conditions; (c) employment of foreign nationals; (d) tax credit equivalent to the national internal revenue taxes and duties paid on raw materials and supplies and semi-manufactured products used in producing its export product and forming part thereof for a period of ten (10) years from start of commercial operations; (e) simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies; (f) access to Customs Bonded Manufacturing Warehouse (CBMW) subject to Custom rules and regulations, provided firm exports at least 70% of production output; (g) exemption from wharfage dues, any export tax, duty, impost and fees for a period of ten (10) years from date of registration; (h) importation of consigned equipment for a period of ten (10) years from the date of registration, subject to the posting of re-export bond; (i) exemption from taxes and duties on imported spare parts and consumable supplies for export producers with CBMW exporting at least 70% of production; (j) tax and duty exemption on the imported breeding stocks and genetic materials within ten (10) years from the date of registration; (k) tax credit on tax and duty portion of domestic breeding stocks and genetic materials within ten (10) years from the date of registration.

Robina Farms (RF) - Hogs
On January 30, 2008, RF - Hogs was registered with the BOI as an expanding producer of finisher hogs in RF 11, Antipolo City and RF 12, Bulacan on a non-pioneer status. Under the terms of the registration and subject to certain requirements, RF - Hogs is entitled to the following fiscal and non-fiscal incentives: (a) ITH for a period of three (3) years from October 2009 but only from the sales generated from the registered projects; (b) additional deduction from taxable income on wages subject to certain terms and conditions; (c) employment of foreign nationals; (d) tax credit equivalent to the national internal revenue taxes and duties paid on raw materials and supplies and semi-manufactured products used in producing its export product and forming part thereof for a period of ten (10) years from start of commercial operations; (e) simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies; (f) access to Customs Bonded Manufacturing Warehouse (CBMW) subject to Custom rules and regulations, provided firm exports at least 70% of production output; (g) exemption from wharfage dues, any export tax, duty, impost and fees for a period of ten (10) years from date of registration; (h) importation of consigned equipment for a period of ten (10) years from the date of registration, subject to the posting of re-export bond; (i) exemption from taxes and duties on imported spare parts and consumable supplies for export producers with CBMW exporting at least 70% of production; (j) tax and duty exemption on the imported breeding stocks and genetic materials within ten (10) years from the date of registration; (k) tax credit on tax and duty portion of domestic breeding stocks and genetic materials within ten (10) years from the date of registration.

37. Commitments and Contingencies

Operating Lease Commitments - Group as a Lessor
The Group has entered into (1) one-year renewable, noncancellable leases with various related parties covering certain land and building where office spaces are located. Future minimum rentals receivable under noncancellable operating leases amounted to ₱51.4 million, ₱56.8 million and ₱61.6 million in 2015, 2014 and 2013, respectively.

Operating Lease Commitments - Group as a Lessee
The Group leases land where certain of its facilities are located. The operating lease agreements are for periods ranging from one to five years from the date of the contracts and are renewable under certain terms and conditions. The Group's rentals incurred on these leases (included under 'Selling and distribution costs' and 'General and administrative expenses' in the consolidated statements of income) amounted to ₱179.0 million, ₱161.1 million and ₱117.3 million in 2015, 2014 and 2013, respectively. Future minimum rentals payable under noncancellable operating leases follow:

	2015	2014	2013
Within one year	**₱75,583,986**	₱71,984,748	₱68,556,903
After one year but not more than five years	**302,335,942**	287,938,993	274,227,612
	₱377,919,928	₱359,923,741	₱342,784,515

Finance Lease Commitments - Group as a Lessee
Some of the Group's subsidiaries were granted land usage rights from private entities. The land usage right represents the prepaid amount of land lease payments. The right is currently being amortized by the Group on a straight-line basis over the term of the right ranging from 30 to 50 years. The amortization on these leases (included under 'General and administrative expenses' in the consolidated statements of income) amounted to ₱22.5 million, ₱23.3 million and ₱11.8 million in 2015, 2014 and 2013, respectively.

<u>Others</u>
The Group has various contingent liabilities arising in the ordinary conduct of business which are either pending decision by the courts, under arbitration or being contested, the outcome of which are not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of these lawsuits, claims, arbitration and assessments.

38. Supplemental Disclosure to Cash Flow Statements

The Group's noncash activities pertain to the movement of the cumulative translation adjustment account and the depreciation of biological assets (breeders) that are capitalized as part of the cost of new born biological assets (sucklings).

	2015	2014	2013
Biological assets	**₱40,907,934**	₱49,757,535	₱47,681,054
Cumulative translation adjustment	**3,801,908,167**	218,760,416	458,152,713
Land contributed to plan assets	**–**	91,448,525	–

39. Events After the Reporting Period

The following non-adjusting events happened subsequent to the respective reporting dates of the Parent Company and its subsidiaries:

Dividend declaration of NURC
On December 18, 2015, NURC's BOD declared cash dividends amounting to ₱1.25 million per share to stockholders of record as of September 30, 2015. Total dividends declared amounted to ₱236.0 million, payable on second quarter and fourth quarter of 2016, amounting to ₱100.0 million and ₱136.0 million, respectively.

40. Approval for the Release of the Financial Statements

The accompanying consolidated financial statements of the Group were authorized for issue by the AC and the BOD on January 8, 2016.

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

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULE

The Stockholders and the Board of Directors
Universal Robina Corporation
110 E. Rodriguez Avenue
Bagumbayan, Quezon City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Universal Robina Corporation and Subsidiaries (the Group) as at September 30, 2015 and 2014 and for each of the three years in the period ended September 30, 2015, included in this Form 17-A and have issued our report thereon dated January 8, 2016. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Aris C. Malantic
Partner
CPA Certificate No. 90190
SEC Accreditation No. 0326-AR-3 (Group A),
May 1, 2015, valid until April 30, 2018
Tax Identification No. 152-884-691
BIR Accreditation No. 08-001998-54-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5321657, January 4, 2016, Makati City

January 8, 2016

Universal Robina Corporation and Subsidiaries
Schedule A - Financial Assets
September 30, 2015

Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet/ Notes	Valued Based on Market Quotations at Balance Sheet Date	Income Received and Accrued (including Dividends Received)
Various / Equity Securities		₱401,701,602	₱401,701,602	₱22,698,413

See Note 8 of the Consolidated Financial Statements.

Universal Robina Corporation and Subsidiaries
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
September 30, 2015

Name of Debtor	Balance at Beginning of Period	Additions	Collections	Balance at End of Period		
				Current	Non-Current	Total
Advances to officers and employees	₱62,338,232	₱13,207,311	₱–	₱75,545,543	₱–	₱75,545,543

See Note 10 of the Consolidated Financial Statements.

Universal Robina Corporation and Subsidiaries
Schedule C - Amounts Receivable from Related Parties Which are Eliminated
During the Consolidation of Financial Statements
September 30, 2015

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Balance at End of Period		
					Current	Non-Current	Total
CFC Corporation	₱48,013,300	₱287,451	₱–	₱–	₱48,300,751	₱–	₱48,300,751
CFC Clubhouse Property, Inc.	219,012,474	–	(725,926,091)	–	(506,913,617)	–	(506,913,617)
URC International Company, Ltd. and its Subsidiaries	7,451,860,926	–	(972,475,134)	–	6,479,385,792	–	6,479,385,792
Nissin - Universal Robina Corporation	60,245,904	75,350,430	–	–	135,596,334	–	135,596,334
	₱7,779,132,604	₱75,637,881	(1,698,401,225)	₱–	₱6,156,369,260	₱–	₱6,156,369,260

Universal Robina Corporation and Subsidiaries
Schedule D - Intangible Assets - Other Assets
September 30, 2015

Description	Beginning Balance	Additions at Cost	Deductions / Amortizations: Charged to cost and Expenses	Deductions / Amortizations: Charged to Other Accounts	Other Charges– Additions (Deductions)	Ending Balance
Goodwill	₱793,415,185	₱13,862,574,188	₱–	₱–	₱–	₱14,655,989,373
Trademark/Brands	50,000,000	4,946,976,710	–	–	–	4,996,976,710
Customer relationship	–	1,959,592,522	–	–	–	1,959,592,522
Product formulation	425,000,000	–	–	–	–	425,000,000
Software costs	–	33,033,717	(14,756,087)	–	–	18,277,630
Intangible Assets	₱1,268,415,185	₱20,802,177,137	(₱14,756,087)	₱–	₱–	₱22,055,836,235

See Note 16 of the Consolidated Financial Statements.

Universal Robina Corporation and Subsidiaries
Schedule E - Long-Term Debt
September 30, 2015

Name of Issuer and Type of Obligation	Amount Authorized By Indenture	Amount Shown as Current	Amount Shown as Long-term	Total
Various foreign banks	Not applicable	₱–	₱21,869,680,961	₱21,869,680,961

See Note 22 of the Consolidated Financial Statements

Universal Robina Corporation and Subsidiaries
Schedule F - Indebtedness to Related Parties (Long-Term Loans from Related Companies)
September 30, 2015

Name of Related Party	Balance at Beginning of Period	Balance at End of Period

NONE TO REPORT

Universal Robina Corporation and Subsidiaries
Schedule G - Guarantees of Securities and Other Issuers
September 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 this Statement is Filed	Nature of Guarantee

NONE TO REPORT

Universal Robina Corporation and Subsidiaries
Schedule H - Capital Stock
September 30, 2015

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding (Net of Treasury Shares)	Number of Shares Reserved for Options, Warrants, Conversions and Other Rights	Number of Shares Held by		
				Affiliates	Directors, Officers and Employees	Others
Preferred stock - ₱1 par value	2,000,000	None	–	–	–	–
Common stock - ₱1 par value	2,998,000,000	2,181,501,933	–	1,217,841,260	14,302,033	949,358,640

See Note 23 of the Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION

SUPPLEMENTARY SCHEDULE OF ALL THE EFFECTIVE STANDARDS AND INTERPRETATIONS REQUIRED UNDER SRC RULE 68, AS AMENDED (2011)

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of September 30, 2015		Adopted	Not Adopted/ Not Early Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary		✓		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of September 30, 2015		Adopted	Not Adopted/ Not Early Adopted	Not Applicable
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities			✓
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures*		✓	
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments*		✓	
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures*		✓	
PFRS 10	Consolidated Financial Statements			✓
PFRS 11	Joint Arrangements	✓		
PFRS 12	Disclosure of Interests in Other Entities	✓		
PFRS 13	Fair Value Measurement	✓		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
PAS 2	Inventories	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of September 30, 2015		Adopted	Not Adopted/ Not Early Adopted	Not Applicable
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Balance Sheet Date	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	✓		
PAS 19 (Amended)	Employee Benefits	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements	✓		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of September 30, 2015		Adopted	Not Adopted/ Not Early Adopted	Not Applicable
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
PAS 40	Investment Property	✓		
PAS 41	Agriculture	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of September 30, 2015		Adopted	Not Adopted/ Not Early Adopted	Not Applicable
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	*Determining Whether an Arrangement Contains a Lease*	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	*Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*			✓
IFRIC 7	*Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies*			✓
IFRIC 8	*Scope of PFRS 2*			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	*Interim Financial Reporting and Impairment*	✓		
IFRIC 11	PFRS 2- Group and Treasury Share Transactions	✓		
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendments to Philippine Interpretations IFRIC-14, Prepayments of a Minimum Funding Requirement	✓		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS **Effective as of September 30, 2015**		**Adopted**	**Not Adopted/ Not Early Adopted**	**Not Applicable**
	Surface Mine			
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

** Not Early Adopted*

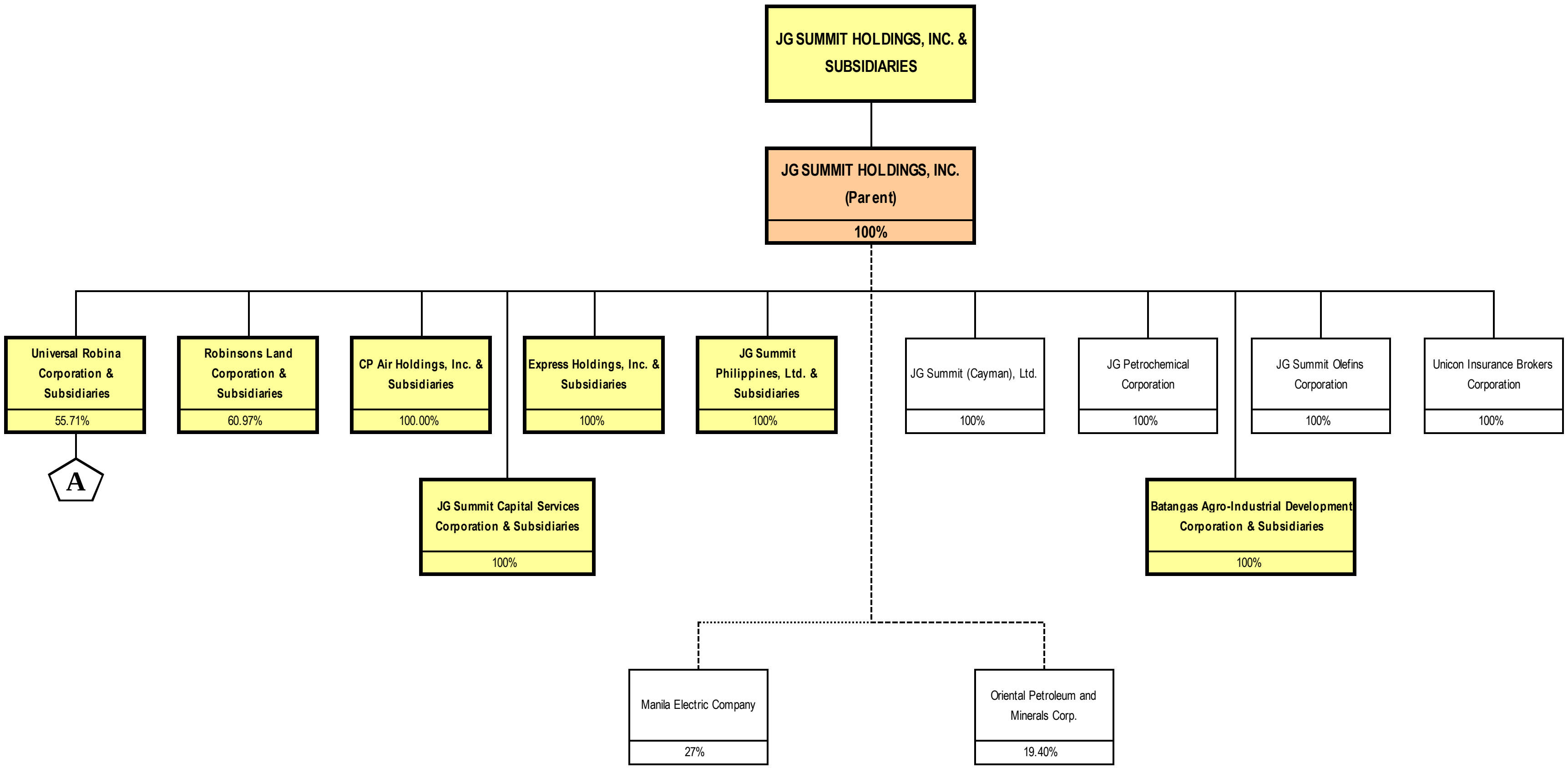
UNIVERSAL ROBINA CORPORATION

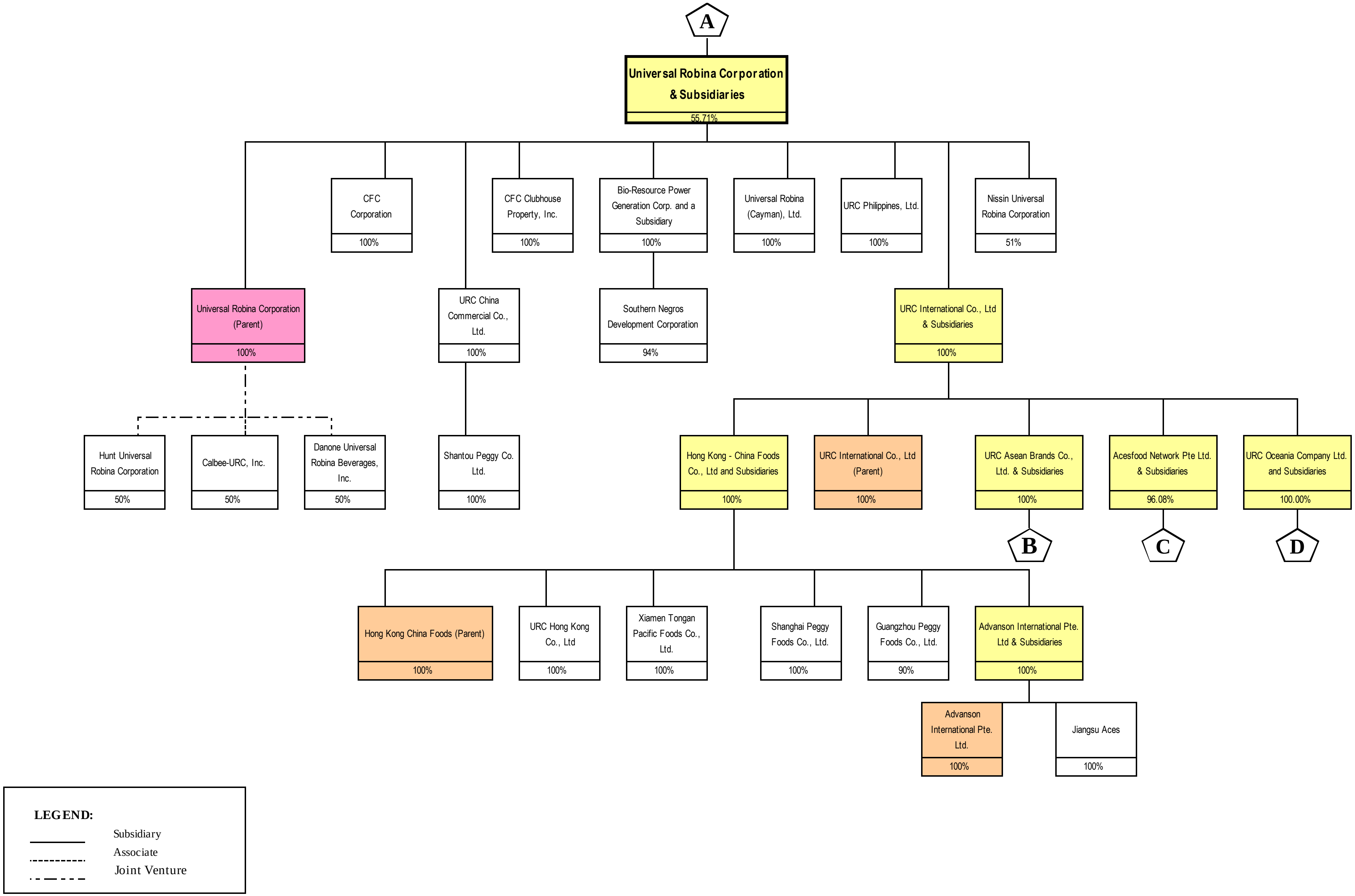
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

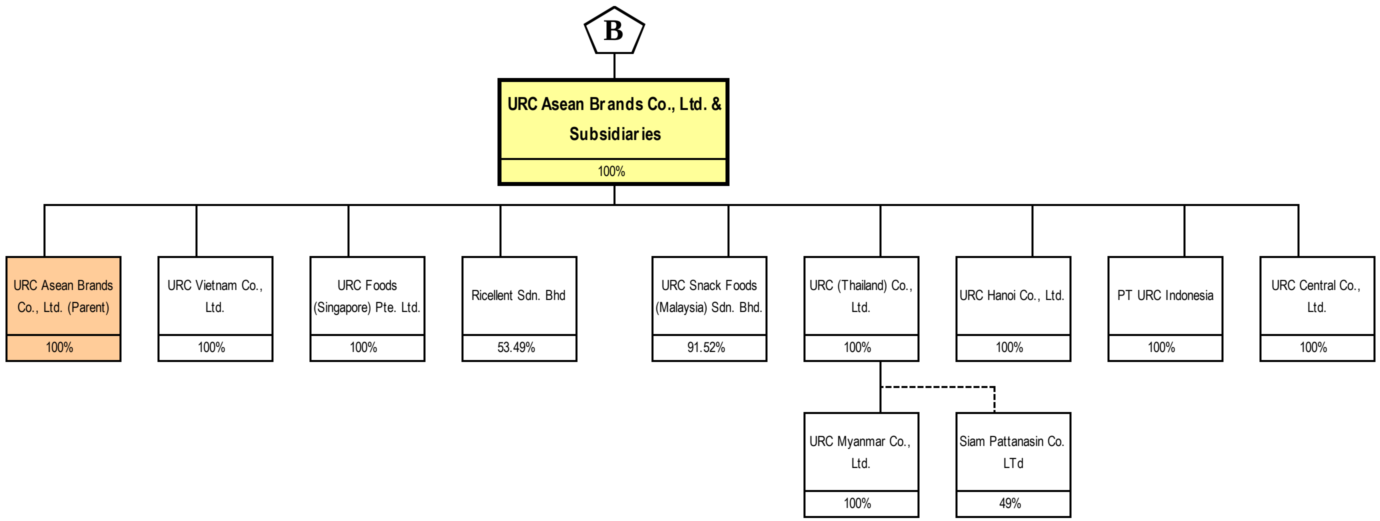
The tables below present the retained earnings available for dividend declaration as at September 30, 2015

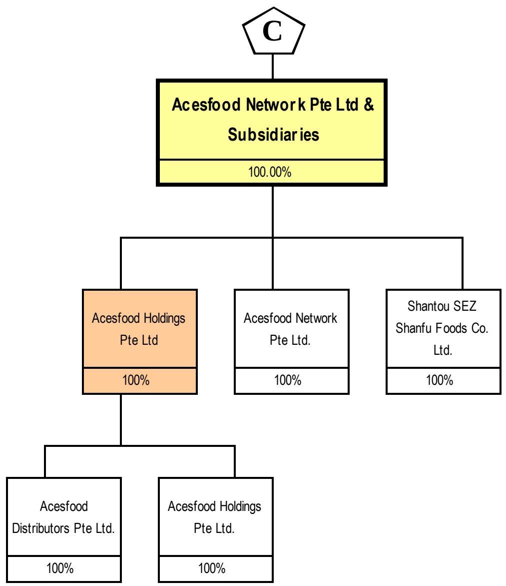
Unappropriated retained earnings, beginning		₱11,246,313,153
Adjustments:		
Fair value adjustment on financial assets at FVPL	(₱1,893,304,767)	
Fair value less estimated cost to sell adjustment on swine livestock	(182,987,646)	
Unrealized foreign exchange gain (except those attributable to cash and cash equivalents)	(748,692,019)	
Deferred tax assets, excluding those arise from remeasurements	(111,815,930)	(2,936,800,362)
Unappropriated retained earnings, as adjusted, beginning		8,309,512,791
Add: Net income actually earned /realized during the period		
Net income actually earned during the year	7,532,955,117	
Gain arising from changes in fair value less estimated costs to sell of swine livestock	(109,218,243)	
Movement in deferred tax assets	(115,704,960)	7,308,031,914
		15,617,544,705
Less: Dividend declarations during the year	6,544,505,799	
Appropriations during the year	2,000,000,000	
Treasury shares	670,386,034	9,214,891,833
Total retained earnings available for dividend declaration as at September 30, 2015		₱6,402,652,872

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP



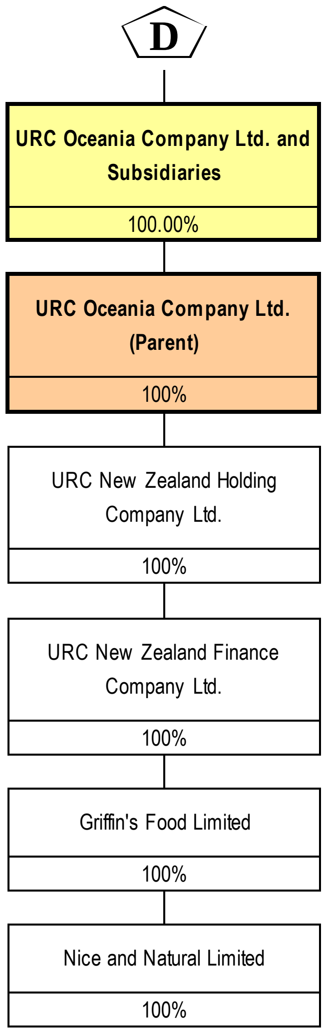

A
Universal Robina Corporation & Subsidiaries
55.71%
CFC Corporation
100%
CFC Clubhouse Property, Inc.
100%
Bio-Resource Power Generation Corp. and a Subsidiary
100%
Universal Robina (Cayman), Ltd.
100%
URC Philippines, Ltd.
100%
Nissin Universal Robina Corporation
51%
Universal Robina Corporation (Parent)
100%
URC China Commercial Co., Ltd.
100%
Southern Negros Development Corporation
94%
URC International Co., Ltd & Subsidiaries
100%
Hunt Universal Robina Corporation
50%
Calbee-URC, Inc.
50%
Danone Universal Robina Beverages, Inc.
50%
Shantou Peggy Co. Ltd.
100%
Hong Kong - China Foods Co., Ltd and Subsidiaries
100%
URC International Co., Ltd (Parent)
100%
URC Asean Brands Co., Ltd. & Subsidiaries
100%
Acesfood Network Pte Ltd. & Subsidiaries
96.08%
URC Oceania Company Ltd. and Subsidiaries
100.00%
B
C
D
Hong Kong China Foods (Parent)
100%
URC Hong Kong Co., Ltd
100%
Xiamen Tongan Pacific Foods Co., Ltd.
100%
Shanghai Peggy Foods Co., Ltd.
100%
Guangzhou Peggy Foods Co., Ltd.
90%
Advanson International Pte. Ltd & Subsidiaries
100%
Advanson International Pte. Ltd.
100%
Jiangsu Aces
100%
LEGEND:
Subsidiary
Associate
Joint Venture





LEGEND:

Subsidiary
Associate
Joint Venture



LEGEND:

Subsidiary
Associate
Joint Venture