

COVER SHEET

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S.E.C Registration Number

P H I L I P P I N E

S E V E N

C O R P O R A T I O N

(Company's full Name)

7 t h F l r . T h e C o l u m b i a T o w e r

O r t i g a s A v e . M a n d a l u y o n g C i t y

(Business Address: No. Street City / Town / Province)

Atty. Evelyn S. Enriquez
Corporate Secretary

Contact Person

724-44-41 to 51

Company Telephone Number

1 2 3 1

Month Day
Fiscal Year

2 0 - I S

FORM TYPE

Month
Annual Meeting

0 7 3rd Thursday

Day

Definitive Information Statement

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20- IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

Preliminary Information Statement
 Definitive Information Statement

2. Name of Registrant as specified in its charter: **PHILIPPINE SEVEN CORPORATION**

3. Country of Incorporation: **PHILIPPINES**

4. SEC Identification Number: **108476**

5. BIR Tax Identification Number: **000-390-189-000**

6. Address of Principal Office:

**7th Floor, The Columbia Tower
Ortigas Avenue, Mandaluyong City
1550**

7. Telephone Number: **(632) 724-4441 to 51**

8. Date, time and place of the meeting of security holders:

**July 21, 2016 (Thursday)
2:00 p.m.
Crowne Plaza Galleria Manila
Ortigas Avenue corner ADB Avenue, Quezon City**

9. Approximate date on which the Information Statement is first to be sent or given to security holders:

June 21, 2016

10. In case of proxy solicitations:

Name of Person Filing the Statement/Solicitor: **N/A**

Address and Telephone No.: _____

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sec. 4 & 8 of the RSA:

Title of Each Class	Number of Shares of Common Stocks <i>Outstanding or Amount of debt Outstanding</i>
Common Warrants	458,435,323 -0-

12. Are any or all registrant's securities listed on the Stock Exchange?

Yes No

<i>Title of each Class</i>	<i>Listed Shares</i>	<i>Stock Exchange</i>
Common Shares	459,121,573	Philippine Stock Exchange

PHILIPPINE SEVEN CORPORATION

7th Floor, The Columbia Tower
Ortigas Avenue, Mandaluyong City
Tel. Nos. 724-4441 to 53
Fax No. 705-52-09

Notice is hereby given that the annual stockholders meeting of PHILIPPINE SEVEN CORPORATION (the "Corporation"), will be held at the **Crowne Plaza Galleria Manila, Ortigas Avenue corner ADB Avenue, Quezon City**, on **Thursday, 21 July 2016 at 2:00 P.M.** for the purpose of taking up the following:

1. Certification of Quorum and Call to Order
2. Approval of Minutes of the Annual Stockholders Meeting held on July 30, 2015
3.
 - a. Chairman's Message
 - b. President's Report
4. Approval of 2015 Audited Financial Statements contained in the Corporation's 2015 Annual Report and in the Information Statement accompanying this Notice and Agenda
5. Ratification of Actions Taken by the Board of Directors, Executive Committee, Board Committees and Management since the last annual stockholders meeting
6. Election of the Board of Directors for 2016
7. Appointment of External Auditor
8. Other Matters
9. Adjournment

Each agenda item for approval is explained with brief details and rationale in the next page.

For purposes of the meeting, only stockholders of record as of June 09, 2016 are entitled to vote in the said meeting.

For your convenience in registering your attendance, please have some available form of identification (ID), such as company ID, government IDs, passport or driver's license. Registration will start at 1:00 p.m.

We are not soliciting your proxy. However, you may attend the meeting by submitting a duly-accomplished proxy substantially in the form attached hereto which must be submitted to the Office of the Corporate Secretary, 7th Floor, The Columbia Tower, Ortigas Avenue, Mandaluyong City on or before July 14, 2016. The proxies shall be validated on July 18, 2016, at 10:00 AM at 15th Floor, South Tower, BDO Corporate Center, 7899 Makati Avenue, Makati City.


EVELYN S. ENRIQUEZ
Corporate Secretary

EXPLANATION OF AGENDA ITEMS

1. **Certification of Quorum and Call to Order.** The Corporate Secretary shall certify that copies of this Notice have been duly sent to stockholders of record as of June 09, 2016, and shall attest whether a quorum is present. The Chairman of the Board shall then formally open the 2016 Annual Stockholders' Meeting of PSC.
2. **Approval of Minutes of the Annual Stockholders Meeting held on July 30, 2015.** Copy of the Minutes is posted in the PSC Website www.7-eleven.com.ph printed copies are available for examination during office hours at the Office of the Corporate Secretary and included in the Information Statement distributed to Stockholders prior to meeting date.
3. **a. Chairman's Message**
b. President's Report

Stockholders will be provided information about the PSC's activities, business and financial performance, and other relevant data for the preceding year.
4. **Approval of 2015 Audited Financial Statements contained in the Corporation's 2015 Annual Report and in the Information Statement accompanying this Notice and Agenda.** Stockholders will be provided information about the financial position, performance and changes in financial position of PSC.
5. **Ratification of Actions Taken by the Board of Directors, Executive Committee, Board Committees and Management since the last annual stockholders meeting.** Submit to stockholders' ratification all acts of the Board of Directors, Executive Committee, Board Committees and Management since the last annual stockholders meeting as contained in the Information Statement accompanying this notice and agenda.
6. **Election of the Board of Directors for 2016.** The Chairman and the Corporate Secretary will explain and clarify the criteria and process observed by the Nomination & Governance Committee to screen nominees and recommend the final list of nominees qualified for election as directors/independent directors. The Chairman will present the nominees for election as members of the Board of Directors, including the independent directors.
7. **Appointment of External Auditor.** The stockholders will ratify the Audit Committee's and Board's selection of external auditor SyCip Gorres Velayo & Co.
8. **Other Matters.** All matters that arise after the notice, agenda, and information statement have been sent out, may be presented for the consideration of the stockholders. Other businesses as may properly come before the stockholders may also be raised.
9. **Adjournment**

PROXY

KNOW ALL MEN BY THESE PRESENTS:

The undersigned stockholder of **Philippine Seven Corporation** hereby constitutes and appoints _____, or in his/her absence the Chairman of the meeting, as Proxy to represent the undersigned, and vote all shares owned by, and / or registered in the name of the undersigned in the books of the Corporation at the regular meeting of stockholders of the Corporation scheduled on **July 21, 2016 (Thursday) at the Crowne Plaza Galleria Manila, Ortigas Avenue corner ADB Avenue, Quezon City at 2:00 P.M.** The undersigned directs the proxy to vote on the agenda items which have been expressly indicated with (✓) below.

PROPOSAL	ACTION			FULL DISCRETION OF PROXY
	VOTE ALL SHARES FOR ALL	WITHHOLD FOR ALL	NO. OF SHARES VOTED	
1. Election of Directors				
a. Jorge L. Araneta				
b. Jui-Tang Chen				
c. Shui-Huang Ho				
d. Lien-Tang Hsieh				
e. Chi-Chang Lin				
f. Jose Victor P. Paterno				
g. Maria Cristina P. Paterno				
h. Wen-Chi Wu				
i. Jose T. Pardo (Independent Director)				
j. Antonio Jose U. Periquet, Jr. (Independent Director)				
k. Michael B. Zalamea (Independent Director)				
	YES	NO	ABSTAIN	
2. Approval of Minutes of the Annual Stockholders Meeting held on July 30, 2015				
3. Approval of 2015 Annual Report and Audited Financial Statements				
4. Ratification of Actions Taken by the Board of Directors, Executive Committee, Board Committees and Management since the last annual stockholders meeting				
5. Appointment of External Auditor				
6. At their discretion, the proxies named above are authorized to vote upon such other matters as may properly come before the meeting				

Signed this ____ day of _____, 2016 at _____.

PRINTED NAME OF STOCKHOLDER

SIGNATURE OF STOCKHOLDER /
AUTHORIZED SIGNATORY

This proxy should be received by the Office of the Corporate Secretary on or before July 14, 2016. This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder. If no direction is made, this proxy will be voted for the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting as recommended by the management or the board of directors. A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the stockholders attends the meeting in person and expressed his intention to vote in person.

(N.B. Partnerships, Corporations and Associations must attach a certified resolution thereof designating their Proxy/Representative and Authorized Signatories).

**PHILIPPINE SEVEN CORPORATION
INFORMATION STATEMENT**

This Information Statement is being furnished to stockholders of record of Philippine Seven Corporation as of June 09, 2016 in connection with its annual stockholders' meeting.

WE ARE NOT ASKING FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Shareholders

Date of Meeting : July 21, 2016

Time of Meeting : 2:00 P.M.

Place of Meeting : Crowne Plaza Galleria Manila
Ortigas Avenue corner ADB Avenue, Quezon City

Complete Mailing Address : Philippine Seven Corporation
7th Floor, The Columbia Tower
Ortigas Avenue, Mandaluyong City 1550

This Information Statement will be first sent or given to security holders on June 21, 2016.

Item 2. Dissenter's Right of Appraisal

The stockholders of the Company may exercise their right of appraisal against any proposed corporate action which qualifies as an instance under Section 81 of the Corporation Code which gives rise to the exercise of such appraisal right pursuant to and in the manner provided in Section 82 of the Corporation Code.

Any stockholder of a corporation shall have the right to dissent and demand payment of the fair value of his shares in the following instances:

1. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the terms of corporate existence.
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in this Code; and
3. In case of a merger or consolidation.

An appraisal right is also available to dissenting shareholders in case the corporation decides to invest its funds in another corporation or business as provided for in Section 42 of the Corporation Code.

Item 3. Interest of Certain Persons in Matters to be Acted Upon

None of the members of the Board of Directors or senior management has any substantial interest in the matters to be acted upon by the shareholders in the stockholders meeting, except for the election of directors. The following are the incumbent directors for the year 2015 - 2016 (prior to the 21 July 2016 Annual Stockholders' Meeting):

1. Jose T. Pardo*	7. Chi-Chang Lin
2. Nan-Bey Lai	8. Lien-Tang Hsieh
3. Jose Victor P. Paterno	9. Wen-Chi Wu
4. Jorge L. Araneta	10. Antonio Jose U. Periquet, Jr.*
5. Maria Cristina P. Paterno	11. Michael B. Zalamea*
6. Jui-Tang Chen	

* Independent Director

The Board of Directors and senior management, as a group, own 37,851,518 common shares which constitute approximately 8.26% of the issued and outstanding common stock. The Board of Directors of the Company is not aware of any party who has indicated an intention to oppose the motions set forth in the Agenda.

Cumulative voting is allowed for the election of the members of the Board of Directors. Each stockholder may vote the number of shares of stock outstanding in his own name as of the record date of the meeting for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit; provided that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected and provided, however, that no delinquent stock shall be voted.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

As of May 31, 2016, there were 458,435,323 shares of the common stock of Philippine Seven Corporation outstanding and entitled to vote for election of directors and matters scheduled for approval at the Annual Meeting. Only holders of the company's stock as of the close of business on record date of June 09, 2016 acting in person or by proxy on the day of the meeting are entitled to notice and to vote at the Annual Meeting to be held on July 21, 2016.

The following is the breakdown of the number of shares owned by local and foreign shareholders as of May 31, 2016 as provided by the Stock Transfer Agent BDO Unibank, Inc.:

	No. of shares	%
Foreign Owned Shares	348,927,156	76.1126%
Local Owned Shares	109,508,167	23.8874%
Outstanding Shares	458,435,323	100.00%

For the purpose of electing the directors, shareholders entitled to vote as of above record date shall vote cumulatively in accordance with Section 24 of the Corporation Code to elect the 11 directors of the company. Each share entitled to vote shall be entitled to 11 votes.

For the purpose of approving the other matters set forth in the Agenda of the Annual Meeting, the shareholders entitled to vote as of above record date shall be entitled to one (1) vote for each share entitled to vote.

a) As of May 31, 2016, the following are the record and beneficial owners of more than 5% of registrant's voting securities:

Title of Class	Name and Address of Record/Beneficial Owner	Citizenship	Relationships of the record owner's representative with the issuer and said owner	Amount and Nature of Record/Beneficial Ownership	Percent of Outstanding Common Stock as of May 31, 2016
Common	President Chain Store (Labuan) Holding, Ltd. ¹ 7(E), Main Tower, Financial Park, Labuan, Malaysia	Malaysian	Stockholder	236,376,070 (R)	51.56%
Common	Arisaig Asia Consumer Fund Limited ² Craigmuir Chambers, P.O. Box 71 Road Town, Tortola British Virgin Islands	BVI	Stockholder	48,020,358 (B)	10.47%
Common	Jose Victor P. Paterno ³ and siblings 7 th Floor, The Columbia Tower, Ortigas Avenue, Mandaluyong City	Filipino	President/CEO/Director /Stockholder	11,983,375 (R) <u>24,929,900 (B)</u> 36,913,275	2.61% <u>5.44%</u> 8.05%
Common	Asian Holdings Corporation ⁴ 4 th Floor, Uni-Oil Bldg., Commerce Ave. cor. Acacia St., Madrigal Business Park, Ayala Alabang, Muntinlupa City	Filipino	Stockholder	30,671,003 (R)	6.69%

Footnotes:

¹ Mr. Jui-Tang Chen of President Chain Store (Labuan) Holding, Ltd. has the voting power in behalf of the Corporation

² Ms. Rebecca Lewis of Arisaig Asia Consumer Fund Limited has the voting power in behalf of the Corporation

³ Mr. Jose Victor P. Paterno has the power of attorney to vote the 24,929,900 -shares of his siblings: Maria Cristina Paterno-8,000,045; Paz Pilar P. Benares – 4,959,011; Ma. Elena P. Locsin- 6,962,534; Ma. Teresa P. Dickinson - 5,008,310

⁴ Ms. Elizabeth Orbeta or Ms. Diana Pardo-Aguilar has the voting power in behalf of Asian Holdings Corporation

b) Security Ownership of Directors and Management as of May 31, 2016

Title of Class	Name of Beneficial Owner	Amount & Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Jose T. Pardo	1 ³	Filipino	0.00%
Common	Jose Victor P. Paterno	11,983,375 (R) ² 24,929,900 (B) ¹ 36,913,275	Filipino	2.61% 5.44% 8.05%
Common	Maria Cristina P. Paterno	8,000,045 ²	Filipino	1.75%
Common	Jorge L. Araneta	1 ³	Filipino	0.00%
Common	Antonio Jose U. Periquet, Jr.	1 ³ 927,006(B) ² 927,007	Filipino	0.20%
Common	Michael B. Zalamea	1 ³	Filipino	0.00%
Common	Jui-Tang Chen	1 ³	R.O.C.	0.00%
Common	Chi-Chang Lin	1 ³	R.O.C.	0.00%
Common	Nan-Bey Lai	1 ³	R.O.C.	0.00%
Common	Wen-Chi Wu	1 ³	R.O.C.	0.00%
Common	Lien-Tang Hsieh	1 ³	R.O.C.	0.00%
Common	Evelyn G. Sadsad-Enriquez	3,573 ²	Filipino	0.0008%
Common	Liwayway T. Fernandez	5,104 ²	Filipino	0.0011%
Common	Violeta B. Apolinario	2,551 ²	Filipino	0.0006%
Common	Eduardo P. Bataclan	121 ²	Filipino	0.0000%

¹ Shares directly owned Jose Victor Paterno is 11,983,375 which is 2.61 %, and he has power of attorney for 24,929,900 shares or 5.44% held by his 4 siblings.

² Directly owned shares

³ Qualifying shares

c) Power of Attorney to vote shares of 5% or more

Mr. Jose Victor P. Paterno, Director and President/CEO, has the power of attorney for 24,929,900 shares or 5.44% owned/registered in the name of his siblings: Maria Cristina Paterno – 8,000,045 shares, Paz Pilar P. Benares - 4,959,011 shares, Ma. Elena P. Locsin - 6,962,534 shares, and Ma. Theresa P. Dickinson – 5,008,310 shares.

d) Changes in Control

There has been no arrangement which may result in a change in control of the Company. There has been no change in control of the Company since Y2000.

Item 5. Directors and Executive Officers

a) Directors and Corporate Officers

The Board of Directors is responsible for the overall management and direction of the Corporation. The Board meets at least thrice every year or as needed to review and monitor the Corporation's financial position and operation.

The eleven (11) directors of the Company are elected at the Annual Stockholders meeting to hold office until the next succeeding annual meeting or until their respective successors have been elected and qualified. The Chairman of the Board and the President are separate individuals. Mr. Jose T. Pardo serves as the Chairman of the Board and Mr. Jose Victor P. Paterno serves as President and Chief Executive Officer (CEO). The members of the Board of Directors and corporate officers of the Company as of December 31, 2015 are the following:

1. CHIN YEN KAO †

† Disclosure on his demise submitted to SEC & PSE last Apr 04, 2016

Personal Information	Age: <u>86</u> ; Nationality: <u>R.O.C.</u> ; Gender: <u>Male</u> ; Current Position in PSC: <u>Honorary Chairman of the Board</u> ; No. of Years in PSC: <u>14 yrs & 5 mos.</u> ; First Election to the Position: <u>July 26, 2002</u> ; Last Election: <u>July 30, 2015</u>
Affiliations in Publicly Listed Companies (PLCs)	<ul style="list-style-type: none"> • Honorary Chairman, Philippine Seven Corporation • Director- Uni-President Enterprises Corp.; Ton Yi Industrial Corp.
Affiliations in Non-PLCs	<ul style="list-style-type: none"> • Director- Tainan Spinning Co., Ltd; President Fair Development Corp.
Educational Background & Achievements/Awards	<ul style="list-style-type: none"> • Honorary PhD, Lincoln University, USA; Honorary PhD, Sun Yat-sen University; Honorary PhD, National Cheng Kung University

2. JOSE T. PARDO

Personal Information	Age: <u>76</u> ; Nationality: <u>Filipino</u> ; Gender: <u>Male</u> ; Current Position in PSC: <u>Chairman of the Board & Independent Director</u> ; No. of Years in PSC: <u>1 yr.</u> ; First Election to the Position: <u>Jan. 20, 2015</u> ; Last Election: <u>July 30, 2015</u>
Affiliations in PLCs	<ul style="list-style-type: none"> • Chairman & independent Director- Philippine Seven Corporation • Chairman & Independent Director- Philippine Stock Exchange, Philippine Savings Bank • Independent Director- JG Summit Holdings, Inc.

Affiliations in Non-PLCs	<ul style="list-style-type: none"> Chairman & Independent Director- Securities Clearing Corporation of the Philippines; Bank of Commerce Chairman- De La Salle University, Inc.; ECOP Councils of Business Leaders; PCCI Council of Business Leaders; Philippine Business Center, Inc.; Foundation for Crime Prevention; Assumption Antipolo Co- Chairman- De La Salle Philippines Board Member (representing private sector - no compensation) - EDSA People Power Commission, Office of the President Director- National Grid Corporation of the Philippines; ZNN Radio Veritas
Educational Background & Achievements/Awards	<ul style="list-style-type: none"> Doctor of Humanities, Honoris Causa, Gregoria Araneta University Foundation Observation Grant to France on Promotion and Financing of Small and Medium Scale Enterprises Awarded a Fellowship Grant to the United States on the Development of Small Medium Scale Industries Masters Degree in Business Administration, First Graduate under the Harvard-DLSU Advisory Program, De La Salle University, Manila, Philippines Bachelor of Science in Commerce, De La Salle University, Manila Philippines Awards- Communication Excellence in Organizations Excel Award, IABC Philippines (2013); The Outstanding Filipino (TOFIL) Award (2012); La Sallian "Masters" Award, De La Salle University (2010); Distinguished La Sallian, De La Salle University (2006); Man of the Year Awardee 2000, Catholic Educators Association of the Philippines (2001); Productivity Excellence in Leadership-Industry Sector, Asian Productivity Organization Society of the Philippines (1997); Outstanding Alumnus Awardee, De La Salle University Graduate of School of Business (1994); Papal night of St. Sylvester (1983); Honorary Fellow, Asian productivity Organization, Tokyo Japan (1981); The Outstanding Young Men (TOYM) Awardee (1972); President Roxas Memorial Award (1972); Founding Fellow, Development Academy of the Philippines (DAP); Citation as Monetary Board Member, Central Bank of the Philippines; Outstanding Rotarian Award, Rotary Club District 380

3. NAN-BEY LAI

Personal Information	Age: 64; Nationality: R.O.C.; Gender: Male; Current Position in PSC: <u>Vice-Chairman and Director</u>; No. of Years in PSC: <u>5 yrs. & 5 mos.</u>; First Election to the Position: <u>July 29, 2010</u>; Last Election: <u>July 30, 2015</u>
Affiliations in PLCs	<ul style="list-style-type: none"> Director & Vice-Chairman- Philippine Seven Corporation Director & Senior Vice President- President Chain Store Corporation
Affiliations in Non-PLCs	<ul style="list-style-type: none"> Chairman- Duskin Serve Taiwan Co.; Bank Pro E-Service Technology Co., Ltd Director- Books.com Co., Ltd.; Mech-President Corp.; President Transnet Corp.; President Collect Services Co., Ltd.; President SATO Co., Ltd.; Ren-Hui Investment Corp.; Tong-Ho Development Corp.
Educational Background & Achievements/Awards	<ul style="list-style-type: none"> Bachelor's Degree in Business Administration, Department of Business Administration, Tunghai University

4. JOSE VICTOR P. PATERNO

Personal Information	Age: 47; Nationality: Filipino; Gender: Male; Current Position in PSC: <u>President/CEO and Director</u>; No. of Years in PSC: <u>10 yrs. & 6 mos.</u>; First Election to the Position: <u>June 21, 2005</u>; Last Election: <u>July 30, 2015</u>
Affiliations in PLCs	<ul style="list-style-type: none"> Director & CEO- Philippine Seven Corporation
Affiliations in Non-PLCs	<ul style="list-style-type: none"> Chairman & President – Convenience Distribution, Inc. Chairman & President – Store Sites Holding, Inc. Chairman and Trustee- PhilSeven Foundation, Inc. Chairman – Supply Chain Networks, Inc. President – First MFI Network, Inc. Director – Electronic Commerce Payment Network, Inc. (EC-Pay); The Straits Wine Company, Inc. Board Co-Chair (Retailer), ECR Philippines VP-National Chapter Development, Philippine Franchise Association Member- Management Association of the Philippines; Makati Business Club; Young Presidents Organization; Coca- Cola Retailing Research Council
Educational Background & Achievements/Awards	<ul style="list-style-type: none"> BS Mechanical Engineering (Magna Cum Laude), Lehigh University, Bethlehem Pennsylvania, USA Awards- CEO Excel Award, International Association of Business Communicators (IABC), 2013 CEO Excel Awards; Master Entrepreneur Award, 2012 Ernst & Young Entrepreneur of the Year Awards

5. JORGE L. ARANETA

Personal Information	Age: 80; Nationality: Filipino; Gender: Male; Current Position in PSC: <u>Director</u>; No. of Years in PSC: <u>27 yrs.</u>; First Election to the Position: <u>1988</u>; Last Election: <u>July 30, 2015</u>
Affiliations in PLCs	<ul style="list-style-type: none"> Director- Philippine Seven Corporation
Affiliations in Non-PLCs	<ul style="list-style-type: none"> Consul A.H. – Embassy of the Republic of Colombia Chairman & CEO – Araneta Group Chairman of the Board - Araneta Center Inc.; Progressive Development Corporation; Uniprom, Inc.; Philippine Pizza Inc. Director – Wendy's Philippines
Educational Background & Achievements/Awards	<ul style="list-style-type: none"> Bachelor of Science in Business Administration, University of the Philippines Awards- People Asia Magazine's 2016 People of the Year Awardee, President's Award as Pioneer of Retail Entertainment, Philippine Retailers Association; UP College of Business Administration 2005 Distinguished Alumni Awardee; Franchisee Awardee of the Year, 2003 and 2002, Philippine Pizza, Inc.; Top 5 Best Employer in Asia/Philippines, 2003, Hewitt Associates/Wall Street Journal/MAP; David Novak YUM Award, 2000; Plaque of Appreciation from Cubao Merchants Association; Plaque of Appreciation for Business Leadership from Upsilon Sigma Phi; Plaque of Merit from Quezon City Chamber of Commerce and Industry, Inc. as Recognized Business Leader of Quezon City; Plaque of Appreciation for Outstanding Contribution from the Consular Corps and Diplomatic Corps of the Philippines; Plaque of Appreciation from De La

	<i>Salle University on the occasion of the establishment of the Don J. Amado Araneta Distinguished Chair of Financial Management.</i>
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6. MARIA CRISTINA P. PATERNO

Personal Information	Age: 45; Nationality: <i>Filipino</i>; Gender: <i>Female</i> Current Position in PSC: <i>Director</i>; No. of Years in PSC: <i>5 mos.</i> First Election to the Position: <i>July 30, 2015</i>; Last Election: <i>July 30, 2015</i>
Affiliations in PLCs	<ul style="list-style-type: none"> • <i>Marketing Asst., Advertising & Promotions, Philippine Seven Corporation (1993-1999)</i>
Affiliations in Non-PLCs	<ul style="list-style-type: none"> • <i>President- T. Paterno Conservation, Inc.</i> • <i>Executive Director- San Sebastian Basilica Conservation and Development Foundation, Inc.</i> • <i>Independent Consultant for Building & Art Restoration (2009-2010)- The Cloisters, Metropolitan Museum of Art, New York, NY; Sta. Ana Church, Sta. Ana Manila; 929-933; Broadway, New York, NY;</i>
Educational Background & Achievements/Awards	<ul style="list-style-type: none"> • <i>M.S. Historic Preservation, University of Pennsylvania, USA</i> • <i>B.A. Humanities, Ateneo de Manila University, Philippines</i> • <i>Intensive Spanish Language Program, Universidad Complutense, Madrid</i>

7. ANTONIO JOSE U. PERIQUET, JR.

Personal Information	Age: 54; Nationality: <i>Filipino</i>; Gender: <i>Male</i> Current Position in PSC: <i>Independent Director</i>; No. of Years in PSC: <i>5 yrs. & 5 mos.</i> First Election to the Position: <i>July 29, 2010</i>; Last Election: <i>July 30, 2015</i>
Affiliations in PLCs	<ul style="list-style-type: none"> • <i>Independent Director- Philippine Seven Corporation; Ayala Corporation; DMCI Holdings, Inc.; Bank of the Philippine Islands; ABS-CBN Holdings Corp./ ABS-CBN Corporation; Max's Group, Inc.</i>
Affiliations in Non-PLCs	<ul style="list-style-type: none"> • <i>Chairman- Pacific Main Holdings, Inc; Campden Hill Group, Inc.; Campden Hill Advisors, Inc.</i> • <i>Director- The Straits Wine Company, Inc., Albizia ASEAN Tenggara Fund</i> • <i>Independent Director- BPI Capital, BPI Family Bank</i> • <i>Trustee- Lyceum University of the Philippines</i> • <i>Member- Deans Global Advisory Council, Darden School of Business, University of Virginia</i>
Educational Background & Achievements/Awards	<ul style="list-style-type: none"> • <i>AB Economics, Ateneo de Manila University</i> • <i>MSc Economics, Oxford University</i> • <i>MBA, University of Virginia</i>

8. MICHAEL B. ZALAMEA

Personal Information	Age: 51; Nationality: <i>Filipino</i>; Gender: <i>Male</i> Current Position in PSC: <i>Independent Director</i>; No. of Years in PSC: <i>10 yrs. & 6 mos.</i> First Election to the Position: <i>June 21, 2005</i>; Last Election: <i>July 30, 2015</i>
Affiliations in PLCs	<ul style="list-style-type: none"> • <i>Independent Director- Philippine Seven Corporation</i>
Affiliations in Non-PLCs	<ul style="list-style-type: none"> • <i>Director- Campden Hill Advisors, Inc; Clark Pipeline & Depot Company, Inc.; Wespak Holdings, Inc; The Straits Wine Company, Inc.</i> • <i>Trustee- The Beacon Academy</i>
Educational Background & Achievements/Awards	<ul style="list-style-type: none"> • <i>BS in Finance, Fordham University USA</i> • <i>MBA, University of Virginia</i>

9. JUI-TANG CHEN

Personal Information	Age: 58; Nationality: <i>R.O.C.</i>; Gender: <i>Male</i> Current Position in PSC: <i>Director</i>; No. of Years in PSC: <i>3 yrs. & 1 mo.</i> First Election to the Position: <i>November 13, 2012</i>; Last Election: <i>July 30, 2015</i>
Affiliations in PLCs	<ul style="list-style-type: none"> • <i>Director- Philippine Seven Corporation</i> • <i>President & Director- President Chain Store Corporation</i>
Affiliations in Non-PLCs	<ul style="list-style-type: none"> • <i>President- Ren-Hui Investment Corp.</i> • <i>Chairman- President Yilan Art and Culture Corp.; President Transnet Corp.; President Collect Services Co., Ltd.; Retail Support International Corp.; President Musashino Corp.; Ren-Hui Investment Corp.; President Chain Store (Shanghai) Ltd.; Shanghai President Starbucks Coffee Corp.; President Starbucks Coffee Corp.</i> • <i>Director- President Drugstore Business Corp.; President Being Corp.; President Pharmaceutical Corp.; Uni-President Department Store Corp.; 21 Century Enterprise Co., Ltd.; Wisdom Distribution Service Corp.; Uni-President Cold-Chain Corp.; Shan Dong President Yinzuo Commercial Ltd.; President (Shanghai) Health Product Trading Company Ltd.; President Chain Store (BVI) Holdings, Ltd.; PCSC (China) Drugstore Ltd.; President Chain Store (Labuan) Holdings, Ltd.; President Chain Store (Hong Kong) Holdings Ltd.; Uni-President Logistics (BVI) Holdings, Ltd.; President Development Corp.; President International Development Corp.; President Coffee (Cayman) Holdings Ltd.; Nanlien International Corp.</i>
Educational Background & Achievements/Awards	<ul style="list-style-type: none"> • <i>Bachelor's Degree in Economics, Department of Economics, National Taiwan University</i>

10. WEN-CHI WU

Personal Information	Age: 46; Nationality: <i>R.O.C.</i>; Gender: <i>Female</i> Current Position in PSC: <i>Director</i>; No. of Years in PSC: <i>7 yrs. & 5 mos.</i> First Election to the Position: <i>July 17, 2008</i>; Last Election: <i>July 30, 2015</i>
Affiliations in PLCs	<ul style="list-style-type: none"> • <i>Director- Philippine Seven Corporation</i> • <i>Director & Chief Financial Officer- President Chain Store Corporation</i>
Affiliations in Non-PLCs	<ul style="list-style-type: none"> • <i>Director- PCSC Restaurant (Cayman) Holdings, Ltd.; Grand Bills Finance Corporation</i> • <i>Supervisor – Books.com. Co., Ltd.; Q-ware Systems & Services Corp.; President Information Corp.; Ren Hui Investment Corp.; President Chain Store (Shanghai) Ltd.; President (Shanghai) Health Product Trading Company Ltd.; President Collect Services Co., Ltd.; Uni-President Department Store Corp.; President Pharmaceutical Corp.; President Transnet Corp; President Starbucks</i>

	<i>Coffee Corp.; Shanghai President Starbucks Coffee Corp.; Mister Donut Taiwan Corp.</i>
Educational Background & Achievements/Awards	<ul style="list-style-type: none"> • <i>Bachelor's Degree in Accountancy, School of Accountancy in University of Missouri in Columbia</i>

11. CHI-CHANG LIN

Personal Information	Age: 55; Nationality: R.O.C.; Gender: Male Current Position in PSC: Director; No. of Years in PSC: 5 mos.; First Election to the Position: July 30, 2015; Last Election: July 30, 2015
Affiliations in PLCs	<ul style="list-style-type: none"> • <i>Director- Philippine Seven Corporation</i> • <i>Vice President - President Chain Store Corporation</i>
Affiliations in Non-PLCs	<ul style="list-style-type: none"> • <i>Chairman – Cold Stone Creamery Taiwan Ltd.; President Chain Store Good Neighbor Foundation; Director- Capital Inventory Services Corp., President Chain Store Corporation Insurance Brokers Co., Ltd.;</i> • <i>Supervisor – Uni-President Cold-Chain Corp.</i>
Educational Background & Achievements/Awards	<ul style="list-style-type: none"> • <i>Bachelor's Degree in Business Administration, Department of Social Work, Soochow University</i>

12. LIEN-TANG HSIEH

Personal Information	Age: 55; Nationality: R.O.C.; Gender: Male; Current Position in PSC: Director; No. of Years in PSC: 3 yrs. & 1 mo.; First Election to the Position: November 13, 2012; Last Election: July 30, 2015
Affiliations in PLCs	<ul style="list-style-type: none"> • <i>Director- Philippine Seven Corporation</i> • <i>Vice President – President Chain Store Corporation</i>
Affiliations in Non-PLCs	<ul style="list-style-type: none"> • <i>Chairman – Mister Donut Taiwan Corp.</i> • <i>Director- Duskin Serve Taiwan Co.; President Chain Store Tokyo Marketing Corporation; President Musashino Corp.; President Transnet Corp; President Collect Services Co. Ltd.; PresiClerc Limited, President Chain Store (Shanghai) Ltd., PCSC Restaurant (Cayman) Holdings Limited; Uni-President Cold-Chain Corp.; President Baseball Team Corp.; President Chain Store Good Neighbor Foundation</i>
Educational Background & Achievements/Awards	<ul style="list-style-type: none"> • <i>Bachelor's Degree in Business Administration, Department of Business Administration, Chinese Culture University</i>

13. YING-JUNG LEE

Personal Information	Age: 41; Nationality: R.O.C.; Gender: Male; Current Position in PSC: Vice President for Supply Chain; No. of Years in PSC: 5 yrs., 1 mo. First Election to the Position: November 02, 2010; Last Election: July 30, 2015
Affiliations in PLCs	<ul style="list-style-type: none"> • <i>Vice President for Supply Chain - Philippine Seven Corporation</i>
Affiliations in Non-PLCs	<ul style="list-style-type: none"> • <i>Director - Convenience Distribution, Inc.</i> • <i>Leader - E-Service Team, Marketing Department, President Chain Store Corporation (Dec. 2007 - Oct. 2010)</i>
Educational Background & Achievements/Awards	<ul style="list-style-type: none"> • <i>Bachelor's Degree in Cooperative Economic, Feng-Chia University, Taiwan</i>

14. PING-HUNG CHEN

Personal Information	Age: 41; Nationality: R.O.C.; Gender: Male; Current Position in PSC: Treasurer/CFO and Vice President for Finance & Administration; No. of Years in PSC: 3 yrs. & 1 mo.; First Election to the Position: November 13, 2012; Last Election: July 30, 2015
Affiliations in PLCs	<ul style="list-style-type: none"> • <i>Treasurer/CFO & Vice-President for Finance & Administration- Philippine Seven Corporation</i> • <i>Head of Investment Management (2011-2012); Head of Investor Relations (2005-2011), and Financial Planning Specialist (2000-2005) - President Chain Store Corporation</i>
Affiliations in Non-PLCs	<ul style="list-style-type: none"> • <i>Director- Store Sites Holding, Inc.</i> • <i>Trustee- PhilSeven Foundation, Inc.</i>
Educational Background & Achievements/Awards	<ul style="list-style-type: none"> • <i>Degree in Economics TungHai University;</i> • <i>MBA, National Kaoshiung First University of Science and Technology</i>

15. EVELYN G. SADSAD-ENRIQUEZ

Personal Information	Age: 52; Nationality: Filipino; Gender: Female; Current Position in PSC: Corporate Secretary; No. of Years in PSC: 26 yrs. First Election to the Position: June 21, 2005; Last Election: July 30, 2015
Affiliations in PLCs	<ul style="list-style-type: none"> • <i>Corporate Secretary & Compliance Officer, Head of Legal & Corp. Services Div. - Philippine Seven Corporation</i>
Affiliations in Non-PLCs	<ul style="list-style-type: none"> • <i>Director & Corp. Sec- Store Sites Holding, Inc.; Ferguson Park Tower Condominium Corporation</i> • <i>Corporate Secretary - Convenience Distribution Inc.</i> • <i>Trustee & Corp. Secretary-PhilSeven Foundation, Inc.</i> • <i>President and Director– Columbia Owners' Association Inc.</i> • <i>Director & Corp. Secretary- Sterling Fluid Systems Enterprises, Inc</i> • <i>Trustee & Treasurer - Good Governance Advocates & Practitioners of the Philippines (GGAPP)</i>
Educational Background & Achievements/Awards	<ul style="list-style-type: none"> • <i>B.S. Commerce Major in Economics, University of Santo Tomas</i> • <i>Bachelor of Laws (Cum Laude), University of Santo Tomas</i> • <i>Professional Directors Program under Institute of Corporate Directors (ICD)</i>

The Board of Directors is expected to attend board meetings held by the Corporation which is scheduled before the start of the fiscal year. Absence of a director in more than 50% of all the regular and special meetings during his incumbency or any 12 month

period during such incumbency is a ground for his temporary disqualification in the succeeding election unless the absence is due to serious illness, death in the immediate family or serious accident. All directors complied with attendance requirement of at least 50% of all board meetings for the year. Below is the list of directors of PSC and their attendance to board meetings held for the fiscal year 2015.

Director	Position	Jan 20	Apr 23	July 30		Nov 12
				AM	PM (Org'l)	
1. Jose T. Pardo ¹	Chairman/Independent Director	✓	✓	✓	✓	✓
2. Nan-Bey Lai	Vice Chairman/Director	✓	✓	✓	✓	✓
3. Jose Victor P. Paterno	President/Director	✓	✓	✓	✓	✓
4. Jorge L. Araneta	Director	✓	✓	✓	x	✓
5. Diana Pardo-Aguilar ²	Director	✓	n/a	n/a	n/a	n/a
6. Maria Cristina P. Paterno ³	Director	n/a	n/a	n/a	✓	x
7. Jui-Tang Chen	Director	✓	✓	✓	✓	✓
8. Mao-Chia Chung ⁴	Director	x	x	x	n/a	n/a
9. Chi-Chang Lin ⁵	Director	n/a	n/a	n/a	✓	✓
10. Lien-Tang Hsieh	Director	✓	✓	✓	✓	✓
11. Wen-Chi Wu	Director	✓	✓	✓	✓	✓
12. Michael B. Zalamea	Independent Director	✓	✓	✓	✓	✓
13. Antonio Jose U. Periquet, Jr.	Independent Director	✓	x	✓	✓	✓

¹ Elected as Chairman/Independent Director last January 20, 2015

³ Elected as director last July 30, 2015

⁵ Elected as director last July 30, 2015

² Resigned as of January 20, 2015

⁴ Director until July 30, 2015

b) The Executive Officers

As of May 31, 2016, the Executive Officers and Management of the Corporation are the following:

CHIN-YEN KAO † Honorary Chairman of the Board † Disclosure on his demise submitted to SEC & PSE last April 04, 2016	Please see profile under Directors and Corporate Officers
JOSE T. PARDO Chairman of the Board	Please see profile under Directors and Corporate Officers
NAN-BEY LAI Vice Chairman of the Board	Please see profile under Directors and Corporate Officers
JOSE VICTOR P. PATERNO President & CEO	Please see profile under Directors and Corporate Officers
YING- JUNG LEE Vice President for Supply Chain	Please see profile under Directors and Corporate Officers
PING-HUNG CHEN Treasurer/CFO & Vice President for Finance & Administration	Please see profile under Directors and Corporate Officers
EVELYN G. SADSAD-ENRIQUEZ Legal & Corporate Services Division Head; Corporate Secretary; Compliance Officer	Please see profile under Directors and Corporate Officers
LAWRENCE M. DE LEON Finance and Accounting Services Division Head; Investor Relations Officer	41 years of age, Filipino. He has been with PSC since 2006. He is the Treasurer and Director of Store Sites Holding, Inc., Treasurer and Trustee of PhilSeven Foundation, Inc. and the Treasurer of Convenience Distribution, Inc., all are subsidiaries/affiliates of PSC. He is also a Director of Association of Certified Public Accountants in Commerce and Industry and a member of Philippine Institute of Certified Public Accountants. He obtained his Masters in Business Administration from the Ateneo Graduate School of Business and Bachelor of Science in Commerce, Major in Accountancy from University of Santo Tomas.
CHAO-SHUN TSENG Corporate Planning Head	51 years of age, a national of the Republic of China. He has been with PSC since 2012. He is a Director and Executive Vice President of Convenience Distribution, Inc., a subsidiary of PSC. He was the Business Consultant of President Chain Store Corp. and Head of Dermo-Cosmetic Division of President Pharmaceutical Corporation. He obtained his MBA degree from National Chiao Tung University and Management Science Bachelor from National Cheng Kung University- Transportation and Communication Management Science.
LIWAYWAY T. FERNANDEZ Operations Division Head	61 years of age, Filipino. She has been with PSC since 1983. She is a Director in Convenience Distribution, Inc. and the Vice-Chairman & Trustee in PhilSeven Foundation, Inc. both are subsidiaries/affiliates of PSC respectively. She is a graduate of Bachelor of Science in Business Administration Major in Accountancy (Cum Laude) at Philippine Christian University.
FRANCIS S. MEDINA Business Development Division Head	41 years of age, Filipino. He has been with PSC since 2005. He started as a franchise manager in PSC before serving as Business Development Division Head. He is also a Trustee in PhilSeven Foundation, Inc., an affiliate of PSC. He is the Committee Head/member of the Philippine Franchising Association and a member of Certified Franchise Executive Alumni Association. He obtained his Bachelor's Degree in Commerce, Major in Marketing, from San Beda College Manila. He also completed the Certified Franchise Executive Program by the Phil. Franchise Association.

JOSE C. ANG, JR. <i>General Merchandise Division Head</i>	<i>49 years of age, Filipino. He has been with PSC since 2004. He is a Director of Philippine Consumer Centric Trade Association, Inc. (PCCTAI) formerly PASI. He is also a member of National Masters & Senior Athletics Association of the Philippines. He is a BS Electrical Engineering graduate at Adamson University.</i>
ARMI A. CAGASAN <i>Strategic Merchandise Division Head</i>	<i>41 years of age, Filipino. She has been with PSC since 1999. She is a graduate of Bachelor of Science in Industrial Engineering at University of Santo Tomas.</i>
EDUARDO P. BATACLAN <i>Procurement Division Head</i>	<i>63 years of age, Filipino. He has been with PSC since 1984. He is a Director and Vice President of Convenience Distribution, Inc., a subsidiary of PSC. He obtained his Bachelor of Science Degree in Mass Communication Major in Broadcast Communication from the University of the Philippines.</i>
VIOLETA B. APOLINARIO <i>Human Resources and Administration Division Head</i>	<i>54 years of age, Filipino. She has been with PSC since 1984. She is the Chairman of the Management Committee of PhilSeven Foundation, Inc., an affiliate of PSC. She is a member of People Management Association of the Philippines, HR Foodlink and Philippine Society for Training and Development. She obtained her Bachelor of Arts Degree in English (Cum Laude) from Tanauan Institute.</i>
JASON JAN NGO <i>Information Technology Division Head</i>	<i>40 years of age, Filipino. He has been with PSC since 1999. He obtained his Masters in Business Administration (Regis Program) at the Ateneo Graduate School of Business. He also obtained his degree of Bachelor of Science in Management Engineering from Ateneo de Manila University.</i>
EMMANUEL LEE M. ESGUERRA <i>Marketing Communications Division Head</i>	<i>46 years of age, Filipino. He has been with PSC since 2013. He was the Chief Marketing Officer of Click Licensing Asia and Senior Regional Brand Manager of Unilever Asia Private Ltd. He is a graduate of BA in Broadcast Communication from the University of the Philippines.</i>
MARIA CELINA D. DE GUZMAN <i>Internal Audit Unit Manager</i>	<i>52 years of age, Filipino. She has been with PSC since 2005. She was the manager of MIS Business System of PSC before serving as Internal Audit Division Manager. She is a member of Philippine Institute of Certified Public Accountants, Institute of Internal Auditors and Association of Certified Fraud Examiners. She obtained her Bachelor's Degree in Accountancy (Cum Laude) at Polytechnic University of the Philippines.</i>

c) Identifying Significant Employees

Other than aforementioned Directors and Executive Officers identified in the item on Directors and Executive Officers in this Annual Report, there are no other employees of the Company who may have a significant influence in the Company's major and/or strategic planning and decision-making.

d) Family Relationships

Mr. Jose Victor P. Paterno, President & CEO of PSC is the concurrent Chairman and President of Convenience Distribution, Inc. (CDI), a wholly owned subsidiary of PSC. He is the nephew of PSC Chairman of the Board & Independent Director, Mr. Jose T. Pardo. Mr. Paterno is also the brother of PSC Director Ms. Maria Cristina P. Paterno.

Ms. Maria Cristina P. Paterno, a Director of PSC is the niece of PSC Chairman of the Board & Independent Director, Mr. Jose T. Pardo. She is also the sister of PSC President & CEO, Mr. Jose Victor P. Paterno.

e) Involvement in Certain Legal Proceedings

To the knowledge and/or information of the Company, the present members of its Board of Directors, the nominees for election as directors and its Corporate Officers has not been involved in or the subject of, during the past five (5) years upto the latest date, any of the following events that is material to an evaluation of his ability or integrity to serve PSC: a) bankruptcy petition; b) conviction by final judgment in a criminal proceeding; c) order, judgment or decree barring, suspending, or limiting involvement in any type of business, securities, commodities, or banking activities; d) judgement for violation of a securities or commodities law or regulation.

f) Pending Legal Proceedings

The Company is a party to certain litigations involving minor issues, from time to time, before the Department of Trade and Industry, employees suing for illegal dismissal, back wages and damage claims, claims arising from store operations and as co-respondents with manufacturers on complaints with BFAD, actions on leases for specific performance and other civil claims. The Company also filed criminal cases against employees and other persons arising from theft, estafa and robbery; civil claims for collection of sum of money, specific performance and damages. All such cases are in the normal course of business and are not deemed or considered as material legal proceeding as stated in Part I, Paragraph (C) of "Annex C" of SEC checklist 17-A.

g) Qualification of Directors

To the knowledge and/or information of the Company, the above-named directors have all the qualifications and none of the disqualifications as provided in the Company's Manual on Corporate Governance and the revised Securities Regulation Code.

h) Certain Relationships and Related Transactions

The Company (or "PSC") executed a licensing agreement with Seven Eleven, Inc. (SEI), of Texas, USA granting the exclusive right to use the 7-Eleven System in the Philippines and the Company pays, among others, royalty fee to SEI. SEI is also a stockholder in PSC and holds 0.39% of PSC's outstanding stocks.

PSC has transactions with PhilSeven Foundation, Inc. (PFI), a foundation with common key management of the Company. PSC has a MOU with PFI whereby the latter implements the CSR program of PSC in the communities where its 7-Eleven stores are located. The MOU also provides the pledge of PSC to donate ½ of 1% of its net income before tax to support PFI's programs.

The Company has warehousing and distribution management contract with Convenience Distribution Inc. (CDI), its wholly-owned subsidiary. The Chairman of the Board and President of CDI, Mr. Jose Victor Paterno, is also the President & CEO of PSC.

Store Sites Holdings, Inc. is a landholding company affiliated with PSC and it leases on long term basis 7 parcels of land to PSC for its operation of 7-Eleven Stores.

The Company, from time to time, makes purchases of equipment from President Chain Store Corporation (and its subsidiaries/affiliates), which is the parent company of President Chain Store (Labuan) Holding Ltd., holding 51.56% of PSC's outstanding shares. Certain products are also purchased from Uni-President Corporation, which is the parent company of President Chain Store Corporation.

The Company have lease and/or sublease agreements with Progressive Development Corporation for commercial spaces in excess of the requirements of the Company for its 7-Eleven stores, and supply arrangement for certain products/services carried by the stores with Electronic Commerce Payments Network, Inc. (ECPAY). Mr. Jorge L. Araneta, a director of the Company, is the Chairman and President of Progressive Development Corporation (owner of Pizza Hut Philippine Franchise) and Mr. Jose Victor Paterno, a director and President of the Company, is a director in ECPAY

In addition to the preceding paragraphs, the related party transactions are described in detail pursuant to the disclosure requirements prescribed by the Commission. Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions.

The following related party transactions are classified as normal in the ordinary course of business. The commercial terms covering the said transactions are done on an arms length basis and is priced in such a manner similar to what independent parties would normally agreed with. The discussion on this item can be correlated with Note 25, Related Party Transactions, of the Notes to the 2015 Audited Consolidated Financial Statements of the Company.

Transactions with related parties consist of:

- a. PSC and CDI have transactions with PFI, a foundation with common key management of the Group, consisting of donations and noninterest-bearing advances pertaining primarily to salaries, taxes and other operating expenses initially paid by PSC for PFI. Donations payable to PFI is presented under "Others" in the "Other current liabilities" in the consolidated balance sheets (see Note 13).

Balances arising from the foregoing transactions with related parties are as follows:

Related Parties	Relationship	Nature of Transactions	Terms and Conditions	Transactions for the		Outstanding Balance	
				Year Ended December 31	2014	as at December 31	2014
				2015	2014	2015	2014
Receivables							
PFI (Note 5)	Under common control	Noninterest - bearing advances	Unsecured, no impairment in 2015 and 2014. Amounts are due and demandable.	₱563,032	₱406,473	₱4,088,483	₱3,525,452
Other current liabilities							
PFI	Under common control	Donations	0.5% of earnings before income tax from PSC and ₱720,000 annual donation from CDI. Payable within 30 days.	₱8,712,935	₱7,203,333	₱7,012,712	₱2,894,337

- b. As at December 31, 2015 and 2014, the Group's defined benefit retirement fund has investments in shares of stock of the Parent Company with a cost of ₱122,417. The retirement benefit fund's incurred a loss arising from changes in market prices amounting to ₱728,112 in 2015 and ₱54,140 in 2014.

i) Election of Directors/ Term of Office

The directors of the Company are elected at the Annual Stockholders' Meeting to hold office for one (1) year and until their respective successors have been duly elected and qualified.

The following nominees to the Board of Directors (in alphabetical order) were submitted to and pre-screened by the Nomination & Governance Committee of the Corporation:

1. JORGE L. ARANETA	<i>Please see profile under Directors and Corporate Officers</i>
2. JUI-TANG CHEN	<i>Please see profile under Directors and Corporate Officers</i>
3. SHUI-HUANG HO Personal Information Affiliations in PLCs) Affiliations in Non-PLCs Educational Background & Achievements/Awards	Age: 48; Nationality: R.O.C.; Gender: Male; Head of Featured Food & Beverage Division - President Chain Store Corporation <ul style="list-style-type: none"> • Director- Mister Donut Taiwan Corp. • Department of Business Administration, Soochow University
4. LIEN-TANG HSIEH	<i>Please see profile under Directors and Corporate Officers</i>
5. CHI-CHANG LIN	<i>Please see profile under Directors and Corporate Officers</i>
6. JOSE VICTOR P. PATERNO	<i>Please see profile under Directors and Corporate Officers</i>
7. MARIA CRISTINA P. PATERNO	<i>Please see profile under Directors and Corporate Officers</i>
8. WEN-CHI WU	<i>Please see profile under Directors and Corporate Officers</i>
9. JOSE T. PARDO (Independent Director)	<i>Please see profile under Directors and Corporate Officers</i>
10. ANTONIO JOSE U. PERIQUET, JR. (Independent Director)	<i>Please see profile under Directors and Corporate Officers</i>
11. MICHAEL B. ZALAMEA (Independent Director)	<i>Please see profile under Directors and Corporate Officers</i>

The above are the current directors of PSC, except for Mr. Shui-Huang Ho, who is new nominee for 2016.

The composition of the Nomination & Governance Committee are as follows:

Chairman: Jose T. Pardo - Chairman of the Board and Independent Director

Members: Michael B. Zalamea - Independent Director
 Jose Victor P. Paterno - Director & President/CEO

Non-voting
 Member : Evelyn S. Enriquez - Corporate Secretary

j) Independent Directors

The independent directors of the Company are Messrs: Jose T. Pardo, Michael B. Zalamea and Antonio Jose U. Periquet, Jr. As of date of this report, the nominees for independent directors are Messrs. Jose T. Pardo, Michael B. Zalamea and Antonio Jose U. Periquet, Jr. Their nominations were submitted by Jorge L. Araneta, Renato B. Valdecantos and Ms. Paz Pilar P. Benares, respectively, stockholders of the Corporation, and pre-screened by the Nomination & Governance Committee of the Corporation in compliance with SEC Circular No. 16 on the Guidelines on Nomination Election of Independent Directors. They are not officers or substantial shareholders of Philippine Seven Corporation nor are they the directors or officers of its related companies. Their shareholdings in the Corporation are less than 2% of the Corporation's outstanding capital stock pursuant to Section 38 of the SRC. The persons who nominated the independent directors are not related to said nominees. A brief description of the business experiences of Jose T. Pardo, Michael B. Zalamea and Antonio Jose U. Periquet, Jr., are included in Item 5 (a) of this report.

Nomination Procedure:

1. A stockholder may recommend the nomination of a director to the Nomination Committee;
2. The nominating stockholder shall submit his proposed nomination in writing to the Nomination & Governance Committee, together with the acceptance and conformity of the would-be nominee;
3. The Nomination & Governance Committee shall screen the nominations of directors prior to the stockholders' meeting and come up with the Final List of Candidates;
4. Only nominees whose names appear in the Final List of Candidates shall be eligible for election as independent director.

k) Board Committees

Audit Committee

The Audit Committee assists the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations. It also provides oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Corporation; and performs oversight functions over the Corporation's internal and external auditors.

Audit Committee Report

Further to our compliance with applicable corporate governance laws and rules, we confirm for the year 2015 that:

The Audit Committee is composed of three (3) directors, including the Chairman who is an independent director, one executive director and one independent director;

The Committee had two (2) meetings during the year. The Committee in its meetings, reviewed and approved all audit and review services provided by external auditor, SGV & Co., to PSC, and the related fees for such services;

According to its charter, the primary purpose of the Committee is to assist the Board of Directors in fulfilling its oversight responsibility for the financial reporting process, the system of internal control, the maintenance of an effective audit process, and monitoring of compliance with applicable legal and regulatory matters.

The Committee discussed with SGV & Co. all the items required to be discussed by the prevailing applicable Auditing Standard, including the required communications to the Audit Committee on the responsibilities under Philippine Standards in Auditing, the confirmation of independence of SGV & Co. from PSC and its subsidiaries and PSC's management as required by the applicable Independence Standards (Statement of Independence), and fraud inquiry which SGV & Co. confirmed that it is not aware of any matters that require communication;

As part of its oversight responsibilities, the Committee reviewed and discussed the audited financial statements of PSC and the consolidated audited financial statements of PSC and its subsidiaries as of and for the year ended December 31, 2015 with the PSC's management and with SGV. SGV has expressed its opinion on PSC's conformity with Philippine Financial Reporting Standards (PFRS);

Based on the foregoing but subject to the limitations of the Committee's role as encompassed in our Audit Committee Charter, the Committee recommended for approval the audited financial statements of PSC and the consolidated audited financial statements of PSC and its subsidiaries for the year ended December 31, 2015 to the Executive Committee and/or the Board of Directors. The Executive Committee, having authority to act during intervals of Board meetings, approved the same.

The Committee discussed with SGV & Co. all the items required to be discussed by the prevailing applicable Auditing Standard, including the required communications to the Audit Committee on the responsibilities under Philippine Standards in Auditing, the confirmation of independence of SGV & Co. from PSC and its subsidiaries and PSC's management as required by the applicable Independence Standards (Statement of Independence), and fraud inquiry which SGV & Co. confirmed that it is not aware of any matters that require communication.

Compensation Committee

The Compensation Committee consists of 3 directors as voting members, one of whom is an independent director. It also has 2 non-voting members. The Committee shall establish formal and transparent procedures for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the Corporation's culture, strategy and the business environment in which it operates.

Nomination and Governance Committee

The Committee is composed of 3 directors as voting members, two of whom are independent directors. It shall review and evaluate the qualifications of all persons nominated to the Board that require Board approval and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors. It also oversees the development and implementation of corporate governance principles and policies as part of its governance functions.

Item 6. Compensation of Directors & Executive Officers

For the calendar years December 31, 2015 and 2014, the total salaries, allowances and bonuses paid to the directors and executive officers are as follows:

(a) Name/Position	(b) Year	(c) Salaries	(d) Bonus	(e) Others
Chairman and Top 4				
Jose T. Pardo Chairman of the Board				
Jose Victor P. Paterno President & CEO				
Jose Ang, Jr. General Merchandise Division Head				
Liwayway Fernandez Operations Division Head				
Francis S. Medina Business Development Division Head				
Total	2016	8,829,263.69	8,858,723.69	N/A
	2015	8,251,648.31	8,053,385.17	
	2014	7,314,726.12	7,129,630.07	
	2013	6,275,974.68	7,086,112.03	
	2012	6,621,039.08	6,379,554.44	
All other Officers and Directors as a Group Unnamed	2016	9,808,694.47	9,128,991.77	N/A
	2015	9,167,004.18	8,299,083.43	
	2014	9,036,757.80	7,544,621.30	
	2013	7,553,463.04	5,672,367.59	
	2012	7,720,485.56	7,690,127.17	

Estimated compensation of director and executive officers for the ensuing year.

The Company has certain standard arrangements with respect to compensation and profit sharing. Per diems of ₱ 15,000.00 (as may be fixed by the Board from time to time) are given to each of the members of the board of directors, members of board committees, designated corporate/executive officers, members of advisory committee or adviser/consultant for every regular or special meeting of the Board, Executive Committee and Board Committees actually attended.

The Compensation Committee approved the policy on Directors Fee and Gratuity for the office of the Chairman of the Board effective February 01, 2015. A monthly director's fee shall be provided for the position of Chairman of the Board as determined by the Compensation Committee, from time to time, as concurred by the Board and/or the Executive Committee. Additional directors' fee (gratuity) shall be given upon the occurrence of any of the following: a) End of term of office and not accepting reappointment (except due to removal); b) Incapacity; c) Resignation due to any of the above; d) Death, which shall be equivalent to 1 month of the Chairman's prevailing monthly directors' fee for every year or term in office.

The company established a policy effective January 01, 2012 to provide guidelines for director's fee to be provided to Independent Directors. As a director and member of the Board, the Independent Director shall be entitled to an annual director's fee of ₱ 100,000.00. If he is a Chairman of any Board Committees, the Independent Director shall be entitled to an annual director's fee of ₱ 150,000.00, and if a member of any Board Committees, the Independent Director shall be entitled to an annual director's fee of ₱ 50,000.00.

In addition to per diems, profit sharing is provided in the Code of By-laws in an amount not exceeding 15% of the net profits of the Corporation (after tax), which shall be distributed to the members of the Board of Directors and Executive Committee members and officers of the Corporation in such amounts and manner as the Board may determine. Profit share not exceeding 15% of net profits after tax of the Corporation shall be submitted to stockholders for approval. The last profit sharing in 1996 was set at 5% of net income after tax thereon. The directors and the executive officers did not receive any profit sharing in the years after 1996. In 2009, Target Incentive and Annual Performance Bonus were granted to management, the officers and support personnel based on achievement of the target rate for pre-tax income for the year as set in the Annual Plan and Budget. These are provided to regular employees and executive officers of the Corporation.

There are no existing options, warrants or stock plan arrangements and none are held by the directors, executive and corporate officers of the Corporation.

Item 7. Independent Public Accountants

The accounting firm of Sycip Gorres Velayo and Company (SGV & Co.) was appointed as the Corporation's auditor in 2005. Since their appointment, the Corporation has no disagreement with them on any matters relating to accounting principles and practices, financial statement disclosures or auditing scope or procedures. The same auditing firm has been endorsed for re-appointment by the Audit Committee to the Executive Committee. The Audit Committee is composed of the Chairman and Independent Director, Antonio Jose U. Periquet, Jr., and members, Jose Victor P. Paterno and Michael B. Zalamea (independent director). The Executive Committee approved the said endorsement and will nominate the appointment of the said auditing firm for stockholders' approval at the scheduled Annual Meeting of the Stockholders. The said auditing firm has accepted the Corporation's

invitation to stand for re-election this year and has designated Ms. Belinda T. Beng-Hui as the engagement partner that will handle the 2016 audit for the Company.

Audit services of SGV for the fiscal year ended December 31, 2015 included the examination of the consolidated financial statements of the Company, review of the final income tax returns and other services related to filing made with the Securities and Exchange Commission.

The company is in compliance with SRC Rule 68, paragraph 3(b)(iv) requiring the rotation of external auditors or engagement partners who have been engaged by the company for a period of five (5) consecutive years or more as of December 31, 2005. The present engagement partner is Ms. Belinda T. Beng Hui, an SEC accredited auditing partner of SGV, and in her third year of assignment in the Corporation. Representatives of SGV shall be present during the annual meeting of stockholders on July 21, 2016. They are also expected to respond at the Annual Stockholders Meeting to appropriate questions from stockholders pertaining to said financial statements as needed.

Item 8. External Audit Fees and Services

The following table summarizes the fees paid or accrued for services provided by our external auditors for the fiscal years ended December 31, 2015 and 2014:

	2015	2014
	(in thousands)	
Audit Fees	P2,913	P2,744
Tax Fees	1,235	1,710
All Other Fees	440	436
Total	P4,588	P4,890

Audit Fees. During the years 2015 and 2014, the Company had engaged the professional services of SGV & Co. The Company incurred and accrued an aggregate audit fee of P 2.9 million in 2015 for the said engagement. This covers the examination of the Company's financial statements in accordance with generally accepted auditing standards. The auditors also provide a discussion of findings and recommendations that will further improve the Company's accounting and reporting practices. Further, SGV also provides updates on recent pronouncements made by the BIR and the SEC.

Tax Services. This category refers to the tax compliance, advisory services and assistance on BIR examination rendered by tax lawyers and consultancy firm.

All Other Fees. This consists primarily of fees for consultations, special engagements relating to issuance of long form audit report and securing documents, which are required for the payment of dividends and other incidental expenses.

The fees presented above include out-of-pocket expenses incidental to our independent auditors' work.

The audit committee's approval policies and procedures for external auditors are as follows:

1. Statutory audit of the Company's annual financial statements.
 - a) The Audit Committee ensures that the services of the external auditor conform with the provision of the Company's manual of corporate governance.
 - b) The Audit Committee approves the audit plan and scope of audit presented by the external auditor before the conduct of audit. The audit plan is derived from series of discussions and pre-audit planning with Management.
 - c) The Audit Committee reports to the Board the approved audit plan.
2. For other services other than the audit of the annual financial statements.
 - a) The Audit Committee evaluates the necessity of the proposed services presented by Management taking into account the following factors:
 - i. The impact of new tax and accounting regulations and standards.
 - ii. Cost and benefit of the proposed undertaking.
 - b) The Audit Committee approves and ensures that other services provided by the external auditor shall not be in conflict with the functions of the external auditor for the annual audit of its financial statements.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 11. Financial and Other Information

The Management's Discussion and Analysis and the Company's Consolidated Audited Financial Statements for fiscal years ended December 31, 2015 and 2014, including schedules for Property & Equipment, Accumulated Depreciation, Non-trade Receivables and Capital Stock, are attached hereto as Annexes "A" and "D", respectively. The Company's 2015 Annual Report will be distributed to stockholders of record during the Annual Meeting.

The Company's 2nd Quarter Interim Unaudited Financial Statement with Management Discussion and Analysis (2nd Quarter Report) shall be available in the company website www.7-eleven.com.ph at least 5 calendar days before the Annual Stockholders'

Meeting scheduled on July 21, 2016. Upon request, a hard copy of the 2nd Quarter Report shall be provided free of charge as soon as available but not later than at least 5 days before July 21, 2016.

All request may be sent to:

Mr. LAWRENCE M. DE LEON

Head

Finance & Accounting Services

Philippine Seven Corporation

7th Floor, The Columbia Tower,

Ortigas Avenue, Mandaluyong City, 1550

Email Address: investor-relations@7-eleven.com.ph

psc-corp@7-eleven.com.ph

D. OTHER MATTERS

Item 15. Action with Respect to Reports

During the scheduled Annual Stockholders Meeting, the following reports shall be submitted to the stockholders for approval:

1. Approval of the Minutes of the July 30, 2015 Annual Stockholders Meeting;
2. Approval of the Annual Report of Management and the Audited Financial Statements for the Fiscal Year ending December 31, 2015;
3. Ratification of all Acts and Resolutions of the Board of Directors, Executive Committee, Board Committees and Management during the year 2015 up to May 31, 2016 as discussed in the Minutes of the Meetings of the Board of Directors, Executive Committee and Audit Committee, which include the approval of contracts, loans, investments or purchases in the ordinary course of trade or business, declaration of cash dividends, management reports and interim financial statements of the Corporation, and appointment of corporate officers, corporate signatories, endorsement of external auditor.

The Minutes of the 2015 Annual Stockholders' Meeting and a brief summary of relevant resolutions of the Board of Directors and the Committees for ratification by the stockholders are attached as Annexes "B" and "C."

Item 17. Amendment of Charter, By-laws or Other Documents

No action shall be taken with respect to any amendment of its Charter, By-laws or Other Documents.

Item 18. Other Proposed Action

1. Election of Directors including the independent directors
2. Appointment of External Auditors

Item 19. Voting Procedures

Vote required for approval

For election of directors, a shareholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle to as many candidate as he shall see fit.

Method by which votes will be counted

All matters subject to a vote, except in cases where the By-laws provides otherwise, shall be decided by the plurality vote of stockholders present in person or by proxy and entitled to vote thereat, a quorum being present.

As provided in PSC By-laws, voting at the election of the directors shall be by ballot unless otherwise agreed upon by all the stockholders present in person or by proxy, in which case a viva voce vote shall be made.

Unless required by law, or demanded by a stockholder present in person or by proxy at any meeting, and entitled to vote thereat, the vote on any question need not be by ballot. On a vote by ballot, each ballot shall be signed by the stockholder voting, or in his name by his proxy if there be such proxy, and shall state the number of shares voted by him. The counting thereof shall be supervised by the external auditors or the stock transfer agent of the Company.

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY WILL PROVIDE, WITHOUT CHARGE, A COPY OF THE COMPANY'S SEC FORM 17-A (ANNUAL REPORT) DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION.

ALL REQUESTS MAY BE SENT TO:

psc-corp@7-eleven.com.ph

or

PHILIPPINE SEVEN CORPORATION
7TH FLOOR, THE COLUMBIA TOWER,
ORTIGAS AVENUE, MANDALUYONG CITY
1550

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth on this report is true, complete and correct. This report is signed in the City of Mandaluyong on 02 June 2016.


Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereto authorized.

PHILIPPINE SEVEN CORPORATION

Issuer

June 02, 2016

By:


EVELYN S. ENRIQUEZ
Corporate Secretary

Management's Discussion and Analysis of Results of Operations and Financial Condition

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the accompanying consolidated financial statements and the related notes as of December 31, 2015 and 2014. This discussion contains forward-looking statements that reflect our current views with respect to future events and our future financial performance. These statements involve risks and uncertainties and our actual results may differ materially from those anticipated in these forward-looking statements. On a periodic basis, we evaluate our estimates, including those related to revenue recognition, capitalized assets and income taxes. We base our estimates on historical experience and on various assumptions that are believed to be reasonable under the circumstances.

SELECTED FINANCIAL DATA

	For the Period Ended and as at December 31,				
	2015	2014	2013	2015 vs. 2014	2014 vs. 2013
SYSTEM WIDE SALES	25,779,346	20,566,523	17,240,457	25.3%	19.3%
Statement of Income Data:					
Revenues and other income					
Revenue from merchandise sales	22,400,932	17,107,375	14,133,649	30.9%	21.0%
Franchise revenue	2,440,671	1,820,697	1,460,657	34.1%	24.6%
Marketing income	735,221	463,413	380,794	58.7%	21.7%
Others	297,509	276,200	220,392	7.7%	25.3%
Cost and expenses					
Cost of merchandise sales	16,891,590	12,861,596	10,661,630	31.3%	20.6%
General & administrative expenses	7,463,589	5,516,374	4,520,385	35.3%	22.0%
Interest expense	33,992	16,196	16,248	109.9%	-0.3%
Net income	1,007,996	873,345	682,628	15.4%	27.9%
Other comprehensive gain(loss)-					
Remeasurement gain/loss on retirement obligations	3,136	(2,800)	(10,696)	-212.0%	-73.8%
Revaluation increment on land-net of tax (Note 8)	–	15,289	–	n/a	n/a
Total comprehensive income	1,011,133	885,834	671,931	14.1%	31.8%
Earnings per share (EPS)	2.20	1.91	1.49	15.2%	28.2%
Balance Sheet Data:					
Total assets	9,515,935	7,890,242	6,024,713	20.6%	31.0%
Total liabilities	5,398,640	4,600,705	3,483,480	17.3%	32.1%
Total stockholders' equity	4,117,295	3,289,537	2,541,233	25.2%	29.4%
Cash Flow Data:					
Net cash from operating activities	1,798,320	2,175,488	1,844,716	-17.3%	17.9%
Net cash used in investing activities	(2,428,496)	(1,942,349)	(1,313,319)	25%	47.9%
Net cash used in financing activities	264,445	35,520	26,536	644.5%	33.9%

* Amount in thousands of Pesos, except EPS

OVERVIEW

We operate the largest convenience store network in the country. We acquired from Southland Corporation (now Seven Eleven Inc.) of Dallas, Texas the area license to operate 7-Eleven convenience stores in the Philippines in December 1982.

We opened our first store in February 1984 at the corner of Kamias Road and EDSA Quezon City, and grew slowly as the economy struggled. Expansion was stepped up in 1993, followed by an IPO in 1998. President Chain Store Corporation of Taiwan took a majority stake in 2000 at management's invitation, providing technology transfer from a more advanced market.

After a period of consolidation of organization, processes, and systems, the rate of expansion was stepped up further in 2007 through the franchise business model and close collaboration with business partners. This was backed by a strong logistics system and head office support.

At the end of 2015, we have 1,602 7-Eleven convenience stores, mainly in Metro Manila and in major towns and cities in Luzon. We penetrated the Visayas during the middle of 2012 and achieved another milestone by entering Mindanao. We opened stores in Davao City and Cagayan de Oro during the second quarter of 2015. At the end of the year, there were 1,391 7-Eleven stores in Luzon, 178 in Visayas and 33 in Mindanao.

The rest of the country is relatively uncontested in comparison. We are virtually the only competitor with the critical mass to build out proper supply chains in areas logistically unreachable from GMA. Such supply chains come at a medium term cost in terms of underutilized warehouses. We expanded our existing distribution centers and opened new warehouses in 2015. We ended the year with nine warehouse facilities against four in mid-2014. To put such costs in perspective, operators in contiguous territories typically serve 1000 stores per DC. We wager that first movers, especially on islands that cannot sustain more than one or two warehouses, will be rewarded with unusually dominant share and that BPO trends will continue to drive growth in the remote urban areas.

Our retail chain of convenience stores is sustained by a manpower complement of 6,120 employees engaged in corporate store operations and in support service units. Despite of growing competition, we maintain our leadership in the CVS industry.

We seek to meet the needs of our customers and maintain a leadership position in the C-store industry by taking advantage of economies of scale, technology, people and a widely recognized brand. Our vision is to be the best retailer of convenience for emerging markets.

FINANCIAL CONDITION AND RESULTS OF OPERATIONS IN 2015 AS COMPARED WITH 2014

Results of Operations

For the Fourth Quarter

The net income of Philippine Seven Corporation (PSC) in the fourth quarter rose by 21.6 percent to ₱ 492.5 million, from ₱ 405.1 million registered in the same period in 2014. This was mainly driven by the increase in sales and improvement in gross margin during the period.

System-wide sales, which represent sales of all corporate and franchise-operated stores, rose by 26.6 percent to ₱ 7.4 billion during the quarter. Revenue from merchandise sales, which pertains to retail sales of corporate stores and merchandise sold to franchised stores, grew by 35.5 percent in the fourth quarter. The year ended with 1,602 stores, up by 25.0 percent from 1,282 stores by the end of 2014.

Growth in operating income accelerated to 24.0% during the last quarter and improved to 10.8% compared to the 4.8% EBIT registered at the end of the first three quarters. This was mainly due to the improvement in same store sales brought about by better weather conditions and successful launch of the City Blends freshly brewed coffee line.

For the Twelve Months Ended December 31

PSC registered an increase of 15.4 percent in net income at the end of 2015. Full year net profits surpassed the ₱ 1 billion mark from ₱ 873.3 million in 2014. This translated into earnings per share of ₱ 2.20, up by the same rate compared with the preceding year's level of ₱ 1.91.

The improved financial performance was largely driven by the increase in retail sales of all corporate and franchise operated stores, which posted growth of 25.3 percent from ₱ 20.6 billion at the end of 2014 to ₱ 25.8 billion in 2015. Total number of stores reached 1,602, a net increase of 320 stores from 1,282 stores at the end of 2014. New stores added totaled to 337 against 17 closures during the year.

The Company opened the most number of new stores in its history. It intends to accelerate the rate of new store openings over the medium-term at a rate of at least twenty percent per year to take advantage of improving economic conditions and to protect its market share in light of increased competition. PSC believes that the CVS sector will remain to be crowded over the next five years. It intends to capitalize on its first-mover advantage and economies of scale to remain the market leader.

PSC has taken steps to protect and expand its leadership in light of increased competition, recognizing that rewards for market share are especially strong in the convenience store sector. This involves not only an increased pace of expansion in areas contested by competition, but strategic entry into new territories. The latter may be unprofitable for the first few years due to the high fixed costs of logistics, but the Company will later be rewarded with strong first mover advantages. In 2013, PSC entered Panay and built on its entry into Negros and Cebu the years prior. This year, 7-Eleven entered Mindanao via Davao and Cagayan de Oro and ended with 33 stores.

Further, new operators boosted franchise store count to 942 franchisees from 811 a year ago. As a result, total franchise revenues went up by 34.1 percent to ₱ 2.4 billion as a result of the higher number of franchisees. This is also attributable to the change in charging of expenses such as rent and utilities to franchisees. Previously, expenses initially paid by PSC are deducted automatically from the share of the franchisees in gross profits. In 2015, these are recorded first as expenses by PSC at gross amounts before charging to the franchisees. There is no significant impact on net income as a result of the change in the accounting treatment.

Marketing income continued to enhance the bottom-line by generating ₱ 735.2 million as 7-Eleven expanded brand building opportunities for vendor partners, and as increased sales made it easier to request for more equitable treatment vis-à-vis other channels.

As the Company continues to scale up, total selling, general and administrative expenses (SG & A) grew as a percentage of revenues from 32.2 percent in 2014 to 33.4 percent in 2015.

EBITDA (earnings before interest, taxes, depreciation and amortization) rose by 21.2 percent from ₱ 2.1 billion in 2014 to ₱ 2.6 billion at end 2015 while EBITDA margin decreased to 11.5 percent of revenue from merchandise sales from 12.4 in 2014. Operating margin likewise decreased to 6.6 percent from 7.4 percent in 2015 and 2014, respectively. Decrease in margins of the Company is brought about by the increase in delivery and warehousing costs. The Company added 6 distributions in 2015 and ended up the year with 9 distribution centers, which are still underutilized as of December 31, 2015. These distribution centers are expected to be fully utilized in the next three years.

The ability of the Company to generate free cash flow became slower in 2015 as cash outflow used in investing activities exceeded cash inflow from operations amounting to ₱ 630.2 million.

This is attributable to the significant increase in cash used in investing activities. Additions to property and equipment which is composed of capital expenditures for store expansion, new warehouses and store equipment for new products lines increased by ₱ 634.2 million or 38.4 percent increase from same period last year.

Stock price ranged from ₱ 88-130 per share during the fourth quarter. Dividends paid to shareholders in the form of cash amounted to ₱ 0.40 per share. Dividends paid correspond to 20.1 percent of previous year's earnings, which is consistent with the 20-25 percent dividend payout policy.

Revenue and Gross Margin

The Company closed the year with total revenue from merchandise sales of ₱22.4 billion, an increase of 30.9 percent compared to ₱17.1 billion in 2014. Cost of merchandise sold rose by ₱4.0 billion to ₱16.9 billion in 2015.

Gross Profit stood at ₱ 5.5 billion, slightly lower by 0.22% compared to last year's rate of 24.82 percent.

Along with its 24/7 convenience, PSC also offers services including bills payment, phone/call cards, and 7-Connect that allows customers to pay for selected online purchases with cash through any 7-Eleven store. These products in the services category plus consigned goods formed part of commission income, which declined in 2015 as a result of the temporary suspension of services with the aim of enhancing internal controls. The services line were restored to normal prior to the end of the year.

	2015	2014	Increase (Decrease)	
			Value	Percentage
Revenue from merchandise sales	22,400,932	17,107,375	5,293,557	30.9
Cost of merchandise sales	16,891,590	12,861,596	4,029,994	31.3
Gross profit	5,509,341	4,245,779	1,263,562	29.8
Commission income	46,920	39,215	7,705	27.3

(amount in thousand Pesos)

Other Income

Other income mainly consists of franchise revenues, marketing and rental income. The Company's total other income increased by ₱ 905.4 million, to almost ₱ 3.5 billion as a result of the following:

Franchise revenues went up by 34.1 percent to ₱ 2.4 billion due to the increase in the number of franchisees from 811 at the end of 2014 to 942 in 2015.

In order to conform reporting of financial performance to the practice of listed local and international retailers, some components of cost of goods sold were reclassified to marketing income.

Net marketing income increased resulting from the reclassification. However, total discounts, rebates and marketing income grew both in absolute terms and as percentage of revenues mainly driven by the increase in sales volume and also due to increased supplier-supported ad and promo spending, driven by system innovations that allow an increasing number of options for our supplier partners to build their brands in our stores.

The goal is to leverage the convenience of our locations and the interconnectedness of our systems to become the preferred venue for manufacturer's brand building needs. Increased sales have also made it easier for us to seek a fairer share of manufacturer's trade spend vis-à-vis other more established channels such as supermarkets.

Moreover, rent income related to the stores' subleased spaces increased by 11.0 percent to ₱ 56.7 million and can be attributed to the increase in occupancy rate.

Other income roses slightly by 4.3 percent to ₱ 193.9 million partly due to penalties imposed on suppliers, which incurred low inbound fill rate and delayed deliveries.

No significant element of income came from sources other than the result of the Company's continuing operations.

	2015	2014	Increase (Decrease)	
			Value	Percentage
Franchise revenue	2,440,671	1,820,697	619,975	34.1
Marketing income	735,221	463,413	271,808	58.7
Rental income	56,729	51,119	5,611	11.7
Other income	193,860	185,866	7,994	4.3
Total	3,426,415	2,521,094	905,320	35.9
<i>(amount in thousand Pesos)</i>				

Selling, General and Administrative Expense

Selling, general and administrative (SG & A) expenses which is comprised of store operating and selling expenses and headquarters' expenses went up by 35.3 percent or almost ₱ 2.0 billion to ₱ 7.5 billion in 2015. The rate of increase in SG & A expense of 35.3 percent is higher compared to the increase in system wide sales and number of stores of 25.3 and 25.0 percent, respectively, due to the change in accounting treatment of expenses charged to franchisees and increase in warehousing costs.

Rent, was the highest contributor in the increase of SG & A as percentage of sales went up to 5.0 percent and increased by 56.4 percent from same period last year. Significant increase was due to store opening and additional six distribution centers in 2015. This is also attributable to the change in accounting treatment of the rent expense of franchisees. This year, rent expense of franchisees were recorded first at gross as rent expense before charging it to the franchisees.

Communication, light and water increased by 13.4 percent to ₱ 1.3 billion while percentage to sales decreased from 6.5 percent last year to 5.6 percent this year. Rate of increase in electricity expense is lower compared to the increase in number of stores of 25 percent since generation charge in 2015 is lower compared to last year.

Depreciation and amortization expense rose by 26.6 percent or ₱ 229.5 million from last year. However, percentage to sales decreased from 5.0 percent to 4.9 percent this year. Higher depreciation was a result of opening of new stores and renovation of existing stores.

The Company continued to employ outsourced manpower on its new corporate stores and warehouse facilities. Outside services expenses increased by 33.5% to ₱ 1 billion or 4.7 percent as to percentage to sales.

All other expense types went up over preceding year's level as a result of the increased number of stores. The said growth is considered to be incidental and commensurate as PSC continues to grow its store base.

There are no significant nor unusual expense incurred during the calendar year and is considered to be in the normal course of business.

	2015	2014	Increase (Decrease)	
			Value	Percentage
Communication, light and water	1,260,607	1,111,566	149,041	13.4
Rent	1,121,193	716,894	404,299	56.4
Depreciation and amortization	1,092,223	862,760	229,463	26.6
Outside services	1,050,937	787,036	263,901	33.5
Personnel costs	568,998	365,590	203,408	55.6
Advertising and promotion	350,442	293,246	57,196	19.5
Trucking services	345,031	281,259	63,772	22.7
Royalties	256,390	204,756	51,634	25.2
Warehousing services	254,130	199,369	54,761	27.5
Supplies	225,460	145,070	80,390	55.4
Repairs and maintenance	204,200	149,835	54,365	36.3
Taxes and licenses	176,774	103,144	73,630	71.4
Transportation and travel	65,661	61,541	4,120	6.7
Entertainment and amusement	60,768	38,931	21,837	56.1
Others	430,774	195,377	235,397	120.5
Total	7,463,588	5,516,374	1,947,214	35.3

(amount in thousand Pesos)

Interest Expense

Interest incurred to service debt significantly increased by 109.9 percent to ₱ 34.0 million. Outstanding loan balance at the end of 2015 was pegged at ₱ 1.2 billion, ₱ 63 million of which is long term loan and up by ₱ 481.0 million or 64.1 percent from the start of the year. Proceeds from the loans were used to fund expansion.

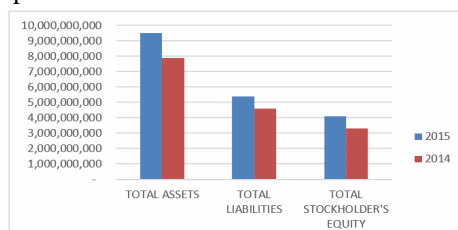
Net Income

Net income in 2015 grew by ₱ 134.7 million or 15.4 percent to ₱ 1.0 billion. This was primarily due to improved sales and continued store expansion.

The net income generated during the year translated into a 3.9 percent return on system wide sales, lower compared to 4.3 percent in 2014. Return on equity also went down to 27.2 percent from 30.0 percent. Moreover, EPS reached ₱ 2.2 per share at the end of 2015, up from ₱ 1.91 in 2014.

Financial Condition

Total assets went up by ₱ 1.6 billion or 20.6 percent to ₱ 9.5 billion at the end of 2015.



Balance Sheet Highlights (in Php Million except book value per share)	2015	% Change
Total Assets	9,515.9	20.6
Current Assets	3,648.8	8.4
Non-current Assets	5,867.1	29.7
Current Liabilities	4,976.6	17.8
Total Liabilities	5,398.6	17.3
Stockholders' Equity	4,117.3	25.2
Book Value Per Share (P)	8.97	24.9

This was mainly driven by the increase in Merchandise inventories that reached almost ₱ 1.6 billion, an increase of ₱ 403.4 million or 34.6 percent compared with 2014 level attributed to forward buying aimed towards generating additional revenues. Inventory turnover is almost the same as last year at 12.3 from 12.4 times in the preceding year.

Cash and cash equivalents decreased by 29.5 percent to end the year with ₱ 876 million. Cash level decreased as a result of increase in net cash used in investing activities.

Receivables rose by ₱ 177.9 million or 30.2 percent due to the increase in supplier collectibles arising from ad and promo programs implemented during the year. Other receivables also grew as the company leverages its balance sheet to provide collateralized financing to franchisees.

The increase in non-current assets of 29.7 percent was mainly due to store expansion and renovation that drove the 33.6 percent growth in property and equipment account, which stood at ₱ 4.8 billion at the end of 2015. Rental deposits made to acquire new sites contributed to the 25.8 percent increase in this account and reached ₱ 578.3 million at the end of the year.

Property and equipment, net of accumulated depreciation increased by 33.6 percent mainly due to capital expenditure spent in relation to store expansion and investment in store equipment to support new product lines.

On the other hand, current liabilities rose by ₱ 751.3 million or 17.8 percent owing to the increase in outstanding loans and other current liabilities. Payables grew as a result of increase in other general and administrative, while loan balance was higher by 55.7 percent to partly finance expansion. Average payable period was shorter at 52.0 days in 2015 compared to 61.3 days last year.

The Company operates on a negative working capital position, which is manifested by a current ratio of 0.73:1 from 0.80:1 in 2014. This is because cash proceeds from retail sales are invested in long-term assets and at the same time utilizing credit term extended by trade suppliers.

Stockholders' equity at the end of 2015 comprises 43.2 percent of total assets, compared to 41.7 percent at the beginning of the year. The increase in equity account was driven by improved profitability and was reduced by cash dividends paid to shareholders,

Liquidity and Capital Resources

The free cash flow turned negative in 2015 as a result of accelerated store expansion and establishment of new warehouses. Operating cash flow reached ₱1.8 billion against net cash outflow from investing activities of P2.4 billion. This is viewed to be temporary since the new warehouses are intended to support growth and have capacity that can last at least three years.

PSC obtains majority of its working capital and capital expenditure requirements from cash generated by operations and franchising activities and short-term borrowings under the facility extended by banks. The debt maturity profile will be lengthened to properly match sources with usage.

The Company believes that operating activities and available working capital sources will provide sufficient liquidity in 2016 as it continues to expand its store base. This will enable the Company to fund its capital expenditures, pay dividends and other general corporate purposes.

Management sees that this trend will be favorable in the long term, as rate of store expansion will be entering a more rapid stage augmented by improving economic outlook and prevailing positive investor sentiment in the country.

The following are the discussion of the sources and uses of cash in 2015.

	2015	2014	Variance	
	(in million PhP)		Value	Percentage
Income before income tax	1,459.9	1,255.3	204.6	16.3
Depreciation and amortization	1,092.2	862.8	229.4	26.6
Working capital changes	(753.8)	57.5	(811.3)	(1,411)
Net cash from operating activities	1,798.3	2,175.5	(377.2)	(17.3)
Additions to property and equipment	(2,287.8)	(1,653.6)	(634.2)	38.4
Increase in other assets	(140.7)	(288.8)	148.1	(51.3)
Net cash used in investing activities	(2,428.5)	(1,942.4)	(486.1)	25.0
Net availment of bank loan	481.0	190.0	291.0	153.2
Payment of cash dividend	(183.4)	(137.5)	(45.8)	33.3
Interest paid	(33.2)	(16.9)	(16.2)	95.8
Net cash from financing activities	264.4	35.5	228.9	644.8
Effect of exchange rate changes on Cash and Cash Equivalents	0.02	0.02	(0.0)	(0.0)
Net increase in cash	(365.7)	268.7	(634.4)	(236.1)
Cash and cash equivalent, beginning	1,241.7	973.0	268.7	27.6
Cash and cash equivalent, ending	876.0	1,241.7	(365.7)	(29.5)

Cash Flows from Operating Activities

Net cash generated from operating activities in 2015 totaled to ₱ 1.8 billion, 17.2 percent lower compared to ₱ 2.2 billion generated in 2014. The decrease in operating cash flow can be attributed to the decline in working capital contribution resulting from higher level of receivables and inventories.

Cash Flows from Investing Activities

Net cash used in investing activities, primarily for capital expenditures, rose by 25.1 percent to almost ₱ 2.4 billion. Major cash outlay went to new store constructions and renovations and acquisition of new equipment to support new product lines. There were 320 new stores (net) that opened in 2015, up by 47 stores or 17.2 percent over 2014 same period.

Cash Flows from Financing Activities

Net cash flow from financing activities reached ₱ 264.4 million representing net availments of loans in the amount of ₱ 481 million and payment of 40-centavo cash dividend totaling to ₱ 183.4 million.

We expect to take advantage of our working capital and utilizing the short-term line extended by leading local banks in funding our growth strategies.

FINANCIAL CONDITION AND RESULTS OF OPERATIONS IN 2014 AS COMPARED WITH 2013

Results of Operations

For the Fourth Quarter

The net income of Philippine Seven Corporation (PSC) in the fourth quarter rose by 61.3 percent to P405.1 million, from P251.2 million registered in the same period in 2013. This was mainly driven by the increase in sales and improvement in gross margin during the period.

System-wide sales, which represent sales of all corporate and franchise-operated stores, rose by 22.6 percent to P5.8 billion during the quarter. Revenue from merchandise sales, which pertains to retail sales of corporate stores and merchandise sold to franchised stores, grew by 30.8 percent in the fourth quarter. The year ended with 1,282 stores, up by 27.1 percent from 1,009 stores by the end of 2013.

Gross margin improved to 27.8 percent of revenue from merchandise sales in the fourth quarter from only 26.4 percent during the same period in 2013. This can be attributed to the higher discounts and rebates earned.

Earnings per share (EPS) likewise increased by 61.3 percent to P0.88 per share in the fourth quarter.

For the Twelve Months Ended December 31

PSC registered an increase of 27.9 percent in net income at the end of 2014. Full year net profits reached P873.3 million from P682.6 million in 2013. This translated into earnings per share of P1.91, up by the same rate compared with the preceding year's level of P1.49.

The improved financial performance was largely driven by the increase in retail sales of all corporate and franchise operated stores, which posted growth of 19.3 percent from P17.2 billion at the end of 2013 to P20.6 billion in 2014. Total number of stores reached 1,282, a net increase of 273 stores from 1,009 stores at the end of 2013.

The Company intends to accelerate the rate of new store openings over the medium-term at a rate of at least twenty percent per year to take advantage of improving economic conditions and to protect its market share in light of increased competition. PSC believes that the CVS sector will remain to be crowded over the next five years. It intends to capitalize on its first-mover advantage and economies of scale to remain the market leader.

PSC has taken steps to protect and expand its leadership in light of increased competition, recognizing that rewards for market share are especially strong in the convenience store sector. This involves not only an increased pace of expansion in areas contested by competition, but strategic entry into new territories. The latter may be unprofitable for the first few years due to the high fixed costs of logistics, but the Company will later be rewarded with strong first mover advantages. Last year, PSC entered Panay and built on its entry into Negros and Cebu the years prior. This year 7-Eleven will be entering Mindanao via Davao and Cagayan de Oro.

Further, new operators boosted franchise store count to 811 franchisees from 690 a year ago. As a result, total franchise revenues went up by 24.6 percent to P1.8 billion as a result of the higher number of franchisees and also attributed to the restructuring of the industrial-type franchise package or FC2. Previously, under FC2, only the service fees are recorded and the corresponding merchandise sales are recognized by PSC. Under the new setup, revenue from merchandise sales are now credited to the franchisee, while the corresponding share of PSC in the gross profit is treated as part of franchise revenues. There is no significant impact on net income as a result of the restructuring.

Marketing income continued to enhance the bottom-line by generating P463.4 million as 7-Eleven expanded brand building opportunities for vendor partners, and as increased sales made it easier to request for more equitable treatment vis-à-vis other channels.

As the Company continues to scale up, total selling, general and administrative expenses (SG & A) slightly grew as a percentage of revenues from 32.0 percent in 2013 to 32.2 percent in 2014

EBITDA (earnings before interest, taxes, depreciation and amortization) rose by 24.9 percent from P1.7 billion in 2013 to P2.1 billion at end 2014 while EBITDA margin improved to 12.5 percent of

revenue from merchandise sales from 12.1 in 2013. Operating margin likewise increased to 7.4% from 7.1% in 2014 and 2013, respectively.

The ability of the Company to generate free cash flow became stronger in 2014 as cash inflow from operations exceeded cash outflow used in investing activities by P233.1 million. This enabled the Company to be in a net cash position of P502.6 million by the end of the year.

Stock price ranged from P80-90 per share during the fourth quarter. Dividends paid to shareholders were in the form of cash and amounted to P0.30 per share. Dividends paid correspond to 20.1% of previous year's earnings, which is consistent with the 20-25% dividend payout policy.

Revenue and Gross Margin

The Company closed the year with total revenue from merchandise sales of ₱17.1 billion, an increase of 21.0 percent compared to ₱14.1 billion in 2013. Cost of merchandise sold rose by ₱2.2 billion to ₱12.9 billion As at December 31, 2014.

Gross Profit stood at ₱ 4.2 billion, an increase of .01 percent compared to Last year's rate of 24.81 percent.

Along with its 24/7 convenience, PSC also offers services including bills payment, phone/call cards, and 7-Connect that allows customers to pay for selected online purchases with cash through any 7-Eleven store. These products in the services category plus consigned goods formed part of commission income, which declined in 2014 as a result of the temporary suspension of services with the aim of enhancing internal controls. The services line were restored to normal prior to the end of the year.

	2014	2013	Increase (Decrease)	
			Value	Percentage
Revenue from merchandise sales	17,107,375	14,133,649	2,973,726	21.0
Cost of merchandise sales	12,861,596	10,661,630	2,199,967	20.6
Gross profit	4,245,779	3,472,020	773,759	22.3
Commission income	39,215	43,402	(4,187)	-9.6

(amount in thousand Pesos)

Other Income

Other income mainly consists of franchise revenues, marketing and rental income. The Company's total other income increased by ₱ 498.5 million, to almost ₱ 2.56 billion as a result of the following:

Franchise revenues went up by 24.6 percent to ₱ 1.8 billion due to the increase in the number of franchisees from 690 at the end of 2013 to 732 in 2014.

In order to conform reporting of financial performance to the practice of listed local and international retailers, some components of cost of goods sold were reclassified to marketing income.

Net marketing income increased resulting from the reclassification. However, total discounts, rebates and marketing income grew both in absolute terms and as percentage of revenues mainly driven by the increase in sales volume and also due to increased supplier-supported ad and promo spending, driven by system innovations that allow an increasing number of options for our supplier partners to build their brands in our stores. The goal is to leverage the convenience of our locations and the interconnectedness of our systems to become the preferred venue for manufacturer's brand building needs. Increased sales have also made it easier for us to seek a fairer share of manufacturer's trade spend vis-à-vis other more established channels such as supermarkets.

Moreover, rent income related to the stores' subleased spaces increased by 5.7 percent to ₱ 51.1 million and can be attributed to the increase in occupancy rate.

Other income rose by 50.0 percent to ₱ 398.2 million partly due to penalties imposed on suppliers, which incurred low inbound fill rate and delayed deliveries.

No significant element of income came from sources other than the result of the Company's continuing operations.

	2014	2013	Increase (Decrease)	
			Value	Percentage
Franchise revenue	1,820,697	1,460,657	360,040	24.6
Marketing income	463,413	380,794	82,619	21.7
Rental income	51,119	48,342	2,777	5.7
Other income	185,866	128,647	57,219	44.5
Total	2,521,095	2,018,440	502,655	24.2

(amount in thousand Pesos)

Selling, General and Administrative Expense

Selling, general and administrative (SG & A) expenses which is comprised of store operating and selling expenses and headquarters' expenses went up by 22.0 percent or almost ₱ 996.0 million to ₱ 5.5 billion in 2014. The rate of increase in SG & A expense of 22.0 percent, while close to the growth rate in system-wide sales of 21.0 percent, is slower than the increase in number of stores of 27.1 percent. This is favorable as managed spending contributed positively to the bottom-line.

Communication, light and water were the highest contributor as it increased by 22.3 percent to ₱ 1.1 billion and was pegged at 6.5 percent of Merchandise sales. The increase was due mainly to the opening of new stores since electricity generation cost was higher in 2014 than 2013.

Depreciation and amortization expense rose by 21.7 percent but its percentage to sales remained at 5.0 percent. Higher depreciation was a result of opening of new stores and renovation of existing stores.

The Company continued to employ outsourced manpower on its new corporate stores and warehouse facilities. However, since new franchised store opened, outsourced services as percentage of sales dropped to 4.6 percent from 4.7 percent in 2013. Franchisees pay for store manpower costs.

Rent, as percentage of sales went up to 4.2 percent, due to store opening, while warehouse and trucking services grew because of Visayas operations.

All other expense types went up over preceding year's level as a result of the increased number of stores. The said growth is considered to be incidental and proportionate as PSC continues to grow its store base.

There are no significant nor unusual expense incurred during the calendar year and is considered to be in the normal course of business.

	2014	2013	Increase (Decrease)	
			Value	Percentage
Communication, light and water	1,111,566	908,792	202,775	22.3
Depreciation and amortization	862,760	709,519	153,241	21.6
Outside services	787,036	668,605	118,431	17.7
Rent	716,894	553,791	163,103	29.5
Personnel costs	365,590	342,606	22,984	6.7
Advertising and promotion	293,246	218,413	74,834	34.3
Trucking services	281,259	246,559	34,699	14.1
Royalties	204,756	171,715	33,041	19.2

Warehousing services	199,369	141,077	58,291	41.3
Repairs and maintenance	149,835	113,160	36,675	32.4
Supplies	145,070	136,666	8,404	6.1
Taxes and licenses	103,144	104,670	-1,525	-1.5
Entertainment and amusement	61,541	46,379	15,162	32.7
Transportation and travel	38,931	33,472	5,459	16.3
Others	195,377	124,961	70,416	56.4
Total	5,516,374	4,520,385	995,989	22.0

(amount in thousand Pesos)

Interest Expense

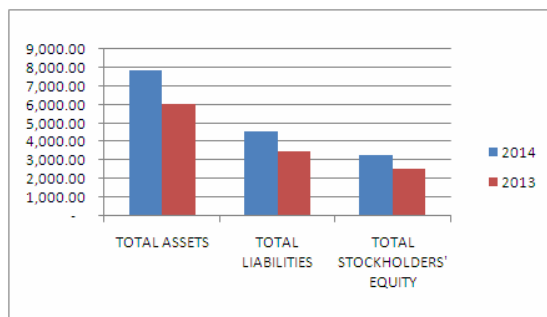
Interest incurred to service debt slightly decreased by .32 percent to ₱ 16.2 million. Outstanding loan balance at the end of 2014 was pegged at ₱ 750.0 million, up by ₱ 190.0 million or 33.9 percent from the start of the year. Loans are short-term in nature and proceeds were used to fund expansion.

Net Income

Net income in 2014 grew by ₱ 190.7 million or 27.9 percent to ₱ 873.3 million. This was primarily due to improved sales, higher margins and continued store expansion.

The net income generated during the year translated into a 4.3 percent return on system wide sales, higher compared with 4.0 percent in 2013, while return on equity went down to 30.0 percent from 30.7 percent. Moreover, EPS reached ₱ 1.91 per share at the end of 2014, up from ₱ 1.49 in 2013.

Financial Condition



Balance Sheet Highlights (in Php Million except book value per share)	2014	% Change
Total Assets	7,882.3	30.8
Current Assets	3,365.5	28.2
Non-current Assets	4,516.9	32.8
Current Liabilities	4,225.3	33.0
Total Liabilities	4,592.8	31.8
Stockholders' Equity	3,289.5	29.4
Book Value Per Share (P)	7.2	29.4

Total assets went up by ₱ 1.86 billion or 30.8 percent to ₱ 7.9 billion at the end of 2014.

This was mainly driven by the increase in Merchandise inventories that reached ₱ 1.2 billion, an increase of ₱ 264.2 million or 29.3 percent compared with 2013 level attributed to forward buying aimed towards generating additional revenues. Inventory turnover slowed to 11.08 times from 11.8 times in the preceding year.

Cash and cash equivalents also increased by 27.6 percent to end the year with ₱ 1.2 billion. Cash level grew as a result of improved profitability and net working capital increase.

Receivables rose by ₱ 120.5 million or 25.7 percent due to the increase in supplier collectibles arising from ad and promo programs implemented during the year. Other receivables also grew as the company leverages its balance sheet to provide collateralized financing to franchisees.

The increase in non-current assets of 32.8 percent was mainly due to store expansion and renovation that drove the 29.5 percent growth in property and equipment account, which stood at ₱ 3.56 billion at the end of 2014. Rental deposits made to acquire new sites contributed to the 46.7 percent increase in this account and reached ₱ 460.5 million at the end of the year.

Property and equipment, net of accumulated depreciation increased by 29.5 percent mainly due to capital expenditure spent in relation to store expansion and investment in store equipment to support new product lines.

On the other hand, current liabilities rose by ₱ 1.05 billion or 33.0 percent owing to the increase in accounts payable and accrued expenses and outstanding loans. Payables grew as a result of increase in inventories, while loan balance was higher by 33.9 percent to partly finance expansion. Average payable period was longer at 51.87 days in 2014 compared to 46.69 days last year.

The Company operates on a negative working capital position, which is manifested by a current ratio of 0.80:1 from 0.83:1 in 2013. This is because cash proceeds from retail sales are invested in long-term assets and at the same time utilizing credit term extended by trade suppliers.

Stockholders' equity at the end of 2014 comprises 41.7 percent of total assets, compared to 42.2 percent at the beginning of the year. The increase in equity account was driven by improved profitability and was reduced by dividends paid to shareholders, which were in the form of stock and cash.

Liquidity and Capital Resources

The ability of the Company to generate free cash flow further strengthened in 2014. Operating cash flow reached ₱ 2.2 billion against net cash outflow from investing activities of P1.9 billion. This translated into a free cash flow of ₱ 233.1 million, which was significantly lower compared with same period in 2013.

The Company obtains majority of its working capital and capital expenditure requirements from cash generated by retailing operations and franchising activities and short-term borrowings under the revolving facility extended by banks

PSC believes that operating activities and available working capital sources will provide sufficient liquidity in 2015 as it continues to expand its store base. This will enable the Company to fund its capital expenditures, pay dividends and other general corporate purposes.

Management believes that this trend will be favorable in the long term, as rate of store expansion will be entering a more rapid stage augmented by improving economic outlook and prevailing positive investor sentiment in the country.

The following are the discussion of the sources and uses of cash in 2014.

	2014	2013	Variance	
	(in million PHP)		Value	Percentage
Income before income tax	1,255.3	983.4	271.8	27.6
Depreciation and amortization	862.8	709.5	153.2	21.6
Working capital changes	57.5	151.8	(94.3)	(62.1)
Net cash from operating activities	2,175.5	1,844.7	330.8	17.9
Additions to property and equipment	(1,653.6)	(1,179.3)	(474.3)	40.2
Increase in other assets	(288.8)	(134.0)	(154.7)	115.4
Net cash used in investing activities	(1,942.3)	(1,313.3)	(629.0)	47.9
Net availment of bank loan	190.0	82.2	107.8	131.1

Payment of cash dividend	(137.5)	(39.9)	(97.7)	245.0
Interest paid	(16.9)	(15.8)	(1.1)	7.1
Net cash from financing activities	35.5	26.5	9.0	33.9
Effect of exchange rate changes on Cash and Cash Equivalents	0.0	(0.2)	0.2	(111.2)
Net increase in cash	268.7	557.7	(289.0)	(51.8)
Cash and cash equivalent, beginning	973.0	415.3	557.7	134.3
Cash and cash equivalent, ending	1,241.7	973.0	268.7	27.6

Cash Flows from Operating Activities

Net cash generated from operating activities in 2014 totaled to ₱ 2.1 billion, 21 percent higher compared to ₱ 1.8 billion generated in 2013. The improvement in operating cash flow can be attributed to the growth in net income and working capital contribution resulting from higher level of current liabilities.

Cash Flows from Investing Activities

Net cash used in investing activities, primarily for capital expenditures, rose by 53.0 percent to almost ₱ 1.95 billion. Major cash outlay went to new store constructions and renovations and acquisition of new equipment to support new product lines. There were 273 new stores that opened in 2014, up by 86 stores or 46.0 percent over 2013 same period.

Cash Flows from Financing Activities

Net cash flow from financing activities reached ₱ 34.6 million representing net availments of new short-term loans in the amount of ₱ 190 million and payment of 30-centavo cash dividend totaling to ₱ 137.5 million.

We expect to take advantage of our working capital and utilizing the short-term line extended by leading local banks in funding our growth strategies.

Discussion of the Company's Key Performance Indicators

- ***System Wide Sales***
System-wide sales represents the overall retail sales to customers of corporate and franchise-operated stores.
- ***Revenue from Merchandise Sales***
Revenue from merchandise sales corresponds to the retail sales of corporate owned stores plus sales to franchised stores.
- ***Net Income Margin***
Measures the level of recurring income generated by continuing operations relative to revenues and is calculated by dividing net income over revenue from merchandise sales.
- ***EBITDA Margin***
The ratio of earnings before interest, taxes, depreciation and amortization over revenue from merchandise sales. This measures the level of free cash flow generated by retail operations and is a main indicator of profitability.
- ***Return on Equity (ROE)***
The amount of net income returned as a percentage of equity. ROE measures profitability by revealing how much profit a company generates with the money shareholders have invested. This is computed by dividing net income over average equity.

Full Year	2015	2014	% change
System wide Sales (in '000s)	25,776,109	20,571,035	25.30
Revenue from Merchandise Sales (in '000s)	22,400,932	17,107,375	30.94
EBITDA (in '000s)	2,586,067	2,134,192	21.17
EBITDA Margin *	11.54%	12.48%	(0.94)
EBIT Margin *	6.67%	7.43%	(0.76)
Net income (in '000s)	1,007,996	873,313	15.42
Net Income Margin *	4.50%	5.10%	(0.60)
Return on Equity	27.22%	30.00%	(2.78)
Earnings Per Share	2.20	1.91	15.18

* Margin is calculated based from revenue from merchandise sales

System wide sales generated by all 7-Eleven stores continued with its upward trajectory by posting growth of 25.3 percent to almost ₱ 25.8 billion at the end of 2015.

The increase in total sales can be attributed to the opening of new stores and improvement in average sales of mature stores.

At the end of the year, 7-Eleven stores in the Philippines totaled to 1,602, up by 320 stores or 25.0 percent from same period in 2014.

EBITDA margin declined to 11.5 percent of system wide sales from 12.4 percent during the same period in 2014. As percentage of revenue from merchandise sales, EBITDA decreased to 11.5 percent from 12.5 percent.

Net income rose by 15.4 percent to ₱ 1.0 million, translating into a net margin and EPS of 4.5 percent and ₱ 2.2, respectively.

Financial Soundness Indicator

Full Year	Formula	2015	2014
Liquidity Ratio			
Current ratio	Current Assets/Current Liabilities	0.73	0.80
Quick ratio	Cash + Receivables/Current Liabilities	0.33	0.44
Financial Leverage			
Debt ratio	Total Debt/Total Assets	0.57	0.58
Debt to equity ratio	Total Debt/Total Equity	1.31	1.40
Interest coverage	EBIT/Interest charges	43.95	78.51
Asset to equity ratio	Total Assets/Total Equity	2.31	2.40
Profitability Ratio			
Gross profit margin	Gross profit/Revenue from merchandise sales	24.6%	24.8%
Net profit margin	Net income/Revenue from merchandise sales	4.5%	5.1%
Return on assets	Net income/Total Assets	10.6%	11.1%
Return on equity	Net income/Average Equity	27.2%	30.0%
Price/earnings ratio	Stock price (end of year)/EPS	45.5	44.2

Discussion and Analysis of Material Events and Uncertainties

1. There are no known trends, events and uncertainties that will have a material impact on liquidity after the balance sheet date.
2. There are no material off-balance sheet transactions, arrangements and obligations of the Company with unconsolidated entities during the reporting period.
3. All of the Company's income was earned in the ordinary course of business.
4. There are no seasonal aspects that have a potentially material effect on the financial statements.
5. The Company's financial risk management objectives and policies are discussed in Note 30 of the December 31, 2015 Notes to Audited Consolidated Financial Statements.
6. There are no other known trends, events and uncertainties that will have a material impact on the Company's liquidity.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Registrant: **PHILIPPINE SEVEN CORPORATION**



JOSE VICTOR P. PATERNO

President and CEO

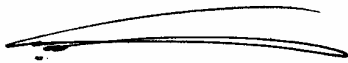
June 02, 2016



PING-HUNG CHEN

Treasurer and CFO

June 02, 2016



LAWRENCE M. DE LEON

Head

Finance & Accounting Services Division

June 02, 2016

1. Description of the General Nature and Scope of Business of the Company and its Subsidiaries

Philippine Seven Corporation (“PSC”) was registered with the Securities and Exchange Commission (“SEC”) on November 23, 1982. It acquired from Southland Corporation (now Seven Eleven, Inc. or “SEI”) of Dallas, Texas the license to operate 7-Eleven stores in the Philippines in December 13, 1982. Operations commenced with the opening of its first store in February 29, 1984 at the corner of Kamias Road and EDSA Quezon City, Metro Manila. Considering the country’s economic condition at that time, the Company grew slowly in its first few years of existence.

In July 28, 1988, PSC transferred the Philippine area license to operate 7-Eleven stores to its affiliate, Phil-Seven Properties Corporation (“PSPC”), together with some of its store properties. In exchange thereof, PSC received 47% of PSPC stock as payment. Concurrent with the transfer, PSC entered into a sublicensing agreement with PSPC to operate 7-Eleven stores in Metro Manila and suburbs. As part of PSPC’s main business, it acquired or leased commercial properties and constructed retail store buildings, leasing the buildings to PSC on long term basis together with most of the capital equipment used for store operations. In effect, PSC concentrated on managing its stores and effectively took the role of a pure retailer.

In May 2, 1996, the stockholders of both PSC and PSPC approved the merger of the two companies to advance PSC group’s expansion. In October 30, 1996, SEC approved the merger and PSPC was then absorbed by PSC as the surviving entity. With the consolidation of the respective lines of business of PSC and PSPC, PSC’s retailing strengths were complemented by PSPC’s property and franchise holdings. Their management as a single entity enhanced operational efficiency and strengthened ability to raise capital for growth. PSC listed its shares (SEVN) in the Philippine Stock Exchange and had its initial public offering in February 04, 1998. The shares were offered at the price of P4.40 per share from its par value of P1.00 per share. In September 17, 1998, PSC established Convenience Distribution Inc. (“CDI”), a wholly owned subsidiary, to provide a centralized warehouse and distribution system to service its 7-Eleven stores.

With the effectivity of the Retail Trade Liberalization Act (R.A. 8762) on March 25, 2000, foreign entities were allowed to invest in an existing retail company subject to the requirements of the law. President Chain Store (Labuan) Holdings, Ltd. (PCSL), a Malaysian investment holding company, purchased 119,575,008 common shares of PSC or 50.4% of PSC’s outstanding capital stock at the price of P8.30 per share. The purchase was made under a tender offer during October 9 to November 7, 2000. PCSL is affiliated with President Chain Store Corporation, which is also the 7-Eleven licensee in Taiwan operating about 2,700 stores. This provided alliance to source for technical support to strengthen PSC’s organizational structure and operating systems and pursue store expansion plans on sound and profitable basis. A new affiliate, Store Sites Holding, Inc., was also established on November 9, 2000, as the entity to own land properties. These land properties are leased to PSC by SSHI.

PSC’s area license to operate 7-Eleven Stores in the Philippines was renewed in August 31, 2007 for another term of 20 years, renewable every 10 years. The Renewal Area License Agreement has been approved by and registered with the Intellectual Property Office as of September 25, 2007.

PSC initiated the establishment of PhilSeven Foundation, Inc. (PFI) in October 2, 2007 to support its corporate social responsibility programs. PFI was granted a certificate of registration by DSWD on August 6, 2010, after completing the 2-year operations requirement. BIR issued a certificate of registration to PFI dated December 21, 2011 recognizing PFI as a donee institution. In May 10, 2013, BIR renewed for another 3 years PFI’s certification as donee institution in accordance with RR No. 13-98. In October 10, 2013, PFI became a member of the League of Corporate Foundations, Inc.

The company had a manpower complement of 6,115 personnel, 1,298 of whom are regular employees, 261 contractual/probationary and 4,556 cooperative members to augment temporary needs during peak hours or season in the stores and the support services units. There is no existing labor union in the company and collective bargaining agreement. There is a PSC Employees Council which communicates to management the employees concerns. There has been no strike or threat to strike from the employees for the past three years.

The Company has a Retirement Benefit Plan which aims to provide, through a retirement fund, for the payment of retirement, disability, death or separation benefits to its employees or their beneficiaries as the case may be. Further, in accordance with employees’ benefits program, the Company provides health and life insurance coverage, wellness program, and work leaves under the law and company policies. The company provides all regular employees with Health Insurance where they are eligible for in-patient care, out-patient care, emergency care, dental care, surgical procedures and other sophisticated procedures and maternity benefits. This is in addition to mandated SSS and PhilHealth benefits. The company also provides subsidized vaccinations. Employees are also covered with Group Life and Accident Insurance Plan which serves as protection in case of death, whether natural cause or accident, and dismemberment. Wellness program are also provided to the employees to further improve health and fitness among them thereby increasing productivity in the workplace such as gym/exercise programs for qualified employees and zumba classes. Employee programs are also provided such as Family Day, Team Building Programs and, Annual Sports Fest. The company also provides Sodexo Meal & 7-Eleven Gift Certificates as additional company benefits and has tie-ups with local banks for loan assistance to regular employees. To further promote employees’ excellence, productivity as well as growth, Top Performing Employees of the Year are chosen and recognized annually. Service award is given to employees as recognition of their unselfish dedication, hard work and loyalty over the years (5 yrs., 10 yrs., 15 yrs., 20 yrs., 25 yrs.) and a monetary award is also given to those employees depending on their length of service.

Recognizing the need of employees for growth, training and development programs are regularly provided by PSC across all levels. For Senior Management and Officers, the company conducts a Leadership Academy & Mentor's Leadership Training Program with the objective in line with the Company's succession planning program. In-house trainings on skills, products, basic negotiation, change management, retailer initiative and standard operating procedure are also provided by the Company to employees with specialist and execution level. These are offered quarterly, every two months or at least twice a year. In-house trainings are designed to augment and develop the employee skills and competencies.

The top risks in retail industry to which PSC belongs include increase in competition, brand reputation and business operations/supply chain continuity. Meanwhile, the main risks arising from the Company's financial instruments are credit risk, liquidity risk, and interest rate risk. The Audit Committee ensures the integrity of internal control activities, develops, oversees, checks and preapproves financial management functions and systems in the areas of credit, market, liquidity, operational, legal and other risks and crisis management. The Internal Audit Division and the External Auditor directly report to the Audit Committee regarding the direction, scope and coordination of audit and any related activities.

At year end, PSC is operating 1,602 stores, 692 of which are franchise stores under FC1, 250 franchise stores under FC2, and the remaining 660 are company-owned stores. The store franchise contracts have a minimum term of 5 years each, renewable for a similar term. The stores under franchise are indicated in the store list provided in the discussion of Leases herein.

PSC continually observes the activities of its major competitors in line with its strategy to maintain its leadership in the Convenience Store ("C-Store") Industry. Entry of foreign brand C-Stores increase in 2014 and a number of other generic or hybrid stores or grocery stores including gas marts continue to be present. PSC has forged a non-exclusive tie-up with Chevron Philippines Inc. in August 2009 for opening of 7-Eleven stores in selected Caltex gas stations and there are 74 7-Eleven Stores as of 2015. Another non-exclusive tie-up was concluded in May 2011 with Total (Philippines) Corporation to establish 7-Eleven Stores in identified Total gasoline stations. The Company continues to sustain its leadership by putting stores in strategic locations, carrying product assortment fit for such market.

In spite of the growing competition in convenience store ("C-Store") businesses, PSC maintains its leadership in the industry. The Corporation estimates its market share in branded 24 hours C-store businesses as of December 31, 2015, in terms of number of C-store outlets nationwide, as follows:

	Number of C-stores	Market Share (as of 31 Dec. 2015)
7-Eleven	1,602	66%
Ministop	519	21%
Family Mart	112	5%
San Mig Food Ave.	86	4%
Alfamart	81	3%
Lawson	16	1%
Circle K	4	0%
Total	2,420	100%

PSC addresses the threat of competition with expansion and maintaining its dominance in the market. The continuous improvement of the Corporation's supply chain shall generate further efficiencies to effectively compete with the entry of other players in the C-store business. The successful franchise program is another mover to achieve the expansion plans and to sustain leadership in the c-store market. The Company continued to expand operations of 7-Eleven Stores in Visayas, and now has a total of 179 stores, consisting of 113 in Cebu, 37 in Negros Islands, 23 in Iloilo, 3 in Aklan, 2 in Capiz, and 1 in Antique as of end of 2015. At the same time, there are now 32 total stores in Mindanao, consisting of 24 in Davao, and 8 in Cagayan de Oro. PSC will continue to aggressively expand in both Visayas and Mindanao for 2016.

The average number of customers that transact in the stores is about 917 per day per store with an average purchase transaction of about P 55.00. The stores carry a wide range of beverages, food service items, fresh foods, hot foods, frozen foods, confectioneries, cookies and chips, personal care products, groceries and other daily needs and services for modern convenience which neighborhood residents, commuters, students and other urban shoppers would look for in a convenience store. Also offered in the store are proprietary product lines under the 7-Eleven trademark such as but not limited thereto:

TRADEMARKS	DESCRIPTION OF PRODUCT	APPLICATION DATE	STATUS
1. Slurpee	Frozen carbonated beverage, prepared with a variety of high-quality syrups, properly brixed, and served in standardized, trademark SLURPEE cups	Aug. 19, 1992	Renewed as of Aug. 19, 2012
2. Super Big Bite	Sandwiches, hotdogs and buns	Aug. 29, 2003	Registered for 15 years from Aug. 29, 2003 to Nov. 17, 2018
3. Big Gulp	Post-mix fountain beverage, prepared with a variety of high quality syrups	Nov. 16, 1992	Renewed as of Nov. 16, 2012

PSC also sells its developed or own branded products/services under the following trademarks:

TRADEMARKS	DESCRIPTION OF PRODUCT	APPLICATION DATE	STATUS OF REGISTRATION
1. MEDI-EXPRESS	Pharmaceutical	19 January 2006	Registered for 10 years (14 April 2008 to 14 April 2018)
2. HOTTA RICE	Ready-to-eat rice meals with different variants	22 September 2008	Registered for 10 years (23 February 2009 to 23 February 2019)
3. CRISP BITES	hot and fried snacks	17 December 2013	Registered for 10 years (26 September 2014 – 26 September 2024)
4. FUNDAE CONE	Ice cream/Sundae	16 December 2013	Registered for 10 years (17 September 2015 to 17 September 2025)
5. BUSOG MEALS	Budget rice meals	24 January 2014	Registered for 10 years (14 January 2014 – 14 January 2024)
6. HOT POT LOGO	Stewed savory snack with different variants	27 March 2014	Registered for 10 years (27 March 2014 to 27 March 2024)
7. BIG TIME MEALS	Rice meals	12 August 2014	Registered for 10 years (23 April 2015 to 23 April 2025)
8. CHEF CREATIONS	Affordable, Chef-quality meals	22 September 2014	Registered for 10 years (16 April 2015 to 16 April 2025)
9. CITY BLENDS	on-the-go premium coffee	22 September 2014	Registered for 10 years (26 February 2015 to 26 February 2025)
10. CLIQQ (LOGO)	provides a fun and interactive all-in-one kiosk that caters a wide range of services	22 September 2014	Registered for 10 years (26 February 2015 to 26 February 2025)
11. EVERY DAY! REWARDS (Class 35)	Store loyalty program	22 September 2014	Published on August 10, 2015 (10 September 2015 to 10 September 2025)
(Class 9)		09 July 2015	Registered for 10 years (10 September 2015 to 10 September 2025)
12. EVERY DAY! WIFI	store wifi	29 October 2015	Registered for 10 years (18 June 2015 to 18 June 2025)
13. FUNDAE FROYO	yogurt in a cup	22 September 2014	Registered for 10 years (21 May 2015 to 21 May 2025)
14. SIKSIK MEAL DEALS	A combo promo of BigBite hotdog or Siopao with Gulp softdrink	22 September 2014	Registered for 10 years (19 March 2015 to 19 March 2025)
15. SOFT BITES	Bread and bakery line	22 September 2014	Registered for 10 years (26 February 2015 to 26 February 2025)
16. CITY BLENDS PRIMA	represents premium line for coffee product 'City Blends'	18 February 2015	Registered for 10 years (09 July 2015 to 09 July 2025)
17. CLIQQ (WORD MARK)	7-Eleven's loyalty program	08 July 2015	Registered for 10 years (10 September 2015 to 10 September 2025)
18. QQCODE	Code for virtual everyday rewards card	21 April 2015	Registered for 10 years (17 September 2015 to 17 September 2025)
19. FUN INTENDED	7-Eleven corporate tagline	24 July 2015	Registered for 10 years (24 September 2015 to 24 September 2025)
20. LIFE'S EASIER IN A CLICK!	7-Eleven's loyalty program	29 July 2015	Registered for 10 years (02 October 2015 to 02 October 2025)
21. FOR YOUR CRUNCHY CRAVINGS	7-Eleven corporate tagline	23 July 2015	Published on 01 September 2015
22. BUTTERY SOFT	Soft array of breads	6 August 2015	Published on 02 November 2015
23. HONEST-TO-GOODNESS COFFEE	7-Eleven corporate tagline for the coffee items	24 July 2015	Published as of November 2015
24. EVERY DAY!	7-Eleven corporate tagline	22 September 2014	Application Pending as of Oct 2015
25. HOTTAULAM!	Pinoy rice meal variants that can be bought without rice	22 September 2014	Application Pending as of Oct 2015

Further, the products or services carried by the stores as described above are generally categorized General Merchandise which accounts for 76.45%, Food Service and Cupdrinks for 23.15% and Services at 0.40%.

The merchandise stocks are supplied by over 350 vendors/suppliers and are mostly governed by the trading terms contract and accreditation standards of the Company. Among the largest suppliers for the products carried by the stores are Unilever Philippines, San Miguel Food Inc., Foodsphere Inc., Gardenia Bakeries Phils., Food Series Incorporated, Coneland Food and Industrial Corp., Mix Plant, Coca Cola Bottlers Phils Inc., Universal Robina Corp., Absolute Sales Corp. These top suppliers account for 65.27% share in the 7-Eleven business.

2. Market Price of and Dividends on Registrant's Common Equity and Related Stockholders Matters

Market Information

The Company's common shares were listed in the Philippine Stock Exchange (PSE) on February 04, 1998.

The public ownership level of the Company's shares is 30.62 % as of March 31, 2016. This is above the minimum public ownership requirement of 10%.

The trading record of the Company's shares as of December 31, 2014 and 2015 are as follows:

December 31, 2014

Month	Open	High	Low	Close	Volume
1 st Quarter	98.40	98.50	98.00	98.00	540
2 nd Quarter	87.90	87.90	87.90	87.90	310
3 rd Quarter	89.00	91.30	89.00	91.00	17,190
4 th Quarter	89.00	89.00	84.00	84.50	125,950

December 31, 2015

Month	Open	High	Low	Close	Volume
1 st Quarter	109.00	110.20	109.00	110.20	1,640
2 nd Quarter	120.00	120.00	120.00	120.00	150,250
3 rd Quarter	95.80	95.80	95.80	95.80	110
4 th Quarter	100.00	100.00	100.00	100.00	25,000

Latest Trading – updated as of June 2016

Month	Open	High	Low	Close	Volume
January 29, 2016	100.00	100.00	100.00	100.00	10
February 24, 2016	101.00	101.00	101.00	101.00	200
March 31, 2016	100.00	100.00	99.00	100.00	2,230
April 29, 2016	111.40	115.00	108.00	115.00	160
May 31, 2016	123.00	124.50	123.00	124.50	7,460
June 01, 2016	124.40	124.40	124.40	124.40	30

Dividends and Dividend Policy

PSC considers the benefit of its shareholders as one of its priority management policies. It aims to sustain revenue stream and progressive growth to further enhance shareholder value. PSC shall continue to return capital to shareholders through a sustainable dividend policy. Effective 2015, the Company intends to pay at least 20% of annual net profits by way of cash dividends. This considers future capital requirements and potential growth opportunities. The Board regularly reviews the dividend policy, including the frequency of distribution, taking into account all of the above.

Dividends to be paid in cash by the PSC are subject to approval by a majority of the Board of Directors and no further approval from the PSC's shareholders is required. Dividends to be paid in the form of stock requires both the approval of a majority of the Board of Directors and the approval of shareholders representing not less than two-thirds of PSC's outstanding capital stock. All dividends to be declared are subject to the approval of the SEC. There are no known restrictions to the PSC's ability to pay dividends on shares.

As per SEC Rules, cash dividends declared by a stock corporation must have a record date not less than 10 or more than 30 days from the date the cash dividends are declared. With respect to stock dividends, the record date shall be not less than 10 or more than 30 days from the date of shareholders' approval, provided however, that the set record date is not to be less than 10 trading days from receipt by the PSE of the notice of declaration of stock dividend. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the SEC.

A cash dividend of forty centavos (Php 0.40) per share was declared and approved during the board of directors meeting last April 23, 2015. Stockholders of record as of May 08, 2015 were entitled to said cash dividend and the corresponding cash payments were paid to stockholders on payment date last May 22, 2015 or within 30 days from cash dividend declaration. Total outstanding capital stock of the Corporation after the payment date of the cash dividend is still 458,435,323.

In 2016, a cash dividend of fifty five centavos (Php 0.55) per share was declared and approved during the board of directors meeting last April 28, 2016. The record date for the said cash dividend is on May 12, 2016 and the payment date on May 26, 2016.

Total outstanding capital stock of the Corporation after the payment date of the cash dividend is still 458,435,323. Likewise, there was no sale of any unregistered securities. There is no restriction that limits the ability of the Company to pay dividends on common equity. Below is the summary of cash and stock dividend declaration of the Corporation.

YEAR	CASH	AMOUNT	STOCK	NO. OF SHARES
2016	0.55	252,139,428	-	-
2015	0.40	183,374,129	-	-
2014	0.30	137,530,597	-	-
2013	0.10	39,863,941	15%	59,795,912
2012	0.10	34,664,297	15%	51,996,445
2011	0.10	30,142,867	15%	45,214,300
2010	0.05	14,353,746	5%	14,353,746
2009	-	-	10%	26,097,720
2008	-	-	10%	23,725,200

Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

There was no sale of any unregistered securities or exempt securities for the past three (3) years.

Holders

As of May 31, 2016, there were 624 shareholders of the Company's outstanding common shares totaling 458,435,323 shares.

The top 20 shareholders and their corresponding shareholdings as of May 31, 2016 are as follows:

TOP 20 SHAREHOLDERS	CITIZENSHIP	SUBSCRIPTION	% HOLDINGS
1. President Chain Store (Labuan) Holdings, Ltd.	Malaysian	236,376,070	51.56%
2. PCD Nominee Corporation (Non-Filipino)	Non-Filipino	62,745,543	13.69%
3. Arisaig Asia Consumer Fund Ltd.	BVI	48,020,358	10.47%
4. Asian Holdings Corporation	Filipino	30,671,003	6.69%
5. Agus Development Corporation	Filipino	12,349,310	2.69%
6. Jose Victor P. Paterno	Filipino	11,983,375	2.61%
7. Progressive Development Corp.	Filipino	11,510,552	2.51%
8. PCD Nominee Corporation (Filipino)	Filipino	10,217,220	2.23%
9. Ma. Cristina P. Paterno	Filipino	8,000,045	1.75%
10. Ma. Elena P. Locsin	Filipino	6,962,534	1.52%
11. Ma. Teresa P. Dickinson	Filipino	5,008,310	1.09%
12. Paz Pilar P. Benares	Filipino	4,959,011	1.08%
13. Maria Henrietta R. Santos	Filipino	2,031,905	0.44%
14. Seven Eleven, Inc. (Formerly: The Southland Corp)	American	1,783,249	0.39%
15. Dante G. Santos	Filipino	1,773,291	0.39%
16. Antonio Jose U. Periquet Jr.	Filipino	927,007	0.20%
17. Manuel U. Agustines	Filipino	813,755	0.18%
18. Antonio Diaz Sta Maria	Filipino	193,228	0.04%
19. Felicia R. Santos	Filipino	156,623	0.03%
20. Luis Y. Locsin	Filipino	115,904	0.03%
20. Leandro Y. Locsin Jr.	Filipino	115,904	0.03%
TOTAL OF TOP 20 SHAREHOLDERS		456,714,197	99.62%
OTHER SHAREHOLDERS		1,721,126	0.38%
TOTAL		458,435,323	100.00%

Discussion on Compliance with Leading Practices on Corporate Governance

1. Election of Independent Directors
In April 2002 the Company disclosed to the SEC that it has complied with the requirement to elect independent directors.
2. Manual of Corporate Governance
In August 2002, the Board of Directors approved the adoption of its Manual of Corporate Governance.
3. Creation of Board Committees: Audit, Nomination and Compensation
In July 2002, the Board has constituted the abovenamed committees and appointed their members to enable them to organize and perform the functions as provided in the Manual of Corporate Governance.
4. Compliance with the designation of a Compliance Officer
5. Corporate Governance Self-Rating Form
The Corporation has submitted to SEC its Corporate Governance Self Rating Form on July 2003.
6. In 2004, amendment of the Code of By-Laws of the Corporation to include the procedure for electing independent directors pursuant to SEC Circular No. 16, Series of 2002, and the revised Implementing Rules and Regulations of the Securities Regulation Code.
7. Yearly issuance of Certifications by Compliance Officer
Compliance Officer submits every January of each year to the SEC its certifications on substantial compliance with leading practices and principles on good corporate governance, and the attendance at board meetings by the directors.
8. July 2007 - Inclusion of the Governance Committee in the Nomination Committee to form Nomination & Governance Committee.
9. Accomplished and submit the 2007 Corporate Governance Scorecard and Survey Form as per SEC Memo Circular No. 2 dated 09 August 2007.
10. August 07, 2008 - Holding of Corporate Governance seminar conducted by Sycip Gorres Velayo & Company to all executive officers and senior management of the Corporation.
11. October 2007 – Creation of PhilSeven Foundation Inc. to support the CSR program of PSC.
9. November 10, 2008 - Submission of 2008 Corporate Governance Scorecard for Publicly Listed Company to SEC.
10. January 2009 - Submission to SEC on Disclosure on Directors' Attendance in Corporate Governance Seminar and amendment to Manual of Corporate Governance to include attendance to such training prior to assumption to office by a director.
11. March 26, 2009 – participated in Corporate Governance Scorecard survey sponsored by Asian Institute of Management.
12. December 18, 2009 - Submission of 2009 Corporate Governance Scorecard for Publicly Listed Company to SEC.
13. August 24, 2009 - Adoption of Code of Ethics
14. July 29, 2010 - Adoption of Self-rating scorecard for directors and the Board
15. November 15, 2010 - Submission of Online Corporate Governance Scorecard to Institute of Corporate Directors
16. January 28, 2011 - Accomplished and submitted PSE Corporate Governance Disclosure Survey Form for 2010
17. February 11, 2011 - Revised Internal Audit Charter
18. January 21, 2011 – Submission and compliance of minimum public float pursuant to PSE Memorandum
19. September 15, 2011 - Became signatory to the Integrity Pledge: A commitment to ethical business practices and good corporate governance
20. October 18, 2011 – Execution of Memorandum of Understanding (MOU) between Philippine Seven Corporation (PSC) and PhilSeven Foundation (PFI) providing that PFI shall implement the CSR programs of PSC and PSC has committed to donate each year to PFI ½ of 1% of PSC's annual net income before tax.

21. December 05, 2011 – Participation in the Corporate Governance Scorecard of the Institute of Corporate Directors (ICD)
22. January 01, 2012 - Issued Policy on Director’s Fee for Independent Directors
23. February 08, 2012 - Accomplishment of Self Assessment Forms for the Board of Directors and Directors
24. March 21, 2012 - Accomplished and submitted PSE Corporate Governance Disclosure Survey Form for 2011
25. May 2012 - PSC recognized as Silver Awardee for the ICD 2011 Corporate Governance Scorecard
26. September 30, 2012 - Adoption of Audit Committee Charter and an evaluation process to assess the Committees performance
27. Participated in 2012 Corporate Governance Trainings/Seminars:
 - b. August 30-31, 2012 - Enterprise Risk Management: Robust framework to identify, assess and manage risks
 - c. September 9, 2012 - 2nd Integrity Summit: Driving Culture to Change by Makati Business Club/European Chamber of Commerce (ECCP)
 - d. September 11, 2012 - ASEAN CG Scorecard Launch by Institute of Corporate Directors
28. January 01, 2013 - Adopted the Insider Trading Policy (Trading Blackouts)
29. January 30, 2013 - Accomplished and submitted PSE Corporate Governance Disclosure Survey Form for 2012
30. April 2013 - Accomplishment of Self Assessment Forms for the Board of Directors and Directors
31. July 1, 2013 - Submission of Annual Corporate Governance Report (ACGR) pursuant to SEC Memo Circular No. 5 Series of 2013
32. Participated in 2013 Corporate Governance Trainings/Seminars:
 - a. March 5, 2013 - FORUM 11: SEC Reforms to Strengthen an Ethical and Competitive Business Environment
 - b. March 20, 2013 - ASEAN CG Scorecard Information Briefing by Institute of Corporate Directors
 - c. March 20, 2013 - Rountable Discussion: Commercial Arbitration, What a Corporate Director Should Know by Institute of Corporate Directors
 - d. August 15 & 22, 2013 - Enhancing Audit Committee Effectiveness by Institute of Corporate Directors
 - e. September 19, 2013 - 2nd Integrity Initiative, “Building Nation with Integrity” by Makati Business Club and European Chamber of Commerce (ECCP)
 - f. November 15, 2013 - Mastering the ASEAN Corporate Governance Scorecard by Institute of Corporate Directors
 - g. November 26, 2013 - 2nd Philippine International Corporate Governance Forum by CG Asia
 - h. November 26, 2013 - ACMF Industry Consultation on ASEAN Disclosure Standards and Review Framework by Securities and Exchange Commission
 - i. December 2, 2013 - PSE Electronic Disclosure Generation Technology System (PSE EDGE)
 - j. December 18, 2013 - PSE EDGE Dry-run by the Philippine Stock Exchange
33. January 21, 2014 - Submission of Board Meeting Attendance pursuant to SEC Memorandum Circular No. 1 Series of 2014
34. January 22, 2014 – Membership in Good Governance Advocates and Practitioners of the Philippines (GGAPP)
35. February 20, 2014- Revised Internal Audit Charter and Revised Audit Committee Charter
36. March 2014 - Accomplishment of Self Assessment Forms for the Board of Directors and Directors
37. March 2014 - Accomplishment of Audit Committee Self-Assessment Work Sheet
38. March 17, 2014 - Accomplished and submitted PSE Corporate Governance Disclosure Survey Form for 2013
39. April 3, 2014 - Adopted: a) Nomination & Governance Committee Charter b) Corporate Governance Framework & Program
40. July 21, 2014, November 27, 2014 & January 14, 2015- Provided CG Training to Directors and Key Officers: Creating Advantage Through Governance conducted by SGV & Co.
41. July 22, 2014 – Amendment of Revised Corporate Governance Manual in compliance with SEC Memo 9-2014
42. July 23, 2014 - Uploading of ASM minutes in PSC Website as required by SEC
43. July 31, 2014 – Posting in Website of Consolidated Changes to ACGR for the year 2013

44. December 28, 2014 – Completed posting in website of information required under SEC Memo 11-2014
45. Participated in 2014 Corporate Governance Training/Seminar:
 - a. January 20-21, 2014 - 2nd Run of PSE Investor Relations Seminar by Philippine Stock Exchange
 - b. February 20, 2014 - Clifford Chance – PSE Presentation on Dual-class Share Structures and Current Trends in Corporate Governance
 - c. April 21, 2014 - ASEAN Corporate Governance Scorecard Workshop on ACGS
 - d. April 26, 2014 - AIG Seminar on What will you do when the regulator comes knocking?!
 - e. June 30, 2014 – SEC Seminar on Corporate Governance for Publicly Listed Companies
 - f. November 21, 2014 - Securities Exchange Commission-Philippine Stock Exchange Corporate Governance Forum
 - g. August 28, September 4-5 & 11-12, 2014 – Institute of Corporate Directors Professional Director’s Program
 - h. September 22, 2014 - PSE Electronic Disclosure Generation Technology System (“PSE EDGE”) Training
 - i. November 24, 2014 - 2014 Annual Listing & Disclosure Rules Seminar
46. 2014-2015 - Participated in best practice and knowledge-sharing events organized by GGAPP.
47. January 05, 2015 - Submission of Board Meeting Attendance pursuant to SEC Memorandum Circular No. 1 Series of 2014
48. January 10, 2015 – Posting in website of Consolidated Changes to ACGR for the year 2014 in compliance with SEC Memo 12-2014
49. January 20, 2015 – Election of Independent Director as Chairman of the Board and Nomination & Governance Committee
50. March 2015 - Accomplishment of Self Assessment Forms for the Board of Directors and Directors
51. March 2015 - Accomplishment of Audit Committee Self-Assessment Work Sheet
52. March 30, 2015 - Accomplished and submitted PSE Corporate Governance Disclosure Survey Form for 2014
53. April 15, 2015 – Submitted as attachment to SEC Form 17-A attached Consolidated ACGR 2014 as required by SEC
54. April 23, 2015 – Approved the dividend policy that effective 2015, PSC intends to pay at least 20% of annual net profits by way of cash dividends, considering future capital requirements and potential growth opportunities. The Board shall regularly review the dividend policy, including the frequency of distribution, taking into account all of the above.
55. May 22, 2015 – Payment date of cash dividend within 30 days from declaration date (April 23, 2015) in accordance with ACGS best practices with ACGS best practices
56. May 2015 – Inclusion of revised proxy forms and explanation of agenda items in 2015 IS in accordance with ACGS best practices
57. June 05, 2015 – Publication in newspaper of general circulation of notice to stockholders of the availability of PSC’s 2Q Interim Unaudited Financial Statement with Management Discussion and Analysis (2nd Quarter Report) in company website and the hard copy of the 2Q Report free of charge not later than at least 5 days before the ASM as required by SEC
58. July 29, 2015 - Provided CG Training to Current Directors/Key Officers - Updates on Philippine Practices on Corporate Governance and Enterprise Risk Management & New Directors -November 03, 2015 - Creating Advantage Through Governance conducted by SGV & Co.
59. July 30, 2015 – Implementation of voting by poll for all resolutions in accordance with ACGS best practices
60. July 31, 2015 - Uploading of ASM minutes in PSC Website as required by SEC
61. Participated in 2015 Corporate Governance Training/Seminar:
 - i. February 23, 2015 - Corporate Governance Round Table Discussion with PLC’s Compliance Officers
 - ii. May 5, 2015 – Follow up session on Corporate Governance Round Table Discussion with PLC’s Compliance Officers
 - iii. June 22, 2015 - Corporate Governance: Best Practices and ASEAN Scorecard
 - iv. October 19, 2015 – GGAPP 4th Annual Forum on Corporate Governance: Board Independence, Reality or Myth?
 - v. October 15, 2015 - SEC-PSE Corporate Governance Forum
 - vi. November 09, 2015 - 2015 Annual Listing & Disclosure Rules Seminar
62. January 04, 2016 - Submission of Board Meeting Attendance pursuant to SEC Memorandum Circular No. 1 Series of 2014

63. January 08, 2016 – Posting in website of Consolidated Changes to ACGR for the year 2015 in compliance with SEC Memo 12-2014
64. March 2016 - Accomplishment of Self Assessment Forms for the Board of Directors and Directors
65. March 2016 - Accomplishment of Audit Committee Self-Assessment Work Sheet
66. March 17, 2016 - Accomplished and submitted PSE Corporate Governance Disclosure Survey Form for 2015
67. April 13, 2016 – Submitted as attachment to SEC Form 17-A attached Consolidated ACGR 2015 as required by SEC
68. April 28, 2016 – Set payment date of cash dividend to May 26, 2016 or within 30 days from declaration date of April 28, 2016 in accordance with ACGS best practices

The Consolidated Changes to ACGR for the year 2015 is posted on the Corporate Governance section of PSC's website in the link below.

<http://www.7-eleven.com.ph/files/2014%20ACGR%20Consolidated%20Changes%201-8-15%20formatted.pdf>.

Risk Management

PSC recognizes that risk management is an integral part of sound management practice and good corporate governance as it improves decision-making and enhances outcomes and accountability. PSC acknowledges its responsibility to manage risks and supports a structured, systematic and focused approach to managing them by approval of the risk management strategy.

The top risks in retail industry to which PSC belongs include computer increase in competition, brand reputation and business operations/supply chain continuity. Meanwhile, the main risks arising from the Company's financial instruments are credit risk, liquidity risk, and interest rate risk. The Audit Committee ensures the integrity of internal control activities, develops, oversees, checks and preapproves financial management functions and systems in the areas of credit, market, liquidity, operational, legal and other risks and crisis management. The Internal Audit Division and the External Auditor directly report to the Audit Committee regarding the direction, scope and coordination of audit and any related activities.

The PSC Board of Directors or Executive Committee, via the Audit Committee, oversees the establishment and implementation of the risk management system and annually reviews the effectiveness of the system. In particular the Audit Committee considers on a regular basis whether:

- PSC's ongoing risk management program identifies all material and critical areas of risk;
- Adequate risk mitigation strategies have been designed and implemented by PSC to manage all material and critical identified risks;
- PSC undertakes a regular program of audits (Internal Audit, Compliance Audit and External Audit) to test the effectiveness of internal controls and compliance with PSC's prescribed policies; and
- Timely remedial action is undertaken to redress areas of weakness.

The Audit Committee also reviews and approves PSC's risk management policy.

List of Directors, Corporate Officers, Executive Committee and Board Committees Chairmen and Members

BOARD OF DIRECTORS

<u>Name</u>		<u>Position</u>
1. Jose T. Pardo	-	Chairman of the Board and Independent Director
2. Nan-Bey Lai	-	Vice-Chairman and Director
3. Jose Victor P. Paterno	-	President & Director
4. Jorge L. Araneta	-	Director
5. Maria Cristina P. Paterno	-	Director
6. Jui-Tang Chen	-	Director
7. Chi-Chang Lin	-	Director
8. Lien-Tang Hsieh	-	Director
9. Wen-Chi Wu	-	Director
10. Antonio Jose u. Periquet, Jr.	-	Independent Director
11. Michael B. Zalamea	-	Independent Director

EXECUTIVE COMMITTEE

<u>Name</u>		<u>Position</u>
1. Jose T.Pardo	-	Chairman of the Board & the Executive Committee and Independent Director
2. Jose Victor P. Paterno	-	Member and President/CEO
3. Antonio Jose U. Periquet, Jr.	-	Member and Independent Director
4. Michael B. Zalamea	-	Member and Independent Director
5. Ping-Hung Chen	-	Member and Treasurer/ CFO and Vice President for Finance & Administration
6. Ying-Jung Lee	-	Member and Vice President for Supply Chain

AUDIT COMMITTEE

<u>Name</u>		<u>Position</u>
1. Antonio Jose U. Periquet, Jr.	-	Chairman and Independent Director
2. Michael B. Zalamea	-	Member and Independent Director
3. Jose Victor P. Paterno	-	Member and President/CEO

COMPENSATION COMMITTEE

<u>Name</u>		<u>Position</u>
1. Nan-Bey Lai	-	Chairman and Vice-Chairman of the Board
2. Michael B. Zalamea	-	Member and Independent Director
3. Jose Victor P. Paterno	-	Member and President/CEO
4. Ping-Hung Chen	-	Non-voting member and Treasurer/ CFO and Vice President for Finance & Administration
5. Ying-Jung Lee	-	Non-voting member and Vice President for Supply Chain

NOMINATION & GOVERNANCE COMMITTEE

<u>Name</u>		<u>Position</u>
1. Jose T. Pardo	-	Chairman of the Board & the Committee and Independent Director
2. Michael B. Zalamea	-	Member and Independent Director
3. Jose Victor P. Paterno	-	Member and Director
4. Evelyn S. Enriquez	-	Non-voting member and Corporate Secretary

CORPORATE OFFICERS

1. Chin-Yen Kao†	-	Honorary Chairman of the Board
2. Jose T. Pardo	-	Chairman of the Board and Independent Director
3. Nan-Bey Lai	-	Vice-Chairman
4. Jose Victor P. Paterno	-	President & CEO
5. Ping-Hung Chen	-	Treasurer/CFO and Vice-President for Finance & Administration
6. Ying-Jung Lee	-	Vice President for Supply Chain
7. Evelyn S. Enriquez	-	Corporate Secretary & Compliance Officer

† Disclosure on his demise submitted to SEC & PSE last April 04, 2016

**MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS
PHILIPPINE SEVEN CORPORATION
RUBY B, LEVEL 4, CROWNE PLAZA GALLERIA MANILA
ORTIGAS AVENUE CORNER ADB AVENUE, QUEZON CITY
JULY 30, 2015
2:00 P.M.**

TOTAL NUMBER OF SHARES OUTSTANDING	-	458,435,323
TOTAL NUMBER OF SHARES HELD BY THE STOCKHOLDERS PRESENT AND/OR REPRESENTED	-	396,140,300

Directors in Attendance:

1. Jose T. Pardo	-	Chairman of the Board and Independent Director
2. Nan-Bey Lai	-	Vice Chairman of the Board and Director
3. Jose Victor P. Paterno	-	President and Director
4. Jui-Tang Chen	-	Director
5. Lien-Tang Hsieh	-	Director
6. Wen-Chi Wu	-	Director
7. Antonio Jose U. Periquet, Jr.	-	Independent Director and Chairman of Audit Committee
8. Michael B. Zalamea	-	Independent Director

PROCEEDINGS OF THE MEETING**I. CERTIFICATION OF QUORUM AND CALL TO ORDER**

Before proceeding with the meeting, a presentation was shown to remember the Founding Chairman of the Board, Vicente Tirona Paterno, whose immeasurable service to Philippine Seven Corporation encompassed 33 years until his passing away on November 21, 2014 at the age of 89. The Company shared the presentation to the shareholders to remember the legacy of Chairman Vicente T. Paterno, which exemplified the values that serve as the foundation on which the Company was built --- partnership, mutual respect, dedication, integrity and trust.

Upon request of the Chairman, Mr. Jose T. Pardo, the Corporate Secretary, Atty. Evelyn S. Enriquez, announced that Philippine Seven Corporation's (the "Corporation" or "PSC") stock transfer agent, BDO Unibank Inc. – Trust & Investment Group (BDO- TIG), in accordance with the Code of By-laws, sent copies of the Notice and Agenda of the meeting, together with Information Statement, 2014 Annual Report and Proxy Form to all stockholders of record as of June 18, 2015 by personal delivery and by mail. The Notice and Agenda was also published in the Classified Section of the June 23, 2015 issue of the Philippine Star. She reported the computation of PSC's Stock Transfer Agent that out of 458,435,323 shares of stock outstanding and entitled to vote, **396,140,300** shares or 86.41% were represented at the meeting in person and/or by proxy. The Corporate Secretary then certified the existence of a quorum. Thereupon, the Chairman called the meeting to order.

As requested by the Chairman, the Corporate Secretary announced the rules governing the conduct of the meeting as follows:

1. The meeting will follow the Agenda indicated in the Notice of Annual Shareholders Meeting given to all shareholders.
2. Only shareholders as of record date or their proxies who were duly validated may address the meeting to ask questions.

3. All questions and suggestions shall be addressed to the Chair. Upon being recognized, kindly state the following:
 - a. name;
 - b. status as a stockholder or proxy holder;
 - c. particular item to which the question or comment relates;
 - d. and the question or comment.
4. To maximize time and to allow equal chance to everyone, only a maximum of 3 shareholders/proxy holders can ask per agenda item and no more than 3 minutes shall be allotted to each. The Chair has the discretion to entertain or not a follow-up question or a second question.
5. If due to time constraints there are questions which could not be entertained on the floor, the Chair may refer the same to Company officers available for consultation after the meeting.
6. For the purpose of the meeting, the following questions shall be declared out of order:
 - a. Irrelevant questions, such as those not relating to the particular item in the agenda being discussed or the business operations of the company
 - b. Repetitive questions
7. Only holders of outstanding shares of stock as of record date, June 18, 2015, are entitled to vote in this meeting. The voting procedure was included in the Information Statement distributed to all stockholders prior to meeting date.
8. Each item in the Agenda for stockholders' approval shall be voted upon by means of the written voting instructions. The Corporation earlier sent to the stockholders a proxy form that contains the Agenda items for stockholders' approval and the spaces where stockholders can indicate their voting instructions. Those stockholders present in person who did not submit their proxy forms have been requested to complete the ballot before the start of this meeting. The votes of those stockholders present in person will be added to the votes of the stockholders whose proxies were received by the Corporate Secretary on or before the cut-off date, July 23, 2015. The proxy votes have been tabulated by our Stock Transfer Agent
9. The Stock Transfer Agent shall encode all ballots received and prepare the vote tabulation, and submit to the corporate secretary prior to the start of meeting. All votes instructions received shall be tabulated and/or validated by the Stock Transfer Agent, which is duly appointed to act as independent party tabulator. Final tally of votes shall be provided during the meeting and shall be reflected in the minutes of the meeting.

II. APPROVAL OF MINUTES OF THE LAST STOCKHOLDERS' MEETING

The Chairman proceeded to the next item in the agenda, which was the approval of the Minutes of the annual meeting of the stockholders held on July 22, 2014. It was manifested by the Corporate Secretary that the Minutes of said meeting were appended to the Definitive Information Statement sent to

all stockholders of record as of June 18, 2015 and also provided in the materials distributed to the stockholders in this meeting. On motion duly made and seconded, the stockholders dispensed with the reading of the Minutes of the last stockholders' meeting of the Corporation held on July 22, 2014 and submitted the same for approval as recorded. The Minutes were approved as recorded by more than a majority of the total outstanding shares entitled to vote, as detailed below:

AGENDA	YES		NO		ABSTAIN	
	NO. OF SHARES	%	NO. OF SHARES	%	NO. OF SHARES	%
Approval of Minutes of the Annual Stockholders Meeting held on July 22, 2014	396,138,369	86.41	1,931	0.00%	-	0.00%

Accordingly, the following resolution was thus adopted and approved:

"RESOLVED, that the stockholders of Philippine Seven Corporation hereby approve the Minutes of the Annual Stockholders' Meeting held on July 22, 2014 as recorded."

III. MANAGEMENT REPORT AND APPROVAL OF 2014 AUDITED FINANCIAL STATEMENTS

The Chairman announced that the next item in the agenda, shall be the presentation of the Management Report and the approval of the Audited Financial Statements for year 2014. In line with this, the Chairman of the Board, Mr. Jose T. Pardo, read the message to the shareholders, followed by the President and CEO, Mr. Jose Victor P. Paterno, who rendered his report on Y2014 Review of Operations. The copies of the Message of the Chairman to the Shareholders and the President's 2014 Review of Operations are attached herein as **Annexes "A" and "B"**, respectively, to form part of this minutes.

The CFO, Mr. Ping-Hung Chen, briefly presented the financial highlights of the Audited Financial statements of the Company for the year ended December 31, 2014, which were also covered in the earlier Review on Operations report. Mr. Chen reported to the stockholders that the Corporation continued to deliver good performance in 2014. Total merchandise sales increased 21% to PhP 1.7 B as the Company opened 286 new stores and the mature store sales grew. It is the first time that income before tax exceeded PhP 1B, growing 28% to PhP 1.255 B. This is driven by total merchandise sales growth and marketing income contribution. From year 2010 to year 2014, store number increased from 551 to 1,282 with an average growth rate of 23.5% and system wide sales increased from PhP 9.1B to PhP 20 B, with an average growth rate of 22.6%. Total Assets increased 31% to PhP 7.9 B due to increase in cash, inventory, property and equipment. Cash generating is the most important value for convenience store. In 2014, total cash inflow from operating activity went up 18% to PhP 2.2 B. Total outflow from investing activity went up 48% to PhP 1.9 B and used to support store expansion. Total cash inflow for financing activities reached PhP 36 M, which is due to new borrowing and payment of cash dividend. Hence, cash and cash equivalent ending balance went up 28% to PhP 1.2 B. EBITDA margin increase to 12.4% and net margin increased to 5.1% due to growing profitability. From 2010 to 2013, dividend payment was a combination of cash and stock dividends. For 2014, dividend payment is in the form of all cash with an average 20% payout ratio.

Print copies of the 2014 Annual Report and Audited Financial Statements were also distributed to the stockholders during the meeting. The stockholders were also informed that copies of the 2014 audited financial statements were included in the Company's Information Statement sent to all the stockholders. The stockholders were given the opportunity to ask questions or share some comments. There were no

questions and comments from the stockholders. On motion duly made and seconded, the report on operations for Y2014 and the audited financial statements for the year ended December 31, 2014 were approved by more than a majority of the total outstanding shares entitled to vote, as detailed below:

AGENDA	YES		NO		ABSTAIN	
	NO. OF SHARES	%	NO. OF SHARES	%	NO. OF SHARES	%
Approval of 2014 Annual Report and 2014 Audited Financial Statements	396,138,369	86.41	-	0.00%	-	0.00%

Accordingly, the following resolution was adopted and approved:

“RESOLVED, that the stockholders of the Philippine Seven Corporation hereby approve the 2014 Annual Report and the Audited Consolidated Financial Statements of Philippine Seven Corporation for year ended December 31, 2014.”

IV. RATIFICATION OF ALL CORPORATE ACTS

The next item on the Agenda was the ratification of acts, resolutions and deeds of the Board, Executive Committee, Board Committees and Management for Y2014. On motion duly made and seconded, stockholders owning more than a majority of the total outstanding shares entitled to vote ratified all acts of the Corporation, its Board of Directors, Executive Committee, Board Committees and Management from the last annual stockholders' meeting to the present, as detailed below:

AGENDA	YES		NO		ABSTAIN	
	NO. OF SHARES	%	NO. OF SHARES	%	NO. OF SHARES	%
Ratification of Actions Taken by the Board of Directors, Executive Committee, Board Committees and Management since the last Annual Stockholders Meeting	396,138,369	86.41%	-	0.00%	1,931	0.00%

Pursuant to above, the following resolution was adopted and approved:

“RESOLVED, that the stockholders of Philippine Seven Corporation (the “Corporation”) hereby approve and ratify all the actions taken by the Corporation’s Board of Directors, Executive Committee, Board Committees and Management for Y2014 and up to the present.”

V. ELECTION OF MEMBERS OF THE BOARD

The Articles of Incorporation of the Corporation provide for 11 directors. The Corporate Secretary stated that the names of the eleven (11) nominees being presented to the stockholders were submitted to the Nomination & Governance Committee in its meeting on April 07, 2015 and were evaluated and determined that they have all the qualifications and none of the disqualifications to serve as directors of the Company. All these nominees have given their consent to their nomination. They were further cleared to have complied with the “non-compete” provision of PSC’s Code of By-laws. These nominees also include the Final List of Candidates eligible for election as independent directors, pre-screened pursuant to the procedures provided in the SEC Circular No. 16 on the Guidelines on Nomination and Election of Independent Directors. Hence, the following are the nominees submitted to and screened by the Nomination Committee. Copies of all the profiles of the nominees stating their age, qualifications,

experience, date of first appointment to the Board of the Company, and their directorship in other publicly listed companies were provided in advance to the stockholders through the Company's Information Statement.

The Corporate Secretary announced the names of the persons nominated for election as directors/independent directors of the Company as follows (in alphabetical order):

- | | |
|------------------------------|--|
| 1. Jorge L. Araneta | 7. Jose Victor P. Paterno |
| 2. Jui-Tang Chen | 8. Wen-Chi Wu |
| 3. Chi-Chang Lin | 9. Jose T. Pardo (independent director) |
| 4. Lien-Tang Hsieh | 10. Antonio Jose U. Periquet, Jr. (independent director) |
| 5. Nan-Bey Lai | 11. Michael B. Zalamea (independent director) |
| 6. Maria Cristina P. Paterno | |

On motion duly made and seconded and the above-named nominees were nominated as directors and independent directors of the Corporation. There being no objection, the nomination was closed.

On motion duly made, seconded and unanimously carried, each nominee received the votes of more than a majority of the outstanding shares of stock entitled to vote, as detailed below:

AGENDA	YES		NO		ABSTAIN	
	NO. OF SHARES	%	NO. OF SHARES	%	NO. OF SHARES	%
Election of Directors						
1. <i>Jorge L. Araneta</i>	392,366,477	85.59%	401,049	0.09%	3,372,774	0.74%
2. <i>Jui-Tang Chen</i>	392,767,526	85.68%	-	0.00%	3,372,774	0.74%
3. <i>Chi-Chang Lin</i>	392,767,526	85.68%	-	0.00%	3,372,774	0.74%
4. <i>Lien-Tang Hsieh</i>	392,767,526	85.68%	-	0.00%	3,372,774	0.74%
5. <i>Nan-Bey Lai</i>	391,740,984	85.45%	401,049	0.09%	6,998,267	1.53%
6. <i>Maria Cristina P. Paterno</i>	392,767,526	85.68%	-	0.00%	3,372,774	0.74%
7. <i>Jose Victor P. Paterno</i>	392,514,807	85.62%	-	0.00%	3,625,493	0.79%
8. <i>Wen-Chi Wu</i>	392,767,523	85.68%	-	0.00%	3,372,774	0.74%
9. <i>Jose T. Pardo</i> <i>(Independent Director)</i>	395,739,251	86.32%	401,049	0.09%	-	0.00%
10. <i>Antonio Jose U. Periquet, Jr.</i> <i>(Independent Director)</i>	396,140,300	86.41%	-	0.00%	-	0.00%
11. <i>Michael B. Zalamea</i> <i>(Independent Director)</i>	396,140,300	86.41%	-	0.00%	-	0.00%

Hence, the above-named nominees were duly elected as directors of the Corporation for a term of one (1) year and until their successors shall have been duly elected and qualified.

VI. APPOINTMENT OF EXTERNAL AUDITOR

The stockholders were informed that present auditor, Sycip Gorres Velayo & Company (SGV), was appointed as Company auditor in 2005. The Audit Committee and the Executive Committee recommend the re-appointment of SGV and SGV has accepted the invitation to stand for re-election this year. The current engagement partner is Ms. Belinda T. Beng Hui, who is on her 2nd year as designated audit partner assigned in Philippine Seven Corporation. In line with this, the Company is in compliance with Rule 68 of the Securities Regulation Code requiring the rotation of external auditors or engagement partners who have been engaged by the company for a period of 5 consecutive years.

A stockholder named Esperanza Lopez asked how much did the company pay to SGV for auditing fees and other fees. The Chairman referred the same to the Corporate Secretary. In response to the query, the Corporate Secretary referred to item 8 of the Company's Information Statement that provides the total amount paid as external audit fees and services to SGV & Co. for Y 2014, which amounted to Php 4.89 M.

There being no other questions, on motion duly made and seconded, the stockholders owning more than a majority of the total outstanding shares entitled to vote approved the re-appointment of Sycip Gorres Velayo & Company as the external auditor of the Corporation for 2015 as detailed below:

AGENDA	YES		NO		ABSTAIN	
	NO. OF SHARES	%	NO. OF SHARES	%	NO. OF SHARES	%
Appointment of SyCip Gorres Velayo & Company as the External Auditor	354,628,919	77.36%	-	0.00%	41,511,381	9.06%

Accordingly, the following resolution was adopted and approved:

"RESOLVED, that the stockholders of Philippine Seven Corporation (the "Corporation") hereby approve and ratify the appointment of Sycip Gorres Velayo and Company (SGV) as the external auditor of the Corporation for Y2015".

VII. ADJOURNMENT


There being no further business to transact, on motion duly made and seconded, the Chairman adjourned the meeting at 3:08 in the afternoon. The Chairman thanked all the stockholders for their attendance and participation.

Copies of the attendance of stockholders and the vote canvassing results on actions approved are attached herein as Annexes "C" & "D", respectively.

Certified Correct:


EVELYN S. ENRIQUEZ
 Corporate Secretary

Attested by:


JOSE T. PARDO
 Chairman of the Board
 And Independent Director

Message of the Chairman to the Shareholders

To Our Valued Shareholders,

2014 was another remarkable year for Philippine Seven Corporation (PSC). With the continued growth in private consumption, driven by remittances and BPO revenues, the Philippine economy grew by 6.1%.

This benefited your Company as reflected in its financial performance. In 2014, net profits reached Php873.3 million, 27.9% more than Php682.6 million in 2013. This translated into earnings per share of Php1.91, higher by the same rate compared with the preceding year’s level of Php1.49.

Our initiative to accelerate the opening of more stores paid off. The improved financial performance was largely due to the increase in retail sales of all corporate and franchise operated stores, which posted growth of 19.3%, to Php20.6 billion in 2014.

During the year, we opened 286 new stores - the most number of new stores in our company’s history .While it took us 12 years to open the first 100 stores in the Philippines, and another 14 years to reach the 500th store milestone in 2010, in a span of only 3 years, PSC opened another 500 stores. Your Company ended last year with a total of 1,282 stores.

PSC plans to further accelerate the rate of new store openings to take advantage of the improving economic condition of the country. We are facing increased competition though and we believe that this sector will remain crowded. To protect our market share and maintain our dominant position in the market, we intend to capitalize on our first-mover advantage and economies of scale with more stores.

Note that in 2014, new operators boosted franchise store count to 811 franchisees, from 690 a year ago. As a result, total franchise revenues went up by 20.5%, to Php1.6 billion.

Marketing income continued to enhance our bottom-line, generating Php463.4 million as we expanded brand-building opportunities for vendor partners.

Total expenses slightly grew as a percentage of revenues, from 32.0% to 32.2% in 2014 largely due to our capacity-building initiatives. We expanded our main distribution center and built new ones to support store expansion.

PSC’s stock price ranged from Php80 – 100 per share. We paid cash dividends to our shareholders fixed at 0.30 centavos per share consistent with our dividend payout policy.

We have not been remiss in our corporate social responsibility. I am also glad to inform our shareholders that PhilSeven Foundation remains steadfast in its mandate of helping schools in communities where our stores operate. In 2014, we had feeding programs for young children, medical missions, day-care renovation, and distribution of school supplies.

We thank our customers, employees, suppliers, and bankers for our achievements in 2014. With their continued support and cooperation, we were able to achieve a remarkable growth in 2014. We look forward to a likewise satisfying performance in 2015.

Thank you very much,

Jose T. Pardo
Chairman of the Board &
Independent Director

President’s 2014 Review of Operations

Dear Fellow Shareholders,

The results of 2014 were generally consistent with positive trends over the past five years. System-wide sales grew by 19% over the prior year, breaching the Php20 billion mark. Net income increased by 28% from the prior year, despite the high base effects of 47% profit growth in 2013, which was driven by double-digit, same-store sales growth, stemming from one-time, tax-related developments in the alcohol and tobacco categories.

2014 was also a year of transition. Our number of stores operating by end-2014 grew by 27%, as we opened 286 new stores, departing from the previous 5-year trend of 22% annual store growth, and signaling the start of a strategic shift that we discuss further below. Management attention was focused on preparing for rapid expansion, including finally expanding and remodeling our head office after more than ten years, expanding our main warehouse and planning new ones, and upgrading our Enterprise Resource Planning (ERP) system. In preparation for increased competition, new product lines – foodservice and digital – were developed to further differentiate our brand.

New Foodservice Lines

Inspired by how affordable, quality coffee has driven visit frequency and brand loyalty at 7-Elevens in developed markets, we developed and tested a new coffee line more suited to our emerging market. The City Blends machine combines freshly ground bean-to-cup brewing with different flavors of powdered milk, at the push of a button. It has been rolled out to 600 stores thus far, where the City Blends quality and Php20 starting price point have proven popular with customers.

We piloted entry into the popular fried food category with motorcycle delivery from a nearby kitchen, which has significant cost advantages over in-store preparation. Cost-effectively delivering short-shelf-life products tested the limits of our logistical capabilities, but after a year of tests and tweaks, we are ready to roll the model out in dense urban areas.

The chilled fresh food line was also upgraded, in response to an increasingly affluent customer base, and new, time-pressed diners seeking restaurant-quality fare. Most notable was the launch of our Chef Creations line of gourmet-quality Filipino fare, developed and endorsed by a local culinary icon.

Digital Potential

Our loyalty program launched in late 2013 now captures 25% of total sales with its 2 million registered accounts. In late 2014, we launched an app version that most notably allows users to transfer points among one another, and connect to in-store wife using their loyalty points. We expect further enhancements and a concerted campaign to lead to a majority of users switching their SMS-supported cards to the app by year-end.

A critical mass of app users, augmented by the online kiosks, CLIQQ, we have rolled out to all stores this year, will form the base from which we will pursue opportunities in payments and e-commerce. So-called financial technology is developing at a remarkable pace globally and locally, and we believe the trend presents unique opportunities for dominant CVS (convenience store) operators in unbanked markets, especially ones with significant remittance volumes.

Click-and-collect e-commerce is another global trend that favors the CVS channel’s accessible locations and efficient logistics – in Taiwan, for example, 50% of e-commerce parcels are picked up at convenience stores. We believe the opportunity is even more compelling in emerging markets where online retail is nascent, and can be shaped with the CVS channel in mind.

While such bets are extremely speculative, the risks are relatively tiny in comparison to the opportunity. Furthermore, experience here and abroad demonstrates that digital platforms are the most difficult for competition to follow (versus, say, buying new coffee machines), so even modest success would erect significant barrier to entry.

Expansion and Competitive Strategy

Management expects the high store growth rate begun in 2014 to continue, and even accelerate further. Your board believes the long-term rewards of gaining share outweigh the risks and short-term costs involved, and this sentiment seems to be shared by others in the investment community, both in direct communication and by rewarding the stock with generous valuation. The underlying rationale and strategy, as well as key risks and rewards, is discussed in greater detail below:

Rationale: We are bullish on the long-term prospects of the convenience format in general and its growth potential in the Philippines in particular. The rewards of dominance have been sufficiently demonstrated to warrant maintaining it vis-a-vis competitors, both emerging and incumbent, who share our optimism.

- **Bullish on convenience.** We share other retailers' thinking that the global trend toward small formats will continue. Furthermore, we believe that not only is the convenience store format the least vulnerable to disruption, but will likely benefit from it – our digital line being one such bet.
- **Philippine growth potential.** Recent experience with store openings leads us to believe the market is entering a new growth phase. In other countries, penetration increased sharply at (PPP-adjusted) \$5-\$10k GDP/capita, which the Philippines is fast approaching. Following this reasoning yields an estimate of 15,000 convenience stores in the Philippines by 2025, based on the continuance of current economic trends and CVS densities in Thailand.
- **Rewards of dominance.** We believe our outperformance in recent years has stemmed at least in part from our dominant position. In other countries, we have found a linear relationship between market share and operating margin, and a limit to the number of players that can be sustained, given the size of the industry. Our view is that the Philippines will ultimately remain a two-player market for some time.

Strategy: Maintain share in Greater Manila Area (GMA) and grow share by building on first-mover advantage elsewhere. Be prepared to sacrifice short-term profitability for long-term gain in both cases.

- **Maintain share in GMA.** Metro Manila has the highest average sales per store, but has had the lowest sales among newly opened stores over the past few years, indicating a state of perpetual saturation. With the best locations occupied, most new stores will be initially unprofitable but (hopefully) ultimately profitable. Broadly speaking, new stores in a saturated market can be opened in only one of two ways: In an incumbent's trade area in hopes of toppling him, or in an uncontested but initially unviable trade area, in hopes it will improve. Multiple competitors – attacking one another in saturated trade areas and bidding up rents in emerging ones – decreases overall industry profitability, but management believes your company can defend share more cost-effectively than competitors can gain it. We have patiently built defensible locations over the years, and gained more experience assessing location viability and competitor vulnerability. Preserving share will not be cheap, but is critical for long-term dominance, as capital regions usually account for half of all CVS stores in emerging markets.
- **Grow share elsewhere.** The rest of the country is relatively uncontested in comparison. We are virtually the only competitor with the critical mass to build out proper supply chains, in areas logistically unreachable from GMA. Such supply chains come at a medium-term cost in terms of under-utilized warehouses, and 2015 will be our base: we will be operating ten warehouses by year-end (throughout Luzon, Mindanao, and three islands in the Visayas), versus four in mid-2014. To put such costs in perspective, operators in contiguous territories typically serve 1,000 stores per distribution center (though we have downscaled and adapted our model to be cost-effective for smaller areas). We wager that first movers, especially on islands that cannot sustain more than one or two warehouses, will be rewarded with unusually dominant share (at 90 stores, we have over 80% share in Cebu), and that BPO trends will continue to drive growth in the remote urban areas of Luzon and the islands.

The final transition, significant to the organization and especially to me personally, is that of a changing of the guard for the Non-Executive Chairman role.

A new Non-Executive Chairman, Jose T. Pardo, was elected by the board early this year. He was one of the three original founders of Philippine Seven in 1983, and served as President in its early years. He has held leadership positions in various business and government circles, most notably serving as Secretary of Finance in the late '90s. His experience and reputation will be an asset, as the company's growth accelerates and it pursues new opportunities.

He succeeds his brother-in-law (and my father), Vicente T. Paterno, who chaired the company until he passed away late last year. I believe we owe our recent success and future potential to the culture he created, without which the dramatic growth of the past few years would not have been possible. Like many fathers and sons who work together, our professional relationship was not without its challenges, but I am grateful for the chance I got to set the record straight in a speech I delivered at his book launch late last year, reprinted in this report.

With much appreciation for the support extended by shareholders and other stakeholders throughout the year I remain,

Very Truly Yours,

Jose Victor P. Paterno
President and Chief Executive Officer

**PHILIPPINE SEVEN CORPORATION
TABULATION OF AGENDA
2015 ANNUAL STOCKHOLDERS MEETING - JULY 30, 2015**


NO.	STOCKHOLDERS'S NAME	NOMINEE	NO. OF SHARES	%
1	MA. TERESA P. DICKINSON	JOSE VICTOR P. PATERNO	5,008,310	1.09%
2	PAZ PILAR P. BENARES	JOSE VICTOR P. PATERNO	5,665,971	1.24%
4	MA. ELENA P. LOCSIN	JOSE VICTOR P. PATERNO	6,962,534	1.52%
5	PRESIDENT CHAIN STORE (LABUAN) HOLDINGS, LTD.	JUI-TANG CHEN	236,376,070	51.56%
6	ASIAN HOLDINGS CORPORATION	JOSE T. PARDO	30,671,003	6.69%
7	PROGRESSIVE DEVELOPMENT CORPORATION	JOSE VICTOR P. PATERNO	11,510,552	2.51%
9	FELICIA R. SANTOS	JOSE VICTOR P. PATERNO	156,623	0.03%
10	DANTE T. APOLINARIO	JOSE T. PARDO	3,061	0.00%
11	VIOLETA B. APOLINARIO	JOSE T. PARDO	2,551	0.00%
12	JESEFINA C. DELA PERI	JOSE T. PARDO	1,931	0.00%
13	MA. ANDREINA IDA B. DEL AYRE	JOSE T. PARDO	1,931	0.00%
16	ELISA PALOMA DEMONTVERDE	JOSE T. PARDO	1,019	0.00%
17	EDUARDO P. BATACLAN	JOSE T. PARDO	121	0.00%
18	FREYA ELENA R. ESQUIVIAS	JOSE VICTOR P. PATERNO	100	0.00%
19	CITIBANK (CITIOMNIFOR)	CHAIRMAN	509,215	0.11%
20	CITIBANK (CITIOMNIFOR)	CHAIRMAN	2,091,460	0.46%
21	AMARYLLIS DIGNA O. YAZON	CHAIRMAN	5,796	0.00%
22	ANALIZA GONZALES MUERONG	ALAN G. MUERON	1,931	0.00%
23	MARCELINO T. ESTADO JR.	MARCIANA T. ESTADO	1,564	0.00%
24	PLACIDO RIVERA PAMEN	CHAIRMAN	3,864	0.00%
25	HSBC 10	CHAIRMAN	58,227,930	12.70%
26	DEUTSCHE BANK AG MANILA	CHAIRMAN	17,192,121	3.75%
29	MANUEL U. AGUSTINES		813,756	0.18%
30	EVELYN S. ENRIQUEZ	JANICE CASTILLIONES/CHAIRMAN	1	0.00%
31	EVELYN S. ENRIQUEZ	JEMOS DE GUZMAN/CHAIRMAN	1	0.00%
32	EVELYN S. ENRIQUEZ	JERNNIFER AGBUNAG/CHAIRMAN	1	0.00%
33	EVELYN S. ENRIQUEZ	MEREN DE GUZMAN/CHAIRMAN	1	0.00%
34	EVELYN S. ENRIQUEZ	NILO FABRIGARAS JR./CHAIRMAN	1	0.00%
35	ELMER M. MARQUEZ	CHAIRMAN	1,931	0.00%


36	AMOR R. LAURICIO	CHAIRMAN	3,864	0.00%
37	GUILLERMO GILI, JR.		1,931	0.00%
38				0.00%
39				0.00%
40				0.00%
	SUBTOTAL WITH PROXY		375,217,145	81.85%
1	JUI-TANG CHEN		1	0.00%
2	LIEN-TANG HSIETA		1	0.00%
3	NAN-BEYLAI		1	0.00%
4	MA. CRISTINA P. PATERNO		8,000,045	1.75%
5	JOSE VICTOR P. PATERNO		11,983,375	2.61%
6	WEN-CHI WU		1	0.00%
7	JOSE T. PARDO		1	0.00%
8	ANTONIO JOSE U. PERIQUET		927,007	0.20%
9	MICHAEL ZALAMEA		1	0.00%
10	JESUS SAN LUIS VALENCIA		10	0.00%
11	AUGUSTUS SALES		1	0.00%
12	GREGORIO FAGELA		10	0.00%
13	RUDOLFO ALDAY		10	0.00%
14	EMELINDA PANGAN		10	0.00%
15	LAIZA MONTE		30	0.00%
16	EDGAR NGO		200	0.00%
17	DANTE MONTE		10	0.00%
18	LOLITA MONTE		20	0.00%
19	ERNESTO SALAZAR		1,931	0.00%
20	EDGARDO TING &.OR LUZONIA		20	0.00%
21	JOSEPH ARICA		1,030	0.00%
22	BONIFACIO CHUA		77	0.00%
23	JOHN ALISBO		1,931	0.00%
24	BERNARDO LANOT		3,864	0.00%
25	EVELYN S. ENRIQUEZ		3,568	0.00%
	SUBTOTAL IN PERSON		20,923,155	4.56%
	TOTAL		396,140,300	86.41%

TOTAL ISSUED AND
OUTSTANDING

458,435,323


PREPARED BY: ROLAND RAYMUND P. ROJAS


CHECKED BY: JANELLE VIVIEN R. ARAULLO - AM


APPROVED BY: ADORA A. YANGA - VP

PHILIPPINE SEVEN CORPORATION
2015 ANNUAL STOCKHOLDERS MEETING - JULY 30, 2015

TOTAL ISSUED AND OUTSTANDING **458,435,323**

ATTENDANCE TABULATION

NO. OF SHARES PRESENT OR REPRESENTED BY PROXY :	375,217,145	81.85%
NO. OF SHARES PRESENT OR REPRESENTED IN PERSON :	20,923,155	4.56%
TOTAL NO. OF SHARES PRESENT BY PROXY OR IN PERSON :	396,140,300	86.41%

VOTING RESULTS

	AGENDA	YES		NO		ABSTAIN	
		NO. OF SHARES	%	NO. OF SHARES	%	NO. OF SHARES	%
4							
2	APPROVAL OF THE MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING HELD ON JULY 22, 2014	396,138,369	86.41%	1,931	0.00%	-	0.00%
3	APPROVAL OF 2014 ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS	396,138,369	86.41%	-	0.00%	-	0.00%
5	RATIFICATION OF ACTIONS TAKEN BY THE BOARD OF DIRECTORS, EXECUTIVE COMMITTEE, BOARD COMMITTEES AND MANAGEMENT SINCE THE LAST ANNUAL STOCKHOLDERS MEETING	396,138,369	86.41%	-	0.00%	1,931	0.00%
6	ELECTION OF DIRECTORS						
	JORGE L. ARANETA	392,366,477	85.59%	401,049	0.09%	3,372,774	0.74%
	JUI-TANG CHEN	392,767,526	85.68%	-	0.00%	3,372,774	0.74%
	CHI-CHANG LIN	392,767,526	85.68%	-	0.00%	3,372,774	0.74%
	LIEN-TANG HSIEH	392,767,526	85.68%	-	0.00%	3,372,774	0.74%
	NAN-BEY LAI	391,740,984	85.45%	401,049	0.09%	6,998,267	1.53%
	MA. CRISTINA P. PATERNO	392,767,526	85.68%	-	0.00%	3,372,774	0.74%
	JOSE VICTOR P. PATERNO	392,514,807	85.62%	-	0.00%	3,625,493	0.79%

WEN-CHI WU	392,767,523	85.68%	-	0.00%	3,372,774	0.74%
JOSE T. PARDO	395,739,251	86.32%	401,049	0.09%	-	0.00%
ANTONIO JOSE U. PERIQUET	396,140,300	86.41%	-	0.00%	-	0.00%
MICHAEL B. ZALAMEA	396,140,300	86.41%	-	0.00%	-	0.00%
ELECTION OF SYCIP, GORRES, VELAYO & CO. 7 AS INDEPENDENT AUDITOR	354,628,919	77.36%	-	0.00%	41,511,381	9.06%

RR

PREPARED BY: ROLAND RAYMUND P. ROJAS

CHECKED BY: JANELLE WEN R. ARAULLO - AM

APPROVED BY: ADORA ALYANGA - VP

**RELEVANT RESOLUTIONS APPROVED BY THE
BOARD OF DIRECTORS AND BOARD COMMITTEES
FOR RATIFICATION BY THE STOCKHOLDERS**

2015 Minutes

I. Meeting of the Board of Directors – January 20, 2015

- Approved the presentation of the Update Report on Operations as of December 31, 2014 and the interim financial statements for the same period.
- Reiterated the resolution by the Board of Directors authorizing the Executive Committee to approve the interim financial statements and audited financial statements of the Corporation.
- Approved the resolution expressing its sense of deep loss and profound sympathy on the death of its founding chairman of the board Vicente T. Paterno, and recognizing his invaluable contributions to the board and the corporation.
- Approved the recommendation of the Compensation Committee to grant gratuity to Chairman Vicente T. Paterno and the delivery of the retirement pay to his family.
- Approved the resolution accepting the resignation of Ms. Diana P. Aguilar as Director, Member of Executive Committee, Audit Committee and the Nomination & Governance Committee of PSC, effective immediately.
- Fill-up vacancy position of director and Chairman of the Board. Approved the election of Mr. Jose T. Pardo as Independent Director and appointed as Chairman of the Board for the remaining period of the term for the said positions until his successor is duly elected or appointed, and qualified.
- Designated and appointed the Chairmen and members to fill-up the vacancies in the Committees as follows:
 1. Chairman of the Executive Committee: Jose T. Pardo
 2. Chairman of the Nomination & Governance Committee: Jose T. Pardo

Membership in:

- a. Executive Committee – Michael B. Zalamea
 - b. Audit Committee – Michael B. Zalamea
 - c. Nomination & Governance Committee – Jose Victor P. Paterno
- Approved the resolutions for the corporate signatories of the Corporation and update the names of the corporate officers as appointed above as authorized signatories by virtue of the positions they hold in the Corporation.
 - Noted the presentation of significant 2014 corporate reports/disclosures submitted to SEC and PSE.
 - Noted the presentation of the list of disclosures required for submission on 1st half of 2015.

II. Meeting of the Audit Committee – February 17, 2015

- Presentation and approval of the audited financial statements of the Corporation and its subsidiaries for the year ending December 31, 2014. The status report was presented by SGV and noted no significant exception. For submission and endorsement to Executive Committee for approval.
- Approved the recommendation to re-appoint SGV and Company as external auditor for year 2015 and for ratification by the stockholders in the annual meeting in July.
- Approved the Internal Audit Update Report as of December 31, 2014 and Audit Plans for 2015.
- Noted and confirmed the Self-Assessment of Audit Committee Performance for 2014.

III. Meeting of the Executive Committee – February 17, 2015

- Approved the audited financial statements of the Corporation and the consolidated financial statements of the Corporation and its subsidiaries for the year ending December 31, 2014 as submitted by Management, which was endorsed/recommended by the Audit Committee.
- Approved the recommendation for the re-appointment of SGV and Company as the Corporation's external auditor for Y2015.
- Approved the updated resolutions for the corporate signatories of the Corporation indicating the new Chairman of the Board and also to including any one of the vice-presidents as additional signatories for the confidential payroll.
- Approved the appointment of Consultant to the PSC Executive Committee and Board Committees.
- Concurred to the recommendation of the Compensation Committee and approved the resolution for the alignment of per diem of directors/officers for attendance to board and committee meetings.
- Noted the presentation of the PSC 2014 Annual Corporate Governance Scorecard (ACGS) Results.

IV. Meeting of the Nomination & Governance Committee – April 07, 2015

- Noted and reviewed the documents to ascertain the qualifications of the nominees. Recommended the final list of candidates for election as PSC directors and independent directors in the annual meeting in July for submission/endorsement to the Executive Committee.
- Noted the presentation of the PSE CG Disclosure Survey.
- Noted the 2014 CG Self-Assessments for PSC Board & Directors.
- Noted the presentation of the SEC Memo No. 2, S. 2015- Additional Guidelines on CG Training & Programs.
- Noted the presentation of the Areas for Improvement by PSC on ACGS.

V. Meeting of the Executive Committee – April 07, 2015

- Noted the presentation of the Study on Dividend Declaration and Proposed Dividend Policy.
- Approved the endorsement of the Nomination & Governance Committee of the final list of candidates for election as PSC directors and independent directors in the annual meeting in July.
- Setting of the record date of June 16, 2015 for determining the stockholders of PSC entitled to vote in its annual stockholders' meeting on July 28, 2015.
- Noted the presentation of the PSE CG Disclosure Survey.
- Noted the 2014 CG Self-Assessments for PSC Board & Directors.
- Noted the presentation of the SEC Memo No. 2, S. 2015- Additional Guidelines on CG Training & Programs.
- Noted the presentation of the Areas for Improvement by PSC on ACGS.

VI. Meeting of the Board of Directors - April 23, 2015

- Approved the presentation of the Update Report on Operations as of March 31, 2015 and the interim financial statements for the same period.
- Approved the declaration of a forty centavos (P0.40) cash dividend per share of the outstanding capital stock of the Corporation of 458,435,323 shares.
- Approved the dividend policy that effective 2015, PSC intends to pay at least 20% of annual net profits by way of cash dividends, considering future capital requirements and potential growth opportunities. The Board shall regularly review the dividend policy, including the frequency of distribution, taking into account all of the above.
- Approved the resolutions setting the record date for entitlement of cash dividends on May 08, 2015 and the payment date on May 22, 2015.
- Approved the resolution authorizing the stock transfer agent, BDO Unibank Inc.-TIG, to prepare, sign, issue and mail the cash dividend checks to stockholders.
- Approved the change of Annual Stockholders Meeting from July 28 to July 30, 2015 and set the new record date for determining the stockholders of PSC entitled to vote to June 18, 2015.
- Noted the presentation of the SEC Advisory on Best CG Practices dated March 30, 2015.

VII. Meeting of the Board of Directors – July 30, 2015

- Approved the presentation of the Update on Operations as of June 30, 2015 and Interim Financial Statements for the same period.
- Approved resolutions to renew credit lines with BDO, METROBANK, BPI, CTBC Bank and CITIBANK upon their expiry.
- Noted the presentation of the DOF D.O. No. 0542015- Adoption of Guidelines Prescribing the Fit and Proper Rule for Directors of Insurance Companies and Public Companies.

VIII. Organizational Meeting of the Board of Directors – July 30, 2015

- Election of Corporate Officers

The Board of Directors nominated and elected the following corporate officers:

Honorary Chairman of the Board	- Chin-Yen Kao
Chairman of the Board	- Jose T. Pardo
Vice-Chairman	- Nan-Bey Lai
President and CEO	- Jose Victor P. Paterno
Treasurer / CFO &	
Vice President for Finance & Administration	- Ping-Hung Chen
Vice President for Supply Chain	- Ying-Jung Lee
Corporate Secretary and Compliance Officer	- Evelyn S. Enriquez

- Designation of members of the Executive and other Board Committees

The Board of Directors, pursuant to Section 21 of the Code of By-laws, designated the following as members of the Executive Committee:

- | | |
|----------------------------------|---|
| 1. Jose T.Pardo | - Chairman of the Board & the Executive Committee and Independent Director |
| 2. Jose Victor P. Paterno | - Member and President/CEO |
| 3. Antonio Jose U. Periquet, Jr. | - Member and Independent Director |
| 4. Michael B. Zalamea | - Member and Independent Director |
| 5. Ping-Hung Chen | - Member and Treasurer/ CFO and Vice President for Finance & Administration |
| 6. Ying-Jung Lee | - Member and Vice President for Supply Chain |

The Board of Directors also designated the members of the Board Committees, including one (1) independent director in each Committee, as follows:

Audit Committee:

- | | | |
|-----------|-------------------------------|--------------------------|
| Chairman: | Antonio Jose U. Periquet, Jr. | - Independent Director |
| Members: | Michael B. Zalamea | - Independent Director |
| | Jose Victor P. Paterno | - President and Director |

Compensation Committee:

- | | | |
|---------------------|------------------------|---|
| Chairman: | Nan-Bey Lai | - Vice Chairman and Director |
| Members: | Michael B. Zalamea | - Independent Director |
| | Jose Victor P. Paterno | - President and Director |
| Non-voting Members: | Ping-Hung Chen | - Treasurer/CFO & Vice President for Finance & Administration |
| | Ying-Jung Lee | - Vice President for Supply Chain |

Nomination & Governance Committee:

- | | | |
|--------------------|------------------------|--------------------------------------|
| Chairman: | Jose T. Pardo | - Chairman of the Board and Director |
| Members: | Michael B. Zalamea | - Independent Director |
| | Jose Victor P. Paterno | - Director |
| Non-voting Member: | Evelyn S. Enriquez | - Corporate Secretary |

- Approval of the resolutions for the corporate signatories of the Corporation and update the names of the corporate officers as appointed above as authorized signatories by virtue of the positions they hold in the Corporation.

IX. Meeting of the Audit Committee – October 20, 2015

- Approved the presentation by the external auditor, SGV and Company of the 2015 audit scope and plan.
- Approved the interim financial statements for the period ending September 30, 2015.
- Approved the internal audit update report as of September 30, 2015.

X. Meeting of the Executive Committee - October 20, 2015

- Approved the presentation of the update report on operations for the period ended September 30, 2015 and the interim financial statements for the same period.
- Approved the presentation of the update report on operations for the period ended September 30, 2015.
- Approved the presentation by the external auditor, SGV and Company, of the 2015 audit scope and plan.
- Noted the presentation of the corporate governance (CG) update on the implementation of the CG Blueprint of SEC.

XI. Meeting of the Board of Directors - November 12, 2015

- Approved the presentation of update report on operations for the period ended September 30, 2015 and interim financial statements for the same period.
- Reiterated the resolution by the Board of Directors authorizing the Executive Committee to approve the interim financial statements and audited financial statements of the Corporation.
- Approved the appropriation of PHP 2.45B from the 2015 retained earnings and earmarked for the fiscal years 2016, 2017 and 2018, to use for store and warehouse expansion.
- Approved the initial presentation of 2016 Targets.
- Approved the Consolidated Changes in the Annual Corporate Governance Report (ACGR) for the year 2015.

2016 Minutes

I. Meeting of the Audit Committee – February 18, 2016

- Presentation and approval of the audited financial statements of the Corporation and its subsidiaries for the year ending December 31, 2015. The status report was presented by SGV and noted no significant exception. For submission and endorsement to Executive Committee for approval.
- Approved the recommendation to re-appoint SGV and Company as external auditor for year 2016 and for ratification by the stockholders in the annual meeting in July.
- Approved the Internal Audit Update Report as of December 31, 2015 and Audit Plans for 2016.
- Noted and confirmed the Self-Assessment of Audit Committee Performance for 2015.

II. Meeting of the Executive Committee – February 18, 2016

- Approved the audited financial statements of the Corporation and the consolidated financial statements of the Corporation and its subsidiaries for the year ending December 31, 2015 as submitted by Management, which was endorsed/recommended by the Audit Committee.
- Approved the recommendation for the re-appointment of SGV and Company as the Corporation's external auditor for Y2016.
- Noted the presentation of 7Elections Promo
- Noted the presentation of the SEC Notice dated Nov 05, 2015 on the Effectivity of the 2015 IRR of the SRC or the "2015 SRC Rules".

III. Meeting of the Nomination and Governance Committee – April 28, 2016

- Noted and reviewed the documents to ascertain the qualifications of the nominees. Recommended the final list of candidates for election as PSC directors and independent directors in the annual meeting in July for submission/endorsement to the Board.
- Noted the presentation of the PSE CG Disclosure Survey.
- Noted the 2015 CG Self-Assessments for PSC Board & Directors.
- Noted the presentation of the PSC 2015 Annual Corporate Governance Scorecard (ACGS) Results.
- Noted the presentation of the SEC Advisory on Term Limits for Independent Directors.

IV. Meeting of the Board of Directors – April 28, 2016

- Approved the presentation of the Update Report on Operations as of March 31, 2016 and the interim financial statements for the same period.
- Approved the declaration of a fifty five centavos (P0.55) cash dividend per share of the outstanding capital stock of the Corporation of 458,435,323 shares.
- Approved the resolutions setting the record date for entitlement of cash dividends on May 12, 2016 and the payment date on May 26, 2016.
- Approved the resolution authorizing the stock transfer agent, BDO Unibank Inc.-TIG, to prepare, sign, issue and mail the cash dividend checks to stockholders.
- Approved the endorsement of the Nomination & Governance Committee of the final list of candidates for election as PSC directors and independent directors in the annual meeting in July.
- Setting of the record date of June 09, 2016 for determining the stockholders of PSC entitled to vote in its annual stockholders' meeting on July 21, 2016.
- Noted the presentation of the PSE CG Disclosure Survey.
- Noted the 2015 CG Self-Assessments for PSC Board & Directors.
- Noted the presentation of the PSC 2015 Annual Corporate Governance Scorecard (ACGS) Results.
- Noted the presentation of the SEC Advisory on Term Limits for Independent Directors.



PHILIPPINE SEVEN CORPORATION

7th Floor, The Columbia Tower, Ortigas Avenue, Mandaluyong City 1550 Philippines
Telephone Nos. (632) 724-44-41 to 53 / 705-52-00
www.7-eleven.com.ph

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Philippine Seven Corporation is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended December 31, 2015 and 2014, including the additional components attached herein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the 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 or the Executive Committee or the Audit Committee, as authorized by the Board, reviews and approves the consolidated financial statements and submits the same to the stockholders.

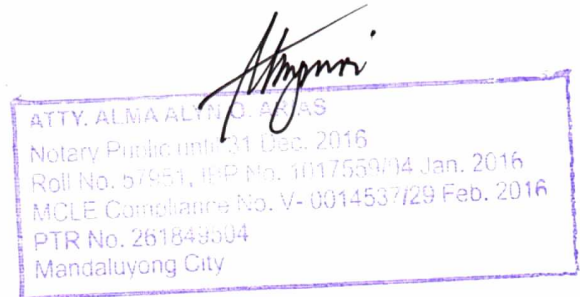
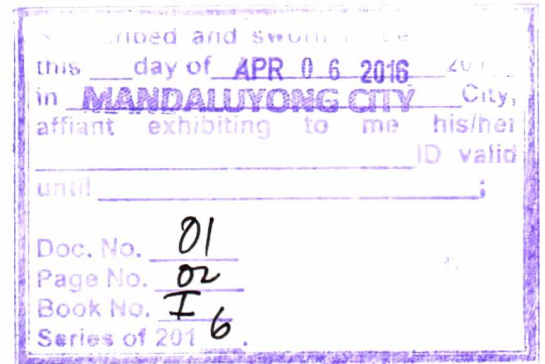
SyCip Gorres Velayo & Co. the independent auditor appointed by the stockholders for the period December 31, 2015 and 2014, respectively, have examined the consolidated financial statements of the company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such examination.

JOSE T. PARDO
Chairman of the Board

JOSE VICTOR P. PATERNO
Chief Executive Officer

PING-HUNG CHEN
Treasurer & Chief Financial Officer

LAWRENCE M. DE LEON
Head
Finance & Accounting Services Division



Signed this 18th day of February, 2016.

Part 1: FINANCIAL INFORMATION

Financial Statements

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Philippine Seven Corporation and
Subsidiaries

Consolidated Financial Statements
December 31, 2015 and 2014
and Years Ended December 31, 2015, 2014 and
2013

and

Independent Auditors' Report

COVER SHEET

for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

						1	0	8	4	7	6
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COMPANY NAME

P	H	I	L	I	P	P	I	N	E		S	E	V	E	N		C	O	R	P	O	R	A	T	I	O	N		A	
N	D		S	U	B	S	I	D	I	A	R	I	E	S																

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

7	T	H		F	L	O	O	R	,		T	H	E		C	O	L	U	M	B	I	A		T	O	W	E	R	,			
				O	R	T	I	G	A	S		A	V	E	N	U	E	,		M	A	N	D	A	L	U	Y	O	N	G		C
				I	T	Y																										

Form Type

A	C	F	S
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Department requiring the report

S	E	C
---	---	---

Secondary License Type, If Applicable

N	/	A
---	---	---

COMPANY INFORMATION

Company's Email Address

-

Company's Telephone Number

705-5200

Mobile Number

(0922) 879 2134

No. of Stockholders

630

Annual Meeting (Month / Day)

07/16

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Steve Chen

Email Address

pchen@7-eleven.com.ph

Telephone Number/s

705-5241

Mobile Number

-

CONTACT PERSON'S ADDRESS

7th Floor, The Columbia Tower, Ortigas Avenue, Mandaluyong 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.

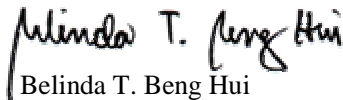
2 : All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its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

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Philippine Seven Corporation
7th Floor, The Columbia Tower
Ortigas Avenue, Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Philippine Seven Corporation and Subsidiaries (the Group) as at December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015, included in this Form 17-A, and have issued our report thereon dated February 18, 2016. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the 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.



Belinda T. Beng Hui

Partner

CPA Certificate No. 88823

SEC Accreditation No. 0923-AR-1 (Group A),

March 25, 2013, valid until March 24, 2016

Tax Identification No. 153-978-243

BIR Accreditation No. 08-001998-78-2015,

June 26, 2015, valid until June 25, 2018

PTR No. 5321613, January 4, 2016, Makati City

February 18, 2016

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Philippine Seven Corporation
7th Floor, The Columbia Tower
Ortigas Avenue, Mandaluyong City

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

Management's Responsibility for the Consolidated Financial Statements

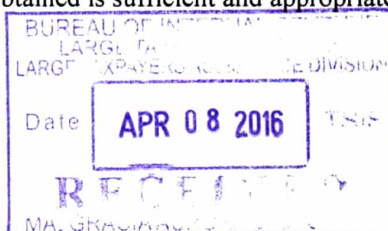
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements 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 Philippine Seven Corporation and Subsidiaries as at December 31, 2015 and 2014, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2015 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Belinda T. Beng Hui

Belinda T. Beng Hui

Partner

CPA Certificate No. 88823

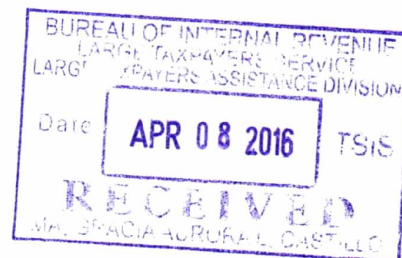
SEC Accreditation No. 0923-AR-1 (Group A),
March 25, 2013, valid until March 24, 2016

Tax Identification No. 153-978-243

BIR Accreditation No. 08-001998-78-2015,
June 26, 2015, valid until June 25, 2018

PTR No. 5321613, January 4, 2016, Makati City

February 18, 2016



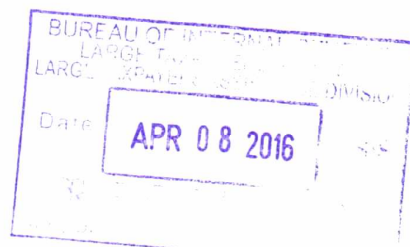
PHILIPPINE SEVEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31	
	2015	2014
ASSETS		
Current Assets		
Cash (Notes 4, 29 and 30)	₱875,978,073	₱1,241,685,743
Short-term investment (Notes 4, 29 and 30)	10,983,401	10,884,130
Receivables (Notes 5, 29 and 30)	767,259,573	589,387,141
Inventories (Note 6)	1,568,498,726	1,165,094,076
Prepayments and other current assets (Note 7)	426,050,698	358,396,530
Total Current Assets	3,648,770,471	3,365,447,620
Noncurrent Assets		
Property and equipment (Note 8)	4,753,670,268	3,558,089,998
Deposits (Notes 9, 29 and 30)	578,349,692	460,528,797
Deferred income tax assets - net (Note 27)	95,706,492	87,175,008
Goodwill and other noncurrent assets (Notes 10 and 30)	439,438,292	419,000,444
Total Noncurrent Assets	5,867,164,744	4,524,794,247
TOTAL ASSETS	₱9,515,935,215	₱7,890,241,867

LIABILITIES AND EQUITY

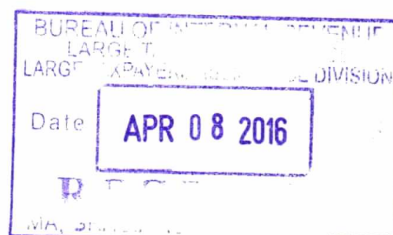
Current Liabilities		
Bank loans (Notes 11, 29 and 30)	₱1,150,000,000	₱750,000,000
Current portion of long-term debt (Notes 11, 29 and 30)	18,000,000	-
Accounts payable and accrued expenses (Notes 12, 29 and 30)	2,366,121,396	2,445,160,713
Income tax payable	217,978,770	176,425,816
Other current liabilities (Notes 13, 25, 29 and 30)	1,224,521,642	853,722,638
Total Current Liabilities	4,976,621,808	4,225,309,167
Noncurrent Liabilities		
Deposits payable (Note 14)	238,305,143	234,502,609
Net retirement obligations (Note 24)	100,870,628	100,404,074
Long-term debt - net of current portion (Notes 11, 29 and 30)	63,000,000	-
Deferred income tax liability (Note 27)	7,936,841	7,936,841
Cumulative redeemable preferred shares (Notes 15, 29 and 30)	6,000,000	6,000,000
Deferred revenue - net of current portion (Note 16)	5,905,714	26,552,651
Total Noncurrent Liabilities	422,018,326	375,396,175
Total Liabilities	5,398,640,134	4,600,705,342

(Forward)



	December 31	
	2015	2014
Equity		
Common stock (Notes 17 and 31) - ₱1 par value		
Authorized - 600,000,000 shares		
Issued - 459,121,573 shares	₱459,121,573	₱459,121,573
Additional paid-in capital (Note 31)	293,525,037	293,525,037
Retained earnings (Notes 17 and 31):		
Appropriated	2,450,000,000	-
Unappropriated	920,957,924	2,546,335,563
Other comprehensive income (loss):		
Remeasurements loss on net retirement obligations - net of deferred income tax asset (Notes 24 and 27)	(21,905,502)	(25,041,697)
Revaluation increment on land - net of deferred income tax liability (Notes 8 and 27)	18,519,295	18,519,295
	4,120,218,327	3,292,459,771
Cost of 686,250 shares held in treasury (Notes 17 and 31)	(2,923,246)	(2,923,246)
Total Equity	4,117,295,081	3,289,536,525
TOTAL LIABILITIES AND EQUITY	₱9,515,935,215	₱7,890,241,867

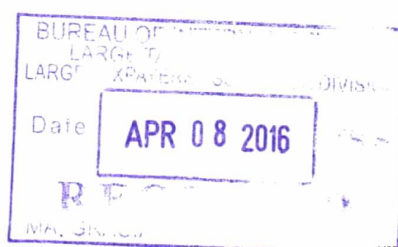
See accompanying Notes to Financial Statements.



PHILIPPINE SEVEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2015	2014	2013
REVENUES			
Revenue from merchandise sales	P22,400,931,697	P17,107,375,250	P14,133,649,192
Franchise revenue (Note 32)	2,440,671,360	1,820,696,747	1,460,656,787
Marketing income (Note 20)	735,221,454	463,413,150	380,793,855
Rental income (Note 26)	56,729,444	51,118,568	48,341,871
Commission income (Note 32)	46,919,684	39,214,967	43,402,035
Interest income (Note 22)	7,025,256	5,741,549	7,165,804
Other income	186,834,492	180,124,459	121,482,564
	25,874,333,387	19,667,684,690	16,195,492,108
EXPENSES			
Cost of merchandise sales (Note 18)	16,891,590,340	12,861,596,475	10,661,629,518
General and administrative expenses (Note 19)	7,463,588,865	5,516,373,836	4,520,385,066
Interest expense (Note 21)	33,991,623	16,195,818	16,247,890
Other expenses	25,310,558	18,249,864	13,799,871
	24,414,481,386	18,412,415,993	15,212,062,345
INCOME BEFORE INCOME TAX	1,459,852,001	1,255,268,697	983,429,763
PROVISION FOR INCOME TAX (Note 27)	451,855,511	381,923,842	300,802,114
NET INCOME	1,007,996,490	873,344,855	682,627,649
OTHER COMPREHENSIVE INCOME (LOSS) NOT TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS			
Revaluation increment on land - net of tax (Note 8)	-	15,289,400	-
Remeasurement gain (loss) on net retirement obligations - net of tax (Note 24)	3,136,195	(2,800,253)	(10,696,341)
TOTAL COMPREHENSIVE INCOME	P1,011,132,685	P885,834,002	P671,931,308
BASIC/DILUTED EARNINGS			
PER SHARE (Note 28)	P2.20	P1.91	P1.49

See accompanying Notes to Consolidated Financial Statements.



PHILIPPINE SEVEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 and 2013

	Common Stock (Note 17)	Additional Paid-in Capital	Retained Earnings (Note 17)		Other Comprehensive Income (Loss)		Total	Treasury Stock (Note 17)	Total
			Appropriated	Unappropriated	Remeasurement Loss on Net Retirement Obligations - Net of Tax	Revaluation Increment on Land Net of Tax			
Balances at January 1, 2015	P459,121,573	P293,525,037	P-	P2,546,335,563	(P25,041,697)	P18,519,295	P3,292,459,771	(P2,923,246)	P3,289,536,525
Net income	-	-	-	1,007,996,490	-	-	1,007,996,490	-	1,007,996,490
Remeasurement gain on net retirement obligations	-	-	-	-	3,136,195	-	3,136,195	-	3,136,195
Total comprehensive income	-	-	-	1,007,996,490	3,136,195	-	1,011,132,685	-	1,011,132,685
Appropriations during the year	-	-	2,450,000,000	(2,450,000,000)	-	-	-	-	-
Cash dividends (Note 17)	-	-	-	(183,374,129)	-	-	(183,374,129)	-	(183,374,129)
Balances at December 31, 2015	P459,121,573	P293,525,037	P2,450,000,000	P920,957,924	(P21,905,502)	P18,519,295	P4,120,218,327	(P2,923,246)	P4,117,295,081
Balances at January 1, 2014	P459,121,573	P293,525,037	-	P1,810,521,305	(P22,241,444)	P3,229,895	P2,544,156,366	(P2,923,246)	P2,541,233,120
Net income during the year	-	-	-	873,344,855	-	-	873,344,855	-	873,344,855
Revaluation increment on land (Note 8)	-	-	-	-	-	15,289,400	15,289,400	-	15,289,400
Remeasurement loss on net retirement obligations	-	-	-	-	(2,800,253)	-	(2,800,253)	-	(2,800,253)
Total comprehensive income	-	-	-	873,344,855	(2,800,253)	15,289,400	885,834,002	-	885,834,002
Cash dividends (Note 17)	-	-	-	(137,530,597)	-	-	(137,530,597)	-	(137,530,597)
Balances at December 31, 2014	P459,121,573	P293,525,037	-	P2,546,335,563	(P25,041,697)	P18,519,295	P3,292,459,771	(P2,923,246)	P3,289,536,525
Balances at January 1, 2013	P399,325,661	P293,525,037	-	P1,227,553,509	(P11,545,103)	P3,229,895	P1,912,088,999	(P2,923,246)	P1,909,165,753
Net income during the year	-	-	-	682,627,649	-	-	682,627,649	-	682,627,649
Remeasurement loss on net retirement obligations	-	-	-	-	(10,696,341)	-	(10,696,341)	-	(10,696,341)
Total comprehensive income	-	-	-	682,627,649	(10,696,341)	-	671,931,308	-	671,931,308
Stock dividends (Note 17)	59,795,912	-	-	(59,795,912)	-	-	-	-	-
Cash dividends (Note 17)	-	-	-	(39,863,941)	-	-	(39,863,941)	-	(39,863,941)
Balances at December 31, 2013	P459,121,573	P293,525,037	-	P1,810,521,305	(P22,241,444)	P3,229,895	P2,544,156,366	(P2,923,246)	P2,541,233,120

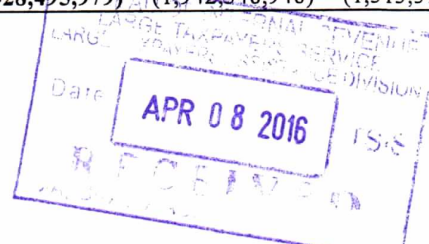
See accompanying Notes to Consolidated Financial Statements.



PHILIPPINE SEVEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

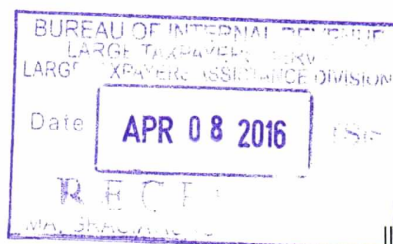
	Years Ended December 31		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱1,459,852,001	₱1,255,268,697	₱983,429,763
Adjustments for:			
Depreciation and amortization (Notes 8 and 19)	1,092,223,359	862,759,509	709,518,959
Interest expense (Note 21)	33,991,623	16,195,818	16,247,890
Amortization of:			
Deferred revenue on exclusivity contract (Notes 16 and 32)	(25,000,000)	(25,446,429)	(818,452)
Deferred lease (Notes 10 and 26)	4,965,729	2,277,636	2,410,613
Software and other program costs (Notes 10 and 19)	878,003	655,605	1,316,561
Deferred revenue on finance lease (Notes 16 and 26)	-	(589,567)	(589,567)
Net retirement benefits cost (Notes 23 and 24)	23,029,230	19,867,370	16,858,692
Interest income (Note 22)	(7,025,256)	(5,741,549)	(7,165,804)
Unrealized foreign exchange loss (gain)	(22,972)	(24,209)	296,601
Noncash donation expense	-	297,731	-
Operating income before working capital changes	2,582,891,717	2,125,520,612	1,721,505,256
Increase in:			
Receivables	(177,872,432)	(120,327,092)	(94,042,512)
Inventories	(403,404,650)	(264,244,185)	(173,863,328)
Prepayments and other current assets	(67,738,598)	(87,665,635)	(11,740,811)
Increase (decrease) in:			
Accounts payable and accrued expenses	(79,765,106)	573,804,626	610,988,026
Other current liabilities	370,897,269	184,520,376	89,054,748
Deposits payable	3,802,534	31,613,674	20,987,697
Deferred revenue	4,254,799	86,177,397	3,442,212
Retirement benefits paid (Note 24)	(3,082,398)	-	-
Retirement benefits contributions (Note 24)	(15,000,000)	(19,944,800)	(21,670,730)
Net cash generated from operations	2,214,983,135	2,509,454,973	2,144,660,558
Income taxes paid	(420,178,896)	(336,660,528)	(304,294,983)
Interest received	3,515,860	2,693,092	4,350,085
Net cash provided by operating activities	1,798,320,099	2,175,487,537	1,844,715,660
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property and equipment (Note 8)	(2,287,816,904)	(1,653,573,106)	(1,179,270,533)
Software and other program costs (Note 10)	-	(1,247,000)	(3,019,195)
Increase in:			
Deposits	(114,311,499)	(143,591,873)	(61,940,757)
Goodwill and other noncurrent assets	(26,281,580)	(143,994,428)	(68,910,637)
Short-term investment	(99,271)	(73,901)	(178,114)
Proceeds from sale of property and equipment	13,275	131,360	-
Net cash used in investing activities	(2,428,495,979)	(1,942,348,948)	(1,313,319,236)

(Forward)



	Years Ended December 31		
	2015	2014	2013
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments of:			
Bank loans (Note 11)	₱1,480,000,000	₱950,000,000	₱550,000,000
Long-term debt (Note 11)	90,000,000	-	-
Payments of:			
Bank loan (Note 11)	(1,080,000,000)	(760,000,000)	(467,777,778)
Long-term-debt (Note 11)	(9,000,000)	-	-
Interest paid	(33,180,633)	(16,949,091)	(15,822,416)
Cash dividends paid (Note 17)	(183,374,129)	(137,530,597)	(39,863,941)
Net cash provided by financing activities	264,445,238	35,520,312	26,535,865
NET INCREASE (DECREASE) IN CASH	(365,730,642)	268,658,901	557,932,289
EFFECT OF EXCHANGE RATE CHANGES ON CASH			
	22,972	24,209	(215,225)
CASH AT BEGINNING OF YEAR (Note 4)	1,241,685,743	973,002,633	415,285,569
CASH AT END OF YEAR (Note 4)	₱875,978,073	₱1,241,685,743	₱973,002,633

See accompanying Notes to Consolidated Financial Statements.



PHILIPPINE SEVEN CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information and Authorization for Issuance of the Consolidated Financial Statements

Corporate Information

Philippine Seven Corporation (the Company or PSC) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on November 24, 1982. The Company and its subsidiaries (collectively referred to as the “Group”), are primarily engaged in the business of retailing, merchandising, buying, selling, marketing, importing, exporting, franchising, acquiring, holding, distributing, warehousing, trading, exchanging or otherwise dealing in all kinds of grocery items, dry goods, food or foodstuff, beverages, drinks and all kinds of consumer needs or requirements and in connection therewith, operating or maintaining warehouses, storages, delivery vehicles and similar or incidental facilities. The Group is also engaged in the management, development, sale, exchange, and holding for investment or otherwise of real estate of all kinds, including buildings, houses and apartments and other structures.

The Company is controlled by President Chain Store (Labuan) Holdings, Ltd., an investment holding company incorporated in Malaysia, which owns 51.56% of the Company’s outstanding shares. The remaining 48.44% of the shares are widely held. The ultimate parent of the Company is President Chain Store Corporation (PCSC), which is incorporated in Taiwan, Republic of China.

The Company has its primary listing on the Philippine Stock Exchange. As at December 31, 2015 and 2014, the Company has 630 and 640 equity holders, respectively.

The registered business address of the Company is 7th Floor, The Columbia Tower, Ortigas Avenue, Mandaluyong City.

Authorization for Issuance of the Consolidated Financial Statements

The consolidated financial statements were authorized for issue by the Board of Directors (BOD) on February 18, 2016.

2. Summary of Significant Accounting Policies and Financial Reporting Practices

Basis of Preparation

The consolidated financial statements are prepared under the historical cost basis, except for parcels of land, which are carried at revalued amount. The consolidated financial statements are presented in Philippine Peso (Peso), which is the Group’s functional currency and all amounts are rounded to the nearest Peso except when otherwise indicated.

Statement of Compliance

The consolidated financial statements are prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amendments and improvements to standards effective starting January 1, 2015. The adoption did not have any significant impact on the Group's consolidated financial statements.

- Amendments to Philippine Accounting Standards (PAS) 19, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Annual Improvements to PFRSs (2010–2012 Cycle)
 - PFRS 2, *Share-based Payment – Definition of Vesting Condition*
 - PFRS 3, *Business Combinations – Accounting for Contingent Consideration in a Business Combination*
 - PFRS 8, *Operating Segments – Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
 - PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets – Revaluation Method – Proportionate Restatement of Accumulated Amortization*
 - PAS 24, *Related Party Disclosures – Key Management Personnel*
- Annual Improvements to PFRSs (2011–2013 Cycle)
 - PFRS 3, *Business Combinations – Scope Exceptions for Joint Arrangements*
 - PFRS 13, *Fair Value Measurement – Portfolio Exception*
 - PAS 40, *Investment Property*

New Accounting Standards, Interpretations and Amendments to Existing Standards Effective Subsequent to December 31, 2015

The Group will adopt the following PFRS when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these standards to have significant impact on its financial statements.

Deferred

- Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC) 15, *Agreements for the Construction of Real Estate*

This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the consolidated financial statements of the Group.

Effective January 1, 2016

- PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures* – Investment Entities: Applying the Consolidation Exception (Amendments)
These amendments clarify that the exemption in PFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity that measures all of its subsidiaries at fair value and that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity parent is consolidated. The amendments also allow an investor (that is not an investment entity and has an investment entity associate or joint venture), when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments are effective for annual periods beginning on or after January 1, 2016. These amendments are not applicable to the Group since none of the entities within the Group is an investment entity nor does the Group have investment entity associates or joint venture.
- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments)
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.
- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests* (Amendments)
The amendments to PFRS 11 require a joint operator that is accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business (as defined by PFRS 3), to apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.
- PAS 1, *Presentation of Financial Statements* – Disclosure Initiative (Amendments)
The amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in PFRS. They clarify the following:
 - That entities shall not reduce the understandability of their financial statements by either obscuring material information with immaterial information; or aggregating material items that have different natures or functions;
 - That specific line items in the statement of income and other comprehensive income and the balance sheet may be disaggregated;

- That entities have flexibility as to the order in which they present the notes to financial statements; and,
- That the share of other comprehensive income of associate and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Early application is permitted and entities do not need to disclose that fact as the amendments are considered to be clarifications that do not affect an entity's accounting policies or accounting estimates. The Group is currently assessing the impact of these amendments on its financial statements.

- **PFRS 14, *Regulatory Deferral Accounts***
PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the balance sheet and present movements in these account balances as separate line items in the statement of income and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Group is an existing PFRS preparer, this standard would not apply.
- **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 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 noncurrent assets.

- 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 for continuing involvement in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.
 - PFRS 7 - *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.
 - PAS 19, *Employee Benefits – Regional Market Issue Regarding Discount Rate*
This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
 - PAS 34, *Interim Financial Reporting – Disclosure of Information ‘Elsewhere in the Interim Financial Report’*
The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective January 1, 2018

- *PFRS 9, Financial Instruments*

In July 2014, the IASB issued the final version of International Financial Reporting Standard (IFRS) 9, *Financial Instruments*. The new standard (renamed as PFRS 9) reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Early application of previous versions of PFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The Group did not early adopt PFRS 9.

The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Group's financial liabilities. The adoption will also have an effect on the Group's application of hedge accounting and on the amount of its credit losses. The Group is currently assessing the impact of adopting this standard.

Standards issued by the IASB but not yet adopted locally by SEC and FRSC

- *IFRS 15, Revenue from Contracts with Customers*

IFRS 15 was issued in May 2014 by the IASB and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption is permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

- *IFRS 16, Leases*

On January 13, 2016, the IASB issued its new standard, IFRS 16, *Leases*, which replaces International Accounting Standards (IAS) 17, the current leases standard, and the related Interpretations.

Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with IAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheet, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under IAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

The new standard is effective for annual periods beginning on or after January 1, 2019. Entities may early adopt IFRS 16 but only if they have also adopted IFRS 15. When adopting IFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs. The Group is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date once adopted locally.

The Group continues to assess the impact of the above new and amended accounting standards and interpretations effective subsequent to the December 31, 2015 consolidated financial statements. Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and 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
- The Group's voting rights and potential voting rights

The Group reassesses 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 Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Company loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the Company's share of components previously recognized in other comprehensive income (OCI) to profit or loss or retained earnings, as appropriate, as would be required if the Company had directly disposed of the related assets or liabilities

The consolidated financial statements include the accounts of the Company and the following wholly owned subsidiaries:

	Country of Incorporation	Principal Activity	Percentage of Ownership
Convenience Distribution, Inc. (CDI)	Philippines	Warehousing and Distribution	100%
Store Sites Holding, Inc. (SSHI)	Philippines	Holding	100%

SSHI's capital stock, which is divided into 40% common shares and 60% preferred shares, are owned by the Company and by Philippine Seven Corporation-Employees Retirement Plan (PSC-ERP) through its trustee, Bank of the Philippines Islands-Asset Management and Trust Group (BPI-AMTG), respectively. These preferred shares which accrue and pay guaranteed preferred dividends and are redeemable at the option of the holder are recognized as a financial liability in accordance with PFRS (see Note 15). The Company owns 100% of SSHI's common shares, which, together with common key management, gives the Company control over SSHI.

The financial statements of the subsidiaries are prepared for the same financial reporting period as the Company, using uniform accounting policies. Intercompany transactions, balances and unrealized gains and losses are eliminated in full.

Cash

Cash includes cash on hand and in banks. Cash in banks earn interest at the prevailing bank deposit rates.

Financial Instruments

The Group recognizes a financial asset or a financial liability in the consolidated balance sheet when it becomes a party to the contractual provisions of the instrument.

Initial Recognition and Measurement

Financial assets and financial liabilities are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial assets and financial liabilities, except for financial instruments measured at fair value through profit or loss (FVPL).

All regular way purchases and sales of financial assets are recognized on the trade date, i.e., the date the Group commits to purchase or sell the financial asset. Regular way purchases or sales of financial assets require delivery of assets within the time frame generally established by regulation in the market place.

The Group classifies its financial assets as financial assets at FVPL, held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets or loans and receivables. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or other financial liabilities. The classification depends on the purpose for which the financial assets and financial liabilities were acquired. Management determines the classification at initial recognition and, where allowed and appropriate, re-evaluates classification at every balance sheet date.

As at December 31, 2015 and 2014, the Group's financial instruments include loans and receivables and other financial liabilities.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets at FVPL, HTM investments or AFS financial assets. After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment. The amortization is included as part of interest income in the consolidated statement of comprehensive income. Losses arising from impairment are recognized in the consolidated statement of comprehensive income. Loans and receivables are classified as current assets if maturity is within 12 months from balance sheet date. Otherwise, these are classified as noncurrent assets.

The Group's loans and receivables consists of cash, short-term investment, receivables and deposits (excluding rent deposits which are non-refundable) as at December 31, 2015 and 2014 (see Notes 4, 5, 9 and 10).

Other Financial Liabilities

This category pertains to financial liabilities that are neither held-for-trading nor designated as at FVPL upon the inception of the liability. Other financial liabilities are subsequently carried at amortized cost, taking into account the impact of applying the effective interest rate method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

Other financial liabilities are classified as current liabilities if maturity is within the normal operating cycle of the Company and it does not have unconditional right to defer settlement of the liability for at least 12 months from balance sheet date. Otherwise, these are classified as noncurrent liabilities.

The Group's other financial liabilities consist of bank loans, long-term debt, accounts payable and accrued expenses, other current liabilities (excluding statutory liabilities), and cumulative redeemable preferred shares as at December 31, 2015 and 2014 (see Notes 11, 12, 13 and 15).

Classification of Financial Instruments Between Liability and Equity

A financial instrument is classified as liability 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.

Fair Value Measurement

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

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

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

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

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

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

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

“Day 1” Difference

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

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet 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.

Impairment of Financial Assets

The Group assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired.

Financial Assets Carried at Amortized Cost

The Group first assesses whether objective evidence of impairment exists for financial assets that are individually significant and collectively for financial assets that are not individually significant. Objective evidence includes observable data that comes to the attention of the Group about loss events such as but not limited to significant financial difficulty of the counterparty, a breach of contract, such as a default or delinquency in interest or principal payments, probability that the borrower will enter bankruptcy or other financial reorganization. If it is determined that no objective evidence of impairment exists for an individually or collectively assessed financial asset, whether significant or not, the asset is included in the group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continue to be recognized are not included in a collective assessment of impairment. The impairment assessment is performed at each balance sheet date. For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics such as customer type, payment history, past-due status and term.

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of impairment loss is measured as the difference between the financial asset’s carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced by the impairment loss, which is recognized in profit or loss.

Loans and receivables, together with the related allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized. 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 profit or loss to the extent that the carrying value of the asset does not exceed what its amortized cost would have been had the impairment not been recognized at the date the impairment is reversed .

Derecognition of Financial Assets and Liabilities

Financial Assets

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognized (i.e., removed from the Group's consolidated balance sheets) when:

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

Where the Group has transferred its rights to receive cash flows from an asset or has entered in to pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Financial Liabilities

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

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

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated balance sheet based on current/concurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Inventories

Inventories are stated at the lower of cost and net realizable value (NRV). Cost of inventories is determined using the first-in, first-out method. NRV is the selling price in the ordinary course of business, less the estimated cost of marketing and distribution.

Prepayments and Other Current Assets

Prepayments and other current assets are primarily comprised of advances to suppliers, deferred input value-added tax (VAT), prepaid rent and prepaid store expenses. Prepayments and other current assets that are expected to be realized for no more than 12 months after the balance sheet date are classified as current assets; otherwise, these are classified as other noncurrent assets. These are recorded as assets and expensed when utilized or expired.

Advances to suppliers are down payments for acquisitions of property and equipment not yet received. Once the property and equipment are received, the asset is recognized together with the corresponding liability. These are stated at cost less any impairment in value.

Property and Equipment

Property and equipment, except for land, are carried at cost less accumulated depreciation and amortization, and any impairment in value.

The initial cost of property and equipment consists of its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the assets have been put into operation, such as repairs and maintenance and overhaul costs, are recognized in profit or loss in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of the assets.

Construction in-progress includes cost of construction and other direct costs and is stated at cost less any impairment in value. Construction in-progress is not depreciated until such time the relevant assets are completed and put into operational use.

Depreciation and amortization commence once the assets are available for use. It ceases at the earlier of the date that it is classified as noncurrent asset held-for-sale and the date the asset is derecognized.

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

	Years
Buildings and improvements	10 to 12
Store furniture and equipment	5 to 10
Office furniture and equipment	3 to 5
Transportation equipment	3 to 5
Computer equipment	3

Leasehold improvements are amortized over the estimated useful life of the improvements, ranging from five to ten years, or the term of the lease, whichever is shorter.

The assets' estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property and equipment. When assets are retired or otherwise disposed of, the cost or revalued amount and the related accumulated depreciation and amortization and any impairment in value are removed from the accounts and any resulting gain or loss is recognized in profit or loss. The revaluation increment in equity relating to the revalued asset sold is transferred to retained earnings.

Fully depreciated assets are retained in the books until disposed.

Land is carried at revalued amount less any impairment in value. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the financial reporting period. When the fair value of a revalued land differs materially from its carrying amount, a further revaluation is required.

A revaluation surplus is recorded in OCI and credited to the "Revaluation increment on land - net of deferred income tax liability" account in equity. However, to the extent that the Group reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in profit or loss. A revaluation deficit is recognized in the profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in "Revaluation increment on land - net of deferred income tax liability" account in equity.

Deposits

Deposits are amounts paid as guarantee in relation to noncancelable lease agreements entered into by the Group. These deposits are recognized at cost and can be refunded or applied to future billings.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and any accumulated impairment loss, if any. Internally-generated intangible assets, if any, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and amortization method for an intangible asset with a finite useful life is reviewed at least at each balance sheet date. Changes in the expected useful life 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 lives is recognized in profit or loss in the expense category consistent with the function of the intangible asset. Intangible assets with indefinite useful lives are tested for impairment annually at the cash generating unit (CGU) level and are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite useful 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. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Software and Program Cost

Software and program cost, which are not specifically identifiable and integral to a specific computer hardware, are shown under “Goodwill and other noncurrent assets” account in the consolidated balance sheet. These are carried at cost, less accumulated amortization and any impairment in value. Amortization is computed on a straight-line method over their estimated useful life of five years.

Goodwill

Goodwill, included in “Goodwill and other noncurrent assets” account in the consolidated balance sheet, represents the excess of the cost of an acquisition over the fair value of the businesses acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill are tested for impairment annually at the CGU level and are not amortized.

Impairment of Non-financial Assets

The Group assesses at each balance sheet date whether there is an indication that its non-financial assets such as property and equipment, rent deposits and intangible assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or CGU’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. For land, the asset’s recoverable amount is the higher of the land’s net selling price, which may be obtained from its sale in an arm’s-length transaction, and its value in use. For goodwill, the asset’s recoverable amount is its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. Impairment losses, if any, are recognized in profit or loss, except for revalued land when revaluation was taken to OCI. In this case, the impairment is also recognized in OCI up to the amount of any previous revaluation.

For non-financial assets, excluding goodwill, an assessment is made at each balance sheet 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 previous years. Such reversal is recognized in profit or loss, unless the asset is carried at revalued amount,

in which case, the reversal is treated as a revaluation increase. After such reversal, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Goodwill is reviewed for impairment, annually or more frequently if event or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the CGU or group of CGUs to which the goodwill relates. Where the recoverable amount of the CGU or group of CGUs is less than the carrying amount of the CGU or group of CGUs to which goodwill has been allocated, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Deposits Payable

Deposits payable are amounts received from franchisees, store operators and sublessees as guarantee in relation to various agreements entered into by the Group. These deposits are recognized at cost and payable or applied to future billings.

Cumulative Redeemable Preferred Shares

Cumulative redeemable preferred shares that exhibit characteristics of a liability is recognized as a financial liability in the consolidated balance sheet, net of transaction cost. The corresponding dividends on those shares are charged as interest expense in profit or loss.

Deferred Revenue

Deferred revenue is recognized for cash received for income not yet earned. Deferred revenue is recognized as revenue over the life of the revenue contract or upon delivery of goods or services.

Equity

Common Stock

Common stock is measured at par value for all shares issued and outstanding.

Additional Paid-in Capital

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

Retained Earnings

Retained earnings represent the cumulative balance of periodic net income or loss and changes in accounting policy. When the retained earnings account has a debit balance, it is called "deficit." A deficit is not an asset but a deduction from equity.

Stock Dividends

Stock dividends are distribution of the earnings in the form of own shares. When stock dividends are declared, the amount of stock dividends is transferred from retained earnings to capital stock.

Treasury Stock

Treasury stock is stated at acquisition cost and is deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Group's own equity instruments.

OCI

OCI comprises of items of income and expenses that are not recognized in profit or loss as required or permitted by other PFRS. The Group's OCI pertains to actuarial gains and losses from retirement benefits and revaluation increment on land which are recognized in full in the period in which they occur.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. The Group has assessed its revenue arrangements against the criteria enumerated under PAS 18, *Revenue Recognition*, and concluded that it is acting as principal in all arrangements, except for its sale of consigned goods. The following specific recognition criteria must also be met before revenue is recognized:

Merchandise Sales

Revenue from merchandise sales is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue is measured at the fair value of the consideration received, excluding discounts, returns, rebates and sales taxes.

The Group operates a customer loyalty programme, Every Day! Rewards, which allows customers to accumulate points when they purchase products in the stores. The points can be redeemed for free products, subject to a minimum number of points being obtained.

Consideration received is allocated between the products sold and the points issued, with the consideration allocated to the points equal to their fair value. Fair value of the points is equal to the retail value of the products that can be redeemed multiplied by the redemption rate. The fair value of the points issued is deferred (included as part of "Other current liabilities" account in the consolidated balance sheet) and recognized as revenue when the points are redeemed.

Franchise

Franchise fee is recognized upon execution of the franchise agreement and performance of initial services required under the franchise agreement. Franchise revenue is recognized in the period earned.

Marketing

Marketing income is recognized when service is rendered. In case of marketing support funds, revenue is recognized upon start of promotional activity for the suppliers.

Rental

Rental income is accounted for on a straight-line basis over the term of the lease.

Commission

Commission income is recognized upon the sale of consigned goods.

Interest

Interest income is recognized as it accrues based on the effective interest rate method.

Other Income

Other income is recognized when there are incidental economic benefits, other than the usual business operations, that will flow to the Group and can be measured reliably.

Costs and Expenses Recognition

Costs of merchandise sold are recognized in profit or loss at the point of sale. Expenses are recognized in profit or loss upon utilization of the services or when they are incurred.

Retirement Benefits

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the financial 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.

Net retirement benefits cost comprises the following:

- 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 profit or loss.

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 OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss 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.

Leases

Finance leases, which transfer to the lessee substantially all the risks and rewards of ownership of the asset, are capitalized at the inception 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 the interest income and reduction of the lease receivable so as to achieve a constant rate of interest on the remaining balance of the receivable. Interest income is recognized directly in profit or loss.

Leases where the lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating leases are recognized as an expense in profit or loss on a straight-line basis over the lease term.

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

- a. there is a change in contractual terms, other than a renewal or extension of the arrangement; or
- b. a renewal option is exercised or extension is granted, unless the term of the renewal or extension was initially included in the lease term; or
- 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 circumstance gave rise to the reassessment for scenarios (a), (c) or (d) above, and the date of renewal or extension for scenario (b).

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign Currency-denominated Transactions

The consolidated financial statements are presented in Philippine Peso, which is the Parent Company's functional and presentation currency. All subsidiaries evaluate their primary economic and operating environment and determine their functional currency. Transactions in foreign currency are initially recorded at the exchange rate at the date of transaction. Outstanding foreign currency-denominated monetary assets and liabilities are translated using the applicable exchange rate at balance sheet date. Exchange differences arising from translation of foreign currency monetary items at rates different from those at which they were originally recorded are recognized in profit or loss.

Taxes

Current Income Tax

Current income 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 have been enacted or substantively enacted at the balance sheet date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred Income Tax

Deferred income tax is provided, using the liability method, on all temporary differences at balance sheet 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 and carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT), and unused net operating loss carry over (NOLCO), to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of MCIT over RCIT and 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 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 taxable profit will be available against which the temporary differences can be utilized.

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

Deferred income tax assets and liabilities are measured at tax rates that are expected to apply to the year 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 at the end of the reporting period.

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred income 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 offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

VAT

Input VAT is the 12% indirect tax paid by the Group in the course of the Group's trade or business on local purchase of goods or services, including lease or use of property, from a VAT-registered entity. For acquisition of capital goods over ₱1,000,000, the related input taxes are deferred and amortized over the useful life of the asset or 60 months, whichever is shorter, commencing on the date of acquisition. Deferred input VAT which is expected to be utilized for more than 12 months

after the balance sheet date is included under “Goodwill and other noncurrent assets” account in the consolidated balance sheet.

Output VAT pertains to the 12% tax due on the sale of merchandise and lease or exchange of taxable goods or properties or services by the Group.

If at the end of any taxable month the output VAT exceeds the input VAT, the excess shall be paid by the Group. Any outstanding balance is included under “Other current liabilities” account in the consolidated balance sheet. If the input VAT exceeds the output VAT, the excess shall be carried over to the succeeding month or months. Excess input VAT is included under “Prepayments and other current assets” account in the consolidated balance sheet. Input VAT on capital goods may, at the option of the Group, be refunded or credited against other internal revenue taxes, subject to certain tax laws.

Revenue, expenses and assets are recognized net of the amount of VAT.

Earnings Per Share

Basic earnings per share is calculated by dividing the net income or for the year attributable to common shareholders by the weighted average number of shares outstanding during the year, excluding treasury shares.

Diluted earnings per share is calculated by dividing the net income for the year attributable to common shareholders by the weighted average number of shares outstanding during the year, excluding treasury shares and adjusted for the effects of all potential dilutive common shares, if any.

In determining both the basic and diluted earnings per share, the effect of stock dividends, if any, is accounted for retrospectively.

Segment Reporting

Operating segments are components of an entity for which separate financial information is available and evaluated regularly by management in deciding how to allocate resources and assessing performance. The Group considers the store operation as its primary activity and its only business segment. Franchising, renting of properties and commissioning on bills payment services are considered an integral part of the store operations.

Provisions

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 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. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. When the Group expects a provision or loss to be reimbursed, there imbursement is recognized as a separate asset only when the reimbursement is virtually certain and its amount is estimable. The expense relating to any provision is presented in profit or loss, net of any reimbursement.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefit is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements.

Events after the Balance Sheet Date

Post year-end events that provide additional information about the Group's position at the balance sheet date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are non-adjusting events are disclosed in the notes to the consolidated financial statements when material.

3. Use of Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and notes. The judgments, estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at balance sheet date. Future events may occur which can cause the assumptions used in arriving at those judgments, estimates and assumptions to change. The effects of any changes will be reflected in the consolidated financial statements of the Group as they become reasonably determinable.

Judgments

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 amounts recognized in the consolidated financial statements:

Determination of Functional Currency

Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency of the Group has been determined to be the Philippine Peso. The Philippine Peso is the currency of the primary economic environment in which the Group operates. It is the currency that mainly influences the revenue, costs and expenses of the Group.

Classification of Financial Instruments

The Group classifies a financial instrument, or its components, on initial recognition as a financial asset, liability or equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, liability or equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated balance sheet.

Financial assets are classified as financial assets at FVPL, HTM investments, AFS financial assets and loans and receivables. Financial liabilities, on the other hand, are classified as financial liabilities at FVPL and other financial liabilities.

The Group classifies the cumulative redeemable preferred shares as liability in accordance with the redemption features contained in the shareholders agreement (see Note 15). The cumulative redeemable preferred shares are redeemable at the option of the holder.

The Group determines the classification at initial recognition and, where allowed and appropriate, re-evaluates this classification at every balance sheet date.

The Group's financial instruments consist of loans and receivables and other financial liabilities (see Note 30).

Classification of Leases

a. Finance lease as lessor

The Group entered into a sale and leaseback transaction with an armored car service provider where it has determined that the risks and rewards related to the armored vehicles leased out will be transferred to the lessee at the end of the lease term. As such, the lease agreement was accounted for as a finance lease (see Note 26).

b. Operating lease as lessee

The Group entered into various property leases, where it has determined that the risks and rewards related to the properties are retained with the lessors. As such, the lease agreements were accounted for as operating leases (see Note 26).

c. Operating lease as lessor

The Group entered into property subleases on its leased properties. The Group determined that it retains all the significant risks and rewards of these properties which are leased out on operating leases (see Note 26).

Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities follow:

Determination of Fair Values

The fair value for financial instruments traded in active markets at the balance sheet date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and ask prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which observable market prices exist, options pricing models, and other relevant valuation models.

Note 29 presents the fair values of the financial instruments and the methods and assumptions used in estimating their fair values.

Impairment of Loans and Receivables

The Group reviews its loans and receivables at each balance sheet date to assess whether a provision for impairment should be recognized in profit or loss or loans and receivables balance should be written off. 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. Moreover, management evaluates the presence of objective evidence of impairment which includes observable data that comes to the attention of the Group about loss events such as but not limited to significant financial difficulty of the

counterparty, a breach of contract, such as a default or delinquency in interest or principal payments, probability that the borrower will enter bankruptcy or other financial re-organization.

In addition to specific allowances 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 takes into consideration the credit risk characteristics such as customer type, payment history, past due status and term.

The carrying value of loans and receivables amounted to ₱1,857,374,371 and ₱2,027,780,292 as at December 31, 2015 and 2014, respectively (see Notes 4, 5, 9, 10 and 30). Allowance for impairment on loans and receivables amounted to ₱24,435,395 and ₱18,960,182 as at December 31, 2015 and 2014 (see Note 5). Provision for impairment amounted to ₱5,742,310, nil and ₱12,671,486 in 2015, 2014 and 2013, respectively (see Note 19).

Decline in Inventory Value

Provisions are made for inventories whose NRV are lower than their carrying cost. This entails determination of replacement costs and costs necessary to make the sale. The estimates are based on a number of factors, such as but not limited to the age, status and recoverability of inventories.

The carrying value of inventories amounted to ₱1,568,498,726 and ₱1,165,094,076 as at December 31, 2015 and 2014, respectively (see Note 6). No provisions for decline in inventory value were recognized in 2015, 2014 and 2013.

Impairment of Non-financial Assets Other than Goodwill

The Group assesses whether there are any indicators of impairment for all non-financial assets, other than goodwill, at each balance sheet date. These non-financial assets (property and equipment, rent deposits, and software and program cost) are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:

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

As at December 31, 2015 and 2014, the Group has not identified any indicators or circumstances that would indicate that the Group's property and equipment, rent deposits and software and program cost are impaired. Thus, no impairment losses on these non-financial assets were recognized for the years ended December 31, 2015, 2014 and 2013.

The carrying values of these non-financial assets are as follows:

	2015	2014
Property and equipment (Note 8)	₱4,753,670,268	₱3,558,089,998
Rent deposits (Note 9)	415,821,916	324,638,850
Software and program cost (Note 10)	2,524,677	3,477,680

Estimation of Useful Lives of Property and Equipment and Software and Program Cost

The Group estimates the useful lives of its property and equipment and software and program cost based on a period over which the assets are expected to be available for use and on collective assessment of industry practices, internal evaluation and experience with similar arrangement. The estimated useful lives of property and equipment and software and program cost are revisited at the end of each financial reporting period and updated if expectations differ materially from previous estimates.

Property and equipment, net of accumulated depreciation and amortization, amounted to ₱4,753,670,268 and ₱3,558,089,998 as at December 31, 2015 and 2014, respectively (see Note 8). The carrying amounts of software and program cost amounted to ₱2,524,677 and ₱3,477,680 as at December 31, 2015 and 2014, respectively (see Note 10).

Revaluation of Land

The Group's parcels of land are carried at revalued amounts, which approximate its fair values at the date of the revaluation, less any subsequent accumulated impairment losses. The valuations of land are performed by independent appraisers. Revaluations are made every two to five years or more frequently as necessary, to ensure that the carrying amounts do not differ materially from those which would be determined using fair values at balance sheet date.

The last appraisal made on the Group's parcels of land was in June 2014, where it resulted to an additional appraisal increase of ₱15,289,400, net of ₱6,552,600 deferred income tax liability. The carrying amount of land amounted to ₱66,323,000 as at December 31, 2015 and 2014 (see Note 8).

Impairment of Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the CGUs to which the goodwill is allocated. Estimating the value in use amount requires management to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Based on the assessment made by the Group, there is no impairment of goodwill as the recoverable amount of the CGUs exceeds the carrying amount of the unit, including goodwill as at December 31, 2015 and 2014. The carrying value of goodwill amounted to ₱65,567,524 as at December 31, 2015 and 2014 (see Note 10). No impairment losses were recognized in 2015, 2014 and 2013.

Estimation of Retirement Benefits

The net retirement benefits cost and the present value of retirement obligations 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 financial reporting date.

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. Future salary increases and pension increases are based on expected future inflation rates.

The Group's net retirement obligations amounted to ₱100,870,628 and ₱100,404,074 as at December 31, 2015 and 2014, respectively (see Note 24). Retirement benefits cost amounted to ₱23,029,230, ₱19,867,370 and ₱16,858,692 in 2015, 2014 and 2013, respectively (see Notes 23 and 24).

Provisions and Contingencies

The Group has pending legal cases in the ordinary course of business. The Group's estimate of the probable costs for the resolution of these legal cases has been developed in consultation with in-house and outside legal counsels and is based upon the analysis of the potential outcomes. It is possible, however, that future results of operations could be affected by changes in the estimates or in the effectiveness of strategies relating to these proceedings.

As at December 31, 2015 and 2014, the Group has provisions amounting to ₱22,718,853 and ₱8,718,853, respectively, and is reported as part of "Others" under "Accounts payable and accrued expenses" account in the consolidated balance sheets (see Note 12). Provisions and contingencies are further explained in Note 34.

Realizability of Deferred Income Tax Assets

Deferred income tax assets are recognized for all temporary deductible differences to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences can be utilized. Management has determined based on business forecast of succeeding years that there is enough taxable profits against which the recognized deferred income tax assets will be realized.

The Group's recognized deferred income tax assets amounted to ₱102,693,630 and ₱95,008,691 as at December 31, 2015 and 2014, respectively (see Note 27).

4. **Cash and Short-Term Investment**

	2015	2014
Cash on hand	₱289,636,424	₱174,433,643
Cash in banks	586,341,649	1,067,252,100
	₱875,978,073	₱1,241,685,743

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

As at December 31, 2015 and 2014, short-term investment amounting to ₱10,983,401 and ₱10,884,130, respectively, pertains to time deposit which has a maturity date of more than 90 days.

Interest income from savings and deposits accounts and short-term investment amounted to ₱3,510,087, ₱2,545,822 and ₱4,298,717 in 2015, 2014 and 2013, respectively (see Note 22).

5. Receivables

	2015	2014
Suppliers	₱408,935,881	₱159,162,156
Franchisees (Note 32)	329,329,550	403,074,403
Employees	30,389,608	17,206,304
Store operators	3,983,205	12,048,431
Rent	2,007,087	5,363,909
Due from PhilSeven Foundation, Inc. (PFI) (Note 25)	4,088,483	3,525,452
Lease receivable - net of unearned interest income amounting to nil and 5,773 as at December 31, 2015 and 2014, respectively (Note 26)	3,747,773	3,742,000
Insurance receivable	1,192,091	1,155,417
Notes receivable	990,917	990,917
Others	7,030,373	2,078,334
	791,694,968	608,347,323
Less allowance for impairment	24,435,395	18,960,182
	₱767,259,573	₱589,387,141

The classes of receivables of the Group are as follows:

- Suppliers - pertains to receivables from the Group's suppliers for display allowances, annual volume discount and commission income from different service providers.
- Franchisees - pertains to receivables for the inventory loans obtained by the franchisees at the start of their store operations and charges for various expenses such as rent and utilities.
- Employees - includes car loans, salary loans and cash shortages from stores which are charged to employees. Interest earned on receivable from employees amounted to nil, ₱13,660 and ₱17,037 in 2015, 2014 and 2013, respectively (see Note 22).
- Store operators - pertains to the advances given to third party store operators under service agreements (see Note 32).
- Rent - pertains to receivables from sublease agreements with third parties, which are based on an agreed fixed monthly rate or as agreed upon by the parties.
- Lease receivable - pertains to a five-year sale and leaseback finance lease agreement entered by the Company with an armored car service provider (see Note 26).
- Notes receivable - pertains to a receivable from a third party borrower evidenced by a written promise of payment with a five-year term maturing on January 31, 2015. Unamortized discount amounted to nil in 2015 and 2014. Accretion of interest income amounted to nil, ₱37,165 and ₱123,182 in 2015, 2014 and 2013, respectively (see Note 22).

Receivables are noninterest-bearing and are generally on 30 to 90 day terms except for loans to employees, lease receivable and notes receivable with annual interest rates of 10.00%, 7.00% and 6.32%, respectively (see Note 26).

Impairment on receivables is based on individual and collective assessment of accounts. Movements in allowance for impairment are as follows:

	2015				
	Beginning balances	Provision for the year (Note 19)	Write-off	Reversal	Ending balances
Suppliers	P15,565,934	P5,742,310	P-	P-	P21,308,244
Franchisees	214,342	-	-	-	214,342
Employees	539,921	-	-	-	539,921
Store operators	365,801	-	-	-	365,801
Rent	2,274,184	-	-	(267,097)	2,007,087
Total	P18,960,182	P5,742,310	P-	(P267,097)	P24,435,395

	2014				
	Beginning balances	Provision for the year (Note 19)	Write-off	Reversal	Ending balances
Suppliers	P15,565,934	P-	P-	P-	P15,565,934
Franchisees	214,342	-	-	-	214,342
Employees	539,921	-	-	-	539,921
Store operators	365,801	-	-	-	365,801
Rent	2,274,184	-	-	-	2,274,184
Total	P18,960,182	P-	P-	P-	P18,960,182

6. Inventories

	2015	2014
At cost (Note 18):		
Warehouse merchandise	P910,485,903	P716,772,116
Store merchandise	658,012,823	448,321,960
	P1,568,498,726	P1,165,094,076

No inventories are pledged nor treated as security to outstanding liabilities as at December 31, 2015 and 2014.

7. Prepayments and Other Current Assets

	2015	2014
Current portion of:		
Deferred input VAT	P158,318,201	P99,572,933
Deferred lease (Notes 10 and 26)	3,646,778	3,554,358
Prepaid:		
Rent	109,315,676	133,107,466
Store expenses	27,653,626	33,469,093
Uniform	4,451,884	1,531,177
Taxes	182,553	8,987,076
Repairs and maintenance	-	46,294
Others	15,706,447	8,014,104

(Forward)

	2015	2014
Advances to suppliers	P47,053,657	P33,409,032
Advances for expenses	41,742,009	25,820,535
Supplies	4,691,537	5,810,873
Dues and subscription	-	706,584
Others (Note 30)	13,288,330	4,367,005
	P426,050,698	P358,396,530

Deferred input VAT pertains to the input VAT on the acquisition of capital goods over P1,000,000 which are being amortized over the useful life or 60 months, whichever is shorter, commencing on the date of acquisition.

8. Property and Equipment

Movements in property and equipment are as follows:

	2015								Total
	At Cost								
	Land- at Revalued Amount	Buildings and Improvements	Store Furniture and Equipment	Office Furniture and Equipment	Transportation Equipment	Computer Equipment	Leasehold Improvements	Construction In-Progress	
Cost/Revalued Amount									
Beginning balances	P66,323,000	P156,326,344	P2,897,637,390	P956,106,238	P52,347,579	P298,187,598	P1,713,536,550	P185,123,564	P6,325,588,263
Additions	-	-	1,208,723,010	353,225,388	10,655,186	85,046,116	139,543,624	490,623,580	2,287,816,904
Retirements	-	-	(56,872,570)	(32,653,584)	(1,537,731)	(5,496,981)	(69,185,144)	-	(165,746,010)
Reclassifications	-	-	-	-	-	-	397,055,343	(397,055,343)	-
Revaluation increment	-	-	-	-	-	-	-	-	-
Ending balances	66,323,000	156,326,344	4,049,487,830	1,276,678,042	61,465,034	377,736,733	2,180,950,373	278,691,801	8,447,659,157
Accumulated Depreciation and Amortization									
Beginning balances	-	80,224,199	1,378,656,135	436,786,878	27,107,834	187,110,400	657,612,819	-	2,767,498,265
Depreciation and amortization (Note 19)	-	6,921,638	589,227,758	195,791,519	10,182,292	56,433,505	233,666,647	-	1,092,223,359
Retirements	-	-	(56,872,570)	(32,640,309)	(1,537,731)	(5,496,981)	(69,185,144)	-	(165,732,735)
Reclassifications	-	-	-	-	-	-	-	-	-
Ending balances	-	87,145,837	1,911,011,323	599,938,088	35,752,395	238,046,924	822,094,322	-	3,693,988,889
Net Book Values	P66,323,000	P69,180,507	P2,138,476,507	P676,739,954	P25,712,639	P139,689,809	P1,358,856,051	P278,691,801	P4,753,670,268

	2014								Total
	At Cost								
	Land- at revalued Amount	Buildings and Improvements	Store Furniture and Equipment	Office Furniture and Equipment	Transportation Equipment	Computer Equipment	Leasehold Improvements	Construction In-Progress	
Cost/Revalued Amount									
Beginning balances	P44,481,000	P118,154,849	P2,200,106,026	P763,055,302	P45,130,103	P244,985,364	P1,421,900,034	P95,198,923	P4,933,011,601
Additions	-	9,397,840	746,231,018	265,953,317	10,688,290	66,548,549	222,127,663	332,626,429	1,653,573,106
Retirements	-	-	(48,699,654)	(72,902,381)	(3,470,814)	(13,346,315)	(144,419,280)	-	(282,838,444)
Reclassifications	-	28,773,655	-	-	-	-	213,928,133	(242,701,788)	-
Revaluation increment	21,842,000	-	-	-	-	-	-	-	21,842,000
Ending balances	66,323,000	156,326,344	2,897,637,390	956,106,238	52,347,579	298,187,598	1,713,536,550	185,123,564	6,325,588,263
Accumulated Depreciation and Amortization									
Beginning balances	-	74,124,862	978,021,331	358,827,296	19,367,872	165,369,417	590,628,202	-	2,186,338,980
Depreciation and amortization (Note 19)	-	4,058,141	449,334,458	150,730,603	10,103,916	35,087,298	213,445,093	-	862,759,509
Retirements	-	-	(48,699,654)	(72,771,021)	(2,363,954)	(13,346,315)	(144,419,280)	-	(281,600,224)
Reclassifications	-	2,041,196	-	-	-	-	(2,041,196)	-	-
Ending balances	-	80,224,199	1,378,656,135	436,786,878	27,107,834	187,110,400	657,612,819	-	2,767,498,265
Net Book Values	P66,323,000	P76,102,145	P1,518,981,255	P519,319,360	P25,239,745	P111,077,198	P1,055,923,731	P185,123,564	P3,558,089,998

Construction in-progress pertains to costs of constructing new stores and renovation of old stores. Completion of construction and renovation is expected within three months to one year from construction date. The costs of constructed stores are accumulated until such time the relevant assets are completed and put into operational use.

In June 2014, the Group revalued its land with cost amounting to ₱39,866,864 at appraised value of ₱66,323,000, as determined by a professionally qualified independent appraiser. The additional appraisal increase of ₱15,289,400, net of ₱6,552,600 deferred income tax liability (see Note 27), resulting from the revaluation was credited to “Revaluation increment on land - net of deferred income tax liability” account under equity section of the consolidated balance sheets. The appraised value was determined using the market data approach, wherein the value of the land is based on sales and listings of comparable properties registered within the vicinity. Land is categorized under level 3 in the fair value hierarchy.

The cost of fully depreciated property and equipment that are still being used in operations amounted to ₱854,515,613 and ₱642,631,189 as at December 31, 2015 and 2014, respectively. No property and equipment are pledged nor treated as security to the outstanding liabilities as at December 31, 2015 and 2014.

9. Deposits

	2015	2014
Rent	₱415,821,916	₱324,638,850
Refundable (Notes 29 and 30)	85,525,747	75,964,346
Utilities (Notes 29 and 30)	69,522,572	53,374,427
Others (Notes 29 and 30)	7,479,457	6,551,174
	₱578,349,692	₱460,528,797

Refundable

Refundable deposits on rent are computed at amortized cost as follows:

	2015	2014
Face value of security deposits	₱116,605,505	₱112,684,321
Refunded	(3,390,502)	(7,785,736)
Unamortized discount	(27,689,256)	(28,934,239)
	₱85,525,747	₱75,964,346

Movements in unamortized discount are as follows:

	2015	2014
Beginning balance	₱28,934,239	₱18,628,980
Additions	2,264,413	13,353,716
Accretion (Note 22)	(3,509,396)	(3,048,457)
Ending balance	₱27,689,256	₱28,934,239

10. Goodwill and Other Noncurrent Assets

	2015	2014
Noncurrent portion of:		
Deferred input VAT	₱239,469,982	₱204,816,161
Prepaid rent	69,497,911	64,581,202
Receivable from franchisees (Note 32)	36,836,593	48,675,044
Deferred lease (Note 26)	18,968,629	21,762,365
Intangible assets:		
Goodwill	65,567,524	65,567,524
Software and program cost	2,524,677	3,477,680
Garnished accounts	5,937,064	7,945,958
Others	635,912	2,174,510
	₱439,438,292	₱419,000,444

Deferred Lease

Deferred lease pertains to “Day 1” loss recognized on refundable deposits on rent, which is amortized on a straight-line basis over the term of the related leases.

Movements in deferred lease are as follows:

	2015	2014
Beginning balance	₱25,316,723	₱14,240,643
Additions	2,264,413	13,353,716
Amortization (Note 26)	(4,965,729)	(2,277,636)
Ending balance	22,615,407	25,316,723
Less current portion (Note 7)	3,646,778	3,554,358
Noncurrent portion	₱18,968,629	₱21,762,365

Goodwill

On March 22, 2004, the Group purchased the leasehold rights and store assets of Jollimart Philippines Corporation (Jollimart) for a total consideration of ₱130,000,000. The excess of the acquisition cost over the fair value of the assets acquired was recorded as goodwill amounting to ₱70,178,892. In 2008, the Group recognized an impairment loss in goodwill amounting to ₱4,611,368.

The recoverable amount of the goodwill was estimated based on the value in use calculation using cash flow projections from financial budgets approved by senior management covering a five year period. The pre-tax discount rate applied to cash flow projections is 13.20% in 2015 and 12.70% in 2014. The cash flows beyond the five-year period are extrapolated using 2.00% and 3.00% growth rates in 2015 and 2014, respectively, which are the same as the long-term average growth rates for the retail industry.

No store acquired from Jollimart was closed in 2015 and 2014. In 2011, the Group has closed one store out of the 25 remaining stores it purchased from Jollimart. No impairment loss was recognized in 2015, 2014 and 2013.

Goodwill is allocated to the group of CGU which comprises the working capital and property and equipment of all the purchased stores’ assets.

Key assumptions used in value in use calculations in 2015 and 2014 follow:

a. Sales and Cost Ratio

Sales and cost ratio are based on average values achieved in the three years preceding the start of the budget period. These are increased over the budget period for anticipated efficiency improvements. Sales are projected to increase by 2.00% per annum in 2015 and 2014 while the cost ratio is set at 68.10% to 73.80% and 69.30% to 70.30% of sales per annum in 2015 and 2014, respectively.

b. Discount Rates

Discount rates reflect management's estimates of the risks specific to the CGU. Management computed for its weighted average cost of capital (WACC). In computing for its WACC, the following items were considered:

- Average high and low range of average bank lending rates as of year-end
- Yield on a 10-year Philippine zero coupon bond as of valuation date
- Market risk premium
- Company relevered beta
- Alpha risk

c. Growth Rate Estimates

Rates are based on average historical growth rate which is consistent with the expected average growth rate for the industry. Annual inflation and rate of possible reduction in transaction count were also considered in determining growth rates used.

Management recognized that unfavorable conditions could materially affect the assumptions used in the determination of value in use. An increase of 21.24% and 26.25% in the discount rates, or a reduction of growth rates by 17.10% and 13.00%, would give a value in use equal to the carrying amount of the CGU in 2015 and 2014, respectively.

Software and Program Cost

Movements in software and program cost are as follows:

	2015	2014
Cost:		
Beginning balance	₱19,118,180	₱17,871,180
Additions	-	1,247,000
Reclassification	(75,000)	-
Ending balance	19,043,180	19,118,180
Accumulated amortization:		
Beginning balance	15,640,500	14,984,895
Amortization (Note 19)	878,003	655,605
Ending balance	16,518,503	15,640,500
Net book value	₱2,524,677	₱3,477,680

Garnished Accounts

Garnished accounts pertain to the amount set aside by the Group, as required by the courts, in order to answer for litigation claims should the results be unfavorable to the Group.

11. Bank Loans and Long-term Debt

Bank Loans

Bank loans in 2015 and 2014 represent unsecured Philippine Peso-denominated short-term borrowings of PSC from various local banks, payable in lump-sum in 2016 and 2015, respectively, with annual interest rates ranging from 1.90% to 2.90% in 2015 and 2.00% to 2.50% in 2014, which are repriced monthly based on market conditions.

Movements in bank loans are as follows:

	2015	2014
Beginning balance	₱750,000,000	₱560,000,000
Availments	1,480,000,000	950,000,000
Payments	(1,080,000,000)	(760,000,000)
Ending balance	₱1,150,000,000	₱750,000,000

Interest expense from these bank loans amounted to ₱32,135,465, ₱16,060,038 and ₱16,033,270 in 2015, 2014 and 2013, respectively (see Note 21). Interest payable amounted to ₱1,456,250 and ₱800,000 as at December 31, 2015 and 2014, respectively (see Note 12).

Long-term Debt

Long-term debt availed in 2015 represent unsecured Philippine Peso-denominated borrowings of CDI from a local bank, payable in 20 quarterly equal payments until May 13, 2020. These borrowings bear interest rates ranging from 3.14% to 3.22% in 2015, subject to quarterly repricing based on market conditions.

Movements in long-term debt loans are as follows:

	2015
Availments	₱90,000,000
Payments	9,000,000
	81,000,000
Less current portion	18,000,000
Noncurrent portion	₱63,000,000

Interest expense from these borrowings amounted to ₱1,701,418 in 2015 and nil in 2014 and 2013 (see Note 21). Interest payable amounted to ₱142,214 and nil as at December 31, 2015 and 2014, respectively (see Note 12).

The proceeds of the bank loans and long-term debt were used for the operations of the Group.

12. Accounts Payable and Accrued Expenses

	2015	2014
Trade payable	₱1,826,297,820	₱2,031,839,981
Employee benefits	105,085,550	71,421,033
Utilities	96,576,822	90,223,127
Rent (Note 26)	75,616,440	65,729,071
Outsourced services	64,035,623	41,302,057
Repairs and maintenance	44,187,134	20,436,412
Bank charges	25,180,700	14,254,500
Security services	20,713,819	9,112,687
Advertising and promotion	2,846,192	41,339,695
Interest (Notes 11 and 15)	2,011,954	1,058,750
Others (Note 34)	103,569,342	58,443,400
	₱2,366,121,396	₱2,445,160,713

The trade suppliers generally provide 15 or 30-day credit terms to the Group. Prompt payment discounts ranging from 0.5% to 5.0% are given by a number of trade suppliers. All other payables are due within 3 months.

Others include provisions and accruals of various expenses incurred in the stores' operations.

13. Other Current Liabilities

	2015	2014
Non-trade accounts payable	₱743,739,171	₱410,511,377
Output VAT	145,484,516	74,165,095
Retention payable	113,676,477	81,784,397
Withholding taxes	51,317,633	43,688,935
Current portion of deferred revenue on:		
Exclusivity contract (Notes 16 and 32)	25,000,000	25,000,000
Customer loyalty programme	43,628,031	18,173,684
Finance lease (Note 26)	-	98,264
Royalty (Note 32)	24,323,677	19,330,605
Due to franchisees (Note 32)	18,341,605	128,356,232
Service fees payable	1,456,938	8,012,505
Others (Note 25)	57,553,594	44,601,544
	₱1,224,521,642	₱853,722,638

Non-trade accounts payable pertains to payable to suppliers of goods or services that forms part of general and administrative expenses. These are noninterest-bearing and are due within one year.

Retention payable pertains to the 10% of progress billings related to the construction of stores to be paid upon satisfactory completion of the construction.

Service fees payable pertains to management fee to store operators of service agreement stores computed based on a graduated percentage multiplied to stores' gross profit and is payable the following month.

14. Deposits Payable

	2015	2014
Franchisees (Note 32)	₱128,226,587	₱124,767,926
Service agreements (Note 32)	94,282,022	95,268,832
Rent	15,796,534	14,465,851
	₱238,305,143	₱234,502,609

15. Cumulative Redeemable Preferred Shares

Cumulative redeemable preferred shares, which are redeemable at the option of the holder, represent the share of PSC-ERP through its trustee, BPI-AMTG, in SSHI's net assets pertaining to preferred shares. PSC-ERP is entitled to an annual "Guaranteed Preferred Dividend" in the earnings of SSHI starting April 5, 2002, the date when the 25% of the subscription on preferred shares have been paid, in accordance with the Corporation Code.

The guaranteed annual dividends shall be calculated and paid in accordance with the Shareholder's Agreement dated November 16, 2000 which provides that the dividend shall be determined by the BOD of SSHI using the prevailing market conditions and other relevant factors. Further, the preferred shareholder shall not participate in the earnings of SSHI except to the extent of guaranteed dividends and whatever is left of the retained earnings will be declared as dividends in favor of common shareholders. Guaranteed preferred dividends included under "Interest expense" account in the consolidated statements of comprehensive income amounted to ₱154,740, ₱135,780 and ₱214,620 in 2015, 2014 and 2013, respectively (see Note 21). Interest payable amounted to ₱413,490 and ₱258,750 as at December 31, 2015 and 2014, respectively (see Note 12).

16. Deferred Revenue

	2015	2014
Noncurrent portion of deferred revenue on:		
Exclusivity contracts (Note 32)	₱-	₱25,000,000
Others	5,905,714	1,552,651
	₱5,905,714	₱26,552,651

Deferred Revenue on Exclusivity Contracts

Movements in deferred revenue on exclusivity contracts are as follows:

	2015	2014
Beginning balance	₱50,000,000	₱446,429
Addition	-	75,000,000
Amortization (Notes 20 and 32)	(25,000,000)	(25,446,229)
Ending balance (Note 32)	25,000,000	50,000,000
Less current portion (Note 13)	25,000,000	25,000,000
Noncurrent portion	₱-	₱25,000,000

17. Equity

Common Stock

The Company was listed with the Philippine Stock Exchange on February 4, 1998 with total listed shares of 71,382,000 common shares consisting of 47,000,000 shares for public offering and 24,382,000 shares for private placement. The Group offered the share at a price of ₱4.40.

Below is the Company's track record of the registration of securities:

Date of SEC order rendered effective or permit to sell/ Date of SEC approval	Event	Authorized Capital Stock	Issued shares	Issue price/ Par value
January 9, 1998	Outstanding common shares	400,000,000	166,556,250	₱1.00
	Listed shares:			
February 4, 1998	Public offering	400,000,000	47,000,000	4.40
	Private placement	400,000,000	24,382,000	4.40
August 15, 2008	10% stock dividends	400,000,000	23,725,200	1.00
August 4, 2009	10% stock dividends	400,000,000	26,097,720	1.00
August 27, 2010	5% stock dividends	400,000,000	14,353,746	1.00
August 19, 2011	15% stock dividends	400,000,000	45,214,300	1.00
November 15, 2012	15% stock dividends	600,000,000	51,996,445	1.00
August 15, 2013	15% stock dividends	600,000,000	59,795,912	1.00
As at December 31, 2015			459,121,573	

As at December 31, 2015 and 2014, the Company has a total of 630 and 640 shareholders on record.

On July 24, 2012, the BOD and at least 2/3 of the Company's stockholders approved the increase of the Company's authorized common stock from ₱400,000,000, divided into 400,000,000 common shares with par value of ₱1 per share, to ₱600,000,000, divided into 600,000,000 common shares with a par value of ₱1 per share.

The Philippine SEC approved the Company's application for the increase in its authorized capital stock on October 19, 2012.

Retained Earnings

The Group's retained earnings is restricted to the extent of ₱177,324,949 and ₱107,463,213 as at December 31, 2015 and 2014, respectively, for the undistributed earnings of subsidiaries and ₱2,923,246 as at December 31, 2015 and 2014 for the cost of treasury shares.

On November 18, 2015, the BOD approved the appropriation of retained earnings amounting to ₱2,450,000,000 intended for store and warehouse expansion. These projects are expected to be completed in 2018.

Stock Dividends

There was no stock dividend declaration in 2015 and 2014. Details of the Group's stock dividend declaration for the year ended December 31, 2013 are as follows:

Declaration date	Record date	Stock dividend %	Outstanding no. of common shares as at declaration date	Total stock dividend issued
July 18, 2013	August 15, 2013	15%	398,639,411	59,795,912

The Group's BOD and at least 2/3 of the Group's stockholders approved all the aforementioned stock dividend declarations.

Cash Dividends

Details of the Group's cash dividend declaration for the years ended December 31, 2015, 2014 and 2013 are shown below:

Declaration date	Record date	Payment date	Dividend per share	Outstanding no. of common shares as of declaration date	Total cash dividends
April 23, 2015	May 8, 2015	May 22, 2015	₱0.40	458,435,323	₱183,374,129
April 24, 2014	May 23, 2014	June 18, 2014	0.30	458,435,323	137,530,597
July 18, 2013	August 15, 2013	September 9, 2013	0.10	398,639,411	39,863,941

The Group's BOD approved all the cash dividends presented above.

Treasury Shares

There are 686,250 shares that are in treasury amounting to ₱2,923,246 as at December 31, 2015 and 2014. There is no movement in the Group's treasury shares in 2015 and 2014.

18. Cost of Merchandise Sales

	2015	2014	2013
Merchandise inventory, beginning (Note 6)	₱1,165,094,076	₱900,849,891	₱726,986,563
Net purchases	17,294,994,990	13,125,840,660	10,835,492,846
	18,460,089,066	14,026,690,551	11,562,479,409
Less merchandise inventory, ending (Note 6)	1,568,498,726	1,165,094,076	900,849,891
	₱16,891,590,340	₱12,861,596,475	₱10,661,629,518

19. General and Administrative Expenses

	2015	2014	2013
Communication, light and water	₱1,260,607,213	₱1,111,566,076	₱908,791,566
Rent (Note 26)	1,121,193,327	716,894,020	553,791,399
Depreciation and amortization (Note 8)	1,092,223,359	862,759,509	709,518,959
Outside services (Note 32)	1,050,937,424	787,035,907	668,604,676
Personnel costs (Note 23)	568,997,511	365,590,415	342,606,112

(Forward)

	2015	2014	2013
Trucking services	₱350,442,201	₱293,246,442	₱218,412,580
Advertising and promotion	345,030,366	281,258,513	246,559,168
Royalties (Note 32)	256,390,436	204,755,907	171,714,747
Warehousing services	254,130,414	199,368,536	141,077,370
Repairs and maintenance	225,459,706	145,069,812	136,666,288
Supplies	204,200,092	149,834,763	113,159,695
Taxes and licenses	176,774,287	103,144,450	104,669,922
Transportation and travel	65,660,872	61,541,457	46,379,337
Entertainment, amusement and recreation	60,768,450	38,931,132	33,472,479
Inventory losses	37,972,396	23,252,340	12,561,816
Dues and subscription	20,462,743	14,609,800	11,579,746
Insurance	16,139,822	12,136,880	10,311,574
Provision for impairment of receivables (Note 5)	5,742,310	-	12,671,486
Amortization of software and program cost (Note 10)	878,003	655,605	1,316,561
Others	349,577,933	144,722,272	76,519,585
	₱7,463,588,865	₱5,516,373,836	₱4,520,385,066

20. Marketing Income

	2015	2014	2013
Promotions	₱566,683,080	₱318,031,168	₱288,895,179
Marketing support funds (Notes 16 and 32)	168,538,374	145,381,982	91,898,676
	₱735,221,454	₱463,413,150	₱380,793,855

21. Interest Expense

	2015	2014	2013
Interest on bank loans and long-term debt (Note 11)	₱33,836,883	₱16,060,038	₱16,033,270
Guaranteed preferred dividends (Note 15)	154,740	135,780	214,620
	₱33,991,623	₱16,195,818	₱16,247,890

22. Interest Income

	2015	2014	2013
Bank deposits (Note 4)	₱3,385,138	₱2,450,337	₱4,103,156
Accretion of refundable deposits (Note 9)	3,509,396	3,048,457	2,529,649
Short-term investment (Note 4)	124,949	95,485	195,561
Finance lease (Note 26)	5,773	96,445	197,219
Accretion of note receivable (Note 5)	-	37,165	123,182
Receivable from employees (Note 5)	-	13,660	17,037
	₱7,025,256	₱5,741,549	₱7,165,804

23. Personnel Costs

	2015	2014	2013
Salaries and wages	₱302,201,732	₱184,489,666	₱175,765,448
Employee benefits	243,766,549	161,233,379	149,981,972
Net retirement benefits cost (Note 24)	23,029,230	19,867,370	16,858,692
	₱568,997,511	₱365,590,415	₱342,606,112

24. Retirement Benefits

The Group maintains a trustee, non-contributory defined benefit retirement plan covering all qualified employees administered by a trustee bank under the supervision of the Board of Trustees (BOT) of the plan. The BOT is responsible for investment of the assets. It defines the investment strategy as often as necessary, at least annually, especially in the case of significant market developments or changes to the structure of the plan participants. When defining the investment strategy, it takes account of the plans' objectives, benefit obligations and risk capacity. The investment strategy is defined in the form of a long-term target structure (investment policy). The BOT delegates the implementation of the investment policy in accordance with the investment strategy as well as various principles and objectives to an Investment Committee, which also consists of members of the BOT, a Director and a Controller. The Controller of the fund is the one who oversees the entire investment process.

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 the law. The law does not require minimum funding of the plan.

Changes in net retirement obligations in 2015 are as follows:

	Net retirement benefits cost in consolidated statement of comprehensive income				Remeasurements in other comprehensive income						Contribution by employer	December 31, 2015
	January 1, 2015	Current service cost	Net interest	Subtotal (Note 23)	Benefits paid	Remeasurement on plan assets	Actuarial changes arising from changes in financial assumptions	Actuarial changes arising from changes in demographic assumptions	Experience adjustments	Subtotal		
Present value of the retirement obligations												
PSC	(P158,897,660)	(P17,719,335)	(P7,325,182)	(P25,044,517)	P4,389,781	P-	P10,686,665	(P1,899,437)	(P2,570,780)	P6,216,448	P-	(P173,335,948)
CDI	(9,548,565)	(736,772)	(385,200)	(1,121,972)	1,517,995	-	328,835	(41,036)	(339,991)	(52,192)	-	(9,204,734)
	(168,446,225)	(18,456,107)	(7,710,382)	(26,166,489)	5,907,776	-	11,015,500	(1,940,473)	(2,910,771)	P6,164,256	-	(182,540,682)
Fair value of plan assets												
PSC	65,463,006	-	3,017,845	3,017,845	(2,379,383)	(1,575,151)	-	-	-	(1,575,151)	15,000,000	79,526,317
CDI	2,579,145	-	119,414	119,414	(445,995)	(108,827)	-	-	-	(108,827)	-	2,143,737
	68,042,151	-	3,137,259	3,137,259	(2,825,378)	(1,683,978)	-	-	-	(1,683,978)	15,000,000	81,670,054
Net retirement obligations	(P100,404,074)	(P18,456,107)	(P4,573,123)	(P23,029,230)	P3,082,398	(P1,683,978)	P11,015,500	(P1,940,473)	(P2,910,771)	P4,480,278	P15,000,000	(P100,870,628)

Changes in net retirement obligations in 2014 are as follows:

	Net retirement benefits cost in consolidated statement of comprehensive income				Remeasurements in other comprehensive income						Contribution by employer	December 31, 2014
	January 1, 2014	Current service cost	Net interest	Subtotal (Note 23)	Benefits paid	Remeasurement on plan assets	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Subtotal			
Present value of the retirement obligations												
PSC	(P138,054,970)	(P14,826,166)	(P6,322,918)	(P21,149,084)	P2,176,317	P-	P742,576	(P2,612,499)	(P1,869,923)	(P1,869,923)	P-	(P158,897,660)
CDI	(8,206,463)	(641,611)	(353,699)	(995,310)	-	-	199,383	(546,175)	(346,792)	(346,792)	-	(9,548,565)
	(146,261,433)	(15,467,777)	(6,676,617)	(22,144,394)	2,176,317	-	941,959	(3,158,674)	(2,216,715)	(2,216,715)	-	(168,446,225)
Fair value of plan assets												
PSC	48,701,153	-	2,230,513	2,230,513	(2,176,317)	(1,737,143)	-	-	-	(1,737,143)	18,444,800	65,463,006
CDI	1,079,138	-	46,511	46,511	-	(46,504)	-	-	-	(46,504)	1,500,000	2,579,145
	49,780,291	-	2,277,024	2,277,024	(2,176,317)	(1,783,647)	-	-	-	(1,783,647)	19,944,800	68,042,151
Net retirement obligations	(P96,481,142)	(P15,467,777)	(P4,399,593)	(P19,867,370)	P-	(P1,783,647)	P941,959	(P3,158,674)	(P4,000,362)	P19,944,800	P19,944,800	(P100,404,074)

The fair value of plan assets by each class as at the end of each balance sheet date are as follows:

	PSC		CDI	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Government securities	₱52,092,967	₱-	₱-	₱-
BPI short term fund:				
Unit investment trust fund	6,675,765	55,493,618	107,452	2,067,114
BPI ALFM mutual fund	10,060,085	-	2,036,285	512,031
Investments in equity securities:				
PSC - listed shares - 46,975 and 40,848 as at December 31, 2015 and 2014, respectively	4,697,500	3,969,388	-	-
SSHI - unlisted shares	6,000,000	6,000,000	-	-
Fair value of plan assets	₱79,526,317	₱65,463,006	₱2,143,737	₱2,579,145

The trustee exercises voting rights over the PSC and SSHI shares held by the retirement fund.

The retirement benefits cost and the present value of the retirement are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining the net retirement obligations are shown below:

	PSC		CDI	
	2015	2014	2015	2014
Discount rates	5.01%	4.61%	5.10%	4.63%
Salary increase rates	5.50%	5.50%	5.50%	5.50%
Turnover rates:				
Age 17-24	5.00%	5.00%	5.00%	5.00%
25-29	3.00%	3.00%	3.00%	3.00%
30-49	1.00%	1.00%	1.00%	1.00%
50-59	0.00%	0.00%	0.00%	0.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at December 31, 2015, assuming if all other assumptions were held constant:

	Increase (Decrease)	PSC	CDI
		Discount rates	
	+0.5%	(₱12,315,099)	(₱318,068)
	-0.5%	13,686,430	354,462
Salary increase rate			
	+1%	27,845,769	715,406
	-1%	(22,974,372)	(579,080)
Average remaining years of service			
	+3 years	3,686,836	20,343
	-3 years	(4,832,610)	222,989

The Group expects to contribute ₱22,408,311 and ₱1,209,000 to the defined benefit retirement plans of PSC and CDI, respectively, in 2016.

The Group does not currently employ any asset-liability matching. The average expected future service in years of the employees of PSC and CDI are 23 years and 19 years, respectively.

Shown below is the maturity analysis and weighted average duration of the retirement benefits obligations:

	Benefits Payments	
	PSC	CDI
Not exceeding 1 year	₱6,604,779	₱5,496,572
More than 1 year to 5 years	7,285,574	-
More than 5 to 10 years	49,714,903	2,362,598
More than 10 to 15 years	160,608,748	7,040,459
More than 15 years to 20 years	334,443,869	6,215,975
More than 20 years	3,011,990,686	52,134,695

25. Related Party Disclosures

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors or its stockholders.

Transactions with related parties consist of:

- c. PSC and CDI have transactions with PFI, a foundation with common key management of the Group, consisting of donations and noninterest-bearing advances pertaining primarily to salaries, taxes and other operating expenses initially paid by PSC for PFI. Donations payable to PFI is presented under “Others” in the “Other current liabilities” account in the consolidated balance sheets (see Note 13).

Balances arising from the foregoing transactions with related parties are as follows:

Related Parties	Relationship	Nature of Transactions	Terms and Conditions	Transactions for the Year Ended December 31		Outstanding Balance as at December 31	
				2015	2014	2015	2014
Receivables							
PFI (Note 5)	Under common control	Noninterest-bearing advances	Unsecured, no impairment in 2015 and 2014. Amounts are due and demandable.	₱563,032	₱406,473	₱4,088,483	₱3,525,452
Other current liabilities							
PFI	Under common control	Donations	0.5% of earnings before income tax from PSC and ₱720,000 annual donation from CDI Payable within 30 days.	₱8,712,935	₱7,203,333	₱7,012,712	₱2,894,337

- d. As at December 31, 2015 and 2014, the Group’s defined benefit retirement fund has investments in shares of stock of PSC with a cost of ₱122,417. The retirement benefit fund earned a gain arising from changes in market prices amounting to ₱728,112 in 2015 and incurred a loss of ₱54,140 in 2014.

- e. Compensation of key management personnel are as follows:

	2015	2014	2013
Short-term employee benefits	₱48,794,584	₱44,638,652	₱35,130,247
Post-employment benefits	4,021,235	2,699,447	2,855,806
Other long-term benefits	-	-	776,964
	₱52,815,819	₱47,338,099	₱38,763,017

26. Leases

Finance Lease as Lessor

In March 2007, PSC entered into a five-year sale and leaseback finance lease agreement with an armored car service provider. The lease has no terms of renewal and no escalation clauses. Unguaranteed residual values accruing to the Company amounted to ₱300,000.

In March 2010, the Company amended its agreement with the armored car service provider extending the lease term for another five years from March 1, 2010 to February 1, 2015, imposing 7% interest per annum on the restructured loan obligation and reducing its monthly rental payments. The unguaranteed residual values accruing to the Company was retained. No renewal was made in 2015 and the ownership of the armored car was transferred to the lessee upon end of the lease term.

- a. Lease Receivable (Note 5)

Future minimum lease receivables under this lease as at December 31 are as follows:

	2015	2014
Within one year	₱3,747,773	₱3,747,773
After one year but not more than five years	-	-
Total minimum lease payments receivable	3,747,773	3,747,773
Less unearned interest income	-	5,773
Present value of future minimum lease payments receivable	3,747,773	3,742,000
Less current portion (Note 5)	3,747,773	3,742,000
Noncurrent portion	₱-	₱-

There were no collections of lease receivable in 2015 and 2014.

Present value of lease receivable as at December 31 is as follows:

	2015	2014
Within one year	₱3,747,773	₱3,742,000
After one year but not more than five years	-	-
Total minimum lease payments receivable	3,747,773	3,742,000
Less current portion	3,747,773	3,742,000
	₱-	₱-

Unearned interest income as at December 31, 2015 and 2014 amounted to nil and ₱5,773, respectively (see Note 5). Related interest income amounted to ₱5,773, ₱96,445 and ₱197,219 in 2015, 2014 and 2013, respectively (see Note 22).

b. Deferred Revenue on Finance Lease

Difference between the original lease agreement's present value of minimum lease payments at the date of lease inception against the carrying value of the finance lease asset resulted in a deferred revenue on finance lease amounting to ₱6,550,753, which is to be amortized on a straight-line basis over the lease term. The related deferred revenue amounted to nil and ₱98,264 as at December 31, 2015 and 2014, respectively, with current portion amounting to nil and ₱98,264 as at December 31, 2015 and 2014, respectively (see Note 13). Noncurrent portion amounted to nil in 2015 and 2014. Amortization of deferred revenue on finance lease amounted to ₱98,264 in 2015 and ₱589,567 in 2014 and 2013.

Operating Lease as Lessee

- a. PSC has various lease agreements with third parties relating to its store operations. Certain agreements provide for the payment of rentals based on various schemes such as an agreed percentage of net sales for the month and fixed monthly rate.

Rent expense related to these lease agreements amounted to ₱1,032,146,531, ₱673,566,162 and ₱515,939,520 in 2015, 2014 and 2013, respectively (see Note 19). Of the total rent expense, ₱13,755,474, ₱5,654,193 and ₱2,658,415 in 2015, 2014 and 2013, respectively, pertains to contingent rent of some stores based on percentage ranging from 1.5% to 3.0% of merchandise sales. Amortization of deferred lease amounted to ₱659,155, ₱545,297 and ₱627,081 in 2015, 2014 and 2013, respectively (see Note 10).

In 2015 and 2014, PSC entered into various long-term operating lease contracts for its warehouses in Pasig, Cebu, Iloilo, Pampanga and Davao. Rent expense for warehouse leases amounted to ₱69,926,319, ₱27,334,418 and ₱20,351,496 in 2015, 2014 and 2013, respectively (see Note 19). Amortization of deferred lease amounted to ₱4,300,379, ₱1,717,475 and ₱1,090,500 in 2015, 2014 and 2013, respectively (see Note 10).

The approximate annual future minimum rental payments of the PSC under its existing lease agreements as at December 31 are as follows:

	2015	2014
Within one year	₱117,061,815	₱95,046,540
After one year but not more than five years	490,265,267	331,550,503
More than five years	296,974,607	259,061,930
	₱904,301,689	₱685,658,973

- b. In 2012, CDI entered into a 2-year lease contract for the lease of a warehouse in Cebu commencing in April 2012 until April 2014. The lease has a renewal option and is subject to an annual escalation rate of 5%. Upon expiration in April 2014, CDI renewed the lease contract for another eight months from May to December 2014. On January 1, 2015, CDI again renewed the lease contract for one year from January to December 2015.

In 2011, CDI entered into a 10-year lease contract for the lease of its warehouse extension effective March 2011. The lease is subject to an annual escalation rate of 4.0% starting on the second year of the lease. The lease contract was transferred to PSC on January 1, 2014 and rent expenses for this lease agreement were recorded by PSC.

In 2005, CDI entered into a 15-year operating lease contract for the lease of its warehouse effective November 1, 2005. On June 30, 2007, PSC has assumed the lease agreement for the warehouse and subleased the warehouse back to CDI. The lease has a renewal option and is subject to an escalation rate of 7.0% every after two years starting on the third year of the lease. In February 2013, CDI transferred the lease contract to PSC and the sublease was terminated. Rent expense related to the lease agreement was recorded by PSC.

In 2015, CDI entered into a 10-year operating lease contract with a third party for the lease of its store commencing August 2015 until August 2025. The lease has a renewal option and is subject on an annual escalation rate of 5% starting on its third year of lease.

Rent expense related to these lease agreements amounted to ₱15,377,237, ₱1,288,305 and ₱12,260,201 in 2015, 2014 and 2013, respectively (see Note 19). Amortization of deferred lease amounted to ₱6,195, ₱14,864 and ₱693,032 in 2015, 2014 and 2013, respectively (see Note 10).

The approximate annual future minimum rental payments of CDI under its existing lease contract as at December 31 are as follows:

	2015	2014
Within one year	₱103,158	₱4,309,312
After one year but not more than five years	734,337	-
More than five years	1,131,190	-
	₱1,968,685	₱4,309,312

CDI also has other various short-term operating leases pertaining to rental of warehouse and equipment. Related rent expense amounted to ₱3,743,240, ₱14,705,135 and ₱5,240,182 in 2015, 2014 and 2013, respectively (see Note 19).

Operating Lease as Lessor

The Group has various sublease agreements with third parties which provide for lease rentals based on an agreed fixed monthly rate or as agreed upon by the parties. Rental income related to these sublease agreements amounted to ₱56,729,444, ₱51,118,568 and ₱48,341,871 in 2015, 2014 and 2013, respectively.

27. Income Tax

- a. The components of the Group's provision for income tax are as follows:

	2015	2014	2013
Current:			
Regular corporate income tax	₱461,117,879	₱403,038,636	₱308,105,233
Final tax on interest income	698,401	272,737	838,382
	461,816,280	403,311,373	308,943,615
Deferred	(9,960,769)	(21,387,531)	(8,141,501)
	₱451,855,511	₱381,923,842	₱300,802,114

b. The components of the Group's net deferred income tax assets are as follows:

	2015			
	PSC	CDI	SSHI	Total
Deferred income tax assets:				
Net retirement obligations	P28,142,889	P2,118,299	P-	P30,261,188
Accrued rent	22,684,932	-	-	22,684,932
Deferred revenue on customer loyalty programme	13,088,409	-	-	13,088,409
Unamortized discount on refundable deposits	8,264,857	41,921	-	8,306,778
Deferred revenue on exclusivity contracts	7,500,000	-	-	7,500,000
Allowance for impairment on receivables	7,330,619	-	-	7,330,619
Provision for litigation losses	4,909,523	1,906,133	-	6,815,656
Unamortized past service cost	5,946,865	419,532	-	6,366,397
Unearned rent income	334,903	-	-	334,903
Unrealized foreign exchange loss	-	4,748	-	4,748
	98,202,997	4,490,633	-	102,693,630
Deferred income tax liabilities:				
Deferred lease expense	6,743,350	41,272	-	6,784,622
Unamortized premium on refundable deposits	190,877	-	-	190,877
Unrealized foreign exchange gain	11,639	-	-	11,639
Revaluation increment on land	-	-	7,936,841	7,936,841
	6,945,866	41,272	7,936,841	14,923,979
Net deferred income tax assets (liability)	P91,257,131	P4,449,361	(P7,936,841)	P87,769,651
	2014			
	PSC	CDI	SSHI	Total
Deferred income tax assets:				
Net retirement obligations	P28,030,396	P2,090,826	P-	P30,121,222
Accrued rent	19,385,001	333,721	-	19,718,722
Deferred revenue on customer loyalty programme	5,452,105	-	-	5,452,105
Unamortized discount on refundable deposits	8,680,272	-	-	8,680,272
Deferred revenue on exclusivity contracts	15,000,000	-	-	15,000,000
Allowance for impairment on receivables	5,688,055	-	-	5,688,055
Provision for litigation losses	709,523	1,991,335	-	2,700,858
Unamortized past service cost	6,904,279	485,921	-	7,390,200
Unearned rent income	254,885	-	-	254,885
Unrealized foreign exchange loss	-	2,372	-	2,372
Deferred lease	90,104,516	4,904,175	-	95,008,691
Deferred income tax liabilities:				
Deferred lease expense	7,595,017	-	-	7,595,017
Unamortized premium on refundable deposits	229,032	-	-	229,032
Unrealized foreign exchange gain	9,634	-	-	9,634
Revaluation increment on land	-	-	7,936,841	7,936,841
	7,833,683	-	7,936,841	15,770,524
Net deferred income tax assets (liability)	P82,270,833	P4,904,175	(P7,936,841)	P79,238,167

The net deferred tax assets and liabilities are presented in the consolidated balance sheets as follows:

	2015	2014
Deferred tax assets	₱95,706,492	₱87,175,008
Deferred tax liabilities	(7,936,841)	(7,936,841)
	₱87,769,651	₱79,238,167

- c. The reconciliation of the provision for income tax computed at the statutory income tax rate to provision for income tax shown in the consolidated statements of comprehensive income follow:

	2015	2014	2013
Provision for income tax computed at statutory income tax rate	₱437,955,600	₱376,580,609	₱295,028,929
Adjustments for:			
Nondeductible expenses:			
Inventory losses	11,391,719	4,608,692	3,768,545
Interest expense and others	2,895,906	1,263,705	2,446,834
Tax effect of rate difference between final tax and statutory tax rate on bank interest income	(349,560)	(491,010)	(404,040)
Nontaxable other income	(38,154)	(38,154)	(38,154)
	₱451,855,511	₱381,923,842	₱300,802,114

- d. Republic Act No. 9504, effective on July 7, 2008, allows availment of optional standard deductions (OSD). Corporations, except for nonresident foreign corporations, may now elect to claim standard deduction in an amount not exceeding 40% of their gross income. The Group did not avail of the OSD for the computation of its taxable income in 2015, 2014 and 2013.

28. Basic/Diluted Earnings Per Share

	2015	2014	2013
a. Net income	₱1,007,996,490	₱873,344,855	₱682,627,649
b. Weighted average number of shares issued	459,121,573	459,121,573	459,121,573
c. Less weighted average number of shares held in treasury	686,250	686,250	686,250
d. Weighted average number of shares outstanding (b-c)	458,435,323	458,435,323	458,435,323
e. Basic/diluted earnings per share (a/d)	₱2.20	₱1.91	₱1.49

The Group does not have potentially dilutive common shares as at December 31, 2015, 2014 and 2013. Thus, the basic earnings per share is equal to the diluted earnings per share as at those dates.

29. Financial Instruments

The comparison of the carrying value and fair value of all of the Group's financial instruments (those with carrying amounts that are not equal to their fair values) as at December 31 are as follows:

	2015		2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
<i>Loans and Receivables</i>				
Deposits -				
Refundable (Notes 9 and 30)	₱85,525,747	₱110,539,716	₱75,964,346	₱80,515,547

Refundable deposits are categorized under level 3 in the fair value hierarchy.

Fair Value Information

Current Financial Assets and Financial Liabilities

Due to the short-term nature of the related transactions, the fair values of cash, short-term investment, receivables, accounts payable and accrued expenses and other current liabilities approximates their carrying values as at balance sheet date.

Utility and Other Deposits

The fair value of utility and other deposits approximates its carrying value as it earns interest based on repriced market conditions.

Refundable Deposits

The fair value of refundable deposits is determined by discounting the sum of future cash flows using the prevailing market rates for instruments with similar maturities as at December 31, 2015 and 2014 ranging from 2.58% to 4.74% and 2.55% to 4.76%, respectively.

Bank Loans

The carrying value of bank loans approximates fair value because of recent and monthly repricing of related interest based on market conditions.

Long-term Debt

The carrying value of long-term debt approximates the fair value because of recent and quarterly repricing of related interest based on market conditions.

Cumulative Redeemable Preferred Shares

The carrying value of cumulative redeemable preferred shares approximates fair value because corresponding dividends on these shares that are charged as interest expense in profit or loss are based on recent treasury bill rates repriced annually at year end.

As at December 31, 2015 and 2014, the Group has no financial instruments measured at fair value.

30. Financial Risk Management Objectives and Policies

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk and foreign exchange risk. The BOD reviews and approves policies for managing each of these risks. The BOD also created a separate board-level entity, which is the Audit Committee, with explicit authority and responsibility in managing and monitoring risks. The Audit Committee, which ensures the integrity of internal control activities throughout the Group, develops, oversees, checks and pre-approves financial management functions and systems in the areas of credit, market, liquidity, operational, legal and other risks of the Group, and crisis management. The Internal Audit Department and the External Auditor directly report to the Audit Committee regarding the direction, scope and coordination of audit and any related activities.

Listed below are the summarized risks identified by the BOD.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The receivable balances are monitored on an ongoing basis with the result that the Group's exposure to impairment is managed to a not significant level. The Group deals only with counterparty duly approved by the BOD.

The following tables provide information regarding the maximum credit risk exposure of the Group as at December 31:

	2015	2014
Cash in bank	₱586,341,649	₱1,067,252,100
Short-term investment	10,983,401	10,884,130
Receivables		
Suppliers	387,627,637	143,596,222
Franchisees	329,115,208	402,860,061
Employees	29,849,687	16,666,383
Due from PFI	4,088,483	3,525,452
Lease receivable	3,747,773	3,742,000
Store operators	3,617,404	11,682,630
Insurance receivable	1,192,091	1,155,417
Notes receivable	990,917	990,917
Rent	-	3,089,725
Others	7,030,373	2,078,334
	767,259,573	589,387,141
Deposits		
Refundable*	89,314,702	77,222,633
Utilities	69,522,572	53,374,427
Others	7,479,457	6,551,174
	166,316,731	137,148,234
Other noncurrent assets		
Noncurrent portion of receivable from franchisees	36,836,593	48,675,044
	₱1,567,737,947	₱1,853,346,649

*Current portion amounting to ₱3,788,955 and ₱1,258,287 as at December 31, 2015 and 2014, respectively, are presented as part of "Others" under "Prepayments and other current assets" account.

The following tables provide information regarding the credit risk exposure of the Group by classifying assets according to the Group's credit ratings of debtors:

2015				
	Neither Past Due nor Impaired		Past Due Or Impaired	Total
	High Grade	Standard Grade		
Cash in bank	P586,341,649	P-	P-	P586,341,649
Short-term investment	10,983,401	-	-	10,983,401
Receivables				
Suppliers	-	289,836,808	119,099,073	408,935,881
Franchisees	-	329,115,208	214,342	329,329,550
Employees	-	29,849,687	539,921	30,389,608
Due from PFI	-	4,088,483	-	4,088,483
Store operators	-	3,617,404	365,801	3,983,205
Lease receivable	-	3,747,773	-	3,747,773
Rent	-	-	2,007,087	2,007,087
Insurance receivable	-	1,192,091	-	1,192,091
Notes receivable	-	990,917	-	990,917
Others	-	7,030,373	-	7,030,373
	-	669,468,744	122,226,224	791,694,968
Deposits				
Refundable*	-	89,314,702	-	89,314,702
Utilities	-	69,522,572	-	69,522,572
Others	-	7,479,457	-	7,479,457
	-	166,316,731	-	166,316,731
Other noncurrent assets				
Noncurrent portion of receivable from franchisees	-	36,836,593	-	36,836,593
	P597,325,050	P872,622,068	P122,226,224	P1,592,173,342

*Current portion amounting to P3,788,955 as at December 31, 2015 is presented as part of "Others" under "Prepayments and other current assets" account.

2014				
	Neither Past Due nor Impaired		Past Due Or Impaired	Total
	High Grade	Standard Grade		
Cash in bank	P1,067,252,100	P-	P-	P1,067,252,100
Short-term investment	10,884,130	-	-	10,884,130
Receivables				
Suppliers	-	120,628,776	38,533,380	159,162,156
Franchisees	-	402,860,061	214,342	403,074,403
Employees	-	16,666,383	539,921	17,206,304
Due from PFI	-	3,525,452	-	3,525,452
Store operators	-	11,682,630	365,801	12,048,431
Lease receivable	-	3,742,000	-	3,742,000
Rent	-	3,089,725	2,274,184	5,363,909
Insurance receivable	-	1,155,417	-	1,155,417
Notes receivable	-	990,917	-	990,917
Others	-	2,078,334	-	2,078,334
	-	566,419,695	41,927,628	608,347,323
Deposits				
Refundable*	-	77,222,633	-	77,222,633
Utilities	-	53,374,427	-	53,374,427
Others	-	6,551,174	-	6,551,174
	-	137,148,234	-	137,148,234
Other noncurrent assets				
Noncurrent portion of receivable from franchisees	-	48,675,044	-	48,675,044
	P1,078,136,230	P752,242,973	P41,927,628	P1,872,306,831

*Current portion amounting to P1,258,287 as at December 31, 2014 is presented as part of "Others" under "Prepayments and other current assets" account

The Group uses the following criteria to rate credit quality:

Class	Description
High Grade	Financial assets that have a recognized foreign or local third party rating or instruments which carry guaranty/collateral.
Standard Grade	Financial assets of companies that have the apparent ability to satisfy its obligations in full.

The credit qualities of the financial assets were determined as follows:

Cash in banks and short-term investment are classified as high grade, since these are deposited or transacted with reputable banks which have low probability of insolvency.

Receivables, deposits and other noncurrent assets are classified as standard grade, since these pertain to receivables considered as unsecured from third parties with good paying habits. The following tables provide the analysis of financial assets that are past due but not impaired and past due and impaired:

	2015				Past due and Impaired	Total
	Aging analysis of financial assets past due but not impaired					
	31 to 60 days	61 to 90 days	> 90 days	Total		
Receivables:						
Suppliers	P29,220,847	P17,985,547	P50,584,435	P97,790,829	P21,308,244	P119,099,073
Franchisees	-	-	-	-	214,342	214,342
Employees	-	-	-	-	539,921	539,921
Store operators	-	-	-	-	365,801	365,801
Rent	-	-	-	-	2,007,087	2,007,087
	P29,220,847	P17,985,547	P50,584,435	P97,790,829	P24,435,395	P122,226,224

	2014				Past due and Impaired	Total
	Aging analysis of financial assets past due but not impaired					
	31 to 60 days	61 to 90 days	> 90 days	Total		
Receivables:						
Suppliers	P995,763	P4,689,937	P17,281,746	P22,967,446	P15,565,934	P38,533,380
Franchisees	-	-	-	-	214,342	214,342
Employees	-	-	-	-	539,921	539,921
Store operators	-	-	-	-	365,801	365,801
Rent	-	-	-	-	2,274,184	2,274,184
	P995,763	P4,689,937	P17,281,746	P22,967,446	P18,960,182	P41,927,628

Receivables from suppliers are noninterest-bearing and are generally on 30 to 90 day terms.

There are no significant concentrations of credit risk within the Group.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments. The Group seeks to manage its liquidity profile to be able to finance its capital expenditures and service its maturing debts. To cover for its financing requirements, the Group intends to use internally generated funds and sales of certain assets.

As part of its liquidity risk management program, the Group regularly evaluates projected and actual cash flow information and continuously assesses conditions in the financial markets for opportunities to pursue fund raising initiatives. The Group uses historical figures and experiences and forecasts of collections and disbursements. These initiatives may include drawing of loans from the approved credit line intended for working capital and capital expenditures purposes and equity market issues.

The tables below summarize the maturity profile of the financial assets of the Group:

	2015				Total
	Three months or less	More than three months to one year	More than one year to five years	More than five years	
Cash					
Cash on hand and in banks	₱875,978,073	₱-	₱-	₱-	₱875,978,073
Short-term investment	10,983,401	-	-	-	10,983,401
Receivables					
Suppliers	289,836,808	91,222,870	6,567,959	-	387,627,637
Franchisees	329,115,208	-	-	-	329,115,208
Employees	29,849,687	-	-	-	29,849,687
Due from PFI	4,088,483	-	-	-	4,088,483
Lease receivable	-	3,747,773	-	-	3,747,773
Store operators	3,617,404	-	-	-	3,617,404
Insurance receivable	-	1,192,091	-	-	1,192,091
Notes receivable	990,917	-	-	-	990,917
Rent	-	-	-	-	-
Others	7,030,373	-	-	-	7,030,373
	664,528,880	96,162,734	6,567,959	-	767,259,573
Deposits					
Refundable*	-	-	89,314,702	-	89,314,702
Utilities	-	-	69,522,572	-	69,522,572
Others	-	-	7,479,457	-	7,479,457
	-	-	166,316,731	-	166,316,731
Other noncurrent assets					
Noncurrent portion of receivable from franchisees	-	-	36,836,593	-	36,836,593
	₱1,551,490,354	₱96,162,734	₱209,721,283	₱-	₱1,857,374,371

*Current portion amounting to ₱3,788,955 as at December 31, 2015 is presented as part of "Others" under "Prepayments and other current assets" account.

	2014				Total
	Three months or less	More than three months to one year	More than one year to five years	More than five years	
Cash					
Cash on hand and in banks	₱1,241,685,743	₱-	₱-	₱-	₱1,241,685,743
Short-term investment	10,884,130	-	-	-	10,884,130
Receivables					
Suppliers	120,628,776	22,967,446	-	-	143,596,222
Franchisees	402,860,061	-	-	-	402,860,061
Employees	16,666,383	-	-	-	16,666,383
Due from PFI	3,525,452	-	-	-	3,525,452
Lease receivable	3,442,000	300,000	-	-	3,742,000
Store operators	11,682,630	-	-	-	11,682,630
Insurance receivable	-	1,155,417	-	-	1,155,417
Notes receivable	990,917	-	-	-	990,917
Rent	3,089,725	-	-	-	3,089,725
Others	2,078,334	-	-	-	2,078,334
	564,964,278	24,422,863	-	-	589,387,141
Deposits					
Refundable*	-	-	10,395,653	66,826,980	77,222,633
Utilities	-	-	53,374,427	-	53,374,427
Others	-	-	6,551,174	-	6,551,174
	-	-	70,321,254	66,826,980	137,148,234
Other noncurrent assets					
Noncurrent portion of receivable from franchisees	-	-	48,675,044	-	48,675,044
	₱1,817,534,151	₱24,422,863	₱118,996,298	₱66,826,980	₱2,027,780,292

*Current portion amounting to ₱1,258,287 as at December 31, 2014 is presented as part of "Others" under "Prepayments and other current assets" account.

The tables below summarize the maturity profile of the financial liabilities of the Group based on remaining undiscounted contractual obligations:

	2015			Total
	Three months or less	More than three months to one year	More than one year	
Bank loans	₱1,150,000,000	₱-	₱-	₱1,150,000,000
Accounts payable and accrued expenses				
Trade payable	1,826,297,820	-	-	1,826,297,820
Employee benefits	105,085,550	-	-	105,085,550
Utilities	96,576,822	-	-	96,576,822
Rent	75,616,440	-	-	75,616,440
Outsourced services	64,035,623	-	-	64,035,623
Repairs and maintenance	44,187,134	-	-	44,187,134
Bank charges	25,180,700	-	-	25,180,700
Security services	20,713,819	-	-	20,713,819
Advertising and promotion	2,846,192	-	-	2,846,192
Interest	2,011,954	-	-	2,011,954
Others	103,569,342	-	-	103,569,342
	2,366,121,396	-	-	2,366,121,396
Other current liabilities				
Non-trade accounts payable	112,844,925	630,894,246	-	743,739,171
Retention payable	-	113,676,477	-	113,676,477
Royalty	24,323,677	-	-	24,323,677
Due to franchisees	18,341,605	-	-	18,341,605
Service fees payable	-	1,456,938	-	1,456,938
Others	-	57,553,594	-	57,553,594
	155,510,207	803,581,255	-	959,091,462
Long-term debt	4,500,000	13,500,000	63,000,000	81,000,000
Cumulative redeemable preferred shares	6,000,000	-	-	6,000,000
	₱3,682,131,603	₱817,081,255	₱63,000,000	₱4,562,212,858

	2014			Total
	Three months or less	More than three months to one year	More than one year	
Bank loans	₱650,000,000	₱100,000,000	₱-	₱750,000,000
Accounts payable and accrued expenses				
Trade payable	2,031,839,981	-	-	2,031,839,981
Employee benefits	71,421,033	-	-	71,421,033
Utilities	90,223,127	-	-	90,223,127
Rent	65,729,071	-	-	65,729,071
Outsourced services	41,302,057	-	-	41,302,057
Repairs and maintenance	20,436,412	-	-	20,436,412
Bank charges	14,254,500	-	-	14,254,500
Security services	9,112,687	-	-	9,112,687
Advertising and promotion	41,339,695	-	-	41,339,695
Interest	1,058,750	-	-	1,058,750
Others	58,443,400	-	-	58,443,400
	2,445,160,713	-	-	2,445,160,713
Other current liabilities				
Non-trade accounts payable	41,686,571	368,824,806	-	410,511,377
Retention payable	-	81,784,397	-	81,784,397
Royalty	19,330,605	-	-	19,330,605
Due to franchisees	128,356,232	-	-	128,356,232
Service fees payable	-	8,012,505	-	8,012,505
Others	-	44,601,544	-	44,601,544
	189,373,408	503,223,252	-	692,596,660
Cumulative redeemable preferred shares	6,000,000	-	-	6,000,000
	₱3,290,534,121	₱603,223,252	₱-	₱3,893,757,373

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's fair value and cash flows interest rate risk mainly arise from bank loans and long-term debt with floating interest rates. The Group is expecting to substantially reduce the level of bank loans and long-term debt over time. Internally generated funds coming from its cash generating units and from its franchising business will be used to pay off outstanding debts and consequently reduce the interest rate exposure.

The maturity profile of financial instruments that are exposed to interest rate risk are as follows:

	2015	2014
Due in less than one year	₱1,237,000,000	₱756,000,000
Rate	1.90%-3.22%	2.00%-2.50%

Interest of financial instruments classified as floating rate is repriced at intervals of 30 days. The other financial instruments of the Group that are not included in the above tables are noninterest-bearing and are therefore not subject to interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's income before income tax (through the impact on floating rate borrowings):

	2015		2014	
	Increase/ Decrease in Basis Points	Effect on Income Before Income Tax	Increase/ Decrease in Basis Points	Effect on Income Before Income Tax
Bank loans and long-term debt - floating interest rate	+100 -100	(₱12,310,000) 12,310,000	+100 -100	(₱7,500,000) 7,500,000
Cumulative redeemable preferred shares - floating interest rate	+100 -100	(60,000) 60,000	+100 -100	(60,000) 60,000

There is no other impact on the Group's equity other than those already affecting profit or loss.

Foreign Exchange Risk

Foreign exchange risk is the risk to earnings or capital arising from changes in foreign exchange rates. The Group's foreign exchange exposure arises from holding foreign currency-denominated rates, cash and loans and receivables. In order to balance this exposure, the Group maintains a foreign currency accounts in a reputable commercial bank. The Group does not enter into derivatives to hedge the exposure. The Group's cash and receivables denominated in foreign currency and converted into Peso using the closing exchange rates at each balance sheet date are summarized below.

	2015		2014	
	U.S. Dollar	Peso	U.S. Dollar	Peso
Cash in banks	\$30,537	₱1,437,071	\$59,635	₱2,666,877

As at December 31, 2015 and 2014, the closing functional currency exchange rate is ₱47.06 and ₱44.72 to U.S. \$1, respectively.

The following table represents the impact on the Group's income before income tax brought about by reasonably possible changes in Peso to U.S. Dollar exchange rate (holding all other variables constant) as at December 31, 2015 and 2014 until its next financial reporting date:

	Change in Peso to Dollar Exchange Rate	Effect on Income before Income Tax
2015	Increase by 5.23%	₱75,159
	Decrease by 5.23%	(75,159)
2014	Increase by 0.72%	₱19,201
	Decrease by 0.72%	(19,201)

There is no other effect on the Group's equity other than those already affecting profit or loss.

31. Capital Management

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

In the light of changes in economic conditions, the Group manages dividend payments to shareholders, pay-off existing debts, return capital to shareholders or issue new shares. The Group mainly uses financing from local banks. The Group considers equity attributable to shareholders as capital. The Group manages its capital structure by keeping a networth of between 30% to 50% in relation to its total assets. The Group's net worth ratio is 43% and 42% as at December 31, 2015 and 2014, respectively. No changes were made in the objectives, policies and processes during the year.

	2015	2014
Common stock	₱459,121,573	₱459,121,573
Additional paid-in capital	293,525,037	293,525,037
Retained earnings	3,370,957,924	2,546,335,563
	4,123,604,534	3,298,982,173
Less cost of shares held in treasury	2,923,246	2,923,246
	₱4,120,681,288	₱3,296,058,927
Total assets	₱9,515,935,215	₱7,890,241,867
Net worth	43%	42%

As at December 31, 2015 and 2014, the Group was able to meet its objective.

32. Significant Agreements

a. Franchise Agreements

The Group has various store franchise agreements with third parties for the operation of certain stores. The agreement includes a one-time franchise fee payment and an annual 7-Eleven charge for the franchisee, which is equal to a certain percentage of the franchised

store's gross profit. The agreement also includes charging of various expenses such as rent and utilities which are recorded by the Group as part of its franchise revenue. Details follow:

	2015	2014	2013
Share in gross profit of franchisees	₱1,801,990,190	₱1,534,585,425	₱1,265,753,174
Rent, utilities and other expenses	528,220,809	173,106,784	93,403,498
Franchise fee	110,460,361	113,004,538	101,500,115
	₱2,440,671,360	₱1,820,696,747	₱1,460,656,787

Receivable from franchisees as at December 31, 2015 and 2014 amounted to ₱366,166,143 and ₱451,749,447, respectively (see Notes 5 and 10). Due to franchisees as at December 31, 2015 and 2014 amounted to ₱18,341,605 and ₱128,356,232, respectively (see Note 13). The Company also has outstanding deposits payable to franchisees amounting to ₱128,226,587 and ₱124,767,926 as at December 31, 2015 and 2014, respectively (see Note 14).

b. Service Agreements

The Group has service agreements with third party contractors for the operation of certain stores. In consideration thereof, the store operator is entitled to a service fee based on a certain percentage of the store's gross profit and operating expenses as stipulated in the service agreement. Service fees included in "Outside services" under "General and administrative expenses" account amounted to ₱100,469,185 in 2015, ₱103,989,092 in 2014 and ₱140,848,888 in 2013 (see Note 19). The Group also has outstanding deposits payable to third parties in relation to service agreements amounting to ₱94,282,022 and ₱95,268,832 as at December 31, 2015 and 2014, respectively (see Note 14).

c. Commission Income

The Group has entered into agreements with a phone card supplier and various third parties. Under the arrangements, the Group earns commission on the sale of phone cards, consigned goods and collection of bills payments based on a certain percentage of net sales and collections for the month and a fixed monthly rate. Commission income amounted to ₱46,919,684, ₱39,214,967 and ₱43,402,035 in 2015, 2014 and 2013, respectively.

d. 2014 Exclusivity Contract

In 2014, the Group has entered into a 3-year exclusivity contract with a third party ice cream distributor in the Philippines effective January 2014 to December 2016. The contract indicates that the third party ice cream distributor will exclusively supply all ice cream products of 7-Eleven stores. The Group received a one-time signing bonus amounting to ₱75,000,000 upon the effectivity of the exclusivity supply contract amortized over three years. Income from exclusivity contract included as part of "Marketing support funds" under "Marketing income" in consolidated statements of comprehensive income amounted to ₱25,000,000 in 2015 and 2014 (see Note 20). Deferred revenue as at December 31, 2015 and 2014 amounted to ₱25,000,000 and ₱50,000,000, respectively (see Notes 13 and 16).

e. 2010 Exclusivity Contract

The Group has entered into a 3-year exclusivity contract with a third party soda manufacturer in the Philippines effective April 2010 to March 2013. The contract indicates the third party soda manufacturer will exclusively supply all slurpee products of 7-Eleven. The Group received a one-time signing bonus amounting to ₱4,464,286 upon the effectivity of the exclusivity supply contract amortized over three years. Income from exclusivity contract included as part of "Marketing support funds" under "Marketing income" in consolidated

statements of comprehensive income amounted to ₱372,023 in 2013 (see Note 20). Deferred revenue as at December 31, 2015 and 2014 amounted to nil.

f. 2010 Signing Bonus

In 2010, the Group collected a signing bonus amounting to ₱2,232,143 from one of the Group's food suppliers for awarding half of the Group's existing Hotdog Stock Keeping Units (SKUs) to the food supplier for the next five years starting January 1, 2010. Income from exclusivity contract included as part of "Marketing support funds" under "Marketing income" in consolidated statements of comprehensive income amounted to nil in 2015 and ₱446,429 both in 2014 and 2013 (see Note 20).

g. Memorandum of Agreement (MOA) with Chevron Philippines, Inc. (CPI)

The Group has entered into MOA with CPI on August 6, 2009, wherein CPI has granted the Group as authorized co-locator for a full term of three-years to establish operate and/or franchise its 7-Eleven stores in CPI service stations. Both parties have identified 22 CPI service stations, wherein the Group will give the Retailers of these service stations a Letter Offer to Franchise (LOF) 7-Eleven stores. Upon acceptance of the Retailers of the LOF, the Retailers will sign a Store Franchise Agreement (SFA) with the Group. If LOF is not accepted by one of the 22 original service stations identified, that service station will be replaced with another mutually acceptable service station site.

Upon signing of the MOA, CPI executed a Caltex Retail Agreement with each of the 22 service station Retailers, which shall have a full term of three years and which will be co-terminus with the SFA.

As at December 31, 2015 and 2014, the Group has already opened 50 and 35 franchised serviced stations, respectively.

h. Licensing Agreement with Seven Eleven, Inc. (SEI)

The Group executed a licensing agreement with SEI, a stockholder organized in Texas, U.S.A. This grants the Group the exclusive right to use the 7-Eleven System in the Philippines. In accordance with the agreement, the Group pays, among others, royalty fee to SEI based on a certain percentage of monthly gross sales, net of gross receipts tax. Royalty fee amounted to ₱256,390,436, ₱204,755,907 and ₱171,714,747 in 2015, 2014 and 2013, respectively (see Note 19). As at December 31, 2015 and 2014, royalty payable amounted to ₱24,323,677 and ₱19,330,605, respectively (see Note 13).

33. Segment Reporting

The Group considers the store operations as its only business segment based on its primary business activity. Franchising, renting of properties and commissioning on bills payment services are considered an integral part of the store operations. The Group's identified operating segments below are consistent with the segments reported to the BOD, which is the Chief Operating Decision Maker of the Group.

The products and services from which the store operations derive its revenues from are as follows:

- Merchandise sales
- Franchise revenue
- Marketing income
- Rental income
- Commission income
- Interest income

The aforementioned revenues are all revenues from external customers.

The segment's relevant financial information is as follows:

	2015	2014	2013
Revenue			
Revenue from merchandise sales	₱22,400,931,697	₱17,107,375,250	₱14,133,649,192
Franchise revenue	2,440,671,360	1,820,696,747	1,460,656,787
Marketing income	735,221,454	463,413,150	380,793,855
Rental income	56,729,444	51,118,568	48,341,871
Commission income	46,919,684	39,214,967	43,402,035
Interest income	7,025,256	5,741,549	7,165,804
Other income	186,834,492	180,124,459	121,482,564
	25,874,333,387	19,667,684,690	16,195,492,108
Expenses			
Cost of merchandise sales	16,891,590,340	12,861,596,475	10,661,629,518
General and administrative expenses:			
Depreciation and amortization	1,092,223,359	862,759,509	709,518,959
Others	6,371,365,506	4,653,614,327	3,810,866,107
Interest expense	33,991,623	16,195,818	16,247,890
Other expenses	25,310,558	18,249,864	13,799,871
	24,414,481,386	18,412,415,993	15,212,062,345
Income before income tax	1,459,852,001	1,255,268,697	983,429,763
Provision for income tax	451,855,511	381,923,842	300,802,114
Segment Profit	₱1,007,996,490	₱873,344,855	₱682,627,649
Segment Assets	₱9,515,935,215	₱7,890,241,867	₱6,026,097,213
Segment Liabilities	₱5,398,640,134	₱4,600,705,342	₱3,484,864,093
Capital Expenditure for the Year	₱2,287,816,904	₱1,653,573,106	₱1,179,270,533

34. Provisions and Contingencies

The Group is a party to various litigations and claims. All cases are in the normal course of business and are not deemed to be considered as material legal proceedings. Further, the cases are either pending in courts or under protest, the outcome of which are not presently determinable. Management and its legal counsel believe that the liability, if any, that may result from the outcome of these litigations and claims will not materially affect the Group's financial position or financial performance.

As at December 31, 2015 and 2014, the Group has provisions amounting to ₱22,718,853 and ₱8,718,853, respectively, and is reported as part of “Others” under “Accounts payable and accrued expenses” account in the consolidated balance sheets (see Note 12).

35. Note to Consolidated Statements of Cash Flows

The principal non-cash transaction of the Group under financing activities in 2013 pertains to the issuance of stock dividends (see Note 17).

PHILIPPINE SEVEN CORPORATION AND SUBSIDIARIES
Index to the Consolidated Financial Statements and
Supplementary Schedules
December 31, 2015

- Schedule I: Supplementary schedule of retained earnings available for dividend declaration
- Schedule II: Supplementary schedule of all the effective standards and interpretations as at December 31, 2015
- Schedule III. Map of the relationships of the companies within the group
- Schedule IV: Financial soundness indicators
- Schedule V: Supplementary schedules required by paragraph 6D, Part II under SRC Rule 68, As Amended (2011)

PHILIPPINE SEVEN CORPORATION
Reconciliation of Retained Earnings
Available for Dividend Declaration
As at December 31, 2015

Unappropriated retained earnings as at December 31, 2014		₱2,438,872,350
Less: Deferred income tax assets		79,657,364
Treasury shares		2,923,246
<hr/>		
Unappropriated retained earnings, as adjusted, as at December 31, 2014		2,356,291,740
Net income during the year closed to retained earnings	938,134,754	
Less: Movement in deferred income tax assets	9,490,869	
<hr/>		
Net income actually earned during the year		928,643,885
Less: Appropriations during the year		2,450,000,000
Dividend declarations during the year		183,374,129
<hr/>		
Unappropriated retained earnings, as adjusted as at December 31, 2015		₱651,561,496

**Based on accretion of income per PAS 39 from 2005-2014.*

PHILIPPINE SEVEN CORPORATION AND SUBSIDIARIES
List of Philippine Financial Reporting Standards (PFRSs) and
Interpretations Effective as at December 31, 2015

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
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			✓
	Amendments to PFRS 1: Borrowing Costs			✓
	Amendment to PFRS 1: Meaning of Effective PFRSs			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendment to PFRS 2: Definition of Vesting Condition			✓
PFRS 3 (Revised)	Business Combinations			✓
	Amendment to PFRS 3: Accounting for Contingent Consideration in a Business Combination			✓
	Amendment to PFRS 3: Scope Exceptions for Joint Arrangements			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Amendments to PFRS 5: Changes in Methods of Disposals*	Not Early Adopted		
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	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	✓		
	Amendments to PFRS 7: Disclosures – Servicing Contracts*	Not Early Adopted		
	Amendments to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*	Not Early Adopted		
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets	✓		
PFRS 9	Financial Instruments *	Not Early Adopted		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures*	Not Early Adopted		
	Amendments to PFRS 9: Hedge Accounting and Amendments to PFRS 9 and PAS 39 (2013 version)*	Not Early Adopted		
	Amendments to PFRS 9 (2014 version)*	Not Early Adopted		
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Not Early Adopted		
	Amendments to PFRS 10 and PAS 28: Applying the Consolidation Exception*	Not Early Adopted		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations*	Not Early Adopted		
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
PFRS 13	Fair Value Measurement	✓		
	Amendment to PFRS 13: Short-term Receivables and Payables	✓		
	Amendment to PFRS 13: Portfolio Exception	✓		
PFRS 14	Regulatory Deferral Accounts*	Not Early Adopted		
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	✓		
	Amendments to PAS 1: Clarification of the Requirements for Comparative Information	✓		
	Amendments to PAS 1: Disclosure Initiative*	Not Early Adopted		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 – Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16: Classification of servicing equipment			✓
	Amendment to PAS 16 and PAS 38: Revaluation Method – Proportionate Restatement of Accumulated Depreciation/Amortization	✓		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization*	Not Early Adopted		
	Amendments to PAS 16 and PAS 41: Bearer Plants*	Not Early Adopted		
PAS 17	Leases	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 18	Revenue	✓		
PAS 19	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	✓		
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contribution			✓
	Amendments to PAS 19: Regional Market Issue Regarding Discount Rate*	Not Early Adopted		
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	✓		
	Amendments to PAS 24: Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27	Consolidated and Separate Financial Statements	✓		
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements*	Not Early Adopted		
PAS 28	Investments in Associates			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Not Early Adopted		
	Amendments to PFRS 10 and PAS 28: Applying the Consolidation Exception*	Not Early Adopted		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures			✓
PAS 32	Financial Instruments: 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	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 32: Tax Effect of Distribution to Holders of Equity Instruments	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
	Amendments to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities	✓		
	Amendments to PAS 34: Disclosure of Information 'Elsewhere in the Interim Financial Report'*	Not Early Adopted		
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendments to PAS 16 and PAS 38: Revaluation Method – Proportionate Restatement of Accumulated Amortization			✓
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization*	Not Early Adopted		
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			✓
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property			✓
	Amendments to PAS 40: Clarifying the Interrelationship between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner-Occupied Property			✓

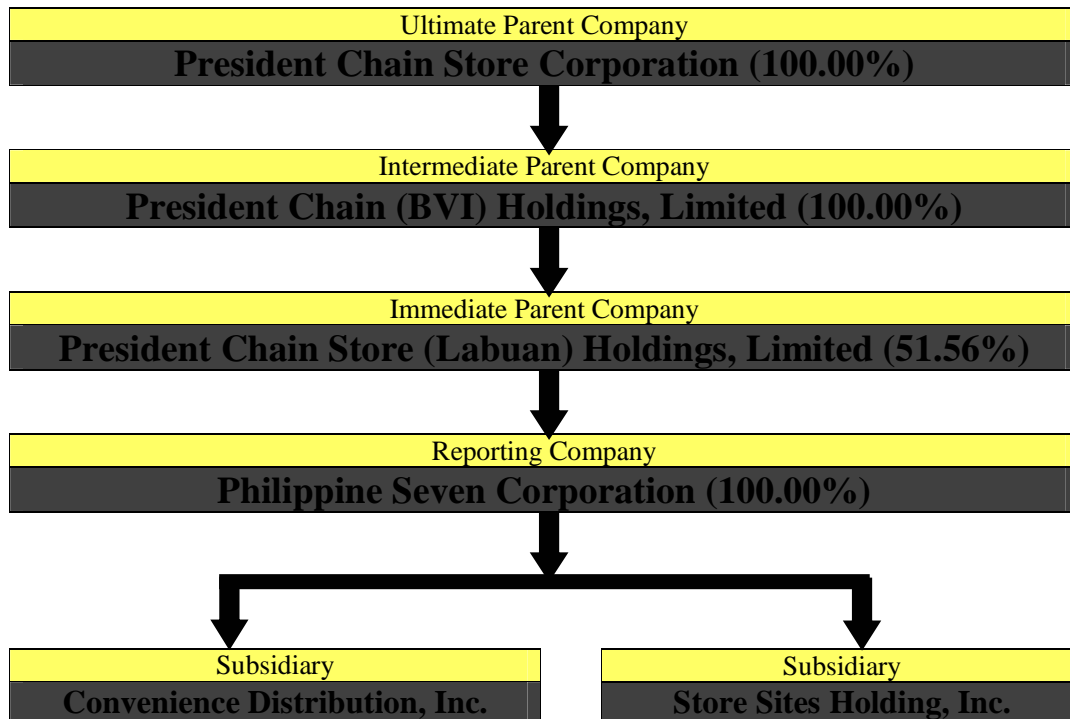
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 41	Agriculture			✓
	Amendments to PAS 16 and PAS 41: Bearer Plants*	Not Early Adopted		
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration 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 15	Agreements for the Construction of Real Estate*	Not Early Adopted		
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 Surface Mine			✓
IFRIC 21	Levies	✓		
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			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
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			✓

** Standards and interpretations which will become effective subsequent to December 31, 2015.*

Note: Standards and interpretations tagged as “Not Applicable” are those standards and interpretations which were adopted but the entity has no significant covered transaction as at and for the year ended December 31, 2015.

PHILIPPINE SEVEN CORPORATION AND SUBSIDIARIES
Map of the Relationship of the Companies within the Group
December 31, 2015



PHILIPPINE SEVEN CORPORATION AND SUBSIDIARIES
Financial Soundness Indicators
December 31, 2015

Ratios	Formula	In Php	2015	2014
Current Ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	$\frac{3,648,770,471}{4,976,621,808}$	0.73	0.80
Debt-to-equity ratio	$\frac{\text{Total liabilities}}{\text{Total stockholders' equity}}$	$\frac{5,398,640,134}{4,117,295,081}$	1.31	1.40
Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total stockholders' equity}}$	$\frac{9,515,935,215}{4,117,295,081}$	2.31	2.40
Interest rate coverage ratio	$\frac{\text{Earnings before interest and tax}}{\text{Interest expense}}$	$\frac{1,493,843,624}{33,991,623}$	43.95	78.51
Net income margin	$\frac{\text{Net income}}{\text{Revenue from merchandise sales}}$	$\frac{1,007,996,490}{22,400,931,697}$	4.50%	5.11%
Return on equity	$\frac{\text{Net income}}{\text{Ave. Total stockholders' equity}}$	$\frac{1,007,996,490}{(4,117,295,081 + 3,289,536,525)/2}$	27.22%	29.96%

PHILIPPINE SEVEN CORPORATION AND SUBSIDIARIES
Supplementary Schedules Required by Paragraph 6D, Part II
Under SRC Rule 68, As Amended (2011)
December 31, 2015

Schedule A. Financial Assets

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Valued based on market quotations at end of reporting period	Income received and accrued
Loans and Receivables				
Cash	N/A	₱875,978,073	N/A	₱3,385,138
Short-term investment	N/A	10,983,401	N/A	124,949
Receivables	N/A	767,259,573	N/A	5,773
Deposits	N/A	166,316,731	N/A	3,509,396
Other noncurrent assets	N/A	36,836,593	N/A	–
		₱1,857,374,371		₱7,025,256

Schedule B. Amounts of Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)

Name and Designation of debtor	Balance of Beginning of Period	Additions	Amounts collected	Amounts Written off	Current	Non Current	Balance at end of period
AUDIT - Common	₱41,101	₱318	₱6,330	₱–	₱35,089	₱–	₱35,089
AUDIT – Inventory	48,384	327	2,578	–	28,370	17,763	46,133
BDD- Common	383,415	–	7,471	–	94,145	281,799	375,944
BDD - Const& Design	431,960	338,301	169,497	–	118,415	482,349	600,764
BDD - Fran							
Mktg&Plng	506,633	19,052	10,156	–	196,353	319,176	515,529
BDD - Site Acqui							
Central	65,574	421	5,441	–	60,554	–	60,554
BDD - Site Acqui							
North	416,041	2,936	13,414	–	142,317	263,246	405,563
BDD - Site Acqui							
South	307,000	2,166	13,409	–	90,939	204,818	295,757
FIN - Accounting	125,485	864	6,188	–	67,079	53,082	120,161
FIN – Common	441,667	–	–	–	73,242	368,425	441,667
FIN – FinlMngt	258,855	1,909	6,195	–	42,215	212,354	254,569
HRAD- Common	101,102	675	10,307	–	15,169	76,301	91,470
HRAD-ESD	129,496	944	4,540	–	20,878	105,022	125,900
HRAD -							
Administrative							
Services	283,142	1,877	3,597	–	46,668	234,754	281,422
HRAD - Labor							
Rel&Plang	115,054	885	3,921	–	18,576	93,442	112,018
MIS - Bus Systems	300,000	–	5,661	–	48,810	245,529	294,339
MIS - IT Support	422,414	175,000	10,728	–	97,290	489,396	586,686
MKTG - Common	897,523	5,017	21,378	–	204,134	677,028	881,162
LCSD - Corp Services	73,034	536	2,064	–	11,858	59,648	71,506

(Forward)

SCHEDULE IV
Page 2

Name and Designation of debtor	Balance of Beginning of Period	Additions	Amounts collected	Amounts Written off	Current	Non Current	Balance at end of period
MKTG – Food Service	₱343,305	₱2,009	₱21,560	₱–	₱53,688	₱270,066	₱323,754
MKTG - Food Cat	265,351	1,909	6,195	–	43,292	217,773	261,065
MKTG - Masterdata	416,732	2,908	9,808	–	67,963	341,869	409,832
MKTG - Non Food Cat	227,290	1,630	6,468	–	36,889	185,563	222,452
MKTG – Quality Assurance	77,813	566	2,889	–	29,268	46,222	75,490
MKTG - Brand Activation	125,136	918	3,613	–	20,305	102,136	122,441
MKTG - Brand Comm	125,136	918	3,613	–	20,305	102,136	122,441
MKTG - Services & PL	105,847	773	3,611	–	35,774	67,235	103,009
MKTG – Vault	250,146	1,816	6,168	–	100,611	145,183	245,794
MR - MINDANAO REGION	198,260	1,469	13,550	–	30,874	155,305	186,179
OPS – Central 1	195,835	1,433	6,192	–	59,967	131,109	191,076
OPS – Central 2	136,731	978	3,613	–	33,198	100,898	134,096
OPS - Common	883,757	5,060	45,018	–	139,927	703,872	843,799
OPS – East 1	288,359	2,124	7,227	–	46,972	236,284	283,257
OPS – East 2	293	300,107	–	–	49,815	250,585	300,400
OPS – North 1	94,363	686	3,611	–	36,859	54,579	91,438
OPS – North 2	111,461	815	3,612	–	35,243	73,421	108,664
OPS – North 3	13,836	107	3,692	–	10,251	–	10,251
OPS – North 4	154,958	1,127	7,220	–	76,783	72,082	148,864
OPS – South 1	258,196	888	11,181	–	118,440	129,463	247,903
OPS – South 2	124,099	918	3,613	–	33,951	87,453	121,404
OPS – South 3	192,202	1,400	7,222	–	69,725	116,655	186,380
OPS - West 1	231,280	1,677	6,194	–	56,911	169,852	226,763
OPS – West 2	72,039	534	6,185	–	66,388	–	66,388
OPS - Zone 1	353,987	1,591	7,697	–	57,689	290,192	347,881
OPS - Zone 2	223,846	1,768	6,318	–	36,366	182,930	219,296
OTP - Corp Planning	98,332	705	5,046	–	54,701	39,290	93,991
PRD – Common	122,953	231	–	–	123,184	–	123,184
VR – CEBU Regional Office	535,724	937	22,401	–	110,031	404,229	514,260
VR - BDD	460,622	3,385	12,717	–	74,837	376,453	451,290
Various Employees Loan	4,841,193	1,573,928	1,907,543	–	4,507,578	–	4,507,578
TOTAL	₱16,876,962	₱2,466,543	₱2,456,652	₱–	₱7,649,886	₱9,236,967	₱16,886,853

Schedule C. Amounts of Receivable from Related Parties which are eliminated during the consolidation of financial statements

Name and Designation of Debtor	Balance of Beginning of Period	Additions	Amounts collected	Amounts Written off	Current	Non Current	Balance at end of period
CONVENIENCE DISTRIBUTION, INC. - Subsidiary	₱6,929,578	₱6,090,189	₱6,929,578	₱-	₱6,090,189	₱-	₱6,090,189
STORE SITES HOLDINGS, INC. - Subsidiary	513,363	927,731	-	-	1,441,094	-	1,441,094

Schedule D. Intangible Assets - Other Assets

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other Charges additions (deductions)	Ending balance
Software & Program Cost	₱3,477,680	₱-	₱878,003	₱-	(₱75,000)	₱2,524,677
Goodwill	65,567,524	-	-	-	-	65,567,524

Schedule E. Long Term Debt

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption " Long Term Debt" in related balance sheet"
Philippine peso denominated long-term debt	₱81,000,000	₱18,000,000	₱63,000,000

Schedule F. Indebtedness to Related Parties (Long-Term Loans from Related Companies)

	Balance at beginning of period	Balance at end of period
NONE	-	-

Schedule G. Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of Guarantee
NONE	-	-	-	-

Schedule H. Capital Stock

Title of Issue	Number of Shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
COMMON STOCK	600,000,000	458,435,323	–	236,376,070	20,954,856	201,104,397



PHILIPPINE SEVEN CORPORATION

7th Floor, The Columbia Tower, Ortigas Avenue, Mandaluyong City 1550 Philippines
Telephone Nos. (632) 724-44-41 to 53 / 705-52-00
www.7-eleven.com.ph

June 02, 2016

**MARKETS AND SECURITIES REGULATION DEPARTMENT
SECURITIES AND EXCHANGE COMMISSION**
SEC Building, EDSA Greenhills,
Mandaluyong City



Attention: **MR. VICENTE GRACIANO P. FELIZMENIO, JR.**
Director

Re: **Definitive Copy of the Information Statement**

Dear Director Felizmenio:

We refer to your letter dated May 17, 2016 which we received via fax transmission last May 20, 2016, addressed to the President/CEO, directing the company to submit its Definitive Information Statement and Management Report, in accordance with the checklist provided by the Commission.

We respond to your comments in your checklist as follows:

- a) Submission of Certification that none of directors and officers works in government. Attached here as Annex "B", is a copy of the Certification that none of directors and officers of PSC works in government except for Mr. Jose T. Pardo, the Chairman of the Board and Independent Director of PSC, who is a Board Member of EDSA People Power Commission. His appointment is in representation of the private sector and without executive responsibility and compensation.
- b) Submission of updated Certificate of Qualifications and Disqualifications of Independent Directors. We have submitted last August 13, 2015 the said disclosure for 2015, after our Annual Stockholders' Meeting. We attached here as Annex "C-1", Annex "C-2" and Annex "C-3", the copies of the Current/Updated Certificate of Qualifications and Disqualifications of Independent Directors.
- c) Submission of 2nd Quarter Report for the period ended June 30, 2016. In compliance with SEC Advisory dated May 06, 2015, we have published in 2 newspaper of general circulation last May 24 and 25, 2016, the notice of the availability of the 2nd Quarter Report at least 5 days before the date of Annual Stockholders' Meeting. Attached here as Annex "D-1" and Annex "D-2", the copies of the Affidavit of Publication from the Manila Standard and the Manila Times.

In view of the above, we submit herewith PSC's reply to your comments/checklist attached as Annex "A", together with the Definitive Copy of Information Statement, incorporating therein the above information and those contained in our reply.

We hope that you will find everything in order and we look forward to receiving your clearance for the release of the copies of the Information Statement the soonest.

Thank you.

Very truly yours,

PHILIPPINE SEVEN CORPORATION

By:

ATTY. EVELYN S. ENRIQUEZ
Corporate Secretary

PHILIPPINE SEVEN CORPORATION			
SEC Form 20-IS Preliminary filed on May 17, 2016			
CHECKLIST OF REQUIREMENTS	PAGE NO.	REMARKS	PSC'S RESPONSE
B. Control and Compensation Information			
		Submit a certification that none of directors and officers works in government and if there is, submit a letter consent from the head of agency.	Complied. Attached is a copy of the Certification that none of directors and officers of PSC works in government except for Mr. Jose T. Pardo, the Chairman of the Board and Independent Director of PSC, who is a Board Member of EDSA People Power Commission. His appointment is in representation of the private sector and without executive responsibility and compensation.
Information required by Part IV paragraphs (A), (D)(1) and (D)(3) of "Annex C"			
(A)(1) Identify Directors, including Independent Directors and Executive Officers		(1) Submit updated Certification on the Qualifications and Disqualifications of Independent Directors (2) The company is reminded of SEC Memorandum Circular No. 9 Series of 2011 re: Term Limits for Independent Directors.	(1) Complied. Attached are copies of the Updated Certificate of Qualifications and Disqualifications of Independent Directors. (2) We take note of SEC Memorandum Circular No. 9, Series of 2011 re: Term Limits for Independent Directors. It requires that effective January 02, 2012, an ID shall serve for 5 years to be counted from Jan. 02, 2012 and shall have a cooling period of 2 years to be re- elected for another 5 years (5-2-5 term). As of May 31, 2016, the 2 independent directors of PSC each has a tenure of 4 years and 5 months from Jan. 02, 2012 and 1 independent director of PSC has a tenure of 1 yr. and 4 months from his first election last Jan. 20, 2015. This has been disclosed already to SEC/PSE using SEC Form ACGR.
(4) Involvement in Certain Legal Proceedings			
<i>(Occurred during the past 5 years up to the latest date that are material to evaluation)</i>	13	Incomplete. Comply with the highlighted portion	Complied. Refer to B. Item 5 (e). To the knowledge and/or information of the Company, the present members of its Board of Directors, the nominees for election as directors and its Corporate Officers has not been involved in or the subject of, during the past five (5) years upto the latest date, any of the following events that is material to an evaluation of his ability or integrity to serve PSC: a) bankruptcy petition; b) conviction by final judgment in a criminal proceeding; c) order, judgment or decree barring, suspending, or limiting involvement in any type of business, securities, commodities, or banking activities; d) judgement for violation of a securities or commodities law or regulation.
(a) Any Bankruptcy Petition (see condition)			
(d) Violation of a Securities or Commodities Law		Not complied with	

Management's Discussion and Analysis (MD&A) or Plan of Operation (Required by Part III(A) of "Annex C")			
(a) Full fiscal years			
(1) <u>Discussion of the Registrant's Financial Condition, Changes in Financial Condition and Results of Operations for each of the last 3 fiscal years.</u>		Incomplete re: 2014 as against 2013	Complied. Updated the portion <u>FINANCIAL CONDITION AND RESULTS OF OPERATIONS IN 2015 AS COMPARED WITH 2014 (PAGE 22 OF MD & A)</u> and added the portion <u>FINANCIAL CONDITION AND RESULTS OF OPERATIONS IN 2014 AS COMPARED WITH 2013 (PAGES 28 - 34 OF MD& A)</u>
(b) Interim Periods: Comparable Discussion to assess material changes (last fiscal year and comparable interim period in the preceding year). <i>Disclose the required information under subparagraph (2)(a)(i) to (viii) above.</i>		Submit 2 nd Quarter Report for the period ended June 30, 2016.	Complied. In compliance with SEC Advisory dated May 06, 2015, we have published in 2 newspaper of general circulation last May 24 and 25, 2016, the notice of the availability of the 2 nd Quarter Report at least 5 days before the date of Annual Stockholders' Meeting. Attached are copies of the Affidavit of Publication from the Manila Standard and the Manila Times.
Market Price of and Dividends required by Part V of Annex C			
(1) Market Information			
(b) If the information called for by paragraph (A) of this Part is being presented, the document shall also <u>include the price information as of the latest practicable trading date</u> , and in the case of securities to be issued in connection with an acquisition, business combination or other reorganization, as of the trading date immediately prior to the public announcement of such transaction.	35	Incomplete. Comply with the highlighted portion	Complied. Provided price information as of June 01, 2016. Refer to page 41.
(2) Holders			
(ii) Names of the <u>Top Twenty (20) Shareholders of Each Class</u>	36	Incomplete. Comply with the highlighted portion	Complied. Updated as of May 31, 2016. Refer to page 42.



PHILIPPINE SEVEN CORPORATION

7th Floor, The Columbia Tower, Ortigas Avenue, Mandaluyong City 1550 Philippines
 Telephone Nos. (632) 724-44-41 to 53 / 705-52-00
 www.7-eleven.com.ph

CERTIFICATION

I, **EVELYN S. ENRIQUEZ**, of legal age, and with office address at the 7th Floor, The Columbia Tower, Ortigas Avenue, Mandaluyong City, being the Corporate Secretary of Philippine Seven Corporation (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Philippines, with principal office at the 7th Floor, The Columbia Tower, Ortigas Avenue, Mandaluyong City, do hereby certify that no director or officer of the Corporation is connected with any government agency or instrumentality, except for Mr. Jose T. Pardo, the Chairman of the Board and Independent Director of PSC, who is a Board Member of EDSA People Power Commission. His appointment is in representation of the private sector and without executive responsibility and compensation.

JUN 0 1 2016

IN WITNESS WHEREOF, I have hereunto set my hand this ___ day of _____, 2016 at the City of Mandaluyong, Philippines.


EVELYN S. ENRIQUEZ
 Corporate Secretary

JUN 0 1 2016

SUBSCRIBED AND SWORN, to before me this _____ day of _____ 2016, at City of Mandaluyong, Philippines, affiant exhibited to me her SSS ID No. 0372848505.

Doc. No. 32 ;
 Page No. 8 ;
 Book No. I ;
 SERIES OF 2016.

NOTARY PUBLIC


 ATTY. ALPHA ALYN O. ARIAS
 Notary Public

Until Dec. 31, 2016
 Roll No. 57951, IBP No. 1017559/04 Jan. 2016
 MCLE Compliance No. V-0014537/29 Feb. 2015
 PTR No. 251449504 Mandaluyong City

REPUBLIC OF THE PHILIPPINES)
CITY OF MANDALUYONG CITY) S.S.

CERTIFICATION OF QUALIFICATION OF INDEPENDENT DIRECTOR

I, **JOSE T. PARDO**, Filipino of legal age and a resident of 704 Acacia St. Ayala Alabang, Muntinlupa City after being duly sworn in accordance with law do hereby declare that:

1. I am an Independent Director and Chairman of the Board of Philippine Seven Corporation ("PSC" or the "Corporation")
2. I am affiliated with the following companies or organizations:

Company / Organization	Position / Relationship	Period of Service
Publicly Listed Companies:		
1. Philippine Seven Corporation	Chairman & Independent Director	January 20, 2015 to present
2. Philippine Stock Exchange	Chairman & Independent Director	2011 to present
3. Philippine Savings Bank	Chairman & Independent Director	2012 to present
4. JG Summit Holdings, Inc.	Independent Director	2003 to present
Non Publicly Listed Companies:		
5. Securities Clearing Corporation of the Philippines	Chairman & Independent Director	2011 to present
6. Bank of Commerce	Chairman & Independent Director	2011 to present
7. De La Salle University, Inc.	Chairman	2010 to present
8. ECOP Councils of Business Leaders	Chairman	2008 to present
9. PCCI Council of Business Leaders	Chairman	2007 to present
10. Philippine Business Center, Inc.	Chairman	2011 to present
11. Foundation for Crime Prevention	Chairman	2007 to present
12. Assumption Antipolo	Chairman	2006 to present
13. De La Salle Philippines	Co Chairman	2014 to present
14. National Grid Corporation of the Philippines	Director	2006 to present
15. ZNN Radio Veritas	Director	2006 to present
16. EDSA People Power Commission, Office of the President	Board Member (representing private sector - no compensation)	2011 to present

3. To the best of my knowledge and belief, I possess all the qualifications and none of the disqualifications to serve as an Independent Director of PSC, as provided for in Section 38 of the Securities Regulations Code and its Implementing Rules and Regulations.
4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulations Code.
5. I shall inform the Corporate Secretary of the PSC of any changes in the above-mentioned within five (5) days from its occurrence.

Done this JUN 01 2016 day of MANDALUYONG CITY, Philippines.


Affiant

JUN 01 2016

SUBSCRIBED AND SWORN to before me this _____ day of _____ 2016 at MANDALUYONG CITY Philippines, affiant exhibiting to me his Tax Identification Number 116-203-611

Doc. No. 34;
Page No. 8;
Book No. I;
Series of 2016.

ATTY. ALMA AYIN O. ARIAS

Notary Public

Until Dec. 31, 2016

Roll No. 57951, IBP No. 1017559/04 Jan. 2016
MCLF Compliance No. V-0014537/29 Feb. 2016
PTR No. 261849504 Mandaluyong City

NOTARY PUBLIC

REPUBLIC OF THE PHILIPPINES)
CITY OF MANDALUYONG CITY) S.S.

CERTIFICATION OF QUALIFICATION OF INDEPENDENT DIRECTOR

I, **ANTONIO JOSE U. PERIQUET, JR.**, Filipino of legal age and a resident of 27 Banaba Rd., Forbes Park, Makati City, after being duly sworn in accordance with law do hereby declare that:

1. I am an independent director of Philippine Seven Corporation ("PSC" or the "Corporation")
2. I am affiliated with the following companies or organizations:

Company / Organization	Position / Relationship	Period of Service
Publicly Listed Companies:		
1. Philippine Seven Corporation	Independent Director	2010 to present
2. Ayala Corporation	Independent Director	2010 to present
3. DMCI Holdings, Inc.	Independent Director	2010 to present
4. Bank of the Philippine Islands	Independent Director	2012 to present
5. ABS CBN Holdings, Corp.	Independent Director	2012 to present
6. ABS-CBN Corporation	Independent Director	2013 to present
7. Max's Group, Inc.	Independent Director	2014 to present
Non Publicly Listed Companies:		
8. Pacific Main Holdings, Inc.	Chairman	1999 to present
9. Campden Hill Group, Inc.	Chairman	2012 to present
10. Campden Hill Advisors, Inc.	Chairman	2012 to present
11. BPI Capital Corporation	Independent Director	2010 to present
12. BPI Family Savings Bank, Inc.	Independent Director	2012 to present
13. Albizia ASEAN Tenggara Fund	Independent Director	July 1, 2015 to present
14. The Straits Wine Company, Inc.	Director	2010 to present
15. Lyceum of the Philippines University	Trustee	2010 to present

3. To the best of my knowledge and belief, I possess all the qualifications and none of the disqualifications to serve as an Independent Director of PSC, as provided for in Section 38 of the Securities Regulations Code and its Implementing Rules and Regulations.
4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulations Code.
5. I shall inform the Corporate Secretary of the PSC of any changes in the above-mentioned within five (5) days from its occurrence.

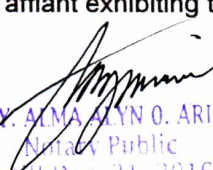
Done this _____ day of JUN 01 2016 2016, at _____, Philippines.


Affiant

SUBSCRIBED AND SWORN to before me this _____ day of JUN 01 2016 at MANDALUYONG CITY Philippines, affiant exhibiting to me his Tax Identification Number 203-006-677.

NOTARY PUBLIC

Doc. No. 35 ;
Page No. 8 ;
Book No. I ;
Series of 2016.


ATTY. ALMA ALYN O. ARIAS
Notary Public
Until Dec. 31, 2016
Roll No. 57951, FR No. 1017559/04 Jan. 2016
MCLF Compliance No. V-0014537/29 Feb. 2016
PTR No. 261349304 Mandaluyong City

REPUBLIC OF THE PHILIPPINES)
 CITY OF MANDALUYONG CITY) S.S.

CERTIFICATION OF QUALIFICATION OF INDEPENDENT DIRECTOR

I, **MICHAEL B. ZALAMEA**, Filipino of legal age and a resident of 18 Asteroid Street Bel Air Village IV Makati City, after being duly sworn in accordance with law do hereby declare that:

1. I am an independent director of Philippine Seven Corporation ("PSC" or the "Corporation")
2. I am affiliated with the following companies or organizations:

Company / Organization	Position / Relationship	Period of Service
Publicly Listed Companies:		
1. Philippine Seven Corporation	Independent Director	2005 to present
Non Publicly Listed Companies:		
2. Clark Pipeline & Depot Co., Inc.	Director	Apr 2004 to present
3. Wespac Holdings, Inc.	Director	Apr 2004 to present
4. The Straits Wine Co., Inc.	Director	Sep 2009 to present
5. The Beacon Academy	Trustee	Apr 2012 to present
6. Campden Hill Advisors, Inc.	Director	2014 to present

3. To the best of my knowledge and belief, I possess all the qualifications and none of the disqualifications to serve as an Independent Director of PSC, as provided for in Section 38 of the Securities Regulations Code and its Implementing Rules and Regulations.
4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulations Code.
5. I shall inform the Corporate Secretary of the PSC of any changes in the above-mentioned within five (5) days from its occurrence.

Done this 11 day of AUG 11 2015 2015, at MANDALUYONG CITY, Philippines.

Michael B. Zalamea
 Affiant

SUBSCRIBED AND SWORN to before me this 11 day of AUG 11 2015 2015 at MANDALUYONG CITY, Philippines, affiant exhibiting to me his Tax Identification Number 203-012-683.

Doc. No. 403
 Page No. 82
 Book No. I
 Series of 2015.

[Signature]
 ATTY. ALBERTO O. ARIAS
 NOTARY PUBLIC
 Roll No. 57951 IBP No. 0987305
 MCLE No. 14001800 / 23 April 2013
 PRT No. 2014340 / Jan. 07, 2015
 Mandaluyong City

The Standard

DEFINING THE NEWS

PHILIPPINE MANILA STANDARD PUBLISHING, INC.

AFFIDAVIT OF PUBLICATION

The Authorized Signatory with office address at 6th Floor Universal Re Bldg, 106 Paseo de Roxas Corner Perca St., Legaspi Village, Makati City

I, the undersigned Chief Accountant of a weekly/daily newspaper published, edited and printed in Metro Manila, with editorial and business offices at 6th Floor Universal Re Bldg, 106 Paseo de Roxas Corner Perca St., Legaspi Village, Makati City.

The **The Standard** is a newspaper of general circulations, distributed nationwide and as such, is qualified to published all kinds of judicial notices of auction sale,

That the attached
PHILIPPINE SEVEN CORPORATION

RE: ATTENTION: STOCKHOLDERS

was published by the **The Standard** in its issue/s of

May 24, 2016

in witness whereof, I signed this affidavit in Makati City, Philippines, this 25TH day of MAY, 2016

MARIO R. POLICARPIO JR.
Authorized Signatory

SUBSCRIBED AND SWORN to before me this 25TH day of MAY, 2016 in Makati City, Philippines, affinity exhibiting to me his/her Residence Certificate No. 03349625 issued at Manila on January 07, 2016.

Doc. No. 29
Page No. 04
Book No. 18
Series of 2016
ATTY. JOHN DOMINGO A. PONCE, JR.
NOTARY PUBLIC
APPOINTMENT No. 100-09 / MAKATI CITY
CENTRAL DISTRICT OFFICE, 2008
PTR No. 8323682 / 01-04-2010 / MAKATI CITY
ERP No. 1019742 / 01-04-2010 / REAL
MORLE COMPLIANCE No. 17-00-25626 / 05-29-2014
ROLL NO. 30422

ATTENTION: STOCKHOLDERS OF PHILIPPINE SEVEN CORPORATION (PSC)

This is to inform everyone that the PSC's 2nd Quarter Interim Unaudited Financial Statement with Management Discussion and Analysis (2nd Quarter Report) shall be available in the company website www.7-eleven.com.ph at least 5 calendar days before the Annual Stockholders Meeting scheduled on July 21, 2016. Upon request, a hard copy of the 2nd Quarter Report shall be provided free of charge as soon as available but not later than at least 5 days before July 21, 2016.

All request may be sent to:
Mr. LAWRENCE M. DE LEON
Head, Finance & Accounting Services
Philippine Seven Corporation
7th Floor, The Columbia Tower,
Ortigas Avenue, Mandaluyong City, 1550
Email Address:
investor-relations@7-eleven.com.ph
psc-corp@7-eleven.com.ph

(TS-MAY 24, 2016)

Trusted Since 1898

The Manila Times

www.manilatimes.net

REPUBLIC OF THE PHILIPPINES)
CITY OF MANILA)S.S.

AFFIDAVIT OF PUBLICATION

I, **Evelyn S. Arevalo**, of legal age, married, Filipino and a resident of Sampaguita Compound Calsadang Bago Imus Cavite in the Philippines, after having been duly sworn according to law, do hereby depose and state:

That I am the Accounting Supervisor of **The Manila Times**, a newspaper which is published Online and Printed in English and Edited in Metro Manila, and circulated nationwide daily from Monday to Sunday with postal address at 2/F Sitio Grande, 409 A. Soriano Avenue, Intramuros, Manila

That the attached **ATTENTION: STOCKHOLDERS OF PHILIPPINE SEVEN CORPORATION (PSC)**

was published in **The Manila Times** newspaper in its issue/s of **MAY 25, 2016**


In witness whereof, I signed this Affidavit in Manila, Philippines, this _____ day of MAY 25 2016, 2016



EVELYN S. AREVALO
Affiant

MAY 25 2016

Subscribe and sworn to before me this _____ day of _____, 2016 in MANILA, Philippines, affiant exhibiting to me her **Driver's License No. N03-00-292351** issued at Imus Cavite on November 19, 2015 And **SSS ID No. 03-918-996-16**


ATTY. EDUARDO A. SALINAS
Notary Public
Until December 31, 2017
PTR No. 4528842-2016
pd. 12-20-15 Manila
Roll No. 19810
ISP No. 06610 - Lifetime
MCLE Compliance No. V-0010376

Doc. No. 1327
Page No. 1
Book No. J
Series of 2016

THE MANILA TIMES PUBLISHING CORPORATION
2/F Sitio Grande, 409 A. Soriano Ave., Intramuros Manila

ATTENTION: STOCKHOLDERS OF PHILIPPINE SEVEN CORPORATION (PSC)

This is to inform everyone that the PSC's 2nd Quarter Interim Unaudited Financial Statement with Management Discussion and Analysis (2nd Quarter Report) shall be available in the company website www.7-eleven.com.ph at least 5 calendar days before the Annual Stockholders Meeting scheduled on July 21, 2016. Upon request, a hard copy of the 2nd Quarter Report shall be provided free of charge as soon as available but not later than at least 5 days before July 21, 2016.

All request may be sent to:

Mr. LAWRENCE M. DE LEON
Head
Finance & Accounting Services
Philippine Seven Corporation
7th Floor, The Columbia Tower,
Ortigas Avenue, Mandaluyong City, 1550
Email Address:
investor-relations@7-eleven.com.ph
psc-corp@7-eleven.com.ph

MT - May 25, 2016